

# Tree House Education & Accessories Ltd.

Corporate Office:  
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Mumbai - 400052. Tel.: 022-40169587 / 64572725  
CIN : L80101MH2006PLC163028

Registered Office:  
702, Morya House, 'C' Wing, Off Link Road,  
Andheri (W), Mumbai - 400 053.  
Tel.: 022-64512384, Fax 022-26051259



## FORM A

### Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the Company:	Tree House Education & Accessories Limited
2.	Annual financial statements for the year ended:	31 <sup>st</sup> March, 2014
3.	Type of Audit observation:	Un-qualified / Matter of Emphasis
4.	Frequency of observation	N.A.
5.	To be signed by-	
	• CEO/ Managing Director	 (Rajesh Bhatia)
	• CFO	 (Utsav Shrivastava)
	• Auditor of the company	 (Jogish Mehta & Co)
	• Audit Committee Chairman	 (Sanjaya Kulkarni)



**TREE HOUSE EDUCATION & ACCESSORIES LIMITED**  
Annual Report 2013-14



# *Dreaming* **BIG**





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# *A dream*

is most often a vision.  
A vision for a better future.

At Tree House, we have a dream of nurturing young minds through a positive, playful atmosphere and providing quality education at affordable rates to children in India, thereby helping in the growth of the nation.

Childhood is precious and we think it is the most formative time of an individual's life. The right guidance and the first crucial steps in a person's life go a long way in creating a nation of successful people.

We have seen our pre-school business grow on the basis of the best curriculum and latest methodologies – making education relevant for young learners. Our pan-India network of schools now provides education to children in 63 cities.

We have also reached out to underprivileged children. To us, every child is precious and we are on a mission to take quality education for children to all parts of the country.

We are dreaming big and have embarked on a journey to be a part of the nation's future.



Our pan-India network of schools now provides education to children in 63 cities.

# Tree House at a Glance

We, at Tree House Education & Accessories Limited are one of the leading educational service providers in India. We are among the pioneers in pre-school education and India's largest self-operated pre-school chain.



**490**

Total number of centres as on March 31, 2014

**111**

New pre-school centres were opened during the year

**386**

Number of self-operated pre-schools

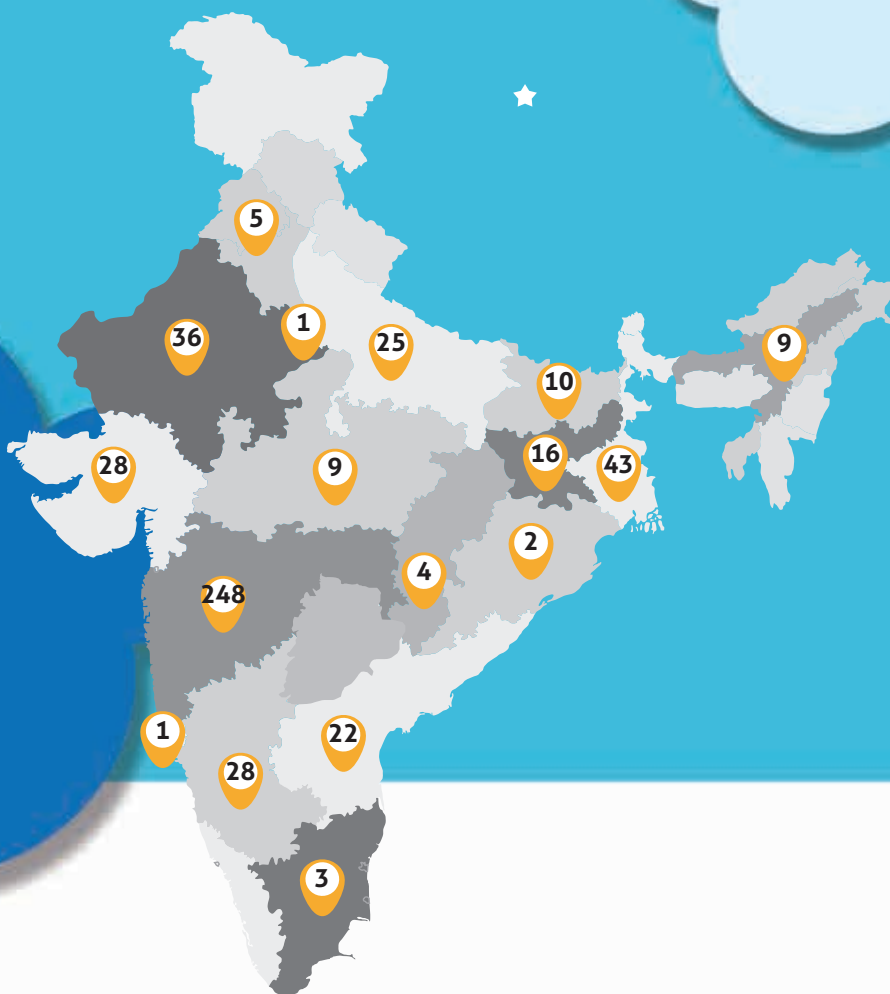
**78.77%**

Ratio of self operated pre-schools to total pre-schools

# Presence

(as on March 31, 2014)

We are currently present in 63 cities and 490 centres across India. Over the past year we have spread our reach to cities like Jamshedpur, Mangalore, Durgapur, Bhubaneswar, Amritsar, Jodhpur.



104

No. of Franchisees

1,965

Total staff strength as on  
March 31, 2014

1,880

Total teacher strength as on  
March 31, 2014

21

No. of teacher training  
centres



## Offerings

- Playgroup
- Nursery
- Junior KG
- Senior KG
- Day Care Services
- Teacher Training Course
- Summer Camp
- Hobby/Activity Class

## Pre-school Business model

Self-operated pre-schools

Franchise pre-schools





## Revenue Model

### Pre-schools

### Pre-schools

Self-operated pre-schools: admission and tuition fees

Franchise pre-school: one-time upfront fees and an annual service fee

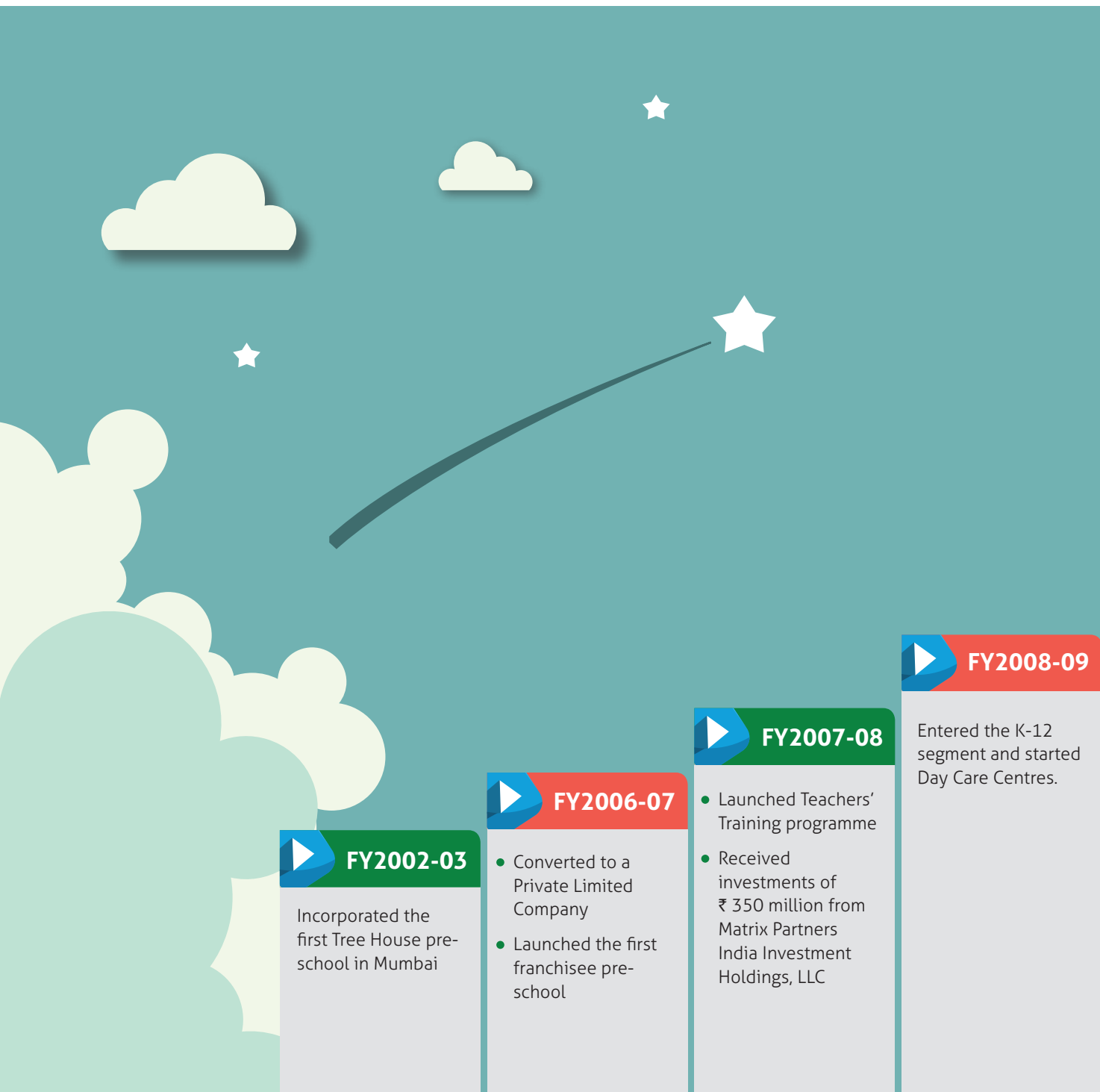
### K-12

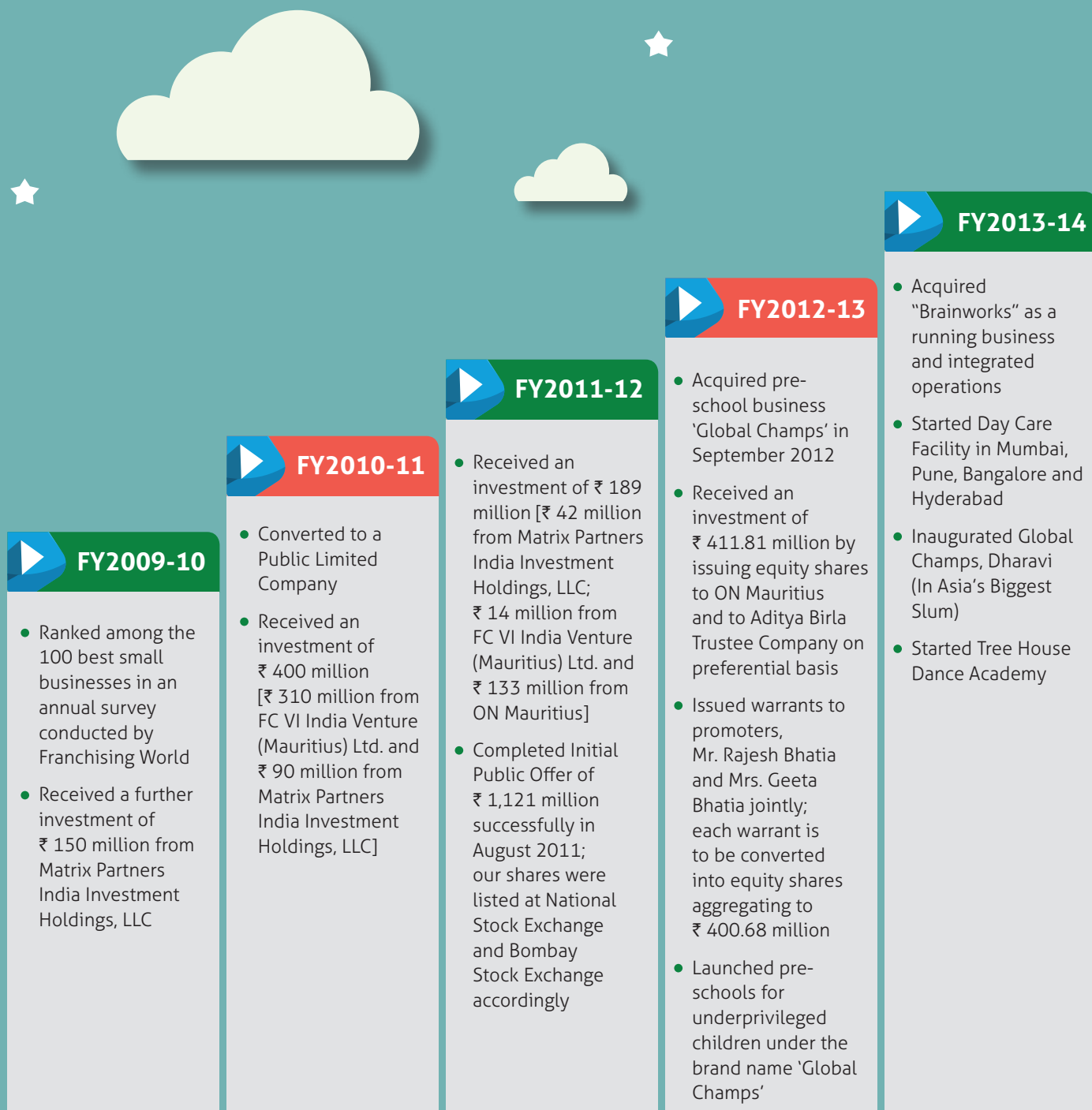
Service/consultancy fees based on admission; an extra amount is charged for services beyond the scope of service agreement





# Milestones





# Courses Offered



## 1 Playgroup

Playgroup is the first step in pre-school and we are committed to make this very first transition away from home easy and natural for the children

### Age group

1 ½ years to 2½ years

### Skills

Every day is filled with fun activities and everything is designed to educate. Along with Value Education, children learn and acquire skills in: ● Language ● Math ● Gross and fine motor ● Social ● Emotional ● Cognitive ● Aesthetic/ Creative

### Focus Areas

- Communicating with others ● Building cognitive power
- Making new friends ● Nurturing creativity

## 2 Nursery

Nursery is a smooth transition to formal school and it prepares the children for a lifetime of learning in a nurturing environment.

### Age group

2 ½ years to 3½ years

### Skills

Nursery Programme is designed to help children prepare for higher schooling by teaching letters, math concepts and valuable social skills. Everything is designed for pre-kindergarten learning. Along with Value Education, children learn and acquire skills in: ● Language writing and reading readiness ● Math ● Gross and fine motor ● Social ● Emotional ● Environmental studies ● Cognitive - conceptual, mathematical, sensory and general knowledge ● Aesthetic/ Creative

### Focus Areas

To help the children:

- Communicating with others ● Building cognitive power
- Making new friends ● Nurturing creativity

## 3 Junior KG

Junior KG prepares children as they get older, and helps them explore and communicate in class settings.

### Age group

3 ½ years to 4½ years

### Skills

With Value Education, children learn and acquire skills in: ● Language - developing sight-reading; writing in different cases ● Math – number value systems General knowledge Environment studies ● Science ● Hindi ● Social ● Emotional ● Cognitive ● Aesthetic/Creative expression

### Focus Areas

To equip children with the right skills to facilitate smooth transition to formal school

## 4 Senior KG

Senior KG prepares children for formal education. It helps them develop interpersonal skills, making them increasingly independent. It also helps them be ready to face new challenges and experience a new life ahead.

### Age group

4 ½ years to 5½ years

### Skills

The programme aims to develop complex co-ordinating skills and encourage engagement with peers. Along with Value Education, children begin to explore new areas and acquire skills in: ● Language - Writing Skills ● Math ● General knowledge ● Environment studies ● Science ● Hindi ● Social ● Emotional ● Cognitive ● Aesthetic/Creative expression

### Focus Areas

The programme introduces new themes and concepts every month, while carefully guiding children towards entering the higher classes

## 5 Hobby/Activity Class

We offer hobby/activity classes at select centres.

### Age group

3 years to 8 years

### Skills

This programme is introduced to provide maximum positive stimulation for mental, physical, emotional and social growth of a child.

### Focus Areas

● Art and drawing ● Craft ● Dramatics ● Dance ● Skills development through project work ● Culture development activities

## 6 Teacher Training Course

### Age group

18 years onwards

### Skills

We also offer Teacher Training classes at select centres. These are conducted and managed by professionals.expression

### Aim

To create qualified and certified pre-school teachers

## 7 Day Care Services

### Age group

1 ½ years onwards

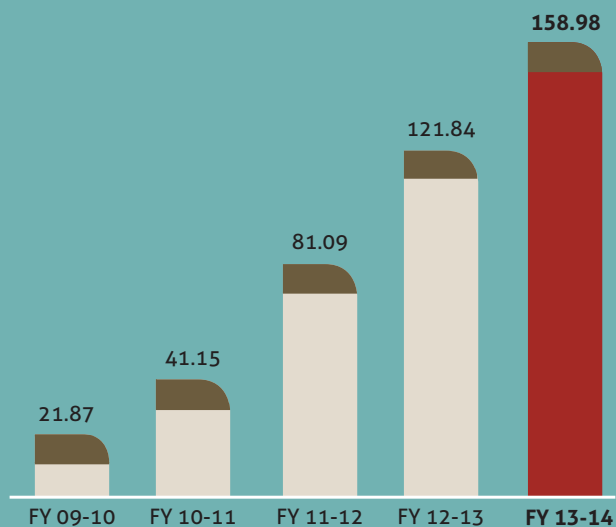
### Skills

We offer day care services at select centres. Children get an opportunity to grow in an enriching environment, which boosts their self esteem and makes them ready for the future.

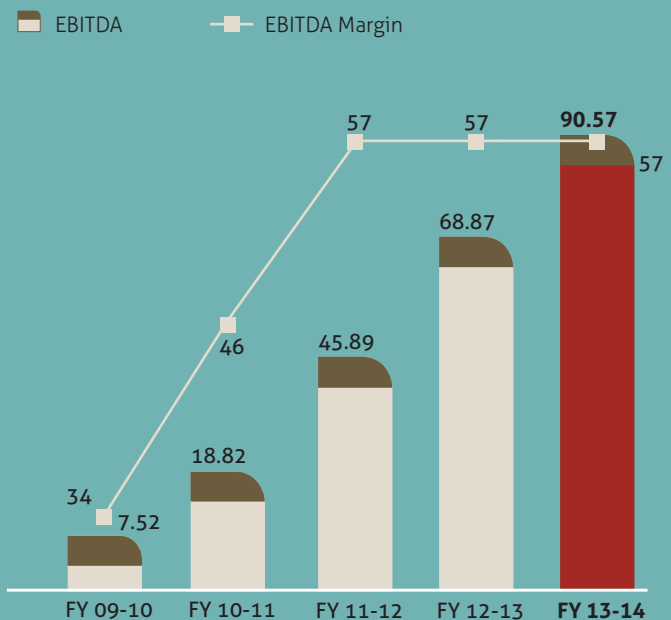


# Financial Highlights

## Revenue (₹ crores)



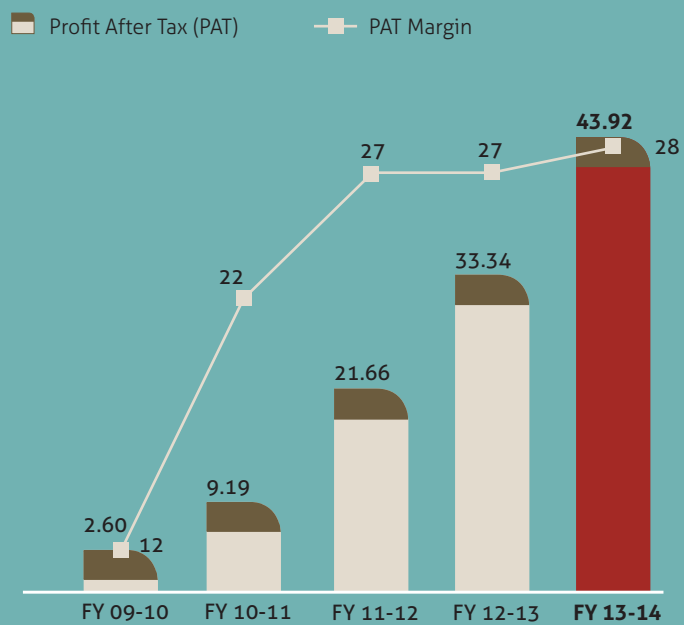
## EBITDA (₹ crores) & EBITDA Margin (%)



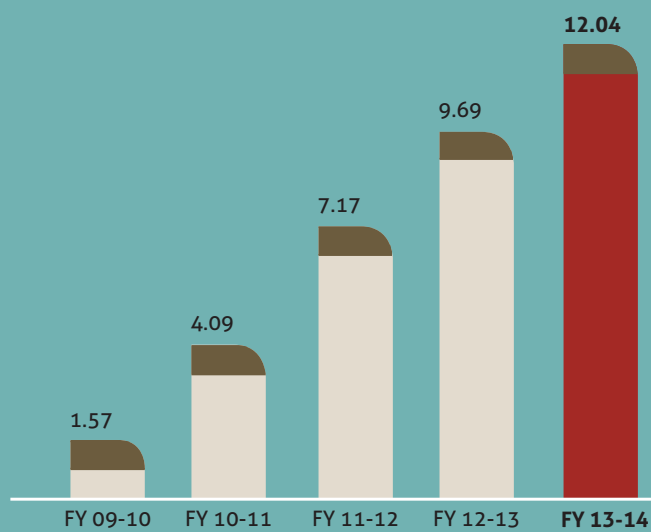




### Profit After Tax (₹ crores) & PAT Margin (%)



### Earnings per Share (₹)



# Chairman's Statement



## SANJAYA KULKARNI

Chairman and Independent Director



Expected market size of Indian education sector in FY 2014-15

## Dear Friends,

It is my privilege to present the 8th Annual Report of Tree House Education & Accessories Limited.

Education plays a significant role in building a nation and creating huge opportunities for the individual. The growth of the Indian economy and rising income levels are factors boosting the investment in education. The Indian education sector's market size is expected to increase to ₹ 602,410 crores (US\$ 100.23 billion) by FY 2014-15. (CARE report)

As we move from a low-income to a middle-income country, we are seeing a critical period in the life cycle of our nation. Improvement in physical infrastructure and better consumer confidence will surely see a spurt in demand for essential and basic consumer services, of which quality education is the top priority of each family.



