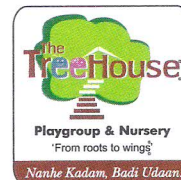


Tree House Education & Accessories Ltd.

Registered Office: 702, Morya House, 'C' Wing, Off. Link Road, Andheri (W), Mumbai - 400 053.
Tel.: 022 - 40492222 Fax : 022 - 40492207
CIN : L80101MH2006PLC163028



June 12, 2017

To, BSE Limited Phiroze Jeejeebhoy Tower Dalal Street, Fort Mumbai - 400 001	To, The National Stock Exchange of India Ltd. Bandra (East) Mumbai - 400 051	To, Metropolitan Stock Exchange of India Ltd. Exchange Square, CTS No. 25, Suren Road, Andheri (East), Mumbai - 400 093
--	---	---

Sub.: Submission of financial statements for the quarter and year ended March 31, 2017.

Ref.: Scrip Code: 533540 / Symbol: TREEHOUSE

Dear Sirs,

We would like to inform you that at the meeting of the Board of Directors of the company held on Monday, June 12, 2017, the board has considered and approved;

1. Consideration and adoption of audited Standalone and Consolidated financial statement for the quarter and financial year ended March 31, 2017.

The meeting of the Board of Directors of the Company commenced at 5 p.m. and concluded at 10.50 p.m.

We request you to kindly take the above information on record.

Thanking you.

Yours truly,

For **Tree House Education & Accessories Limited**


Rajesh Bhatia
Managing Director
Encl: as above





AGARWAL & ASSOCIATES

Chartered Accountants
KOLKATA, MUMBAI

Office No. ~~75A~~, Ground Floor
Citi Mall, New Link Road
Andheri (W), Mumbai-400053
Mobile : 9831579045
E-mail : agarwals.associates@gmail.com

**INDEPENDENT AUDITOR'S REPORT
TO The BOARD OF DIRECTORS OF
TREE HOUSE EDUCATION & ACCESSORIES LIMITED**

1. We have audited the accompanying statement of Standalone Audited Financial Results of **Tree House Education & Accessories Ltd** (the "Company") for the year ended 31st March, 2017 (the "Statement") being submitted by the company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/ CFD/FAC/62/2016 dated July 5, 2016 issued by SEBI.

This Statement, which is the responsibility of the company's management and approved by the Board of Directors, has been compiled from the related standalone Ind AS financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS') and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone financial statements.

2. 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 the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the statement, 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 statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

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





AGARWAL & ASSOCIATES

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KOLKATA, MUMBAI

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3. Basis of Adverse Opinion:

- I. *The company has defaulted in repayment of loans availed from financial institutions due to which these borrowings have been classified as short term borrowings. The amount payable to financial institutions is Rs7260 lacs.*
- II. *The company has discontinued most of the centers operated by the company and have converted some of them into franchisee, The company has not passed any adjustment entries/ impairment loss for the Fixed Assets including Furniture & fixtures, Teaching Equipment's and leasehold improvements for most of the centers discontinued/ closed/ converted into franchisee during the year.*

The management has informed us that the recoverable amount of these assets within the meaning of Indian Accounting Standards (IND AS) -36 is more than the carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency and the uncertainty of resumption of future operation/ results of future operations thereof. We are unable to comment on the carrying value of these assets.

- III. *No revenue is received from school management services rendered to K-12 schools from last 2 quarters and the invoices raised in the first 2 quarters have also not been acknowledged by the other party creating dispute over its realization.*
In our opinion, since there is no probable certainty of revenue from the cash generating unit, the carrying amount shown under "Business Commercial Rights (BCR) under Intangible assets needs to be impaired and impairment test is required as per Indian Accounting Standard (IND-AS)-36 and impairment loss needs to be recognized.

Management has informed us that the recoverable amount of these Intangible Assets within the meaning of Indian Accounting Standards (IND AS) -36 is more than the carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency and the uncertainty of resumption of future operation/ results of future operations thereof. We are unable to comment on the carrying value of these assets.

- IV. *In respect to various deposits given to Educational trust amounting to Rs 18889 lacs, the balance lying in the company's books could not be verified in absence of confirmations received from the trust.*

Further the management has informed that the carrying amount of these deposits classified as financial assets have not been accounted at fair value as required within the meaning of Indian Accounting Standard (Ind AS)109. In view of the management the carrying amount of these assets is the fair value and no amount needs to be recognized as loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency. We are neither able to comment on the carrying value of these assets nor we are able to ascertain the impact of not valuing these deposits at fair value in the attached financial results.