Education plays a significant role in building a nation and creating huge opportunities for the individual. The growth of the Indian economy and rising income levels are factors boosting the investment in education.



The concept of pre-school is now almost a must for every child to be groomed before he or she enters primary school. Pre-schooling is significant because the first few years are crucial for a child's mental and social development. As Treehouse, we are very well positioned in this sector.

We are dreaming big for the nation, to help the future generation take their first crucial steps to success. We, at Tree House, have built the network, brand name and processes to cater to the projected rise in demand.

Quality education now has been made affordable for the masses. This is the big dream on which we have built our business. We continue to grow and strengthen our position in the last financial year. The future looks promising for us as demand for pre-school education is growing.

Our dedicated workforce, innovative student kits, highly trained teachers and innovative curriculum are our growth

drivers. I am optimistic that the hard work put in by our team will continue to deliver results and we will continue to maintain our leadership status in the pre-school industry and dream big for the future.

I again take this opportunity to thank all our stakeholders who continue to contribute in our growth. We remain committed to our goal to create one of India's leading consumer services brand, which will create sustainable value for all its stakeholders for a long time to come.

Regards,

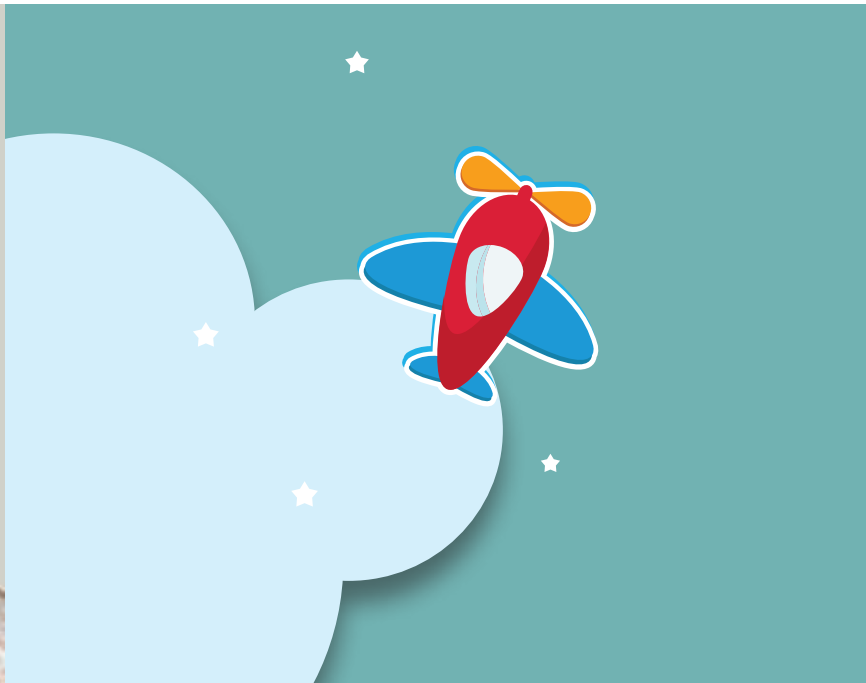
**SANJAYA KULKARNI**

Chairman and Independent Director

## MD's Statement



**RAJESH BHATIA**  
Managing Director



### Dear Shareholders,

At Tree House, we have created benchmarks for the education industry. During the financial year 2013-14, we were able to maintain our unblemished track record of continued revenue and profit growth. The numbers are quite significant when one considers the contraction in spending by the average Indian retail consumer.

We are present in two large segments of the education sector. We run India's largest self-operated pre-school chain, which is present in 63 cities across the country. We also provide school management services to 24 large format K-12 schools. Our product offering of high quality and best-in-class curriculum, trained and caring teachers, and affordable pricing is now accepted by parents as the gold standard in branded schooling.

FY 2013-14 has been another important year for us as we built one of India's top consumer-centric (B2C) services companies. We have been able to grow the number of pre-school centres by 111, and this has brought us close to the magical 500 mark.



Pre-schools added during  
FY 2013-14



Our Company is present in two large segments of the education sector. We run India's largest self-operated pre-school chain, which is present in 63 cities across the country.

The combined effort of the entire team is reflected in our annual results. Revenue from operations for FY 2013-14 was ₹ 157.64 crores, up 37.94% on a year-on-year basis. Our Profit after Tax (PAT) grew 31.75% to ₹ 43.92 crores. We opened 111 pre-schools during the year, taking the total number of pre-schools to 490 as on March 31, 2014.

In addition to the financial performance, I would also like to mention other achievements during the year.

During the year, we were ranked among the top 100 mid-sized companies in the product category by Inc. India Magazine in the Inc. India Innovative100 rankings. Innovative 100 is the first of its kind initiative to recognise 100 trailblazer mid-sized companies and their leaders.

We successfully acquired and integrated the Brainworks brand and its operations. We constituted a Pre-school Education Advisory Board headed by Dr. Prerna Mohite. Our students entered the Limca Book of Records on January 26, 2014, for creating the largest human flag formation by children. We also started pre-schools under the brand name of Global Champs in the slum areas of Mumbai.

As we are confident about maintaining our growth, we are proposing to increase our dividend to 15% for FY 2013-14.

I express my sincere appreciation for the invaluable contribution and cooperation of all stakeholders involved with our growth. I would also like to thank all my colleagues on the Board to dream big for us and for our continuous growth and profitability, thereby steering it to greater heights.

Regards,

**RAJESH BHATIA**

Managing Director





# LEARNING IS FUN

"I am not a teacher, but an awakener."  
– Robert Frost

Pre-school may look like all play and fun and games, but these are the initial years that will set the child on his or her path to gaining knowledge and dreaming big. All that the pre-primary teacher does is awaken those hidden assets the child is totally unaware of.



1:14

Teacher to student ratio at Tree House



Whatever the child does in these formative years, an intense amount of brainwork goes on in the little mind. This is what we nurture and develop, bringing out the best in every child, showing them the right way by reaching out a helping hand.

Quality education is not just learning the three 'R's, but the right education to make them ready for the future. **The stress is on what is being taught and how.** A combination of Playway and Montessori methods has helped us create the best curriculum for children – a combination of learning and fun. Blending learning and fun is crucial for every child. Unaware of the pressures of learning, the child imbibes life skills, moral values, artistic techniques and, of course, reading and writing skills. In an ideal airy, spacious and clean environment, the children are happy to play and learn.

But, to achieve this perfect combination, it is crucial to have **trained teachers** who understand the significance

and importance of early childhood education. We have an in-house teachers' training system, where teachers are selected on the basis of academic credentials and specialisation. They are then familiarised with new techniques of imparting education. The teachers are trained to use and integrate the state-of-the-art technology-based curriculum to make study interesting for children.

We insist on a healthy student teacher ratio of 1:14 so that the teacher can take care of each child's need on an individual basis. Interactive white boards and audio visuals are some of the state-of-the-art techniques used to create a wholesome learning experience.

The factors offered by us will act as stepping stones towards their success and help them in the future.



# TOUCHING MORE LIVES

We are ready to dream big. Our pre-schools cater typically to the age-group of one-and-a-half years to six years, thus laying the foundation for formal education.



Centres across India

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However, we offer a wide range of courses for different age groups of children from play school, nursery, junior KG, senior KG up to the K-12 level. Our pre-schools also act as a feeder to the K-12 schools.

The aim is to offer holistic school management services. The enrolment in K-12 is expected to grow to 351 million by 2018. This will lead to additional 34 million seats (Source: Technopak). Share of K-12 in total enrolment is poised to increase to 48% in FY 2016-17 from 42% in FY 2011-12 (Source: CRISIL Research). The annuity model, with predictable cash flows, has been delivering significant year-on-year growth for us.

The effort is to create a holistic personality among the students by developing and enhancing their intellectual, psychological, social-emotional as well as physical skills. Customised learning resource material, extra-curricular activities, training for self-improvement are some of the skills we expose the pre-school and K-12 children to.

We are optimistic about the development of more pre-school to K-12 models. We provide school management services to K-12 schools in strong pre-school clusters. We began with 12 K-12 schools in FY 2010-11 but now we can speak of 24 such schools in three states.

**Providing Day Care:** We believe in integrated education for the children. We are aware of the significance of a child's time away from its parents. This idea gave shape to the creation of day care centres at several of our pre-schools. Banking on initial positive feedback from several parents in many of our centres across the country, we believe this service will contribute meaningfully in the future. We have entered into tie-ups with large employers in the IT, ITES, banking and the consulting space to provide day care services for their employees.

We now offer affordable day care services at many centres across the country, providing a hygienic and

safe classroom environment, wherein the child is taken care of by a skilled and caring staff. The aim is to keep the child happy and engaged. We offer day care facilities in Mumbai, Pune, Bangalore, Hyderabad, and Nagpur.

### **TRAINED TEACHERS**

We have tied up with SNDT University to collaborate with it on its teacher training programme. At the core of our dream of an ideal pre-school experience for each child, is the contribution of the teachers and the staff who create the ideal situation in each centre. It is their dedication and effort that has given us the success rate we have achieved so far.

Our teaching methods and our brands are our greatest assets. Together, they are a tremendous force that can impact the education sector significantly. We hire trained teachers who are then familiarised with our in-house teaching techniques. Each teacher is, therefore, aware of what is expected of her and imparts knowledge through our teaching methodologies.

### **AWARDING EXCELLENCE**

We now sponsor the gold medal for the Master of Science (Early Childhood Education) topper at SNDT University, Mumbai. We aim to associate with many more such centres of excellence to promote an ecosystem of pre-primary education in the country. We were ranked among the top 100 mid-sized companies in the product category by Inc. India Magazine in the Inc. India Innovative 100 rankings. Our students entered into the Limca Book of Records on 26th January, 2014, by creating the largest human flag formation by children.

### **DANCE ACADEMY**

This programme has been introduced to provide maximum positive stimulation for mental, physical, emotional and social growth of a child. We believe in an all-round development of the child. The Dance Academy is available at select centres in Mumbai.



# EDUCATION FOR ALL

A unique chapter began in the journey of our organisation when we opened a world class Global Champs pre-school centre (3000 sq feet) for children of the urban low income group, at Dharavi, Mumbai, Asia's largest slum.



6

Schools in slum areas of Mumbai

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The project was inaugurated by Shri Deepak Parekh, Chairman, HDFC Ltd. We believe early childhood education is the key to later success in a child's life. A happy and playful learning atmosphere is a must for every child. It is to this end that we opened the Global Champs pre-school centre. We plan to open more such centres for the education and upliftment of the underprivileged children of the country.

Our initiative to provide low cost quality pre-primary education under the Global Champs brand is now available at six centres in Mumbai.

Research shows that children who have had a good experience in their formative years at pre-school,

go ahead and complete their primary and secondary schooling successfully, resulting in a drastic fall in the dropout rate. Our effort at Global Champs is to help children overcome such a hurdle.

We do not compromise with our standards at Global Champs. To us there is no distinguished barrier in children's development. Our aim is pre-schooling for all. We believe education enables individuals to reach their full potential as human beings. Global Champs is a self-sustainable model aimed at creating a positive impact on the long-term well-being of children.

Under the brand, we now have six schools in slum areas of Kandivali, Chembur, Vikhroli, Khargar, Malad and Dharavi.



## Parent Testimonials



My son, Neiv V. Nair, is a student of Tree House. He took part in the Annual Day programme and was a part of the 'Gummy Bear' dance act. I would like to mention that the whole programme was conducted and executed very well. All the children actively participated and entertained all of us as an audience. The performance of the kids reflected the sincere hard work and dedication put forth by the teachers and the branch heads. Nevertheless, the support from the other staff was also commendable.

**Mrs. Priya V. Nair**



There has been a tremendous improvement in my child Shamita's behaviour and we think this has been possible only because of her having such deserving mentors as you. She has been extremely interactive. We would specially like to thank teachers like Ms. Suchita Kirloskar (Swastik Residency), Ms. Seema Dhanani (Centre Head - Swastik Residency) and Ms. Orshelle (Centre Head, Manpada). Thank you for that priceless smile on my daughter's face! Kudos to you and your colleagues -- just keep it up!

**Manoj Gurukkal**



My daughter has been a student of the nursery section in Tree House, J.B. Nagar branch. I was amazed at seeing my daughter perform so well on stage for the Annual Day celebrations of the school on 24th May. I would like to thank the teachers - Kinjal, Nikku (Gurprit Kaur) and Masuma -- for helping my daughter perform so confidently on stage. My daughter has learnt many things in Tree House without my intervention. A big thank you to all the teachers concerned. They have made a big difference!

**Swati Devalkar**



Our son Lokesh Aditya was a shy and diffident three-year-old when we admitted him at Tree House, a little over two years ago. He spoke only Hindi and was stubborn, like most children his age. We observed major improvements in his behaviour. His speech is much clearer and he has started speaking clear English and using good words. We are also extremely happy to see a marked improvement in his etiquette. We wanted to thank Parveen, Mukta, Gurjit Kaur, Shakera, Lubaina and all of you for taking care of him and nurturing him. The strong foundation that you provided him with will not only help him survive but let him do well in the next round of his academic innings. Thank you!

**Krishna Rao and Snehalatha**



Toddler and child performances can be quite challenging for the child as well as the teacher. To build a complete show around such performances requires a lot of detailed planning and excellent caregiver skills on the part of the teachers and maids. Needless to say, that is exactly what Tree House exhibited at its Annual Day function. This year, Tree House has not only welcomed different types of dances on stage but has also encouraged stand-up acts and musical skits which were given standing ovations. Kudos!!!

**Dr. Neha Das Jalal**



We were looking out for a homely place for our son Shaurya Prakash. We wanted him to learn the basics of life, studies and ethics. Our trust in you has paid off. Kindly accept our sincere acknowledgement and thanks for grooming our naughty child, for pointing him in the right direction. We believe you have readied him for his future years. We are indebted to his teachers Gurjit Kaur (Nikko) and Ajita, Nita, Kinjal, Shraddha, an Shakila, and your helps Pushpa, Vanita, Sujata, Rita, Neela and his escort Sandeep. A big thank you for everything!

**Shweta and Prakash**



Being a parent myself, I know it's really not easy to make kids follow instructions, perform and dance so well. I could not believe the little ones coming on stage, anchoring and performing. I truly enjoyed it, and those few hours simply made my day. I can see a positive change and enhancement in Zeann's learning, behaviour, creativity and overall personality and thoughts. Most importantly, Zeann was very excited, involved and happy. What more does a parent need? The whole experience was overwhelming and encouraging. It motivated the kids to perform better in fine arts along with their studies.

**Zeenat D'Penha**



For my daughter Anay, Tree House has been a true combination of theoretical, practical and emotional development. The best place to strengthen the foundation of my kid's future. The school and the staff offer such a remarkable experience in handling kids, from the most difficult to the most introvert. Your training and experience are the key ingredients which help in the transition of the child from childhood to young adulthood.

**Shalini Krishna**

# Board of Directors

## 1 MR. SANJAYA KULKARNI

(DIN: 00102575)

*Chairman and Independent Director*

### Education

- MBA from Indian Institute of Management, Ahmedabad
- Bachelor of Technology from the Indian Institute of Technology (IIT) Mumbai

### Experience

Rich experience of over 30 years in the field of financial services

## 2 MR. RAJESH BHATIA

(DIN: 00074393)

*Managing Director*

### Education

- Bachelor of Engineering from MS University, Baroda
- MBA from Pune University

### Association with Tree House

Associated with the Company since its inception

### Experience

- Eleven years of experience in the field of education
- Oversees the organization's day-to-day operations

## 3 MR. VISHAL SHAH

(DIN: 01153074)

*Executive Director*

### Education

- MMS from Narsee Monjee Institute of Management Studies
- Bachelor of Commerce from Mumbai University

### Association with Tree House

Associated with the Company since its inception

### Experience

- Oversees the marketing
- Setting up of new centres
- Identifying properties for expansions
- Procurement initiatives

## 4 MRS. GEETA BHATIA

(DIN: 00074444)

*Non-Executive Director*

### Education

Bachelor of Commerce Degree from Mumbai University

### Experience

Ten years of experience in the education industry

### Association with Tree House

Associated with the Company since its inception

### Awards

Felicitated with an award of merit for Montessori education by the Indian Council of Management Executives

## 5 MR. T.S. SARANGPANI

(DIN: 01453050)

*Independent Director*

### Education

- Bachelor of Engineering
- MBA from the University of Madras

### Experience

Rich 35-years of experience in the financial services industry

## 6 MR. PARANTAP DAVE

(DIN: 00019472)

*Independent Director*

### Education

Qualified Chartered Accountant

### Experience

28 years of experience in the field of finance, banking, accounts, audit, taxation and general management

## 7 MR. ASHU GARG

(DIN: 01980048)

*Nominee Director*

### Education

- MBA from the Indian Institute of Management, Bangalore
- Bachelor of Technology from the Indian Institute of Technology, Delhi

### Other ventures

Venture partner of Foundation Capital

## 8 MR. RISHI NAVANI

(DIN: 01758427)

*Nominee Director*

### Education

- MBA from Wharton School, University of Pennsylvania
- Bachelor of Arts Degree from Northwestern University

### Experience

- Over a decade's experience of investing in the Indian capital markets

### Other ventures

Co-founder and Managing Director of Matrix India Asset Advisors Private Limited

## 9 MS. DIMPLE SANGHI

(DIN: 00898592)

*Additional Director*

### Education

- Bachelors of Commerce Degree
- Law Graduate
- Chartered Accountant

### Experience

- More than 21 years of in-depth knowledge in financial services including more than 11 years in private equity in India

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# Notice



NOTICE IS HEREBY GIVEN THAT THE EIGHTH ANNUAL GENERAL MEETING ("AGM") OF THE MEMBERS OF TREE HOUSE EDUCATION & ACCESORIES LIMITED WILL BE HELD ON SATURDAY, SEPTEMBER 6, 2014 AT 10.00 A.M. AT MAYOR HALL, ALL INDIA INSTITUTE OF LOCAL SELF GOVERNMENT, STHANIKRAJ BHAVAN, C.D. BARFIWALA MARG, JUHU LANE, ANDHERI(W), MUMBAI – 400 058, MAHARASHTRA, INDIA, TO TRANSACT THE FOLLOWING BUSINESS:-

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet of the Company as at March 31, 2014 and Statement of Profit and Loss for the year ended on that date together with the Report of the Board of Directors and Auditors thereon.
2. To declare a dividend of ₹ 1.50/-per equity shares for the financial year ended March 31, 2014
3. To appoint a Director in place of Mr. Vishal Shah (DIN: 01153074), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rishi Navani (DIN: 01758427), who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 139, 142 and such other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, M/s. Jogish Mehta & Co. Chartered Accountants, Mumbai (ICAI Registration Number: 104326W), retiring Auditor of the Company, be and is hereby re-appointed as Auditor of the Company, to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors or any Committee thereof." in addition to out of pocket expenses as may be incurred by them during the course of the Audit."

### SPECIAL BUSINESS:

6. To approve appointment of Ms. Dimple Sanghi (DIN: 00898592) as the Non-Executive Director and in this regards to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** in accordance with applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) Ms. Dimple Sanghi (DIN: 00898592), who was appointed as an Additional Director pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to retire by rotation;

**RESOLVED FURTHER THAT** any Director of the Company and the Company Secretary of the Company be and are hereby severally authorized to do all such necessary acts, deeds and things including the filing of the necessary forms and documents with the Registrar of Companies to give effect to the above resolution."

7. To reappoint Mr. Parantap Priyakant Dave (DIN: 00019472) as an Independent Director and in this regards to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Parantap Priyakant Dave (DIN: 00019472), who was appointed as an Independent Director of the Company be and is hereby re-appointed as an Independent Director on the Board of Directors of the Company to hold office for five consecutive years for a term upto March 31, 2019."

8. To reappoint Mr. Sanjaya Shrikrishna Kulkarni (DIN: 00102575) as an Independent Director and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sanjaya

Shrikrishna Kulkarni (DIN: 00102575), who was appointed as Independent Director of the Company be and is hereby re-appointed as an Independent Director on the Board of Directors of the Company to hold office for five consecutive years for a term upto March 31 2019."

9. To reappoint Mr. Sarangpani Srinivasan Tirunoncoil (DIN: 01453050) as an Independent Director and in this regards to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 ('the Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sarangpani Srinivasan Tirunoncoil (DIN: 01453050), who was appointed as an Independent Director of the Company be and is hereby re-appointed as an Independent Director on the Board of Directors of the Company to hold office for five consecutive years for a term upto March 31, 2019."

10. To approve amendment of Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all acts and take such steps as may be necessary, proper or expedient to give effect to this resolution."

By order of the Board of Directors  
For **Tree House Education & Accessories Limited**

**Place:** Mumbai  
**Date:** August 05, 2014

**Sanjay H. Shah**  
**Compliance Officer**

## NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint proxies to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy, in order to be effective must be deposited at the registered office of the Company not less than forty-eight (48) hours before the commencement of the Meeting.**

A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten (10) percent of the total share capital of the Company carrying voting rights. A member holding more than ten (10) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy for any other person or shareholder.

Corporate members intending to send their authorised representative to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

Members / proxies are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

In case of joint holder attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote at the meeting.

2. The Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013, in respect of item Nos. 6 to 10 is annexed hereto.
3. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
4. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain close from Friday, 29<sup>th</sup> August, 2014 to Saturday, 6<sup>th</sup> September, 2014 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
6. The dividend on Equity Shares as recommended by Board of Directors, if declared at the Meeting, will be credited/ dispatched/paid within a period of 30 days from the date

of declaration, to those members whose names appears as Beneficial Owners and as members in Register of Members of the Company at the end of business hours on or before Thursday, 28<sup>th</sup> August, 2014.

7. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updates of savings bank account details to their respective Depository Participant(s). Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends.
8. Members are requested to address all correspondence, including dividend matters, to the Registrar and Share Transfer Agents, Link Intime India Private Limited, C-13, Pannalal Silk Mill Compound., Bhandup (West), Mumbai – 400 078.
9. Members who wish to claim their unclaimed dividend are requested to correspond with Registrar and Share Transfer Agent of the company. Members are requested to note that dividends not claimed within seven (7) years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013 (Section 205A of erstwhile Companies Act, 1956), be transferred to the Investor Education and Protection Fund.
10. The Company is concerned about the environment and utilizes natural resources in a sustainable way, we request you to update your email address with your Depository Participant to enable us to send you the quarterly reports and other communications via email.
11. Copy of the Annual Report 2014 are being sent by electronic mode only to all the members whose email addresses are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the Annual Report 2014 are being sent by the permitted mode.
12. The Notice of the Annual General Meeting and instructions for e-voting, along with the Attendance Slip and proxy Form, is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.
13. Members may also note that the Notice convening Annual General Meeting and Annual Report 2014 will be available on the Company's website [www.treehouseplaygroup.net](http://www.treehouseplaygroup.net) in "Investors" section.
14. Additional information pursuant to Clause 49 of the Listing Agreement with the stock exchange in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting are furnished and forms a part of the Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form shall submit their PAN details to the Company.
16. Relevant documents referred to in the Notice will be available for inspection at the Company's registered office during normal business hours on working days upto the date of Annual General Meeting.
17. In compliance with the provisions of section 108 of the Act and the Rules framed thereunder, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all resolutions set forth in this Notice.

**The procedure to login to e-Voting website is given below:**

1. Open the attached PDF file "e-Voting.pdf" giving your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password, which contains your "User ID" and "Password for e-voting". Please note that the password is an initial password.
2. Launch internet browser by typing the URL <https://www.evoting.nsdl.com/>
3. Click on "Shareholder - Login".
4. Put User ID and password as initial password noted in step (1) above and Click Login.
5. Password Change Menu appears. Change the password with new password of your choice with minimum 8 digits/ characters or combination thereof.



6. Home page of "e-Voting" opens. Click on e-Voting: Active Voting Cycles.
7. Select "EVEN" of (TREE HOUSE EDUCATION & ACCESSORIES LIMITED). Members can cast their vote online from August 31, 2014 (9:00 am) till September 2, 2014 (6:00 pm).

**Note: e-Voting shall not be allowed beyond said time.**

8. Now you are ready for "e-Voting" as "Cast Vote" page opens.
9. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm", when prompted.
10. Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) are also required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail mihenhalani@gmail.com with a copy marked to evoting@nsdl.co.in.

**Please note that:**

- Login to e-voting website will be disabled upon five unsuccessful attempts to key-in the correct password. In such an event, you will need to go through 'Forgot Password' option available on the site to reset the same.
- Your login id and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended not to share your password with any other person and take utmost care to keep it confidential.
- Please note that if you have opened 3-in-1 account with ICICI Group i.e. bank account and demat account with ICICI Bank Limited and trading account with ICICI Securities Limited, you can access e-Voting website of NSDL through their website viz.; [www.icicidirect.com](http://www.icicidirect.com) for the purpose of casting your votes electronically by using your existing user ID and password used for accessing the website [www.icicidirect.com](http://www.icicidirect.com). Please note that in case you are not able to login through the ICICI direct website, you can also access the e-Voting system of NSDL by using your existing user ID and password for the evoting system of NSDL.

In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for members and e-voting

user manual for members available at the Downloads sections of <https://www.evoting.nsdl.com> or contact NSDL at the following Telephone No.: 022-2499 4600.

## **Statement pursuant to Section 102 (1) of the Companies Act, 2013**

### **Item no. 6**

Pursuant to the provisions of Section 161 (1) of the Act and the Articles of Association of the Company, Ms. Dimple Sanghi was appointed as an Additional Director on the Board of the Company with effect from March 01, 2014.

In terms of the provisions of Section 161(1) of the Act, Ms. Dimple Sanghi would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidature of Ms. Dimple Sanghi for the office of non-Executive Director of the Company.

Ms. Dimple Sanghi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Board commends the Ordinary Resolutions set out at item No. 6 of the Notice for approval by the shareholders.

Save and except Ms. Dimple Sanghi, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

### **Item no. 7 to 9:**

Mr. Parantap Priyakant Dave, Mr. Sanjaya Shrikrishna Kulkarni and Mr. Sarangpani Srinivasan Tirunoncoil are independent Directors of the Company and have held the positions as such for more than 5 (five) years.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement inter alia stipulating the conditions for the appointment of independent directors by a listed company.

It is proposed to appoint Mr. Parantap Priyakant Dave, Mr. Sanjaya Shrikrishna Kulkarni and Mr. Sarangpani Srinivasan Tirunoncoil as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the March 31, 2019.

Mr. Parantap Priyakant Dave, Mr. Sanjaya Shrikrishna Kulkarni and Mr. Sarangpani Srinivasan Tirunoncoil are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors.

The Company has also received notice in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of Mr. Parantap Priyakant Dave, Mr. Sanjaya Shrikrishna Kulkarni and Mr. Sarangpani Srinivasan Tirunoncoil for the office of Directors of the Company.

The Company has also received declarations from Mr. Parantap Priyakant Dave, Mr. Sanjaya Shrikrishna Kulkarni and Mr. Sarangpani Srinivasan Tirunoncoil that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Parantap Priyakant Dave, Mr. Sanjaya Shrikrishna Kulkarni and Mr. Sarangpani Srinivasan Tirunoncoil fulfill the conditions for appointment as independent Directors as specified in the Act and the Listing Agreement. They are independent of the management.

Copy of the draft letters for respective appointments of Mr. Parantap Priyakant Dave, Mr. Sanjaya Shrikrishna Kulkarni and Mr. Sarangpani Srinivasan Tirunoncoil as independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

The Board commends the Ordinary Resolutions set out at item No. 7, 8 and 9 of the Notice for approval by the shareholders.

Save and except Mr. Parantap Priyakant Dave, Mr. Sanjaya Shrikrishna Kulkarni and Mr. Sarangpani Srinivasan Tirunoncoil, none of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

### Item no. 10

The Articles of Association ("AoA") of the Company as presently in force are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AoA are no longer in conformity with the Act.

The Act is now largely in force. On September 12, 2013, the Ministry of Corporate Affairs ("MCA") had notified 98 Sections for implementation. Subsequently, on March 26, 2014, MCA notified most of the remaining Section of the Act which deal with the general working of companies.

With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

None of the Directors or Key Managerial Personnel of the Company including their relatives is, in anyway concerned or interested in the Resolution.

## INFORMATION OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT PURSUANT TO CLAUSE 49 (IV) (G) (I) OF THE LISTING AGREEMENT

### 1. Mr. Vishal Shah

Mr. Vishal Shah is an executive Director of our Company. He holds bachelor of commerce degree from Mumbai University and masters of business administration in finance from Narsee Monjee Institute of Management Studies, Mumbai. Mr. Shah has approximately nine years of experience in the education industry. He worked with Apple Finance Limited as trainee in 1994-1996. In 1996, he joined Indsec Securities and Finance Limited as an assistant vice president. He has been associated with our Company since its inception in 2007. He oversees the marketing and administration department of our Company. His responsibilities include marketing, setting up of new centers, identifying properties for expansion, appointing franchisees and procurement.

#### Other Directorship of Mr. Vishal Shah is as follows:

Sr. No.	Name of the Firm/Company	Nature of Interest
1.	DHIRANAND ENGINEERS PVT LTD	Director
2.	JT INFRASTRUCTURE PRIVATE LIMITED	Director
3.	KUSTERS CALICO MACHINERY Private Limited	Director

### 2. Mr. Rishi Navani

Mr. Rishi Navani is a nominee Director on our Board. He holds a bachelor of arts degree from Northwestern University and masters of business administration from Wharton School at the University of Pennsylvania, where he graduated as a palmer scholar. Mr. Navani has over 10 years of experience investing in the Indian market. He is the co-founder and managing director at Matrix India Asset Advisors Private Limited, and is the nominee Director on behalf of Matrix Partners India Investment Holdings, LLC. Previously, he was the managing director at WestBridge Capital Partners. Mr. Navani was a member of the investment team at Apax Partners and Indocean Ventures, an affiliate of Soros Fund Management and Chase Capital Partners. He has also worked in management consulting at A.T. Kearney and McKinsey & Company.

#### Other Directorship of Mr. Rishi Navani is as follows:

Sr. No.	Name of the Firm/Company	Nature of Interest
1.	MATRIX INDIA ASSET ADVISORS PRIVATE LIMITED	Managing director
2.	VER SE INNOVATION PRIVATE LIMITED	Nominee director
3.	SIESTA HOSPITALITY SERVICES LIMITED	Additional director
4.	MSWIPE TECHNOLOGIES PRIVATE LIMITED	Director
5.	TCNS CLOTHING CO. PVT. LTD.	Nominee director
6.	FIVE STAR BUSINESS CREDITS LIMITED	Additional director
7.	CHUMBAK DESIGN PRIVATE LIMITED	Nominee director

### 3. Ms. Dimple Sanghi

Ms. Dimple leads investments in Financial Inclusion focused on India and Southeast Asia for Omidyar Network India Advisors. She invests in for-profit companies and nonprofit organizations that work to extend access to high-quality, affordable financial services to those living at the base of pyramid.

Ms. Dimple joined Omidyar Network in 2012, bringing 21 years of in-depth knowledge in financial services, including more than 11 years in private equity in India. Most recently, she served as managing director at Everstone Investment Advisors, a leading private equity and real estate investment firm. Previously, Dimple worked at AIG Global Investment Corporation, where she was responsible for identifying investment opportunities, monitoring investments, and providing overall portfolio management support. She also worked at various investment banks, including: Lazard India, HSBC, and Société Générale, where she was involved with capital market and advisory transactions.

Dimple earned both her law degree and bachelor's in commerce from Mumbai University. She is a fellow member (FCA) of the Institute of Chartered Accountants, India.



Sr. No.	Name of the Firm/Company	Nature of Interest
1.	NEOGROW TH CREDIT PRIVATE LIMITED	Director
2.	OMIDYAR NETW ORK INDIA ADVISORS PRIVATE LIMITED	Managing director
3.	JAIN SONS FINLEASE LIMITED	Director
4.	IMERIT TECHNOLOGY SERVICES PRIVATE LIMITED	Director

#### 4. Mr. Parantap Dave

Mr. Parantap Dave is an Independent Director of our Company. He holds a Bachelor of Commerce degree and is a Chartered Accountant. Mr. Dave has twenty seven years of experience in the field of finance, banking, accounts, audit, taxation, legal, project and general management and commercial matters. Mr. Dave started his career on guiding individuals and corporates on managing their investible surplus on the capital market. This endeavor was further extended to include transacting for placement of commercial paper, advising clients on the initial public offering process, and wealth management. The resultant exposure to various business segments metamorphosed into a bouquet consulting firm, Argent Advisors, which provides corporate advisory to small and medium enterprises on strategy from incubation to initial public offering, from concept to capital, from vision to valuation. Mr. Dave enables business entities in securing funds, both in form of venture capital/ private equity and public equity.

##### Other Directorship of Mr. Parantap Dave is as follows

Sr. No.	Name of the Firm/Company	Nature of Interest
1.	DHANIPA MANAGEMENT SERVICES PVT LTD	Director
2.	SPECTRUM INTERNATIONAL PRIVATE LIMITED	Director
3.	MAS SERVICES LTD	Director
4.	SAJEEV AGRI PRIVATE LIMITED	Director
5.	CAPVITAL ADVISORS PRIVATE LIMITED	Director
6.	SANKALP SIDDHI CORPORATE ADVISORY PRIVATE LIMITED	Director

#### 5. Mr. Sanjaya Kulkarni

Mr. Sanjaya Kulkarni is an Independent Director of our Company. He holds a Bachelor of Technology degree from Indian Institute of Technology, Mumbai and Masters of Business Administration from Indian Institute of Management, Ahmadabad. Mr. Kulkarni has approximately thirty two years of experience in the financial services and

consumer durables industry. He has worked for Citibank, India from 1973-1980 and was involved in investment banking and managing corporate relationships and then promoted 20th Century Finance Corporation Ltd (TCFC). TCFC subsequently promoted Centurion Bank Ltd. He was also the Chairman of the Equipment Leasing Association from 1993-1995. Mr. Kulkarni previously managed Century Direct Fund, one of the earliest private equity funds for investment in growth companies in India.

##### Other Directorship of Mr. Sanjaya Kulkarni is as follows:

Sr. No.	Name of the Firm/Company	Nature of Interest
1.	SL POULTRY PRIVATE LIMITED	Director
2.	INDIAN DIRECT EQUITY ADVISORS PRIVATE LIMITED	Director
3.	PRO CAPITAL ADVISORS PRIVATE LIMITED	Director
4.	TIME TECHNOPLAST LIMITED	Director
5.	AGRO TECH FOODS LIMITED	Director
6.	TPL PLASTECH LIMITED	Director
7.	NED ENERGY LIMITED	Director
8.	IPROF LEARNING SOLUTIONS INDIA PRIVATE LIMITED	Director
9.	SU-KAM POWER SYSTEMS LIMITED	Additional director
10.	SUPREME-TREVES PRIVATE LIMITED	Director

#### 6. Mr. T.S. Sarangpani

Mr. T.S. Sarangpani is an Independent Director of our Company. He holds a bachelor of engineering degree and masters of business administration from the University of Madras. Mr. Sarangpani has approximately 33 years of experience in the financial services industry. He started his career with ICICI Bank Limited. After spending seven years with them in the project finance area, he moved to the manufacturing industry where he worked at International Instruments, Bangalore and Nuchem Plastics, New Delhi. Since 1990, Mr. Sarangpani was associated with the financial services industry in areas such as venture capital, setting funds for international investors and investing in India and investment banking with emphasis in corporate finance. During this period, he was associated with the 20th Century Venture Capital; TAIB Bank in Bahrain, West Merchant Bank at London, and WestLB, a Germany based commercial bank. Currently he is director in our Company only. Mr. T.S. Sarangpani holds no Directorship in any other company.

# Management Discussion and Analysis



## WORLD AND INDIAN ECONOMIC SCENARIO

The global economy regained stability in 2013 and experienced robust demand in some advanced economies like US, UK and Japan, aided by accommodative monetary policies. Going forward, more support from fiscal and monetary policy easing shall give momentum to further growth. The sentiment amongst consumers and investors remain upbeat yet cautious. IMF forecasts global growth at 3.6% in FY 2014-15 and 3.9% in FY 2015-16.

India registered its lowest rate of GDP growth for the decade at 4.7% in FY 2013-14, in a decade. Demand slumped across all

sectors and high inflation, high current account deficit, fiscal deficit and a sliding rupee impacted business environment. The services sector showed a marginal decline to 6.9% in FY 2013-14. However, with declining inflation and a reined in fiscal deficit at 4.6% and CAD at 1.7% of GDP, the country is poised to consolidate and grow steadily in the next fiscal.

## INDIAN EDUCATION SECTOR

The education sector represents a broad spectrum of businesses, but it is generally divided into three areas.

### Exhibit 1: Core Segments

K-12 (from kindergarten to Year 12) and higher education.	Pre-school, test preparation, tutoring and vocational training.	Ancillary businesses
Heavily regulated, these represented more than half of India's \$56 billion private education sector in 2012.	Parallel businesses operating in areas with far less regulatory oversight.	such as school books, stationery, multimedia, IT and management.

(Source: Asian Venture Capital Journal, May 2013)

CARE Rating pegs Indian education industry at ₹ 3.83 trillion and it is expected to grow rapidly owing to rising incomes, rapid urbanisation and increasing awareness about importance of quality education.

The current spending on education is ₹ 1,035 for an urban household and ₹ 293 for a rural household. However, consumers are willing to spend higher amounts if given access to quality education and this has brought private sector companies to the forefront. The private sector is rapidly increasing its presence in the education market and currently accounts for 48% of the total revenue. Realising the importance of private sector in Indian education, the Government has launched Public Private Partnerships (PPP) to grow the education sector.

### Pre-school Education

According to a research report published in 2011 'Indian Pre-school Market Forecast', Indian pre-school market is experiencing rapid growth, even among small towns and non-metros due to rising number of working mothers, increasing trend of nuclear families and escalating demand for high quality pre-school education for toddlers. The pre-school industry has low market penetration with 1.1% enrolment in India as compared to France with 100% enrolment. Low barriers to entry along with the increasing awareness, popularity, and propensity of young working professionals to pay are likely to

drive growth for the pre-school market which has grown at a CAGR of around 13% during 2011-2014 and expected to grow at a CAGR of 30-35% going forward.

This provides the opportunity for education providers to enter pre-school education. New opportunities in the pre-school segment include teacher's training, inclusion of day care services, provisioning of after-school extra-curricular activities and edutainment products.

(Source: Asian Venture Capital Journal)

### K-12 schools

Presently, there are around 1.5 million K-12 schools in India with a student base of 253 million. With government spending (Centre and states combined) on education at 3.7% of GDP, and schemes like Right to Education (RTE) and Sarva Shiksha Abhiyan (SSA), Near 100% GER in the primary level has been achieved. Nevertheless, there is a considerable drop-out rate for upper primary level and a gradual shift in enrolment from public schools to private schools at secondary level.

The private sector contributes to nearly 40% share in enrolment although it has a 25% share in the number of schools in the country. The cost of land, strict land usage norms paired with multiple licensing system and low or negative surplus make it challenging for a private school to operate.

Out of 1.46 million K-12 schools, 54% are managed by the Central Government/State Governments and 21% are managed by local bodies/municipal corporations. Private schools account for 25% of the total number of K-12 schools in India.

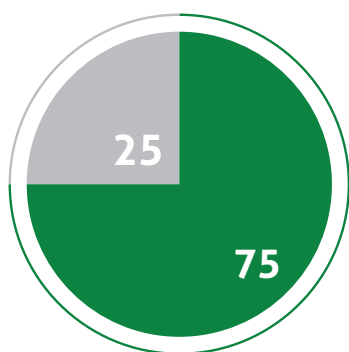
(Source: Ernst and Young)

Out of 253 million students enrolled in K-12 schools, 60% are enrolled in public schools (153.5 million). Private school

students account for a 40% share of student enrolment in the K-12 universe (100 million).

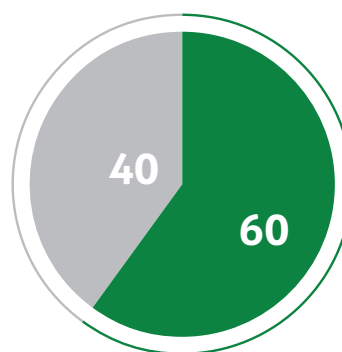
The K-12 market, though regulated, offers a number of opportunities, especially in the informal sector, such as automated learning platforms, integration of ICT in classrooms, diversification of information sector in formal K-12 market and integration of pre-school education with primary schooling.

### Exhibit 2: Number of schools in India (%)



● Private Schools ● Government Schools

### Exhibit 3: Enrolment Share (%)



● Private Schools ● Government Schools

Private enrolment in elementary schools is approximately 35% and over 50% at the secondary level. Studies in cities like Mumbai and Patna show that upward of 75% of children in these cities are attending private schools. This trend holds true in rural India as well. The Annual Status of Education Report (ASER) shows that enrolment in private schools at the elementary in rural India has increased from 19% to 29% in the seven year period from 2006 to 2013.

### Exhibit 4: Education Sector Salient Features\*

Total Current enrolment (Class 1-5) 13.24 crore, marginally lower than 13.47 crore in 2012-13#	GER for 2010-11 116.0 for Class 1-5 and 85.5 for Class 6-8	Current Enrolment (Class 6-8) 6.64 crore, up from 6.49 crore in 2012-13
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\*Till September 2013

#Covering 1.52 million schools in India

(Source: Flash Statistics: Elementary Education in India: Progress towards UEE for the year 2013-14, NEUPA)

### GROWTH DRIVERS

- Private schools are expected to grow at 4% requiring 130,000 additional schools by 2022. An ongoing and continuous evaluation, comprehensive curriculum and syllabi based on practical applications, assessments based on interactive, skills and fun based learning has led to better learning levels and quality of school education. Based on current trends, it appears that the private sector may account for a 55-60% share in overall enrolment in K-12 schools by 2022.
- There is an increase in awareness among urban parents that maximum learning occurs in initial years and to give maximum exposure to learning at a pre-school stage.
- Better quality education will create an educated workforce for industry employment, especially white collar jobs.
- The education market is characterised by favourable margins due to the exponential growth in fees, negative working capital and higher operating margins.

***Tree House has 490 pre-school centres as on March 31, 2014 having opened 111 pre-school centres last year. The Company is also present in the K-12 school segment.***

- The number of private players in K-12 segment are also increasing with higher technology and quality infrastructure being brought to the classrooms to facilitate learning.
- Public private partnerships in the role of financing and providing education services.
- Passage of pending educational bills such as the National Accreditation Regulatory Authority of Higher Education Bill and National Council for Higher Education and Research Bill.
- Crisil expects the share of organised pre-schools to increase from 20% in FY 2012-13 to 26% in FY 2017-18. Large-scale expansion plans of existing companies and the entry of more organised firms should alleviate supply constraints in the segment. The organised pre-school market is expected to grow at a CAGR of 26% over 2013-18 from ₹ 13.3 billion to reach ₹ 42.8 billion.

## CHALLENGES

- Regulatory hurdles in conforming with regulations, syllabus of the examination boards
- High capital expenditure and operational costs for quality faculty, infrastructure and technology
- Long time frame is needed to create brand equity and increase enrolment
- Debt servicing challenges in the short term

## INDIA'S K-12 SYSTEM

**Higher Education (HE)** – The Twelfth Five Year Plan has aimed at the three objectives of excellence, equity and expansion to harness the human capital of the country. India is slated to have the largest tertiary-age population i.e. in the age group of 25-29 years by 2020, outpacing China. Enrolment in higher education still lies at 18-19%, significantly lower and the government is making efforts to expand disciplines, enrolment and bring students from all sections of society to enrol into institutions, with better faculty, infrastructure, research and innovation ecosystem and greater industry engagement.

The HE market is flourishing with CAGR of 19% expected over the next couple of years. There is need to invest in setting up educational hubs and incubation centres, expanding existing institutions, developing physical infrastructure, combining

vocational education with mainstream education, making alternative use of premises and e-learning.