AGARWAL & ASSOCIATES

Chartered Accountants
KOLKATA, MUMBAI

Office No. ~~754~~ Ground Floor
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- V. *In respect to Receivables amounting to Rs. 2877 lacs due from Educational trust, the deliverables and receipts are outstanding for a long time. Absence of recoveries from these parties since long indicates the existences of material uncertainty that may cast doubt on the recoverability of these receivables. However, in view of management no provision is required as such balances are good and recoverable.*
- VI. *The carrying value of lease deposits with landlords amounting to Rs 1473 lacs is related to closed/ discontinued centers and administrative office. We are of the opinion that the recoverable amount is much lower than the carrying value of these lease deposits and impairment test needs to be carried out.*
- VII. *The Loans & Advances and Receivables which have been classified as Financial Assets in compliance to Ind AS, have been recognized at their carrying amount and not at fair value. In view of the management the carrying amount of these assets is the fair value and no amount needs to be recognized as loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency. We are unable to comment on the carrying value of these assets as the same is not in conformity to Ind AS.*
- VIII. *The policies, procedures and overall internal controls needs to be strengthen in order to provide proper evidences regarding recoverability of receivables, valuations of financial assets including deposits, write off of fixed assets including impairments and accounting for direct & indirect taxes including other statutory compliances and timely and proper recording of capital and revenue transactions. We are unable to ascertain its impact, if any on the statement in respect of the above matters.*
- IX. *The company has neither carried out the fair valuations of assets classified as financial assets and financial liabilities including ESOP'S, nor it has carried out the impairment testing for intangible assets (Goodwill & Brands) wherever required and stated above in compliance to Indian Accounting Standards issued under Companies (Indian Accounting standards) Rules 2015. Therefore, the possible impact of the same on the profit & loss and retained earnings, if any, cannot be ascertained.*
- X. *Confirmation letters have been sent by the company to Sundry Creditors and parties to whom Loans and Advances have been granted for confirming the balances lying in their ledger accounts in books of the company. In view of confirmations have been received from only few of the parties, the balances under these heads have been shown as per books of accounts and are subject to reconciliation and adjustment, if any.*
- XI. *Some landlords, creditors as well as statutory authorities have initiated legal proceedings against the company, which may result in compensation, interest and penalties. The possible impact of the same on financial results cannot be ascertained, pending such outcome.*





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4. Adverse Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of matters described in the basis of Adverse Opinion paragraph above the statement:*

- (a) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016 issued by SEBI.
- (b) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net loss, total comprehensive Income and other financial information of the company for the year ended 31st March, 2017.

The Statement includes the results for the quarter ended 31st March, 2017, being the balancing figures between audited figures in respect of the full financial year and published year to date figures up to the third quarter of the relevant financial year.

For **Agarwal & Associates**

Chartered Accountants

(Firm Registration No. 323210E)

Naresh Agarwal

Naresh Agarwal

(Partner)

(Membership No. 063049)



Place: Mumbai

Date: 12th June, 2017

Tree House Education & Accessories Limited
 Regd. Office: 702, C Wing Morya House, Off New Link Road,
 Near Infinity Mall, Andheri (W), Mumbai - 400 053
 CIN No. L80101MH2006PLC163028

Statement of Audited Standalone financials results for the quarter and year ended March 31, 2017