**Pre-schools** – Unlike K-12 school education and higher educational institutions, which are barred by law from becoming for profit ventures, pre-schools are allowed to make profit. Besides, no regulations or standards regarding the curriculum govern the pre-school market currently. This makes the industry free to operate on its own terms, which has also led to its highly unorganised nature.

## COMPANY OVERVIEW

Tree House Education & Accessories Limited (Tree House) is the largest self-operated pre-school chain in India. It is known for qualified and experienced teachers, standardised curriculum and quality education. Tree House has 490 pre-school centres as on March 31, 2014 having opened 111 pre-school centres last year. The Company is also present in the K-12 school segment, especially at locations having a strong pre-school presence. There are a total of 24 operational K-12 schools where Tree House offers school management services. Educational complexes in Baroda and Jhunjhunu have completed construction in FY 2013-14.

The Company offers Play group, Nursery, Junior Kindergarten (KG), Senior KG,

vacation camps, hobby classes, teacher training, Day Care facilities and teacher training courses at its pre-school centres.

It provides a range of educational services to K-12 schools, which include designing curriculum and providing teaching aids, supplying methods for imparting education, organising extracurricular activities for students and teacher training. The K-12 segment represents 24 K-12 schools providing education from KG to Class XII.

## Expansion plans

Being a trusted brand in the pre-school segment, Tree House ventured into K-12 school segment. The Company has set ambitious growth targets which are expected to grow at a CAGR of 35.3% over 2012-2015. We are currently present in 63 cities, with new centres opened in Bhopal, Jamshedpur, Mangalore, Durgapur, Bhubaneswar, Udaipur, Jodhpur and Amritsar in this year.

The strong pillars of the Company's success are its teaching methods, teacher-student ratio, in-house teacher training and quality control.



## Company's strengths

- Brand owned by company hence no royalty sharing, which increases competitive position vs. others and increasing earnings per centre with a self operated model
- Advantage of scale to leverage its operating costs and ad spends, thus allowing it to break even with lower students per centre
- Higher EBITDA margins with more student enrolment
- Attracting a superior talent pool of teachers due to the opportunity to work directly with company
- Turning in positive free cash flows with low earning fluctuations and higher return on capital (ROC)
- With Property sales the company will turn asset light

## HIGHLIGHTS FOR 2013-14

- The Company has introduced Day Care services at some pre-schools and also entered into tie ups with large employers in the IT, ITES, banking and consulting space to provide Day Care services for their employees.
- Tree House has tied up with SNDT University to collaborate on its teacher training programme.
- The Company is sponsoring the gold medal for the topper in the Master of Science (early childhood education) at SNDT University, Mumbai. It aims to associate with more such education centres to promote an eco-system of pre-primary education.
- Started education advisory board headed by Dr. Purna Mohite to provide key academic inputs
- Opened 5 pre-school centres in Mumbai under 'Global Champs' brand to provide low cost quality pre-primary education.
- In June 2013, Tree House Education and Accessories gained ownership of the Brainworks Learning Systems Private Limited along with all assets.

## FINANCIAL PERFORMANCE

The Company posted another year of excellent performance across all financial parameters, validating its strategy of creating multiple drivers of growth. The Company's philosophy

of continuously improving the quality of education at pre-school level has resulted in sustained growth and profits.

## Revenue

Gross Revenue for the year grew by 31.02% to ₹ 158.98 crores in FY 2013-14 from ₹ 121.34 crores in FY 2012-13. Net Revenue at ₹ 157.64 crores in FY 2013-14 increased by 37.9% from ₹ 114.28 crores in FY 2012-13.

## EBITDA

Operational EBITDA at ₹ 89.23 crores has grown y-o-y by 44.36% from ₹ 61.81 crores last fiscal year. EBITDA margins rose 252 bps from 54.08% to 56.60%.

## Profit Before Tax

Profit before Tax increased by 35.08% from ₹ 48.87 crores to ₹ 66.02 crores in FY 2013-14.

## Net Profit

Net Profit at ₹ 43.92 crores in FY 2013-14 grew from ₹ 33.33 crores in FY 2012-13, registering a growth of 31.8%.

## Earnings per Share

In FY 2013-14, Earnings per Share (fully diluted) is ₹ 11.84 in 2013-14 compared to ₹ 9.56 in FY 2012-13.

## Dividend

The Board of Directors is pleased to recommend a dividend of ₹ 1.50 per share (previous year: ₹ 1.25 per share) for the year ended March 31, 2014. Total cash outflow in this regard will be ₹ 6.52 crores (previous year: ₹ 5.23 crores) including dividend distribution tax of ₹ 0.95 crores (previous year: ₹ 0.73 crores).

## Reserves

As on March 31, 2014, the balance in the Security Premium has increased to ₹ 265.52 crores (previous year: ₹ 239.90 crores) and balance in the Profit and Loss Account surplus has increased to ₹ 91.85 crores (previous year: ₹ 57.48 crores). During the year the company has transferred a sum of ₹ 3.03 crores to General Reserve from Profit and Loss account balance.

The Company has never accepted any fixed deposits and thus there was no outstanding towards unclaimed deposit payable to depositors as on March 31, 2014.

## RISKS

The Company has adequate Risk Management systems, based on three pillars, Business Risk Assessment, Operational

***The Company has introduced Day Care services at some pre-schools and also entered into tie ups with large employers to provide Day Care services for their employees.***

Controls Assessment and the Policy Compliance process. The Company faces competition risk from local players in the cities it expands into. This risk is effectively addressed by building a brand, vintage and processes to provide consumer-centric services and quality education. The Company addresses major risks identified by the business functions on a continual basis and mitigating them through appropriate actions. These risks are discussed with both the Management Committee and the Audit Committee.

Below mentioned are certain specific risks that the Company has faced and the methods of mitigating them:

RISK	MITIGATION STRATEGY
<b>Geographical concentration Risk</b> Around 42 % of pre-school are located in and around Mumbai metropolitan	Expansion of pre-schools on a large scale across different regions and reducing the risk of geographic concentration
<b>Regulatory Risk</b> The Government of India introduces regulations for pre-school segment may impose restrictions on the Company	Complying with all local municipal laws, proactively incorporating all regulations, as the Company has clarity on the regulatory framework
<b>Competition Risk</b> Competitors providing similar services and infrastructure set up operations because of the low barriers to entry into the education sector	Having revolutionised pre-school pedagogy in India, we continue to increase use of innovative teaching methods and child-focused personal care, better technologies and activities

## HUMAN RESOURCE MANAGEMENT

Tree House has a very sound and an efficient team of professionals. A lot of emphasis is laid on training and development so that leaders can emerge. The training and development initiatives are also targeted towards creation of an extensive talent pool. Incessant communication with the employees and franchise is done via emails and various meetings are conducted. We give preference to internal development and internal hiring for senior levels and also offer full range of benefits after retirement.

Tree House has an open and friendly environment where everyone has access to seniors across all levels. We give support and empower our employees to work with passion, dedication and embrace innovation in all their work activities. We ensure safety for our all-woman teaching staff with 24x7 security. We attract talent with better pay-scales than industry norms.

We focus on treating every employee with respect and dignity and have a merit-based evaluation process. Our robust ESOP policy ensures long term commitment from our key HR assets. Our total staff strength is 1,965 and teacher strength is 1,880 at the end of FY 2013-14.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains proper and adequate systems of internal controls to safeguard all assets, authorise all transactions, ensure accurate recording and reporting and ascertain compliance with policies and statutes. The Company's Audit Committee comprising the Company's Directors is the principal constituent of our internal control system. It meets regularly to review the quarterly report submitted by the Internal Auditors and implements all suitable suggestions. The Company's statutory auditors also check the internal control systems in the Company and give their suggestions for updating systems and procedures.

## CAUTIONARY STATEMENTS

Statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in consumer spending.



# Directors' Report



**To  
The Members,**

Your Directors are pleased to present the Eighth Annual Report of your Company together with the Audited Statement of Accounts and the Report of Auditors thereon for the financial year ended, March 31, 2014.

## FINANCIAL HIGHLIGHTS

Particulars	(₹ in Lacs)	
	2013-2014	2012-2013
Gross Income	15,898	12,134
Profit before Depreciation & Tax	8,298	6,226
Depreciation	1,696	1,338
Net Profit Before Tax	6,602	4,888
Provision for Tax	2,210	1,554
Profit after Tax	4,392	3,334
<b>Appropriations:</b>		
Proposed dividend on equity shares	558	450
Tax on dividend	95	73
Balance carried to balance sheet	3,739	2,811
Paid up share Capital	3,717	3,597
Reserves & Surplus	36,039	29,739

## REVIEW OF OPERATIONS

- During the year under review, the Company recorded a total income of ₹ 15,898 lacs as against ₹12,134 lacs in the previous year, registering a growth of 31.02%.
- The profit after tax was also higher by 53.85% compared with the previous year. The profit after tax for the year under review was ₹ 4,392 lacs as against ₹ 3,334 lacs a year ago.
- The total amount transfer to General Reserve is ₹ 219 lacs

Your Directors are continuously looking for avenues for future growth of the Company in the education sector and are geared up to address any opportunities available.

During the year the Company opened 86 preschools. The Company now operates in 63 cities on pan India basis.

The management at Tree House is committed towards delivering above-industry growth in revenue and profits in the coming year. We are pleased to announce our results for FY14 which show a 31.02% year-on-year growth in revenue and a 31.73% year-on-year growth in PAT for the Company. While these results are another milestone in our journey, we believe

that the journey has just begun. As we gain acceptance and garner market share in city-after-city, and as the K12 schools we serve become known for their quality, the Tree House brand is becoming stronger day-by-day. We at Tree House are committed in creating a holistic Company catering to all, through both the Tree House brand and the Global champs initiative. We are committed to creating India's leading and most respected Educational services brand, which will create long term value for all its stakeholders.

## DIVIDEND

Considering the remarkable performance during the year under review, the Board has recommended a higher dividend @ 15 % (i.e. 1.50 per equity share of face value of ₹ 10/- each) for the financial year 2013-14 as against 12.5% paid for the previous year. The dividend, if approved by the members at the forthcoming Annual General Meeting, will be paid to those members whose names appear in the Register of Members at the end of Business hours on August 28, 2014.

The total outflow on this account will be ₹ 652 lacs including dividend tax. The proposed dividend, if declared shall be free of tax in the hands of the shareholders.

The dividend payout for the year under review has been formulated in accordance with shareholders' aspirations and the Company's policy to pay sustainable dividend linked to long term growth objectives of the Company to be met by internal cash accruals.

## SHARE CAPITAL

During the year, 12,04,800 warrants of the Company were converted into 12,04,800 Equity Shares and were allotted to the promoters of the Company. All the warrants converted into equity shares are listed into respective Stock Exchanges' except 50,900 Equity Shares for which Listing Approval is sought by the Company from BSE Limited, National Stock Exchange of India Limited (NSE) and MCX Stock Exchange limited (MCX-SX)

## FIXED DEPOSITS

The Company has not accepted any deposits from the public since inception.

## DIRECTORS

Prior to the coming into force of Section 149 of the Companies Act, 2013, three of the Company's Directors, Mr. Sanjaya Kulkarni, Mr. T. S. Sarangpani and Mr. Parantap Dave were categorised as Independent Directors in terms of the definition contained in the Equity Listing Agreement. The provisions of Section 149(4) of the Companies Act, 2013, pertaining to the appointment of Independent Directors have been notified by the Ministry of Corporate Affairs with effect from April 1, 2014. Pursuant to the coming into force of Section 149 of the Companies Act, 2013, from April 1, 2014, the Company has re-assessed the status of its Directors with a view to determining their qualifying for classification as Independent Directors in terms of Section 149(6) of the Companies Act, 2013. Accordingly, Mr. Sanjaya Kulkarni, Mr. T. S. Sarangpani and Mr. Parantap Dave fulfil the criteria laid out in Section 149(6) of the Companies Act, 2013, in this regard.

Further, Section 149(10) of the Companies Act, 2013, restricts the tenure of Independent Director to two terms of up to ten years, with a single term not exceeding five years, which shall be effective from April 1, 2014. The revised Clause 49 of the Equity Listing agreement issued by Securities and Exchange Board of India (SEBI), pursuant to Circular no. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014, also contains the same provisions.

In terms of Section 149 and 152 of the Companies Act, 2013, it is proposed to re-appoint Mr. Sanjaya Kulkarni, Mr. T. S. Sarangpani and Mr. Parantap Dave as the Independent Directors on the Board of the Company for a period of 5 years i.e. till March 31, 2019. Resolutions appointing them are recommended for passing by the Members of the Company at the ensuing Annual General Meeting.

A brief profile of each of these Independent Directors, nature of their expertise in specific functional areas and names of the Companies in which they hold Directorships and/or membership/chairmanship of Committees of the Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange/s is given in the Corporate Governance Report forming part of the Annual Report. The Company has received declaration from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

Pursuant to the provision of Section 161 of the Companies Act, 2013, read with the relevant provision in the Articles of Association, Ms. Dimple Sanghi was appointed as an Additional Director by the Board of Directors of the Company with effect from March 01, 2014 and she shall be eligible to hold office up to the date of the ensuing Annual General Meeting. The Company has received requisite notice in writing in writing under Section 160 of the Companies Act, 2013 from a member proposing Ms. Dimple Sanghi for appointment as a Non-Executive Director. A brief profile of Ms. Dimple Sanghi, nature of her expertise in specific functional areas and names of the Companies in which she holds Directorships and/or membership/chairmanship of Committees of the Board, as stipulated under clause 49 of the Listing Agreement with the Stock Exchange/s is forming part of the Annual Report.

Pursuant to the provision of Section 152 of the Companies Act, 2013, and the Articles of Association of the Company, Mr. Vishal Shah and Mr. Rishi Navani, Directors shall retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment. They have confirmed that they have not been disqualified from being appointed as Directors in terms of Section 164 of the Companies Act, 2013. A brief profile of both the Directors, nature of their expertise in specific functional areas and names of the Companies in which they hold Directorships and/or membership/chairmanship of Committees of the Board, as stipulated under clause 49 of the

Listing Agreement with the Stock Exchange/s is forming part of the Annual Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that-

1. in preparation of the Annual Accounts for the year ended March 31, 2014, the applicable accounting standards read with requirements set out in Schedule VI of the Companies Act, 1956, had been followed along with proper explanation relating to material departure;
2. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014, and of the profit of the Company for the year ended on that date;
3. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the directors had prepared the Annual Accounts for the financial year ended March 31, 2014 on a 'going concern' basis.

## EMPLOYEE STOCK OPTION PLANS:

The Company implemented two Employee Stock Options Plans "ESOP 2010" and "ESOP 2012" in accordance with the Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (the SEBI Guidelines").

The applicable disclosures as stipulated under the SEBI Guidelines as at March 31st, 2014 (cumulative position) with regards to the Employees' Stock Option Scheme are provided in Annexure 1 to this Report.

The issuance of equity shares pursuant to exercise of options does not affect the statement of Profit and Loss of the Company, as the exercise is made at the market price prevailing as on the date of the grant plus taxes as applicable.

The Company has received a certificate from Auditors of the Company that the Scheme has been implemented in accordance with the SEBI Guidelines and the resolution passed by the shareholders.

## PARTICULARS OF EMPLOYEES

None of the employees of the Company was in receipt of the remuneration exceeding ₹ 500,000/- per month or ₹ 6,000,000/- per annum. Hence, the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are not applicable.

## DEPOSITORY SYSTEM

As the Members are aware, the Company's equity shares are compulsorily tradable in electronic form. As on March 31, 2014, out of the Company's total equity paid-up capital comprising of 3,71,70,070 shares, only 70,903 shares were in physical form and the remaining capital is in electronic form. In view of the numerous advantages offered by the Depository system, the Members holding shares in physical form are advised to avail of the facility of dematerialization.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company believes that Corporate Social Responsibility is not just a one-time event or contribution, but a way of life. Each day across all our centers, we fulfill our social responsibility towards our future generation by giving them proper education all across the country. In addition to this, we contribute towards society in the following manner:

- **Empowerment of Women:** Women contribute to 98% of the talent pool of the Company. We are one of the foremost hirers of women talent across the country. Our HR policies are not only aimed at hiring good teachers, but also enabling them with skills which can take them to the next level of management. Also, our teacher training program continues to help thousands of women fulfill their dreams of becoming qualified teachers.
- **Creating Women Entrepreneurs:** Tree House helps women who seek to open their own businesses by giving them a Tree House franchise. We have thus helped many women to achieve their goal of becoming financially self-sufficient.
- **Global Champs initiative:** For the academic year 2013-2014, your Company launched preschools for children

of community helpers. This has been modeled in such a way that it is self-sustainable and fulfills the twin goals of shareholder value creation and societal good. Your Company has received accolades from many quarters for this initiative.

## CORPORATE GOVERNANCE

The Company is adhering to good corporate governance practices in every sphere of its operations. The Company has taken adequate steps to ensure that all mandatory provisions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements entered into with the Stock Exchanges, are complied with. The Report on corporate governance as stipulated under Clause 49 of the Listing Agreement and the certificate received from the Auditors of the Company confirming compliance with the conditions of Corporate Governance forms part of Annual Report

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis report for the year under review, are forming part of the Annual Report.

## STATUTORY AUDITOR'S AND AUDITORS' REPORT

M/s. Jogish Mehta & Co., Chartered Accountants, Statutory Auditor of the Company, hold office until the conclusion of the ensuing Annual General Meeting of the Company.

The Auditor has confirmed to the Company that their re-appointment, if made, would be within the prescribed limits under Section 139 of the Companies Act, 2013 and that they are not disqualified for re-appointment within the meaning of Section 141(3)(g) of the said Act.

The Notes to the Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comment.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of particulars as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 in

respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

In view of the nature of activities Particulars in the Report of Board of Directors) Rules, 1988, concerning conservation of energy and technology absorption respectively, are not applicable to the Company.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	Current Year (INR)	Previous Year (INR)
Foreign Exchange Earning:	NIL	NIL
Foreign Exchange Outgo:		
Consultancy fees	NIL	489,690
Travelling charges	103,629	211,062

## ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the government, regulatory bodies and shareholders for their consistent support and also place on record appreciation to the contribution made by Company's staff and teachers at all levels, without whom the Company would not have attained such great heights in such a short period of its business. The Directors also commend the continuing commitment and dedication of the employees at all levels which has been critical for the Company's growth. The Directors look forward to their continued support in future.

**For and on behalf of the Board of Directors of  
Tree House Education & Accessories Limited**

	Sd/-	Sd/-
<b>Place:</b> Mumbai	<b>Rajesh Bhatia</b>	<b>Vishal Shah</b>
<b>Date:</b> May 27, 2014	<b>Managing Director</b>	<b>Director</b>

# Annexure 1

## I - Details of Employee Stock Option Plan 2010 ("ESOP 2010")

The Company instituted the ESOP 2010 on October 29, 2010, pursuant to Shareholders' and Board resolutions dated September 30, 2010 and October 29, 2010, respectively. The objective of ESOP 2010 was to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of your Company.

The Company has granted 1,400,000 options convertible into 1,400,000 Equity Shares of face value ₹ 10/- each under ESOP 2010, which represents 6.19% of the pre-Issue paid-up equity capital of your Company. Your Company does not intend to make further grant of options under ESOP 2010. The following table sets forth the particulars of the options granted under ESOP 2010:

Particulars	Details
Total no. of stock options available under the Scheme	1,400,000
Exercise price	₹ 71/- per option
Exercise period	upto 5 years
Total no. of stock options granted under the scheme	1,400,000
Stock options lapsed	17,825
Stock options vested but not exercised	71,500
Stock options exercised	1,300,875
outstanding Stock options	81,300
Person wise details of options granted to:	
(i) Directors and key management employees	Please see Note 1 below
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL
(iii) Identified employees who are granted options, during any one year exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your Company at the time of grant	Please see Note 2 below

**Note 1: Details regarding options granted to the Directors and Key Management Personnel under ESOP 2010 are set forth below:**

Name of Director/ Key Management Personnel	Total No. of options granted	No. of options Exercised	Total No. of options outstanding	Total No. of Equity Shares held
Vishal Shah	1,300,000	1,250,000	50,000	431,945
Utsav Shrivastava	50,000	25,000	25,000	175, 557



**Note 2: Employees who received a grant in any one year of options amounting to 1% or more of the options granted during the year under ESOP 2010:**

Name of Employee	Total No. of options granted
Mr. Vishal Shah	1,300,000

**II - Details of Employee Stock Option Plan 2012 ("ESOP 2012")**

The Company instituted the ESOP 2012 on February 09, 2012, pursuant to Shareholders' and Board resolutions dated February 02, 2012 and February 09, 2012 respectively. The objective of ESOP 2012 was to reward the employees for their past association and performance as well as to motivate them to contribute to the growth and profitability of your Company.

The Company has granted 400,000 options convertible into 400,000 Equity Shares of face value ₹ 10/- each under ESOP 2012, which represents 1.19% of the pre-Issue paid-up equity capital of your Company. Your Company does not intend to make further grant of options under ESOP 2012. The following table sets forth the particulars of the options granted under ESOP 2012:

Particulars	Details
Total no. of stock options available under the Scheme	400,000
Exercise price	₹ 228/- per option
Exercise period	upto 5 years
Total no. of stock options granted under the scheme	400,000
Stock options lapsed	11,550
Stock options vested but not exercised	55,125
Stock options exercised	44,875
outstanding Stock options	343,575
Person wise details of options granted to:	
(i) Directors and key management employees	Please see Note 1 below
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	NIL
(iii) Identified employees who are granted options, during any one year exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of your Company at the time of grant	NIL



**Note 1: Details regarding options granted to the Directors and Key Management Personnel under ESOP 2012 are set forth below:**

Name of Director/ Key Management Personnel	Total No. of options granted	No. of options Exercised	Total No. of options outstanding	Total No. of Equity Shares held
Vishal Shah	168,200	42,050	121,150	431,945
Parantap Dave	10,000	Nil	10,000	0
Sanjaya Kulkarni	10,000	Nil	10,000	64,235
TS Sarangpani	10,000	2500	7,500	45,000
Utsav Shrivastava	105,000	Nil	105,000	175,557
V Sridhar	50,000	Nil	50,000	286

**For and on behalf of the Board of Directors of  
Tree House Education & Accessories Limited**

**Place:** Mumbai  
**Date:** May 27, 2014

Sd/-  
**Rajesh Bhatia**  
**Managing Director**

Sd/-  
**Vishal Shah**  
**Director**

# Report on Corporate Governance



Corporate governance is a systemic process by which our organization is directed, administered, managed and controlled. It is a process to manage the business affairs of the Company towards enhancing business prosperity and accountability with the objective of realizing long term shareholder value, while taking into account the interests of the other stakeholders. In this dynamic environment, shareholders across the globe evince keen interest in the performance of the companies and thus good corporate governance is of paramount importance for companies seeking to distinguish themselves in the global footprint.

The equity shares of the Company are listed and admitted to dealings on the BSE Limited (Bombay Stock Exchange), the National Stock Exchange of India Limited (NSE) and MCX Stock Exchange Limited (MCX-SX). Pursuant the provisions of the Clause 49 of the Listing Agreement, a report on Corporate Governance for the financial year ended March 31, 2014, is furnished below:

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company recognizes that good governance practices originate from the philosophy and mindset of the organization. The Company's philosophy on Corporate Governance envisages attainment of highest level of integrity, fairness, transparency, equity and accountability in all facets of its functioning and in its interactions with shareholders, employees, government, regulatory bodies, listeners and the community at large. The Company recognizes that good Corporate Governance is a continuing exercise. The Company recognizes good corporate governance practices as a key driver to sustainable growth and long term value creation and thus encourages timely

and accurate dissemination of information to all their stakeholders.

In compliance with the regulatory requirements and effective implementation of corporate governance practices, the Company has adopted the Code of Conduct for Prevention of Insider Trading and regulating the dealings of the Directors and Employees of the Company possessing or likely to possess price sensitive information in the securities of the Company in accordance with the applicable Securities and Exchange Board of India regulations.

The Company is conscious of its responsibility as a good corporate citizen. The Company values transparency, professionalism and accountability.

## 2. BOARD OF DIRECTORS

### i) Composition of the Board of Directors and other Directorships and committee membership of the Directors:

The Company has a non-executive Chairman and the number of Independent Directors is 1/3 of the total number of Directors. As on March 31, 2014, the Company has 9 Directors on its Board, of which 3 Directors are independent. Since, the number of Non-Executive Directors (NEDs) is more than 1/2 of the total number of Directors, the Company is in compliance with the Clause 49 of the listing Agreement pertaining to compositions of Directors.

The composition of the Board of Directors, their number of other directorship, attendance at Board Meetings (BM) at the last Annual General Meeting (AGM) of the Company held during the financial year under review:

Name of Directors	Designation	Category	No. of other Directorships	Attendance at Board Meetings	Attendance at previous AGM
Mr. Sanjaya Kulkarni	Chairman	ID	10	9	Yes
Mr. Rajesh Bhatia	Managing Director	ED	4	9	Yes
Mrs. Geeta Bhatia	Director	NED	4	9	Yes
Mr. Vishal Shah	Director	ED	3	9	Yes
Mr. Parantap Dave	Director	ID	6	8	Yes
Mr. TS Sarangpani	Director	ID	Nil	4	No
#Mr. Ashu Garg	Nominee Director	NED	4	2	No
Mr. Rishi Navani	Nominee Director	NED	6	4	No
*Mr. Jayant Sinha	Director	NED	3	4	Yes
**Mrs. Dimple Sanghi	Additional Director	NED	4	0	No

#The Directorship of Mr. Ashu Garg has been reduced to 3 (Three) Companies as on 06<sup>th</sup> May, 2014.

\*Mr. Jayant Sinha has resigned from the company w.e.f. 01<sup>st</sup> March, 2014.

\*\*Mrs. Dimple Sanghi was appointed as an Additional Director w.e.f. 01<sup>st</sup> March, 2014.

\*\*\* Only the directorship of Indian Companies has been taken into consideration.

**NED** – Non-Executive Director      **ED** – Executive Director      **ID** – Independent Director

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(I)(C)(ii)) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies.

Mr. Rajesh Bhatia and Mrs. Geeta Bhatia are related to each other. None of the other Directors is related in terms of the definition of 'relative' given under the Companies Act, 1956.

None of the above referred Non-executive Directors have any material pecuniary relationship or transaction with the Company, which would affect the independence or judgment of the Board of Directors.

Details of the Directors seeking appointment/re-appointment at the Annual General Meeting, pursuant to Clause 49 of the Listing Agreement, have been given alongwith the Notice of Annual General Meeting.

## ii) Meetings of the Board of Directors:

During the year under review the Board met 9 (nine) times on 27.05.2013, 01.08.2013, 07.09.2013, 12.09.2013, 20.09.2013, 28.10.2013, 11.11.2013, 21.12.2013 and 06.02.2014.

## iii) Code of Business Conduct and Ethics for Directors/Management Personnel:

The Code of Business Conduct and Ethics for Directors/Management Personnel ('the Code') as adopted by the Board, is a comprehensive Code applicable to Directors and Management Personnel. The Code, ethics and governance Centres on the following theme:

The Company's Board and Management Personnel are responsible for, and are committed to setting the standards of conduct contained in this Code and for updating these standards, as appropriate, to ensure their continuing relevance, effectiveness and responsiveness to the needs of local and international investors and other stakeholders as also to reflect corporate, legal and regulatory developments. This Code should be adhered to in letter and in spirit.'

Declaration by the Managing Director under Clause 49(I) (D) of the Listing Agreement regarding adherence to the Code of Conduct is forming part of the Report on Corporate Governance.

#### iv) Directors' Profile:

A brief resume of Directors, nature of their expertise in specific functional areas and company names in which they hold Directorships and shareholding in the Company are provided in this Annual Report.

#### v) Information supplied to the Board:

The Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committees. In addition to the regular business items, the following are regularly placed before the Board to the extent applicable.

- Quarterly and Half yearly results of the Company
- Minutes of the Audit Committee and other Committee meetings
- Details of Agreements entered into by the Company
- Particulars of Non-Compliance of any statutory or Listing requirements

#### vi) Minutes of the Board Meetings:

The minutes of the proceedings of every Board and Committee meetings are prepared and approved / initialed by the Chairman in next Meeting.

### 3. AUDIT COMMITTEE

#### Terms of Reference:

The terms of reference of the Audit Committee include the following:

1. Review of the quarterly, half yearly and annual financial results of the Company before submission to the Board.
2. Overseeing the financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
3. Holding periodic discussions with statutory auditors and internal auditors of the Company concerning the accounts of the Company, internal control systems, and scope of audit and observations of auditors.
4. Making recommendations to the Board on any matter relating to the financial management of the Company, including the audit report.

5. Recommendations with respect to appointment and removal of statutory auditors, fixation of audit fees and also approval of fee for any other services by the auditors.
6. Investigating into any matter in relation to items specified in Section 292A of the Companies Act, 1956 or as may be referred to it by the Board and for this purpose to seek any relevant information contained in the records of the Company and also seek external professional advice if necessary.
7. Making recommendations to the Board on any matter relating to the financial management of the Company

#### Composition:

The Audit Committee of the Company comprises of 3 (three) Directors as on March 31, 2014:

Name of Director	Designation in the Committee	Nature of Directorship
Mr. Sanjaya Kulkarni	Chairman	Independent
Mr. Parantap Dave	Member	Independent
Mr. Rajesh Bhatia	Member	Executive

The Company Secretary/Compliance Officer acts as secretary to the Committee.

#### Meetings and Attendance:

During the year under review, the Committee met 4 (four) times on 27.05.2013, 01.08.2013, 11.11.2013 and 06.02.2014.

Meetings of the Audit Committee and Attendance of the Members during 2013-14	Meetings held	Meetings Attended
Mr. Sanjaya Kulkarni	4	4
Mr. Rajesh Bhatia	4	4
Mr. Parantap Dave	4	4

The Committee's composition meets with requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. Members of Audit Committee possess financial/accounting expertise/exposure.

#### 4. REMUNERATION COMMITTEE

##### Terms of Reference:

The terms of reference of the Remuneration Committee include the following:

1. To look into the remuneration payable to the Managing Director, the Whole-time Directors and other Employees of the Company;
2. To determine and recommend to the Board of Directors the remuneration package of Managing Director/Whole-Time Directors;
3. To approve in the event of loss or inadequate profits in any year the minimum remuneration payable to the Managing Director/Whole Time Directors within limits and subject to the parameters as prescribed in Schedule XIII of the Companies Act, 1956; and

4. To prepare and recommend various ESOP schemes to our Board

##### Composition:

The Remuneration Committee of the Company comprises of 3 (three) Directors as on March 31, 2014:

Name of Director	Designation in the Committee	Nature of Directorship
Mr. Sanjaya Kulkarni	Chairman	Independent
Mr. Parantap Dave	Member	Independent
Mrs. Geeta Bhatia	Member	Non-Executive

The Company Secretary/Compliance Officer acts as secretary to the Committee.

##### Meetings and Attendance:

During the year under review, the Committee met 2 (two) times on 27.05.2013 and 12.09.2013

Meetings of the Remuneration Committee and Attendance of the Members during 2013-14	Meetings held	Meetings Attended
Mr. Sanjaya Kulkarni	2	2
Mrs. Geeta Bhatia	2	2
Mr. Parantap Dave	2	2

##### Remuneration Policy:

The remuneration of Directors is fixed by the Remuneration Committee as constituted above. The Non – Executive Directors are not paid any remuneration except sitting fees.

##### Details of remuneration paid to Directors:

###### i) Executive Directors:

(in ₹)

Particulars	Mr. Rajesh Bhatia		Mr. Vishal Shah	
	2013-14	2012-13	2013-14	2012-13
Salary	4,800,000	4,800,000	1,770,000	1,620,000
Commission	-	-	-	-
<b>Total</b>	<b>4,800,000</b>	<b>4,800,000</b>	<b>1,770,000</b>	<b>1,620,000</b>

**Note:**

- Appointment, terms, conditions and payment of remuneration to the Managing Director is governed by the resolution(s) passed by the Remuneration Committee, Board of Directors and Members of the Company and approval from the Government of India, Ministry of Corporate Affairs, if necessary. The remuneration structure comprises salary, perquisites and allowance, etc.
- 42,050 options were exercised out of 168,200 options granted to Mr. Vishal Shah, Director of the Company under "TREEHOUSE EMPLOYEES STOCK OPTION PLAN 2012".
- Mr. Rajesh Bhatia, Managing Director is holding 3,199,100 equity shares of the Company independently and 2,325,633 equity shares and 595,200 warrants of the Company jointly with Mrs. Geeta Bhatia as on March 31, 2014.
- Mr. Vishal Shah, Director of the Company is holding 431,945 equity shares of the Company independently and 4,032 equity shares of the Company jointly as on March 31, 2014.

**ii) Details of sitting fees paid to the Non-Executive Directors for the financial year 2013 – 2014:**

(in ₹)	
Name of Non – Executive Directors	Sitting Fees
Mrs. Geeta Bhatia	170,000
Mr. Sanjaya Kulkarni	202,000
Mr. Parantap Dave	182,000
Mr. T.S. Sarangpani	60,000

**iii) Criteria for making payments to Non-Executive Directors:**

Non-Executive Directors of the Company are paid sitting fees for attending all the meetings held during the financial year under review, subject to deduction of applicable taxes, levies etc., if any, for attending the meeting.

Mr. Rishi Navani, Mr. Ashu Garg and Mr. Jayant Sinha are not paid any sitting fees.

**iv) Number of shares and convertible instruments held by non-executive Directors as on the date of this Report, are as below:**

Sr. No.	Name of Director	No. of equity shares held
1.	Mrs. Geeta Bhatia	#6,025,000
2.	Mr. Sanjaya Kulkarni	67,235
3.	Mr. T.S. Sarangpani	45,000
4.	Mr. Rishi Navani	66,715
5.	Mr. Parantap Dave	--
6.	Mr. Ashu Garg	--
7.	*Mr. Jayant Sinha	--
8.	**Mrs. Dimple Sanghi	--

#Shareholding details of Mrs. Geeta Bhatia does not include 23,25,633 equity shares and 5,95,200 warrants of the Company held jointly with Mr. Rajesh Bhatia as on March 31, 2014.

\*Mr. Jayant Sinha has resigned from the company w.e.f. 01<sup>st</sup> March, 2014

\*\*Mrs. Dimple Sanghi was appointed as Additional Director w.e.f. 01<sup>st</sup> March, 2014

**5. INVESTORS GRIEVANCE COMMITTEE**
**Composition:**

The investor's Grievance Committee of the Company comprises of 3 (three) Directors as on March 31, 2014:

Name of Director	Designation in the Committee	Nature of Directorship
Mr. Parantap Dave	Chairman	Independent
Mr. Sanjaya Kulkarni	Member	Independent
Mrs. Geeta Bhatia	Member	Non-Executive

The Company Secretary/Compliance Officer acts as secretary to the Committee.

**Terms of Reference:**

The terms of reference of the Investor's Grievance Committee include the following:



1. To consider and approve requests for transfers, transmissions, dematerialization/ rematerialisation and issue of fresh share certificates on replacement/ sub-division/ consolidation, issue of duplicate share certificates on loss whether by theft, misplacement or otherwise;
2. To review the status of dematerialization of Company's shares and matters incidental thereto;
3. To review and monitor the approval to the transfers and transmission made by any Director under executive authority delegated to him from time to time;
4. To monitor the matters of litigation related to shareholders and take decisions relating thereto;
5. To consider, review and monitor the matters related to the shareholders grievances, and to look into the redressing of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non receipt of declared dividend, etc; and
6. To deal with any other matters related and/or incidental to the shareholders.

The company during the year received no complaints. There were **NIL** complaints pending disposal as on March 31, 2014.

7. Compliance officer:
  - Mr. Sanjay H. Shah is appointed as the Compliance officer for complying with the requirement of SEBI regulations and Listing Agreement with Stock Exchange in India.

### Meeting and attendance during the year:

During the year under review, the Committee of Board met 4 (four) times i.e. 20.02.2014, 14.03.2014, 28.03.2014 and 29.03.2014.

Meetings of the Committee of Board and Attendance of the Members during 2013-14	Meetings held	Meetings Attended
Mr. Sanjaya Kulkarni	4	4
Mr. Parantap Dave	4	4
Mrs. Geeta Bhatia	4	4

### Meetings and attendance during the year:

During the year under review, the Investors' Grievances Committee met 4 (four) times, i.e. on 18.04.2013, 12.07.2013, 09.10.2013 and 27.01.2014.

Meetings of the Investors Grievance Committee and Attendance of the Members during 2013-14	Meetings held	Meetings Attended
Mr. Parantap Dave	4	4
Mr. Sanjaya Kulkarni	4	4
Mrs. Geeta Bhatia	4	4

## 6. COMMITTEE OF BOARD

### Composition:

The Committee of Board was constituted on November 11, 2013 which comprises of 3 (three) Directors as on March, 2014

Name of Director	Designation in the Committee	Nature of Directorship
Mr. Sanjaya Kulkarni	Chairman	Independent
Mr. Parantap Dave	Member	Independent
Mrs. Geeta Bhatia	Member	Non-Executive

### Terms of Reference:

The Committee of Board was constituted to facilitate the operational decisions within the broad frame work laid down by the Board, such as, New bank account opening, New loan application to Banks, etc.

## 7. GENERAL BODY MEETINGS

### i) Annual General Meetings:

#### Details of Annual General Meetings held during the last three consecutive years:

Day	Date	Time	Venue
Monday	May 09, 2011	6.30 p.m.	301, Embassy Chambers, 3rd Road, Opp. K.E.S. School, Khar (West), Mumbai – 400 052
Tuesday	August 07, 2012	10.30 a.m.	Mayor Hall, All India Institute Of Local Self Government, Sthanikraj Bhavan, C.D. Barfiwala Marg, Juhu Lane, Andheri (W), Mumbai – 400 058
Saturday	September 07, 2013	10.00 a.m.	Mayor Hall, All India Institute Of Local Self Government, Sthanikraj Bhavan, C.D. Barfiwala Marg, Juhu Lane, Andheri (W), Mumbai – 400 058

All resolutions moved at the last Annual General Meeting were passed by show of hands by the requisite majority of members attending the Meeting.

### ii) Weather any Ordinary and/or Special Resolution passed in Extra Ordinary General Meeting: No

### iii) Whether any special resolution passed / is proposed to be passed through ballot: No

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management control risks through means of a properly defined framework.

The Company has adopted the Code of Conduct applicable to all Directors, senior management and employees. The declaration as required under Clause 49 is as below:

"All the Directors and Senior Management of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2014"

## 8. DISCLOSURES

Attention of the member is drawn to the disclosure of transactions with related parties set out in Note No.2.32 of the Financial Statements, forming part of the Annual Report.

There has not been any instance of non-compliance by the Company on any matter related to capital markets. Hence the question of penalties or structures being imposed by SEBI or Stock Exchanges does not arise.

The Company is in compliance with all the mandatory requirements of Corporate Governance and has fulfilled all the requirements as prescribed in Annexure 1D of the revised Clause 49 of the Listing Agreement with Stock Exchanges.

The Company has followed the Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006, to the extent applicable, in the preparation of Financial Statements.

## 9. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

### i) The Board of Directors:

The Non-Executive Chairman has a separate office in his own capacity and the Company has not reimbursed anything in monetary term to him for maintenance of his office. The Company has adopted its own Guidelines for composition of the Board of Directors, Committees of the Board and Retirement Age of Directors, which take into account the provisions of the Listing Agreement, the Companies Act, 1956, Companies Act, 2013 and other applicable laws.

**ii) Remuneration Committee:**

Details are already given under the caption 'Remuneration Committee' in the earlier part at the Report.

**iii) Shareholders rights:**

In addition to publishing its quarterly results in English and Marathi news paper having wide circulation, the Company uploads its quarterly results and shareholding pattern and corporate governance reports and all other disclosures submitted to stock exchanges on its website [www.treehouseplaygroup.net](http://www.treehouseplaygroup.net).

**iv) Audit qualifications:**

During the year under review, there was no audit qualification in the Auditor's Report on the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

**v) Mechanism for evaluating Non-Executive members:**

The Board of Directors of the Company presently comprises seven Non-Executive Directors. The Directors appointed on the Board are from diverse field relevant to the Company's business and have long-standing experience and expertise in the respective fields. They have considerable experience in managing large corporates and have been in public life for decades. The enormously rich background of the Directors is of considerable value to the Company.

Non-Executive Directors add substantial value through the deliberations at the Meetings of the Board and Committees thereof. Besides contributing at the meetings of the Board and Committees, the Non-Executive Directors also have offline deliberations with the Management of the Company and add value through such deliberations.

As regards the other non-mandatory requirements, the Board has taken cognizance of the same and shall consider adopting the same as and when necessary.

**10. MEANS OF COMMUNICATION****i) Quarterly/ Half yearly/ Annual results:**

Quarterly/ Half yearly/Annual results are regularly submitted to the Stock Exchanges where the shares of the Company are listed pursuant to the provisions of Listing Agreement and are published in the newspapers. The Company has also displayed the results as specified under Clause 41 of the Listing Agreement on the Company's website i.e. [www.treehouseplaygroup.net](http://www.treehouseplaygroup.net) which also contains a separate dedicated section "Investors Relation".

**ii) Newspapers wherein results are normally published:**

Economics Times and Free Press Journal (English daily news papers) and Nav Shakti (Marathi regional language news paper)

**iii) Whether Website also displays official news releases:**

Yes, on the Company's website i.e. [www.treehouseplaygroup.net](http://www.treehouseplaygroup.net)

**iv) NSE Electronic Application processing system (NEAPS):**

The Company files information through NEAPS – a website based application provided by NSE which facilitates online filing of Corporate Governance Report and the Shareholding Pattern by companies.

**v) Extensive Business Reporting Language (XBRL):**

XBRL is language for electronic communication of business financial data. It offers major benefits to all those who have to create, transmit, use or analyze such information which aids better analysis and decision making. Ministry of Corporate Affairs (MCA) vide its circular no. 37/2011 dated June 7, 2011, had mandated certain companies to file their Annual Accounts vide this mode. The Company has filed its Annual Accounts on MCA through XBRL.

**vi) Ministry of Corporate Affairs (MCA):**

The Company has periodically filed all the necessary documents with the MCA.

**vii) SEBI Complaints Redress System (SCORES):**

A centralized web based complaints redress system which serves as a centralized database of all complaints received, enables uploading of Action Taken Report (ATRs) by the concern companies and online viewing by the investors of actions taken on the complaint and its current status.

**viii) Letters:**

Letters reminding the investors to claim their pending / unclaimed dividend are regularly dispatched to investors.

**ix) Annual report:**

The Annual Report containing inter alia the Notice, Management Discussion and Analysis Report, Directors' Report, Corporate Governance Report, Independent Auditors' Report, Audited Accounts, Financial Statements, and other relevant information is circulated to the investors.