Particulars	Quarter ended			Year ended	
	Mar 31, 2017#	Dec 31, 2016#	Mar 31, 2016	Mar 31, 2017	Mar 31, 2016
	Audited*	Unaudited*	Audited*	Audited*	Audited*
1) Revenue from Operations	833	1,274	2,727	5,927	20,933
Other Income	314	9	123	372	1,009
Total Income	1,147	1,283	2,850	6,299	21,942
2) Expenses					
Operating cost	191	830	1,948	3,498	6,187
Employee benefits expense	123	154	842	1,305	3,054
Financial Costs	297	225	345	1,075	1,672
Depreciation, amortisation and Impairment	1,226	1,138	1,325	4,992	4,464
Other expenses	455	30	3,262	3,160	5,072
Total expenses	2,292	2,377	7,722	14,030	20,449
3) Profit before exceptional items, and tax (1-2)	(1,145)	(1,094)	(4,872)	(7,731)	1,493
4) Exceptional items	(2,531)	(2,219)	450	(8,795)	128
5) Profit before tax (3+4)	(3,676)	(3,313)	(4,422)	(16,526)	1,621
6) Tax expenses	7		(1,429)	(232)	926
7) Profit for the period / year (5-6)	(3,683)	(3,313)	(2,993)	(16,294)	695
8) Other Comprehensive Income					
i. Items that will not be reclassified to profit or loss-Actuarial (Loss)/Gain	63	-	22	63	22
ii. Income tax relating to items that will not be reclassified to profit or loss	-	-	(7)	-	(7)
Other Comprehensive Income	63	-	15	63	15
9) Total Comprehensive income (7+8)	(3,620)	(3,313)	(2,978)	(16,231)	710
10) Paid up equity share capital (face value Rs.10 per share)	4,231	4,231	4,231	4,231	4,231
11) Reserves excluding revaluation reserves				45,081	61,312
12) Earnings per share					
Basic	(8.70)	(7.83)	(7.07)	(38.51)	1.64
Diluted	(8.70)	(7.83)	(7.07)	(38.51)	1.64

* The financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company adopted Ind AS from 1st April, 2016, and accordingly, these financial results (including for all the periods presented in accordance with Ind AS 101 - First-time adoption of Indian Accounting Standards have been prepared in accordance with the recognition and measurement, principles provided under Ind AS 34 - Interim Financial reporting as prescribed under section 133 of the Companies act, 2013 read with the Rules thereunder and the other accounting principles generally accepted in India.

The figures for the three months ended 31st March, 2017 and corresponding three months ended 31st March, 2016 are the balancing figures between the audited figures in respect of the full financial year and the year to date figures upto the third quarter of the respective financial year.



Notes:

- 1 The audited financial results were reviewed by audit committee and approved at the meeting of Board of Directors of the Company held on 12th June, 2017.
- 2 The Company during the quarter ended 31st March, 2017 has converted 140 No's Preschool Centres into franchisee centres and has shut 222 No's centres. The Company is trying to convert the remaining centres into franchisee centres.
- 3 Exceptional Items include Capital Work in progress of Rs.891/- Lakhs written off due to closure of centres. Furniture & Fixtures and Lease hold improvements amounting to Rs.7759/- Lakhs written off towards some of the centres closed and Rs.145/- Lakhs towards lease rent deposit for closed centres.
- 4 As the business activity of the Company falls within a single primary business segment viz. "Educational Services", the disclosure requirements of Indian Accounting Standard (Ind AS-108) "Segment Reporting" is not applicable.
- 5 Previous period / year figures have been regrouped / rearranged wherever necessary to conform with the current period / year presentation.
- 6 Disclosures of Standalone Assets and Liabilities as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 for the year ended 31st March, 2017.

Particulars	(Rs. in lacs)	
	As at	
	March 31, 2017 (Audited)	March 31, 2016 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	22,433	34,786
Capital work-in-progress	-	358
Investment Properties	9,175	9,258
Goodwill	106	106
Intangible assets	1,990	2,325
Intangible assets under development	-	109
Financial assets:		
- Investments	1,098	1,098
- Loans	553	553
- Other financial assets	19,042	21,238
Other Non Current Assets	-	781
Total Non Current Assets	54,397	70,612
Current assets		
Inventories	281	433
Financial assets:		
- Trade receivables	2,946	5,711
- Cash and cash equivalents	16	819
- Bank Balances other than Cash and cash equivalents	77	1,393
- Loans	156	297
- Other financial assets	1,925	4
Other Current Assets	302	176
Total current assets	5,703	8,833
Total Assets	60,100	79,445
EQUITY AND LIABILITIES		
Equity		
Equity Share capital	4,231	4,231
Other equity	45,081	61,312
Total equity	49,312	65,543
Liabilities		
Non-current liabilities		
Financial liabilities:		
- Borrowings	-	5,318
Provisions	17	73
Deferred tax liabilities (Net)	(0)	242
Total non-current liabilities	17	5,633
Current liabilities		
Financial liabilities:		
- Borrowings	7,673	4,574
- Trade payables	2,152	2,011
- Other Financial Liabilities	107	32
Provisions	177	18
Other current liabilities	662	1,634
Total current liabilities	10,771	8,269
Total Liabilities	10,788	13,902
Total equity and liabilities	60,100	79,445



Notes (contd):

7 The statement has been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) prescribed under section 133 of the Companies Act, 2013 and other recognised accounting practices and policies, to the extent applicable. Beginning F.Y. 2016-17, the Company has for the first time adopted Ind-AS together with Ind-AS Compliant Comparatives for F.Y.2015-16. Accordingly figures for Previous Year/ Period are recasted/ regrouped as per new requirements wherever necessary.