Annual reports are also available in the investors Corner section on the Company's website i.e. [www.treehouseplaygroup.net](http://www.treehouseplaygroup.net)

**x) Whether presentations made to institutional investors or to the analysts:**  
**No****11. GENERAL SHAREHOLDERS INFORMATION**

1.	8 <sup>th</sup> Annual General Meeting Schedule	
	Date, Day and time	: Saturday, September 6, 2014 at 10.00 a.m.
	Venue	: Mayor Hall, All India Institute of Local Self Government, Sthanikraj Bhavan, C.D. Barfiwala Marg, Juhu Lane, Andheri (W), Mumbai – 400 058
2.	Financial year	: April 1, 2013, to March 31, 2014
3.	Dates of Book Closure (period)	: August 29, 2014 to September 6, 2014
4.	Dividend Payment Date	: September 10, 2014 and September 11, 2014
5.	Listing at Stock Exchanges	: BSE Limited (Bombay Stock Exchange) National Stock Exchange Limited MCX Stock Exchange Limited (MCX-SX)
6.	The Listing Fees	: The Company has paid the annual listing fees to stock exchanges for the year 2013-2014, as applicable
7.	Stock Code	: 533540 on BSE TREEHOUSE on NSE TREEHOUSE on MCX-SX
8.	ISIN no.	: INE040M01013
9.	CIN No.	: L80101MH2006PLC163028
10.	Market Price Data	: High, Low during each month in last financial year*

The performance of the equity shares of the Company on the Bombay Stock Exchange Limited (BSE), and the National Stock Exchange of India Limited (NSE) depicting the liquidity of the Company's equity shares for the financial year ended March 31, 2014, on the said exchanges, is given hereunder:-

### BSE Market Price Data: High, Low during each month in last financial year

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of Shares	Turnover (in Lakhs)
Apr-13	237.6	277.5	231.5	266.75	198773	505.42699
May-13	267.5	292.5	249.55	271.35	188068	510.12707
Jun-13	271.95	284.9	235.1	242.75	242760	627.47381
Jul-13	245	302	244	260	414656	1169.36701
Aug-13	235	290	217.6	220.15	472219	1152.81711
Sep-13	226	270	218.4	252.1	394565	947.42458
Oct-13	258.5	290	232.05	254.4	498267	1227.75554
Nov-13	270	300	238	245.15	343930	852.84088
Dec-13	244.9	262.5	238.5	238.95	400342	988.98294
Jan-14	241	262.5	226.2	229.7	1371852	3264.83183
Feb-14	231	237	217.3	224.75	450675	1022.04488
Mar-14	226	262	214.2	258.75	1112893	2588.05658

### NSE Market Price Data: High, Low during each month in last financial year

Month	Open (₹)	High (₹)	Low (₹)	Close (₹)	No. of Shares	Turnover (in Lakhs)
Apr-13	231.1	278.3	231.1	267.95	604183	1550.52
May-13	265.1	291.9	249	272.9	348602	947.82
Jun-13	270.1	284.75	232	241.6	393235	1025.29
Jul-13	244	300.05	244	259.8	626679	1768.31
Aug-13	264	274.9	218.1	219.85	663635	1613.04
Sep-13	225.45	259	218	251.6	513548	1233.47
Oct-13	253	268.4	231.5	253.65	565588	1398
Nov-13	269	298	239.95	240.75	470230	1165.95
Dec-13	246.75	263.6	239.55	240.4	734673	1816.65
Jan-14	241.1	262.8	225.5	229.75	1972969	4708.62
Feb-14	231	250	215.4	226.05	661048	1499.92
Mar-14	227	262.9	214.2	258	1777541	4074.86

\* (Source: This information is compiled from the data available from the website of BSE and NSE)

## Comparative High – Low price of BSE and NSE



## 11. REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited  
C-13, Pannalal Silk Mill Compnd.,  
Bhandup (West), Mumbai – 400 078

## 12. SHARE TRANSFER PROCESS

The Company's shares are traded in Demat form at the Stock Exchanges. Only off – market trades can be delivered in physical form. All shares received for transfer etc. are processed and returned to the shareholders within 21 days of receipt of lodgment.

## 13. DISTRIBUTION OF SHAREHOLDING : (As on March 31, 2014)

Category / No. of Shares	Number of holders	% of total holders	Number of shares	% of total shares
Upto 5000	4010	76.7170	519,526	1.3977
5001 – 10000	658	12.5885	441,320	1.1873
10001 – 20000	224	4.2854	320,220	0.8615
20001 – 30000	81	1.5496	203,785	0.5483
30001 – 40000	42	0.9374	148,778	0.4003
40001 – 50000	49	0.9374	230,993	0.6214
50001 – 100000	58	1.1096	427,240	1.1494
Above 100001	105	2.0088	34,878,208	93.8341
<b>Total</b>	<b>5227</b>	<b>100</b>	<b>37,170,070</b>	<b>100.00</b>



## Shareholding pattern of the Company (as on March 31, 2014):

Statement showing Shareholding Pattern as on March 31, 2014

Name of the Company: Tree House Education & Accessories Limited

Scrip Code: BSE Scrip Code: 533540/ Symbol: TREEHOUSE

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	Shares Pledged or otherwise encumbered		
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV)*100
<b>(A) Shareholding of Promoter and Promoter Group<sup>2</sup></b>								
<b>1</b>	<b>Indian</b>							
(a)	Individuals/ Hindu Undivided Family	5	11,597,633	11,546,733	31.20	31.20	2,300,000	19.83
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0
(c)	Bodies Corporate	0	0	0	0.00	0.00	0	0
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0
(e)	Any Others(Specify)	0	0	0	0.00	0.00	0	0
	<b>Sub Total(A)(1)</b>	<b>5</b>	<b>11,597,633</b>	<b>11,546,733</b>	<b>31.20</b>	<b>31.20</b>	<b>2,300,000</b>	<b>19.83</b>
<b>2</b>	<b>Foreign</b>							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0
b	Bodies Corporate	0	0	0	0.00	0.00	0	0
c	Institutions	0	0	0	0.00	0.00	0	0
d	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0
e	Any Others(Specify)	0	0	0	0.00	0.00	0	0
	<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>	<b>0</b>
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2)</b>	<b>5</b>	<b>11,597,633</b>	<b>11,546,733</b>	<b>31.20</b>	<b>31.20</b>	<b>2,300,000</b>	<b>19.83</b>
<b>(B) Public shareholding</b>								
<b>1</b>	<b>Institutions</b>							
(a)	Mutual Funds/ UTI	8	1,564,436	1,564,436	4.21	4.21	N.A.	N.A.
(b)	Financial Institutions / Banks	2	16,642	16,642	0.04	0.04	N.A.	N.A.
(c)	Central Government/ State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	1	1,400,000	1,400,000	3.77	3.77	N.A.	N.A.
(e)	Insurance Companies	0	0	0	0.00	0.00	N.A.	N.A.
(f)	Foreign Institutional Investors	7	2,487,588	2,487,588	6.69	6.69	N.A.	N.A.

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares	Shares Pledged or otherwise encumbered		
					As a percentage of (A+B) <sup>1</sup>	As a percentage of (A+B+C)	Number of shares	As a percentage (IX) = (VIII) / (IV) * 100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII) / (IV) * 100
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	N.A.	N.A.
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	N.A.	N.A.
(i)	Any Other (specify)	0	0	0	0.00	0.00	N.A.	N.A.
	<b>Sub-Total (B)(1)</b>	<b>18</b>	<b>5,468,666</b>	<b>5,468,666</b>	<b>14.71</b>	<b>14.71</b>	<b>N.A.</b>	<b>N.A.</b>
<b>2</b>	<b>Non-institutions</b>							
(a)	Bodies Corporate	171	1,746,666	1,746,666	4.70	4.70	N.A.	N.A.
(b)	Individuals				0.00	0.00	N.A.	N.A.
I	Individuals -i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	4,690	1,843,063	1,823,060	4.96	4.96	N.A.	N.A.
II	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	49	1,864,976	1,864,976	5.02	5.02	N.A.	N.A.
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00	N.A.	N.A.
(d)	Any Other (specify)							
i	Non Resident Indians (Repat)	126	142,305	142,305	0.38	0.38	N.A.	N.A.
ii	Non Resident Indians (Non Repat)	44	69,485	69,485	0.19	0.19	N.A.	N.A.
iii	Foreign Companies	4	134,49,748	13,449,748	36.18	36.18	N.A.	N.A.
iv	Clearing Members	109	151,449	151,449	0.41	0.41	N.A.	N.A.
v	Directors / Relatives of directors	8	369,279	369,279	0.99	0.99	N.A.	N.A.
vi	Trust	3	466,800	466,800	1.26	1.26	N.A.	N.A.
	<b>Sub-Total (B)(2)</b>	<b>5,204</b>	<b>20,103,771</b>	<b>20,083,768</b>	<b>54.09</b>	<b>54.09</b>	<b>N.A.</b>	<b>N.A.</b>
<b>(B)</b>	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>5,222</b>	<b>25,572,437</b>	<b>25,552,434</b>	<b>68.80</b>	<b>68.80</b>	<b>N.A.</b>	<b>N.A.</b>
	<b>TOTAL (A)+(B)</b>	<b>5,227</b>	<b>37,170,070</b>	<b>37,099,167</b>	<b>100.00</b>	<b>100.00</b>	<b>2,300,000</b>	<b>6.19</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>							
1	Promoter and Promoter Group	0	0	0	N.A.	0.00	N.A.	N.A.
2	Public	0	0	0	N.A.	0.00	N.A.	N.A.
	<b>Sub-Total (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>N.A.</b>	<b>N.A.</b>
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>5,227</b>	<b>37,170,070</b>	<b>37,099,167</b>	<b>100.00</b>	<b>100.00</b>	<b>2,300,000</b>	<b>6.19</b>

**14. CATEGORY WISE SHAREHOLDING AS AT MARCH 31, 2014**

Category	Number of Equity Shares held	% of Shareholding
Promoters	11,597,633	31.2
Corporate Bodies	1,746,666	4.70
Overseas Corporate Bodies	13,449,748	36.18
Public	10,376,023	27.92
<b>Total</b>	<b>37,170,070</b>	<b>100</b>

**15. RECONCILIATION OF SHARE CAPITAL AUDIT**

In keeping with the requirements of SEBI and the Stock Exchanges, a Secretarial Audit by a practicing Company Secretary is carried out to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and a total issued and listed capital. The said audit confirms that the total issued/paid-up capital tallies with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

**16. DEMATERIALISATION OF SHARES**

The Company has entered into separate Tripartite Agreement with the Depositories viz. NSDL and CDSL along with M/s Link Intime India Private Limited as Registrar and Share Transfer Agents. As on March 31, 2014, a total of 37,099,167 shares i.e. about 99.809% of the total listed shares have been dematerialized.

**17. OUTSTANDING BONDS / CONVERTIBLE INSTRUMENTS**

5,95,200 Warrants

**18. ADDRESS FOR COMMUNICATION AND REGISTERED OFFICE**

702 'C', Morya House, Off New Link  
Road, Andheri (west), Mumbai – 400 053  
Tel: 022 – 6457 2730  
Fax: 022 – 2605 1259  
Email: [compliance@treehouseplaygroup.net](mailto:compliance@treehouseplaygroup.net)

**For and on behalf of the Board of Directors of  
Tree House Education & Accessories Limited**

Sd/-

**Rajesh Bhatia**

**Managing Director**

**Place:** Mumbai  
**Date:** May 27, 2014

## DECLARATION UNDER CLAUSE 49(I)(D) OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT

I, Rajesh Bhatia, Managing Director of Tree House Education & Accessories Limited, hereby affirmed and declare, to the best of our knowledge and belief, and on behalf of the Board of Directors of the Company and senior management personnel, that:

- The Board of Directors has laid down a code of conduct for all Board members and Senior Management of the Company ['the Code of Conduct'];
- All the Directors and Senior Management personnel have affirmed their compliance and adherence with the provisions of the Code of Conduct for the financial year ended March 31, 2014 applicable to them as laid down by the Board of Directors in terms of Clause 49(1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended March 31, 2014.

**For and on behalf of the Board of Directors of  
Tree House Education & Accessories Limited**

Sd/-

**Rajesh Bhatia**

**Managing Director**

**Place:** Mumbai

**Date:** May 27, 2014

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## AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

### Treehouse Education & Accessories Limited

We have examined the compliance of conditions of corporate governance by Treehouse Education & Accessories Limited ("the Company") for the year ended 31<sup>st</sup> March, 2014, as stipulated in clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance.

It is neither an audit nor an expression of the opinion on the financial statements of the Company.

Based on the aforesaid examination, in our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the

conditions of corporate governance as stipulated in the above mentioned listing agreement. We have to state that the records of investor grievances are maintained by the Registrar and Transfer Agents appointed by the Company. The Registrar and Transfer Agents have certified that during the year under review there were no investor grievances received.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Jogish Mehta & Co.**  
Chartered Accountants

**Jogish N. Mehta .**  
Proprietor .

Membership No. F/38974  
Firm Registration Number :  
104326W

**Place:** Mumbai  
**Date:** 27<sup>th</sup> May 2014

## CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

To

**The Board of Directors**

**Tree House Education & Accessories Limited**

Dear Sirs,

### Sub: CEO / CFO Certificate

**(Issued in accordance with provisions of Clause 49 of the listing Agreement)**

We, Rajesh Bhatia, Managing Director, and Utsav Shrivastava, Chief Financial Officer of Tree House Education and Accessories Limited to the best of our knowledge and belief, certify that :

1. We have reviewed the Balance Sheet and Profit and Loss account and all the schedules and notes on accounts, as well as the Cash Flow statements, and the Directors' report for the year ended March 31, 2014 and to the best of our knowledge and belief, we state that;
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
  - b. These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violation of the Company's Code of Conduct.
3. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have :
  - a. Designed such disclosure controls and procedures to ensure that material information relating to the Company, is made known to us particularly during the period in which this report is being prepared.
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP).
- c. Evaluated the effectiveness of the Company's disclosure, controls and procedures.
- d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
4. We have disclosed, based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions) :
  - a. There were no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
  - b. There were no significant changes in internal controls during the year covered by this report.
  - c. All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
  - d. There were no instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
5. We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of Conduct for the current year.

Yours Sincerely,

Sd/-

**Utsav Shrivastava**  
Chief Financial  
Officer

Sd/-

**Rajesh Bhatia**  
Managing  
Director

**Place:** Mumbai  
**Date:** May 27, 2014



# Financial Statements



# Independent Auditors' Report

To The Members of  
Tree House Education & Accessories Limited

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Tree House Education & Accessories Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

Management is Responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the general Circular No. 15/2013 dated September 13, 2013 of the ministry of corporate affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances,

but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular No. 15/2013 dated September 13, 2013 of the ministry of corporate affairs in respect of section 133 of the Companies Act, 2013;
- e) on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director

in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **Jogish Mehta & Co.**  
Chartered Accountants  
Firm Registration No.104326W

Place: Mumbai  
Date: 27, May 2014

per **Jogish N. Mehta**  
Proprietor  
Membership No. F-38974

## Annexure to the Auditors' Report

of even date to the members of Tree House Education & Accessories Limited, on the financial statements for the year ended 31 March 2014

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the fixed assets have been physically verified by an independent agency approved by the management during the year in accordance with the phased programme of verification adopted by the Company and no material discrepancies were noticed on such verification. The phased programme is considered reasonable having regard to the size of the Company and nature of its business. As regards capital works in-progress, the same will be verified by the management on completion of assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii)(d) of the Order are not applicable.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets. *However there is a scope for considerable improvement in so far as internal control system for sale of goods and services is concerned.* In our opinion, there is no continuing failure to correct major weaknesses in such internal control systems.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding

the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion and according to the information and explanation given to us, the company has an internal audit system which is commensurate with the size and nature of the business of the company.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products/ services. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a *slight delay in a few cases*. No undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) The Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.

(xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

(xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes.

(xviii) During the financial year 12,04,800 Equity shares were issued and allotted to the promoters against the conversion of the warrants allotted to them on 28 December 2012. The terms and conditions of the conversion are in accordance with the provisions of Chapter VII of the SEBI (Issue of Capital and Disclosure requirements) Regulations, 2009 as amended (the "SEBI ICDR Regulations")

(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

(xx) The company has not raised any money by way of public issue during the year.

(xxi) In our opinion, no fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Jogish Mehta & Co.**  
Chartered Accountants  
Firm Registration No.104326W

per **Jogish N. Mehta**  
Proprietor  
Membership No. F-38974

Place: Mumbai  
Date: 27, May 2014

# Balance Sheet

as at March 31, 2014

			₹
Particulars	Note No	As at March 31, 2014	As at March 31, 2013
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share capital	2.1	371,700,700	359,652,700
(b) Reserves and surplus	2.2	3,603,942,602	2,973,851,208
(c) Money received against share warrants	2.3	33,122,880	100,170,000
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	2.4	506,788,511	290,273,261
(b) Deferred tax liabilities (Net)	2.5	51,080,790	43,565,687
(c) Other long-term liabilities	2.6	-	163,305
(d) Long-term provisions	2.7	4,214,700	3,015,220
<b>(3) Current Liabilities</b>			
(a) Short-term borrowings	2.8	319,516,931	376,889,071
(b) Trade payables	2.9	57,113,089	37,489,081
(c) Other current liabilities	2.10	216,762,638	202,211,134
(d) Short-term provisions	2.11	103,039,468	56,969,250
<b>Total</b>		<b>5,267,282,309</b>	<b>4,444,249,917</b>
<b>II. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	2.12	2,155,701,568	1,329,653,325
(ii) Intangible assets	2.12	312,671,571	220,484,661
(iii) Capital work-in-progress		273,993,123	346,771,481
(iv) Intangible assets under development	2.13	10,898,874	50,898,874
(b) Non-current investments	2.14	114,800,000	99,800,000
(c) Long term loans and advances	2.15	1,870,757,827	1,693,211,338
<b>(2) Current assets</b>			
(a) Inventories	2.16	56,236,018	46,045,203
(b) Trade receivables	2.17	289,962,488	68,749,743
(c) Cash and bank balances	2.18	108,090,641	487,151,429
(d) Short-term loans and advances	2.19	74,024,812	72,816,358
(e) Other current assets	2.20	145,387	28,667,508
<b>Total</b>		<b>5,267,282,309</b>	<b>4,444,249,917</b>

The Notes are an integral part of these financial statements  
This is the Balance Sheet referred to in our report of even date

As per our report of even date  
For **Jogish Mehta & Co.**  
Chartered Accountants  
Firm Registration No. 104326W  
Membership No. F/38974

**per Jogish N. Mehta**  
**Proprietor**

**Place:** Mumbai  
**Date:** May 27, 2014

For and on behalf of the Board of Directors

**Sanjaya Kulkarni**  
**Chairman**

**Vishal Shah**  
**Director**

**Place:** Mumbai  
**Date :** May 27, 2014

**Rajesh Bhatia**  
**Managing Director**

**Khushboo Kavedia**  
**Company Secretary**

# Statement of Profit and Loss

for the Year ended March 31, 2014

				₹
Particulars	Note No	Year ended March 31, 2014	Year ended March 31, 2013	
<b>I. Revenue from operations</b>	2.22	1,576,367,629	1,142,824,344	
<b>II. Other Income</b>	2.23	13,411,974	70,584,266	
<b>Total Revenue (I + II)</b>		<b>1,589,779,603</b>	<b>1,213,408,610</b>	
<b>III. Expenses:</b>				
Operating expenses	2.24	395,585,021	301,581,742	
Employee benefit expenses	2.25	173,793,528	133,094,952	
Financial costs	2.26	75,854,480	66,167,575	
Depreciation and amortization expense	2.12	169,627,339	133,815,816	
Other expenses	2.27	114,742,405	90,004,372	
<b>Total Expenses</b>		<b>929,602,773</b>	<b>724,664,456</b>	
<b>IV. Profit before tax</b>		660,176,830	488,744,154	
<b>V. Tax expense:</b>				
(1) Current tax		213,726,279	142,500,000	
(2) Deferred tax		7,515,102	10,720,513	
(3) Short / (Excess) provision of earlier years		(246,150)	2,171,011	
<b>VI. Profit for the year</b>		439,181,599	333,352,630	
<b>VII. Earning per equity share:</b>	2.34			
(1) Basic		12.04	9.69	
(2) Diluted		11.84	9.56	

The Notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date

As per our report of even date  
For **Jogish Mehta & Co.**  
Chartered Accountants  
Firm Registration No. 104326W  
Membership No. F/38974

**per Jogish N. Mehta**  
Proprietor

**Place:** Mumbai  
**Date:** May 27, 2014

For and on behalf of the Board of Directors

**Sanjaya Kulkarni**  
Chairman

**Vishal Shah**  
Director

**Place:** Mumbai  
**Date :** May 27, 2014

**Rajesh Bhatia**  
Managing Director

**Khushboo Kavedia**  
Company Secretary



# Cash Flow Statement

as at March 31, 2014

		₹
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	660,176,830	488,744,154
Adjustments for:		
Depreciation / amortisation	169,627,339	133,815,816
Loss on sale of fixed assets	1,348,757	
Finance charges	75,854,480	66,167,575
Net gain on sale of fixed assets	-	(5,812,067)
Interest on fixed deposits	(13,331,624)	(37,783,969)
Profit on sale of investment		(24,015,000)
<b>Operating profit before working capital changes</b>	<b>893,675,782</b>	<b>621,116,509</b>
Adjustments for:		
(Increase) in inventories	(10,190,815)	(9,513,940)
Deposits given to K-12 Schools	(145,985,000)	(541,900,000)
Decrease/(Increase) in sundry debtors	(221,212,745)	(10,659,269)
(Increase)/Decrease in loans and advances	(9,247,949)	(77,312,169)
Increase in liabilities and provisions	34,210,296	56,007,877
<b>Cash generated from operations</b>	<b>541,249,569</b>	<b>37,739,008</b>
Income tax paid	(188,888,701)	(176,407,998)
<b>Net cash generated from operating activities</b>	<b>352,360,868</b>	<b>(138,668,990)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work in progress)	(1,010,807,691)	(786,378,066)
Proceeds from Sale of Fixed Assets	10,188,888	31,948,475
Purchase of investments	(15,000,000)	(38,058,500)
Proceeds from Sale of Investment		250,000,000
Interest received	41,853,745	24,268,581
Dividend received	-	24,015,000
<b>Net cash used in investing activities</b>	<b>(973,765,058)</b>	<b>(494,204,510)</b>

		₹
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares including securities premium	201,141,360	503,119,982
Payment of Dividends	(44,956,588)	(33,715,270)
Proceeds from issue of Share warrants		100,170,000
Share issue expenses	-	(14,616,926)
Repayment of term loan	(120,835,325)	(16,666,667)
Proceeds from term loan	353,510,000	418,500,000
Proceeds from working capital loan (net)	(73,531,565)	(248,640,500)
Interest paid	(72,984,480)	(65,011,763)
<b>Net cash provided by financing activities</b>	<b>242,343,402</b>	<b>643,138,856</b>
Net increase in cash and cash equivalents during the year	(379,060,788)	10,265,356
Cash and cash equivalents as at the beginning of the year	487,151,429	476,886,073
<b>Cash and cash equivalents as at the end of the year</b>	<b>108,090,641</b>	<b>487,151,429</b>
Cash and cash equivalents as at year end constitutes:		
Cash in hand	11,821,647	5,034,444
Balance in current account with banks	95,696,994	27,624,108
Fixed deposits with banks (refer Note 2 and 3)	572,000	454,492,877
	<b>108,090,641</b>	<b>487,151,429</b>

**Notes:**

1. The Cash Flow Statement has been prepared under Indirect Method as set out in Accounting Standard (AS) -3, 'Cash Flow Statements', as notified by Central Government under the Companies Act, 1956.
2. Cash and cash equivalents above includes fixed deposits of ₹ Nil (Previous Year ₹ 451,420,877) placed with a bank against working capital loan obtained from them.
3. Cash and cash equivalents above includes fixed deposits of ₹ 572,000 (Previous Year ₹ 572,000) placed with a bank against which the bank has given a guarantee.

As per our report of even date  
For **Jogish Mehta & Co.**  
Chartered Accountants  
Firm Registration No. 104326W  
Membership No. F/38974

**per Jogish N. Mehta**  
**Proprietor**

**Place:** Mumbai  
**Date:** May 27, 2014

For and on behalf of the Board of Directors

**Sanjaya Kulkarni**  
**Chairman**

**Vishal Shah**  
**Director**

**Place:** Mumbai  
**Date :** May 27, 2014

**Rajesh Bhatia**  
**Managing Director**

**Khushboo Kavedia**  
**Company Secretary**

# Significant Accounting Policies

## GENERAL INFORMATION

Treehouse Education & Accessories Limited (the 'Company') was incorporated on July 10, 2006 under the Indian Companies Act, 1956 (the 'Act'). The Company is engaged in providing education and related services including leasing of education infrastructure.

## 1. Significant Accounting Policies

### 1.1 Basis of preparation:

The financial statements have been prepared under historical cost convention on the accrual basis of accounting and, are in accordance with generally accepted accounting principles [GAAP], the applicable requirements of the Companies Act, 1956 (the 'Act') and comply in all material aspects with the Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006, to the extent applicable. The accounting policies have been consistently applied by the Company.

All assets and liabilities have been classified as current and non-current as per normal operating cycle of the Company and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on nature of products / services, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

### 1.2 Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of income and expenses of the year, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include useful lives of fixed assets including intangibles, future obligations under employee retirement benefit plans, provision for doubtful debts and advances, etc. Actual results could differ from those estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

### 1.3 Provisions and contingencies

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best

estimates. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### 1.4 Fixed assets, depreciation and amortization

Fixed assets are stated at cost, less accumulated depreciation, amortisation and impairment losses, if any. Cost includes all expenses incurred to bring the assets to their present location and condition for their intended use.

Assets acquired but not ready for use are classified under Capital work in progress.

Depreciation and amortization on fixed assets is provided under the straight line method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 which, as per the management, represents the estimated useful life of the assets. Leasehold improvements are amortized on the basis of useful lives of assets or balance lease period, whichever is lower. Individual assets costing ₹ 5,000 or less are depreciated at 100% on a prorata basis.

### 1.5 Intangibles

- Cost incurred for acquiring brands are capitalised and amortized on a straight-line basis over a period of not more than ten years, being the estimated useful life.
- Goodwill arising from acquisition of business is amortized over the expected useful life, not exceeding ten years.
- Business Commercial Rights i.e. "School facilitation service rights" acquired from various Trusts/Societies are capitalized and amortized on a straight line basis over the agreement period.

### 1.6 Impairment of Assets

The carrying amount of assets, other than inventories is reviewed at each Balance Sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the assets is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or a cash generating unit exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use determined based on the present value of estimated future cash flows. All impairment losses are recognised in the Statement of Profit and Loss.

# Significant Accounting Policies

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

## 1.7 Revenue Recognition

### Income from Services

Revenue is recognized on rendering of services and is recognized when there are no significant uncertainties as to its measurability or collectability.

In instances where fees are received during a term, revenue is recognized on a proportionate basis for the period which falls under the current reporting period and the balance is shown as advance fees received.

Revenue from consultancy services is recognized on rendering of services, as evidenced from the customers' acknowledgment of services received. In respect of non-refundable fees for consultancy services rendered to franchisee for setting up of its operations, the rendering of service generally coincides with signing of the franchisee service agreement.

### Royalty income

Royalty income is recognized as per the franchise agreement at specified percentage of gross revenue earned by the franchisee.

### Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

### Sale of goods

The revenue from sale of education aids is recognized on transfer of property in goods which generally coincides with despatch/delivery to the customer.

### Dividend

Dividend income is recognized when the right to receive payment is established.

## 1.8 Inventories

Inventories consist of book kits and other student activity materials. Inventory is valued at lower of cost and net realizable value. Cost is determined on first in first out (FIFO) basis.

## 1.9 Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Long-term investments are stated at cost. Provision for diminution in the value of long term investments is made when the decline is other than temporary in nature.

Current investments are stated at lower of cost and market value determined on an individual investment basis.

## 1.10 Expenditure during construction period

Expenditure directly relating to construction activity of a new centre is capitalized. Indirect expenditure incurred during construction period is capitalized as part of indirect construction cost to the extent it directly relates to construction or is incidental thereto. Other indirect expenditure incurred during the construction activity is charged to Statement of Profit and Loss.

## 1.11 Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities are translated at the year-end rate. The difference between the rate prevailing on the date of the transaction and on the date of settlement, as also on the translation of monetary assets and liabilities at the end of the year is recognized as income or expense as the case may be for the year.

## 1.12 Borrowing Costs

Borrowing costs attributable to the acquisition and construction of an asset are capitalized as part of the cost of such asset up to the date of such asset being ready for its intended use. Other borrowing costs are treated as revenue expenditure.

## 1.13 Leases

### Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and rewards of ownership during the lease term, are classified as operating leases. Lease rentals in respect of assets taken under an operating lease are charged to the Statement of Profit and Loss on straight line basis over the initial period of the lease.

### Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Expenses, including depreciation are recognised as an expense in the

# Significant Accounting Policies

Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage, etc. are recognised immediately in the Statement of Profit and Loss.

## 1.14 Taxes on income

Tax expense comprises both current and deferred taxes. The current charge for income taxes is calculated in accordance with the relevant tax regulations. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

Unrecognised deferred tax assets of earlier years are reassessed and recognised to the extent that it has become reasonably certain/virtually certain that future taxable income will be available against which such deferred tax assets can be realised.

## 1.15 Employee benefits

### Provident fund:

Company's contributions paid / payable to provident fund authorities are recognised in the Statement of Profit and Loss of the year when the contribution to the fund is due.

### Gratuity:

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognised in the Balance Sheet in respect of the gratuity is present value of the defined benefit/ obligation at the Balance Sheet date less the fair value of the plan assets, together with adjustments for unrecognized actuarial gains or losses and past service cost. The defined

benefit/ obligation is calculated at the Balance Sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the year in which such gains or losses arise.

### Compensated absences

The employees of the Company are entitled to compensated absences which are non-accumulating in nature. Expenses on non-accumulating compensated absences are recognized in the year in which the absence occurs.

## 1.16 Share issue expenses

Share issue expenses are adjusted in the same year against the Securities Premium Account as permitted by section 78(2) of the Act. In case of insufficient balances in the Securities Premium Account, unadjusted share issue expenses are amortized over a period of 5 years. In case there arises a securities premium balance subsequently, unadjusted share issue expenses would not be amortized but will be adjusted against the Securities Premium Account.

## 1.17 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effect of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities are segregated.

## 1.18 Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

# Notes

to Financial Statements for the year ended March 31, 2014

## 2. NOTES ON ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2014

The previous year's figures have been regrouped / reclassified, where ever necessary to conform to the current year's presentation.

Amounts in the notes are presented in Indian Rupees (INR), except otherwise stated.

### 2.1 : SHARE CAPITAL

₹		
Particulars	As At March 31, 2014	As At March 31, 2013
<b>Equity Share Capital</b>		
Authorised Share capital (40,000,000 (previous year: (40,000,000) equity shares of ₹ 10 each)	400,000,000	400,000,000
Issued, subscribed & fully paid share capital ( 37,170,070 (previous year: 35,965,270 ) equity shares of ₹ 10 each fully paid up)	371,700,700	359,652,700
<b>Total</b>	<b>371,700,700</b>	<b>359,652,700</b>

#### Terms / rights attached to equity shares

- The Company has only one class of shares referred to as equity shares having par value of ₹ 10. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.
- The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

#### Reconciliation of number of shares outstanding

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Number of shares at the beginning	35,965,270	33,715,270
*Add: Shares issued during the year	1,204,800	2,250,000
Number of shares at the end	37,170,070	35,965,270

\*During the financial year, the company had issued and allotted 12,04,800 equity shares of ₹ 10 each at a premium of ₹ 212.60 per equity share to the promoters against the conversion of the respective warrants.

#### Shareholder holding more than 5 % of the total shares in the Company

Name of Shareholders	As at March 31, 2014		As at March 31, 2013	
	No. of shares	% of holding	No. of shares	% of holding
M/s Matrix Partners India Investment Holdings, LLC	9,010,926	24.24%	9,010,926	25.05%
Geeta Bhatia	6,025,000	16.21%	6,025,000	16.75%
FC VI India Venture Mauritius Ltd	2,898,001	7.80%	2,898,001	8.06%
Rajesh Bhatia	3,199,100	8.61%	2,785,000	7.74%
Rajesh Bhatia and Geeta Bhatia Joint	2,325,633	6.26%	1,120,833	3.12%



# Notes

to Financial Statements for the year ended March 31, 2014

## 2.2 RESERVES AND SURPLUS

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
<b>Securities Premium Account</b>		
Opening balance	2,399,026,602	1,933,023,546
Add: Received during the year	256,140,480	480,619,982
Less: Share issue expenses written off	-	14,616,926
Closing Balance	2,655,167,082	2,399,026,602
<b>General Reserve</b>		
Opening balance	-	-
Add : Transferred during the year*	30,292,896	-
Closing Balance	<b>30,292,896</b>	-
<b>Profit and loss account</b>		
Opening balance	574,824,606	293,722,770
Add : Profit during the year	439,181,599	333,352,630
	<b>1,014,006,205</b>	<b>627,075,400</b>
Less : Appropriation		
Proposed dividend on equity shares (Dividend per share Re. 1.50 (Re. 1.25 Last year))	55,755,105	44,956,588
Tax on dividend	9,475,580	7,294,206
Less : Transfer to General Reserves	30,292,896	-
Closing Balance	918,482,624	574,824,606
<b>Total</b>	<b>3,603,942,602</b>	<b>2,973,851,208</b>

\*Transfer includes an amount of Rs.83,33,815 pertaining to Financial year 2012-2013

## 2.3 MONEY RECEIVED AGAINST SHARE WARRANTS

The company had allotted 18,00,000 warrants on 28th December, 2012 carrying an entitlement to subscribe to one Equity Share of the Company, in exchange of each such warrants at a future date within a period not exceeding 18 months from the date of issue of such warrants aggregating to ₹ 40,06,80,000 (assuming full conversion of warrants into equity shares) to the promoters on a preferential basis, approved by its shareholders in the extraordinary general meeting of the Members of the Company on 27th December, 2012. In the current financial year 12,04,800 equity shares of ₹10 each were issued against the conversion of the aforesaid warrants. As at 31st March 2014, 5,95,200 warrants were outstanding pending the conversion.

## 2.4 LONG-TERM BORROWINGS

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
<b>Secured *</b>		
Term loans from bank	506,788,511	290,273,261
<b>Total</b>	<b>506,788,511</b>	<b>290,273,261</b>

An amount of ₹ 22,72,99,174 (previous year ₹ 161,231,742) of term loans which is repayable within 12 months from the date of balance sheet has been grouped under short term borrowings.

\* Secured by mortgage of Land, building, hypothecation of movable assets, book debts of the Company. Loan aggregating to ₹11,29,66,536 are additionally secured by the personal guarantee of the Promoter - Directors.

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.5 DEFERRED TAX

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
<b>Deferred tax liability on:</b>		
Depreciation and amortisation	46,217,345	40,238,592
Provision for rent equalisation income	6,650,471	5,047,614
<b>Deferred tax assets on:</b>		
Provision for gratuity	1,730,335	1,258,400
Others	56,691	462,119
<b>Deferred tax liability (net)</b>	<b>51,080,790</b>	<b>43,565,687</b>

## 2.6 OTHER LONG-TERM LIABILITIES

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
Security Deposit Received	-	163,305
<b>Total</b>	<b>-</b>	<b>163,305</b>

## 2.7 LONG-TERM PROVISIONS

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits	4,214,700	3,015,220
<b>Total</b>	<b>4,214,700</b>	<b>3,015,220</b>

The following table sets out the status of the gratuity plan for the year ended March 31, 2014 in accordance with Accounting Standard 15, Employee Benefits (Revised), as notified under the Companies Act, 1956.

The company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed years of service. The scheme is unfunded.

# Notes

to Financial Statements for the year ended March 31, 2014

## Profit and loss account

### Net employee benefit expenses (recognized in employee cost)

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
<b>Cost for the year:</b>		
Service cost	2,431,987	1,852,054
Interest cost	298,032	232,489
Expected return on plan assets	-	-
Actuarial loss / (Gain)	(1,341,564)	(1,083,042)
<b>Total net cost recognized as employee remuneration</b>	<b>1,388,455</b>	<b>1,001,501</b>

## Balance sheet

### Details of provision for gratuity

Present value of defined benefit obligation as at year end (A)	5,090,719	3,702,264
Fair value of plan assets as at year end (B)	-	-
Net liability as at year end recognized in Balance Sheet (A)-(B)	5,090,719	3,702,264

<b>Provision for gratuity</b>		
Long term	4,214,700	3,015,220
Short term	876,019	687,044

### Changes in present value of the defined benefit obligation are as follows:

#### Changes in defined benefit obligation:

Defined benefit obligation as at the beginning of the year	-	2,705,956
Current service cost	298,032	1,852,054
Interest cost	2,431,987	232,489
Actuarial loss / (gain) on obligations	(1,341,564)	(1,083,042)
Benefit paid	-	(5,193)
Present value of defined benefit obligation at the end of the year [A]	5,090,719	3,702,264

### The principal assumptions used in determining gratuity for the Company's plans are shown below:

<b>Assumptions</b>		
Discount rate	9.20%	8.05%
Attrition rate	Upto age 35 - 20%	Upto age 35 - 20%
	36-40 - 10%	36-40 - 10%
	41-58 - 5%	41-58 - 5%
Salary escalation rate	6%	6%

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.8 SHORT-TERMS BORROWINGS

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Secured		
Loan repayable in next 12 months.*	319,516,931	376,889,071
<b>Total</b>	<b>319,516,931</b>	<b>376,889,071</b>

\* Secured by mortgage of Land, building, hypothecation of movable assets, book debts of the Company. Loan(s) aggregating to ₹ 6,48,17,757 are additionally secured by the personal guarantee of the Promoter - Directors.

## 2.9 TRADE PAYABLES

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Sundry creditors		
- Dues to micro, small and medium enterprises *	-	-
- Others	57,113,089	37,489,081
<b>Total</b>	<b>57,113,089</b>	<b>37,489,081</b>

\* The company has during the year, not received from any of its suppliers any information regarding their status under the said Act. In the light of the above facts, management has decided that none of them are registered under the said Act and disclosure, if any relating to amount unpaid as at the year end along with the interest payable / paid has not been given.

## 2.10 OTHER CURRENT LIABILITIES

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Sundry creditors for services / expenses	23,633,222	20,555,044
Advance tuition fees received	170,685,005	175,802,227
Withholding & other tax payables	20,834,186	4,615,944
Interest accrued but not due	1,610,225	1,237,919
<b>Total</b>	<b>216,762,638</b>	<b>202,211,134</b>

## 2.11 SHORT-TERM PROVISIONS

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Provision for employee benefits	3,717,065	4,718,456
Proposed dividend	55,755,105	44,956,588
Tax on dividend	9,475,580	7,294,206
Provision for current tax	34,091,718	-
<b>Total</b>	<b>103,039,468</b>	<b>56,969,250</b>

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.12 FIXED ASSETS

Particulars	Gross block (at cost)			Depreciation and amortisation			Net block	
	As at April 1, 2013	Additions	Deletions/Transfer	As at March 31, 2014	As at April 1, 2013	For the year	As at March 31, 2014	As at March 31, 2013
<b>Tangible</b>								
Freehold land	128,605,395	217,898,840	-	346,504,235	-	-	346,504,235	128,605,395
Building	392,134,991	346,004,032	4,284,600	733,854,423	10,893,804	6,809,722	716,458,571	381,241,187
Furniture and fittings	759,445,083	270,563,336	14,002,143	1,016,006,274	115,899,214	87,899,341	818,649,146	643,545,861
Office and other equipment	21,418,062	7,388,793	-	28,806,855	4,452,949	1,905,436	22,448,470	16,965,091
Teaching aid and equipment	32,913,606	6,827,723	-	39,741,330	23,066,108	6,890,777	9,784,445	9,847,498
Computers	7,549,171	1,634,155	-	9,183,326	2,279,811	1,514,049	5,389,467	5,269,360
Leasehold Improvement*	221,304,694	139,910,542	-	361,215,236	81,957,722	48,971,110	230,286,403	139,346,971
Vehicles	6,051,528	2,070,295	-	8,121,823	1,219,566	721,425	6,180,832	4,831,962
<b>Intangibles</b>								
Goodwill	15,400,992	412,000**	-	19,520,992	7,035,751	1,862,927	10,622,314	8,365,241
Business Commercial rights	200,064,534	90,000,000	-	290,064,534	17,414,395	7,655,675	264,994,464	182,650,139
Brands	64,791,627	215,274,28**	85,450,40***	77,774,015	35,322,346	5,396,876	37,054,793	29,469,281
<b>Grand Total</b>	<b>1,849,679,683</b>	<b>1,107,945,144</b>	<b>26,831,785</b>	<b>2,930,793,044</b>	<b>299,541,689</b>	<b>169,627,339</b>	<b>462,419,905</b>	<b>1,550,137,986</b>
Previous year	1,544,347,227	338,790,217	33,457,761	1,849,679,683	173,613,992	133,815,816	1,550,137,986	1,370,733,235

\*Excess depreciation of ₹12,03,497 charged on Leasehold Improvement in the earlier year is written back in the current financial year.

\*\* During the year, the company has acquired kindergarten and playschool business from Brainworks Learning System Private Limited and has recognized Goodwill and Trademark of ₹ 41,20,000 and ₹ 2,15,24,428 respectively (refer note no 2.30).

\*\*\*During the current financial year, the Company has written-off ₹ 85,45,040 which had been wrongly capitalised to Brands in the financial year 2011-12.

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.13 INTANGIBLES UNDER DEVELOPMENT

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
- Business commercial rights	10,898,874	50,898,874
<b>Total</b>	<b>10,898,874</b>	<b>50,898,874</b>

The Company has entered into an exclusive facilitation service agreement with various educational trusts in accordance with which the Company has exclusive rights for a period of 30 years to provide various facilitation services for schools/courses to be set up by these educational trusts. The Company has paid one time fixed fee to the educational trusts towards such exclusive rights. The fee paid is recognized as an intangible asset and accordingly capitalized as 'Business Commercial Rights' in the financial statements.

## 2.14 NON-CURRENT INVESTMENTS (Unquoted, at cost)

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Investments in Equity instruments of:		
(Long term, unquoted) (at cost)		
Trade		
- Joint Venture (JT Infrastructure Private Limited)	99,800,000	99,800,000
- 9,980,000 (previous year: 9,980,000) equity shares of ₹ 10 each fully paid up		
Investments in Share Application Money		
- Joint Venture (JT Infrastructure Private Limited)	15,000,000	-
<b>Total</b>	<b>114,800,000</b>	<b>99,800,000</b>

The Company has entered into a joint venture agreement with Jayshree Builders ('JB') to construct and rent a school building. As part of the arrangement, the Company and JB have agreed to equally contribute to share capital of JT Infrastructure Private Limited, a company in which both Treehouse Education & Accessories Limited and JB have equal share holding.

The Company has a 50% interest in the assets, liabilities, expenses and income of JT Infrastructure Private Limited, a company incorporated in India. The operations have not yet commenced and Company's share of the assets and liabilities of the jointly controlled entity as per the information provided as of March 31, 2014 are:

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Assets	110,204,276	103,707,452
Liabilities	1,754,276	3,777,451
Income	Nil	Nil
Expenditure	Nil	Nil
Contingent Liabilities	Nil	Nil

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.15 LONG TERM LOANS AND ADVANCES (Unsecured, considered good)

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
Unsecured considered good		
Capital Advances	463,870,643	389,684,732
Security Deposits	1,356,488,504	1,229,650,021
(includes ₹ 20,000,000 (previous year ₹20,000,000) given to directors)		
Other loans and advances	50,398,680	73,876,585
<b>Total</b>	<b>1,870,757,827</b>	<b>1,693,211,338</b>

## 2.16 INVENTORIES

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
Stock in trade	56,236,018	46,045,203
<b>Total</b>	<b>56,236,018</b>	<b>46,045,203</b>

## 2.17 TRADE RECEIVABLES

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
Outstanding for a period exceeding six months:		
Good	10,668,584	51,627,317
Doubtful	166,787	1,359,572
Less: Allowance for Bad debts	(166,787)	(1,359,572)
Others	279,293,904	17,122,426
<b>Total</b>	<b>289,962,488</b>	<b>68,749,743</b>

## 2.18 CASH AND CASH EQUIVALENTS

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
Balances with banks		
In current account	95,696,994	27,624,108
In Fixed deposits account ^ *	572,000	454,492,877
Cash on hand	11,821,647	5,034,444
<b>Total</b>	<b>108,090,641</b>	<b>487,151,429</b>

Note:

^Fixed deposits of ₹ Nil (previous year ₹ 451,420,874) placed with a bank against working capital loan obtained from them.

\*Fixed deposit of ₹ 572,000 (previous year ₹ 572,000) placed with a bank against which bank has given a guarantee.