8 As required by paragraph 32 of Ind-AS 101, net profit reconciliation is as under:

(Rs. In Lacs)

Particulars	Notes	Quarter ended	Year ended
		31/3/2016	31/3/2016
		(Unaudited)	(Audited)
Net Profit as per Previous Indian GAAP		(3,010)	677
Ind AS Adjustments :			
Reversal of Amortisation of Goodwill	10.2	20	20
Remeasurement of Post Employment Benefits/ Obligation	10.5	(22)	(22)
Effect of Deferred Tax	10.7	20	20
Total		18	18
Net Profit after Tax as per Ind AS		(2,992)	695
Other Comprehensive Income, net of tax	10.6	15	15
Total Comprehensive Income		(2,978)	709

9 As required by paragraph 32 of Ind-AS 101, Equity reconciliation is as under:

(Rs. In Lacs)

Particulars	Notes	Year ended
		31/3/2016
		(Audited)
Equity as per Previous Indian GAAP		61,239
Ind AS Adjustments :		
Reversal of Amortisation of Goodwill	10.2	39
Reversal to Rent equalisation reserve	10.3	52
Effect of Deferred Tax	10.7	(17)
Total		74
Equity as per Ind AS		61,312

10 FIRST-TIME ADOPTION OF Ind AS

The following explains the material adjustments made while transition from previous accounting standards to IND AS:

10.1 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of Rs. 846.21 Lakhs as at 1st April, 2015 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased by an equivalent amount.

10.2 Amortisation of Goodwill

Under the previous GAAP, goodwill acquired by the company was amortised @10% amortisation rate on a straight line method basis.

Under Ind AS 38, goodwill arising on business combinations can not be amortised and is only to be tested for impairment.

Accordingly the amortisation amount of Rs. 39.04 lakhs for financial year 31st March 2015, and 31st March 2016 is reversed with corresponding adjustment to retained earnings.

10.3 Rent Equalization

Under the previous GAAP, straight lining of lease payments under long term operating lease contracts is mandatory. However, under Ind AS, straight lining of lease payments are not required if the escalation in lease payments are made only to compensate the lessor for expected inflationary cost. Accordingly, the company assesses that the escalations in the lease payments over the period of lease is only to compensation the expected inflation and hence the impact of straight lining is reversed with corresponding impact in the retained earnings.

10.4 Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

10.5 Re-measurements of post employment benefit obligation

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these re measurements were forming part of the profit and loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by Rs. 21.51 lakhs There is no impact on the total equity as at 31st March, 2016.

10.6 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

10.7 Deferred Tax

Indian GAAP requires deferred tax accounting using the Income Statement approach, Which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. Accordingly the Company has identified such differences and were due to such differences deferred tax liability arising. It has been recognised by the company. However where due to such difference deferred tax asset arises, as a matter of prudence to the same has not been recognised by the company.

For and on behalf of the Board of Directors

Place: Mumbai
Date 12th June, 2017


Rajesh Bhatia
Managing Director



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ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Standalone Annual Audited Financial Results -




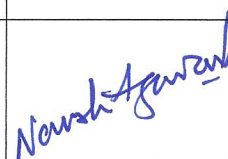
Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. N o.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	6299	6299
	2.	Total Expenditure	22825	22825
	3.	Net Profit/(Loss)	(16313)	(16313)
	4.	Earnings Per Share	(38.56)	(38.56)
	5.	Total Assets	60100	Not Quantifiable as Fair valuation not carried out
	6.	Total Liabilities	10789	Not Quantifiable as Fair valuation not carried out -
	7.	Net Worth	49312	-
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification (each audit qualification separately):			
	a.	Details of Audit Qualification: (Exhibit -1)		
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion: Adverse Opinion		
	c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing: First time		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		



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	(i) Management's estimation on the impact of audit qualification: (Exhibit-2)	
	(ii) If management is unable to estimate the impact, reasons for the same: (Exhibit-2)	
	(iii) Auditors' Comments on (i) or (ii) above: We stand by our opinion as stated in Exhibit -1 as Impact of Audit quantification not done by management.	
III.	Signatories:	
	• CEO/Managing Director	
	• CFO	
	• Audit Committee Chairman	
	• Statutory Auditor	
	Place: Mumbai	
	Date: June 12, 2017	