# Notes

to Financial Statements for the year ended March 31, 2014

## 2.19 SHORT TERM LOANS AND ADVANCES (Unsecured, considered good)

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Loans and advances to related parties (Unsecured and considered good)		
Others	74,024,812	72,816,358
<b>Total</b>	<b>74,024,812</b>	<b>72,816,358</b>

## 2.20 OTHER CURRENT ASSETS

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Interest Accrued on FDR	46,145	28,568,266
Interest Accrued on Loan	99,242	99,242
<b>Total</b>	<b>145,387</b>	<b>28,667,508</b>

## 2.21 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Commitments		
Estimated amount of unexecuted contracts	213,553,126	401,400,277
<b>Total</b>	<b>213,553,126</b>	<b>401,400,277</b>

## 2.22 REVENUE FROM OPERATIONS

₹		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Revenue from		
- Sale of education kits	14,965,092	32,784,687
- Sale of services		
Consultancy income*	346,889,648	118,363,338
Income from early childhood education	1,148,151,671	939,342,055
Income from early childhood training course	15,013,200	30,849,847
Other operating income	347,875	101,240
Rent income from education infrastructure	30,676,046	12,182,240
Royalty income	20,324,096	9,200,937
<b>Total</b>	<b>1,576,367,629</b>	<b>1,142,824,344</b>

\*Consultancy income during the financial year 2013-2014 includes a sum of ₹ 18,31,75,000 towards Curriculum, Content and Development Services provided to various educational institutions. Of the said revenue a sum of ₹ 8,02,00,000 will be received in instalments over a period of 3 financial years from 2014-2015 to 2016-2017.

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.23 OTHER INCOME

₹		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest income	13,331,624	37,783,969
(tax deducted at source ₹ 1,330,260 previous year ₹ 3,764,943)		
Profit on sale of investment	-	24,015,000
Net gain/ loss on sale of fixed assets	-	5,812,067
Other non-operating income	80,350	2,973,230
<b>Total</b>	<b>13,411,974</b>	<b>70,584,266</b>

## 2.24 OPERATING EXPENSES

₹		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Rent (includes conducting charges and society maintenance)	267,473,178	216,072,108
Security charges	12,949,171	9,704,181
Training material and equipment consumed	74,381,557	45,929,791
Water, electricity and cleaning charges	19,084,175	14,489,605
Activity expenses	9,912,120	6,651,236
Other non-operating income	11,784,820	8,734,822
<b>Total</b>	<b>395,585,021</b>	<b>301,581,742</b>

## 2.25 EMPLOYEE BENEFITS EXPENSE

₹		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Salaries and wages	167,797,916	128,965,429
Contribution to provident and other funds	5,796,244	3,991,901
Staff welfare expenses	199,368	137,622
<b>Total</b>	<b>173,793,528</b>	<b>133,094,952</b>

## 2.26 FINANCE COSTS

₹		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Interest expenses	70,937,742	60,149,638
Finance charges	2,046,738	4,862,125
Interest on delay payment of Income Tax	2,870,000	1,155,812
<b>Total</b>	<b>75,854,480</b>	<b>66,167,575</b>

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.27 OTHER EXPENSES

		₹
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Advertisement and publicity expenses*	58,724,716	51,434,036
Legal and professional fees	15,311,952	6,893,475
Office expenses	861,977	1,182,058
Rent, rates and taxes	12,656,559	10,639,360
Insurance	1,452,363	423,263
Telephone and Courier Exps	1,889,177	2,221,043
Auditors' remuneration	1,500,000	1,688,678
Brokerage and commission	1,483,900	1,139,854
Business promotion	47,095	181,050
Printing and stationery	4,041,332	1,549,697
Donation	102,500	309,379
Repairs and maintenance - others	771,377	1,334,378
Travelling and conveyance	4,262,673	3,575,954
Freight and delivery exps	1,687,736	1,416,611
Loss on sale of fixed assets	1,348,757	-
Bad Debts	3,465,548	475,263
Provision for doubtful debts	166,787	1,359,572
Director Sitting Fees	667,418	575,694
Miscellaneous expenses	4,300,538	3,605,006
<b>Total</b>	<b>114,742,405</b>	<b>90,004,372</b>

\*During the financial year 2011-12, Advertisement and publicity expenses of ₹ 85,45,040/- had been wrongly capitalised to Brands and the same has been written-off in the current financial year.

## 2.28 BORROWING COST

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
Opening balance	15,055,724	3,338,599
Add: Incurred during the year	25,645,138	11,717,125
Less: Allocated to fixed assets	40,700,862	-
<b>Total</b>	<b>-</b>	<b>15,055,724</b>

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.29 EXPENDITURE DURING CONSTRUCTION PERIOD

		₹
Particulars	As at March 31, 2014	As at March 31, 2013
Opening balance	392,000	-
Add: Incurred during the year	6,453,135	5,096,833
Less: Allocated to fixed assets	2,333,885	4,704,833
<b>Total</b>	<b>4,511,250</b>	<b>392,000</b>

## 2.30 KINDERGARTEN AND PLAYSCHOOL BUSINESS FROM BRAINWORKS LEARNING SYSTEM PRIVATE LIMITED

The Company has acquired kindergarten and playschool business from Brainworks Learning System Private Limited with effect from 19th June, 2013 for a lump sum consideration of ₹ 5,10,00,000 (which includes ₹ 10,00,000 being incidental expenses related to acquisition). The net asset acquired as a part of this acquisition was valued at ₹ 4,68,80,000. The balance of the excess consideration paid over assets acquired amounting to ₹ 41,20,000 has been treated as goodwill.

Following is the break-down of the net assets acquired:

		₹
<b>Assets acquired</b>		
<b>Fixed Assets</b>		
Brands		21,524,428
Furniture and fixtures		13,450,558
Office equipment		2,674,696
Teaching and equipment		4,199,574
Vehicle		-
Computers		602,744
Deposits of Lease centre		4,428,000
<b>Total assets acquired</b>		<b>46,880,000</b>
<b>Liabilities taken over</b>		<b>-</b>
<b>Net assets acquired</b>		<b>46,880,000</b>

## 2.31 SEGMENT INFORMATION

The activities of the Company comprise of only one business segment i.e "providing education and related services including leasing of education infrastructure". The Company operates in only one geographical segment i.e. India. Hence, the Company's financial statements are reflective of the information required by Accounting Standard 17, "Segment Reporting" notified under the Companies Act, 1956.

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.32 RELATED PARTY DISCLOSURE

In accordance with the requirements of Accounting Standard 18, "Related Party Disclosures" notified under the Companies Act, 1956, the related party disclosures are given below:

### a) List of related party

#### i Key management personnel (KMP)

Key management personnel ('KMP')

- Mr.Rajesh Bhatia - Managing Director

- Mr.Vishal Shah - Director

#### ii Relatives of key management personnel

Relatives of KMP

Mrs. Geeta Bhatia - wife of Mr.Rajesh Bhatia

#### iii Joint Venture company

JT Infrastructure Private Limited

### b) Transactions undertaken / balances outstanding with related parties in the ordinary course of business

#### Transactions during the year

Particulars	Key management personnel ('KMP')		Relatives of KMP		Joint Venture	
	Year ended		Year ended		Year ended	
	March 31 2014	March 31 2013	March 31 2014	March 31 2013	March 31 2014	March 31 2013
<b>Rent expense</b>						
- Mr. Rajesh Bhatia	15,321,109	19,971,275				
- Mrs. Geeta Bhatia			15,321,109	19,971,275		
<b>Remuneration</b>						
- Mr. Vishal shah	1,770,000	1,620,000				
- Mr. Rajesh Bhatia	4,800,000	4,800,000				
<b>Payment received against share warrants</b>						
- Mr. Rajesh Bhatia & Geeta Bhatia Jointly	201,141,360	100,170,000				
<b>Shares issued ( Nos)</b>						
- Mr. Rajesh Bhatia & Geeta Bhatia Jointly	1,204,800					
<b>Investment</b>						
- JT Infrastructure Private Limited					15,000,000	38,060,000

# Notes

to Financial Statements for the year ended March 31, 2014

## c) Closing balances with related parties in the ordinary course of business

### Transactions during the year

Particulars	Key management personnel ('KMP')		Relatives of KMP		Joint Venture	
	Year ended		Year ended		Year ended	
	March 31 2014	March 31 2013	March 31 2014	March 31 2013	March 31 2014	March 31 2013
Lease Deposit (Mr. Rajesh Bhatia)	20,000,000	20,000,000				
<b>Money received against issue of share warrants</b>						
- Mr. Rajesh Bhatia	33,122,880	100,170,000				
<b>Investment</b>						
- JT Infrastructure Private Limited					114,800,000	99,800,000

## 2.33 LEASES

In case of assets taken on lease

The lease rent and amenities charges recognized in the Statement of Profit and Loss during the year ended March 31, 2014 is ₹ 257,663,064 (previous year: ₹ 203,651,482)

### Obligation of the Company towards future lease payments

Particulars	₹	
	As at March 31, 2014	As at March 31, 2013
Not later than one year	211,611,977	182,923,007
Later than one year but not later than five years	431,367,091	410,850,997
later than five years	5,561,468	7,263,378

### Significant leasing arrangements

- 1.1 The period of lease for the premises varies by location and ranges from 3 to 5 years.
- 1.2 Renewal of the lease at the end of the initial term is at mutual consent of both parties.
- 1.3 The Company has entered into lease conducting agreements with certain parties where the lease rentals are based on the revenue earned at the respective centers. The expected future lease payments cannot be estimated in respect of these lease conducting agreements and hence future liability in respect of the same have not been disclosed.

### In case of assets given on lease

The lease rent income recognized in the Statement of Profit and Loss during the year ended March 31, 2014 is ₹ 306,76,046 (previous year: ₹ 12,182,240)

# Notes

to Financial Statements for the year ended March 31, 2014

## Right of the Company towards future lease payments

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Not later than one year	18,900,000	6,900,000
Later than one year but not later than five years	110,954,636	30,532,500
later than five years	561,297,579	304,284,748

### Significant leasing arrangements

- The period of lease for the premises is 30 (Thirty) years.
- The lease rent shall stand revised by addition of an amount equivalent to 15% at the end of every third year.
- After the expiry of the said initial term of 30 years, the lessee has a sole option to renew the lease term for further period of 30 years

## 2.34 EARNING PER SHARE

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Profit after tax	439,181,599	333,352,630
Weighted average number of shares outstanding (Basic)	36,488,329	34,418,558
Weighted average number of shares outstanding (Diluted)	37,083,529	34,882,119
Nominal value per share	10.00	10.00
Basic earnings per share	12.04	9.69
Diluted earnings per share	11.84	9.56

## 2.35 AUDITORS' REMUNERATION (Excluding Service Tax)

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Statutory audit fees	1,200,000	1,550,000
Tax audit fees	300,000	150,000
Other services*	167,200	304,000
<b>Total</b>	<b>1,667,200</b>	<b>2,004,000</b>

\*In the previous year other service includes ₹ 100,000 for the year ended March 31, 2013 relates to certification services for preferential allotment and hence has been adjusted against securities premium account as part of share issue expenses.



# Notes

to Financial Statements for the year ended March 31, 2014

## 2.36 EMPLOYEE STOCK OPTION PLANS

### 2.36.1 For the financial year March 31, 2014 following schemes were in operation:

1) Treehouse Education Employees' Stock Option Plan, 2010 – ESOP A

2) Treehouse Education Employees' Stock Option Plan, 2012 – ESOP B

S r . No.	Particulars	During the year ended 31 March, 2014		During the year ended 31 March, 2013	
		Options (numbers)	Weighted average exercise price per option	Options (numbers)	Weighted average exercise price per option
a	Option outstanding at the beginning of the year:				
	ESOP A	313,875	71	1,400,000	71
	ESOP B	400,000	228	-	-
b	Granted during the year:				
	ESOP A			-	-
	ESOP B			400,000	228
c	Vested during the year:				
	ESOP A	25,000	71	1,350,000	71
	ESOP B	100,000	228	-	-
d	Exercised during the year:				
	ESOP A	218,250	71	1,082,625	71
	ESOP B	44,875	228	-	-
e	Lapsed during the year:				
	ESOP A	17,875	71	3,500	71
	ESOP B	11,550	228	-	-
f	Option outstanding at the end of the year:				
	ESOP A	77,750	71	313,875	71
	ESOP B	343,575	228	400,000	228
g	Option available for grant:				
	ESOP A	17,875	71	3,500	71
	ESOP B	11,550	228	-	-
h	Money realized by exercise of option:				
	ESOP A	15,495,750		76,866,375	
	ESOP B	10,231,500			

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.36.2 A description of the method and significant assumption used during the year to estimate the fair value of the option

The fair value of the ESOP used to compute proforma net income & earnings per equity share have been estimated on the dates of each grant using Black-Scholes model.

The various assumption considered in this model for the ESOP granted are as follows:

Particular	ESOP - A	ESOP - B
Risk free interest rate	7.5% per annum	7.5% per annum
Expected life	2.10 years (weighted average option life)	3.5 years (weighted average option life)
Expected annual volatility of share	Nil*	40.3%
Expected dividend yield	1% per annum	0.50% per annum

\*The volatility was computed as nil, as the shares were not listed at the time of grant.

## 2.36.3 Had the compensation cost for the ESOP outstanding been determined based on the fair value approach, the net profit & earnings per share would have been as per the proforma amounts indicated below:

₹		
Particulars	As at March 31, 2014	As at March 31, 2013
Profit after tax (as reported)	439,181,599	333,352,630
Add: ESOP cost using intrinsic value method		-
Less: ESOP cost using fair value method		
ESOP - A		218,080
ESOP - B	12,700,834	10,364,718
Proforma profit after tax	426,480,765	322,769,832
Earnings per share		
Basic		
-As reported	12.04	9.69
-As Proforma	11.69	9.38
Diluted		
-As reported	11.84	9.56
-As Proforma	11.50	9.25

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.36.4 Weighted average exercise price and fair value of the options.

₹		
Particulars	ESOP – A	ESOP – B
Weighted average exercise prices per option	71	228
Fair value of the option	9.05	88.64

## 2.36.5 Details of options granted to Senior Managerial Personal.

All Options have an exercise period of 1 year from the grant date.

ESOP Plan	Name of the Employee	Option Granted	Option vested	Option Lapsed	Option Exercised	Balance
ESOP -A	Mr. Vishal Shah	1,300,000	1,300,000	Nil	1,250,000	50,000
ESOP -B	Mr. Vishal Shah	168,200	168,200	Nil	42,050	126,150

## 2.36.6 Vesting schedule

Particular	ESOP - A	ESOP - B
For option granted to Mr. Vishal Shah	12 months from the grant date-100%	12 months from the grant date-25%
		24 months from the grant date-25%
		36 months from grant date -25%
		48 months from grant date-25%
For all other options	12 months from the grant date-25%	12 months from the grant date-25%
	24 months from the grant date-25%	24 months from the grant date-25%
	36 months from grant date -25%	36 months from grant date -25%
	48 months from grant date-25%	48 months from grant date-25%

## 2.36.7 The exercise price and expected remaining contractual life (comprising the vesting period and exercise period) of options outstanding as at March 31, 2014 is as under

Number of options	Exercise price	Expected remaining contractual life
25,000	71	21 months
3,00,000	228	30 months

# Notes

to Financial Statements for the year ended March 31, 2014

## 2.36.8 Notes related to ESOP plan 2010:

1. The Compensation Committee has granted on 04th January, 2011 a total of 1,400,000 options convertible into 1,400,000 Equity Shares which represents 3.89% of the paid up share capital of the Company. The fair market value of ₹ 71/- on the date of grant is also the exercise price of the Option.
2. There is one employee who has been granted options equal to or exceeding 1% of the Issued Capital.
3. The Company accounts for 'Employee Share Based Payments' using the intrinsic value method.
4. The Company has given an interest free loan to Treehouse Employee Welfare Trust aggregating ₹ 49,79,250 (previous year ₹ 21,836,250) which has been grouped under Loans and Advances.

## Notes related to ESOP plan 2012:

1. The Compensation Committee has granted on 06th September, 2012 a total of 4,00,000 options convertible into 4,00,000 Equity Shares which represents 1.11% of the paid up share capital of the Company. The fair market value of ₹ 228/- on the date of grant is also the exercise price of the Option.
2. There is no employee who has been granted options equal to or exceeding 1% of the Issued Capital.
3. The Company accounts for 'Employee Share Based Payments' using the intrinsic value method.
4. The Company has given an interest free loan to Treehouse Employee Welfare Trust aggregating ₹ 8,09,68,500 (previous year ₹ 9,12,00,000) which has been grouped under Loans and Advances.

## 2.37 FOREIGN CURRENCY EXPENSES

₹		
Particulars	Year ended March 31, 2014	Year ended March 31, 2013
Professional fees	-	489,690
Travel	103,626	211,062
<b>Total</b>	<b>103,626</b>	<b>700,752</b>

As per our report of even date  
For **Jogish Mehta & Co.**  
Chartered Accountants  
Firm Registration No. 104326W  
Membership No. F/38974

**per Jogish N. Mehta**  
**Proprietor**

**Place:** Mumbai  
**Date:** May 27, 2014

For and on behalf of the Board of Directors

**Sanjaya Kulkarni**  
**Chairman**

**Vishal Shah**  
**Director**

**Place:** Mumbai  
**Date :** May 27, 2014

**Rajesh Bhatia**  
**Managing Director**

**Khushboo Kavedia**  
**Company Secretary**

## Notes

## Notes

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## Notes



# TREE HOUSE EDUCATION & ACCESSORIES LIMITED

702 'C', Morya House, Off New Link Road, Near Infinity Mall, Andheri (W), Mumbai – 400053  
Phone: 022-64572730 / 31923155 | Email: compliance@treehouseplaygroup.net  
CIN: L80101MH2006PLC163028 | Website: www.treehouseplaygroup.net

## PROXY FORM – MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s): .....

Registered address: .....

E-mail ID: .....

Folio No. / Client ID: ..... DP ID: .....

I/We, being the members of **TREE HOUSE EDUCATION & ACCESSORIES LIMITED** holding .....Equity Shares hereby appoint:

1. Name: ..... E-Mail id .....  
Address ..... Signature .....or failing him.
2. Name: ..... E-Mail id .....  
Address ..... Signature .....or failing him.
3. Name: ..... E-Mail id .....  
Address ..... Signature .....

As my / our Proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Eighth Annual General Meeting of the Company to be held on Saturday, 6<sup>th</sup> September, 2014 at 10.00 A.M. at Mayor Hall, All India Institute Of Local Self Government, Sthanikraj Bhavan, C.D. Barfiwala Marg, Juhu Lane, Andheri(W), Mumbai – 400 058 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number.	Resolutions
<b>Ordinary Business</b>	
1.	Consider and adopt the Audited Financial Statements for the year ended 31 <sup>st</sup> March, 2014 together with the Reports of the Board of Directors and Auditors thereon
2.	Declaration of Dividend on Equity Shares
3.	Appoint a director in place of Mr. Vishal Shah, who retires by rotation and being eligible, seeks re-Appointment
4.	Appoint a director in place of Mr. Rishi Navani, who retires by rotation and being eligible, seeks re-Appointment
5.	Appoint M/s Jogish Mehta & Co. as the auditors of the Company
<b>Special Business</b>	
6.	Appoint Mrs. Dimple Sanghi as a director liable to retire by rotation and as a Non-Executive Director of the Company
7.	Appointment of Mr. Parantap Priyakant Dave as an Independent Director
8.	Appointment of Mr. Sanjaya Shrikrishna Kulkarni as an Independent Director
9.	Appointment of Mr. Sarangpani Srinivasan Tirunoncoil as an Independent Director
10.	Adoption of new Articles of Association of the Company

Signed this .....Day of .....2014

.....  
Signature of shareholder

Affix  
₹1/-  
Revenue  
Stamp

.....  
Signature of first proxy holder

.....  
Signature of second proxy holder

.....  
Signature of third proxy holder

### Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at Registered Office of the Company not less than 48 hours before the commencement of the meeting.
2. A proxy need not be a member of the Company.
3. A person can act as a proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.



# Corporate Information

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## BOARD OF DIRECTORS

Mr. Sanjaya Kulkarni	Independent Chairman
Mr. Rajesh Bhatia	Managing Director
Mr. Vishal Shah	Executive Director
Mrs. Geeta Bhatia	Non-Executive Director
Mr. Rishi Navani	Non-Executive Director
Mr. Ashu Garg	Non-Executive Director
Mr. Jayant Sinha	Non-Executive Director (upto March 1, 2014)
Mr. T. S. Sarangpani	Independent Director
Mr. Parantap Dave	Independent Director
Mrs. Dimple Sanghi	Additional Director (w.e.f. March 1, 2014)

## CHIEF FINANCIAL CONTROLLER AND COMPLIANCE OFFICER

Mr. Sanjay H. Shah

## COMPANY SECRETARY

Ms. Pooja Bhimjiyani

## INTERNAL AUDITOR

M/s. S.R. Divatia & Company,  
Chartered Accountants,  
Mumbai

## STATUTORY AUDITOR

M/s. Jogish Mehta & Co.  
Chartered Accountants,  
Mumbai

## BANKERS

Corporation Bank Ltd.  
Kotak Mahindra Bank Ltd.  
HDFC Bank Ltd.  
Indian Bank Ltd.  
ICICI Bank Ltd.  
State Bank of India  
Union Bank of India

## REGISTRAR & TRANSFER AGENTS

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai – 400 078

## REGISTERED OFFICE

702 'C', Morya House, Off New  
Link Road, Andheri (West),  
Mumbai 400 053

## WEBSITE

[www.treehouseplaygroup.net](http://www.treehouseplaygroup.net)

## BOARD COMMITTEES

### AUDIT COMMITTEE

1. Mr. Sanjaya Kulkarni  
(Chairman of the Committee)
2. Mr. Parantap Dave
3. Mr. Rajesh Bhatia

### REMUNERATION COMMITTEE

1. Mr. Sanjaya Kulkarni  
(Chairman of the Committee)
2. Mr. Parantap Dave
3. Mrs. Geeta Bhatia

### INVESTORS GRIEVANCE COMMITTEE

1. Mr. Parantap Dave  
(Chairman of the Committee)
2. Mr. Sanjaya Kulkarni
3. Mrs. Geeta Bhatia

### COMMITTEE OF BOARD

1. Mr. Sanjaya Kulkarni  
(Chairman of the Committee)
2. Mr. Parantap Dave
3. Mrs. Geeta Bhatia



## TREE HOUSE EDUCATION & ACCESSORIES LIMITED

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Email : [compliance@treehouseplaygroup.net](mailto:compliance@treehouseplaygroup.net)  
Website : [www.treehouseplaygroup.net](http://www.treehouseplaygroup.net)