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EXHIBIT -1

- I. The company has defaulted in repayment of loans availed from financial institutions due to which these borrowings have been classified as short term borrowings. The amount payable to financial institutions is Rs7260 lacs.
- II. The company has discontinued most of the centers operated by the company and have converted some of them into franchisee, The company has not passed any adjustment entries/ impairment loss for the fixed assets including furniture and fixture, teaching equipment and lease hold improvements for most of the centers discontinued/ closed/ converted into franchisee during the year.

The management has informed us that the recoverable amount of these assets within the meaning of Indian Accounting Standards (IND AS) -36 is more than the carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency and the uncertainty of resumption of future operation/ results of future operations thereof. We are unable to comment on the carrying value of these assets.

- III. No revenue is received from school management services rendered to K-12 schools from last 2 quarters and the invoices raised in the first 2 quarters have also not been acknowledged by the other party creating dispute over its realization.

In our opinion, since there is no probable certainty of revenue from the cash generating unit, the carrying amount shown under "Business Commercial Rights (BCR) under Intangible assets needs to be impaired and impairment test is required as per Indian Accounting Standard (IND-AS)-36 and impairment loss needs to be recognized.

Management has informed us that the recoverable amount of these Intangible Assets within the meaning of Indian Accounting Standards (IND AS) -36 is more than the carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency and the uncertainty of resumption of future operation/ results of future operations thereof. We are unable to comment on the carrying value of these assets.

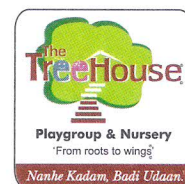
- IV. In respect to various deposits given to Educational trust amounting to Rs 18889 lacs, the balance lying in the company's books could not be verified in absence of confirmations received from the trust.

Further the management has informed that the carrying amount of these deposits classified as financial assets have not been accounted at fair value as required within the meaning of Indian Accounting Standard (Ind AS)109. In view of the management the carrying amount of these assets is the fair value and no amount needs to be recognized as loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency. We are neither able to comment on the carrying value of these assets nor we are able to ascertain the impact of not valuing these deposits at fair value in the attached financial results.



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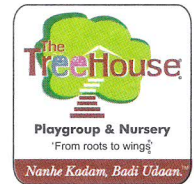


- V. In respect to Receivables amounting to Rs. 2877 lacs due from Educational trust, the deliverables and receipts are outstanding for a long time. Absence of recoveries from these parties since long indicates the existences of material uncertainty that may cast doubt on the recoverability of these receivables. However, in view of management no provision is required as such balances are good and recoverable.
- VI. The carrying value of lease deposits with landlords amounting to Rs 1473 lacs is related to closed/ discontinued centers and administrative office. We are of the opinion that the recoverable amount is much lower than the carrying value of these lease deposits and impairment test needs to be carried out.
- VII. The Loans & Advances and Receivables which have been classified as Financial Assets in compliance to Ind AS, have been recognized at their carrying amount and not at fair value. In view of the management the carrying amount of these assets is the fair value and no amount needs to be recognized as loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency. We are unable to comment on the carrying value of these assets as the same is not in conformity to Ind AS.
- VIII. The policies, procedures and overall internal controls needs to be strengthen in order to provide proper evidences regarding recoverability of receivables, valuations of financial assets including deposits, write off of fixed assets including impairments and accounting for direct & indirect taxes including other statutory compliances and timely and proper recording of capital and revenue transactions. We are unable to ascertain its impact, if any on the statement in respect of the above matters.
- IX. The company has neither carried out the fair valuations of assets classified as financial assets and financial liabilities including ESOP'S, nor it has carried out the impairment testing for intangible assets (Goodwill & Brands) wherever required and stated above in compliance to Indian Accounting Standards issued under Companies (Indian Accounting standards) Rules 2015. Therefore, the possible impact of the same on the profit & loss and retained earnings, if any, cannot be ascertained.
- X. Confirmation letters have been sent by the company to Sundry Creditors and parties to whom Loans and Advances have been granted for confirming the balances lying in their ledger accounts in books of the company. In view of confirmations having been received from only few of the parties, the balances under these heads have been shown as per books of accounts and are subject to reconciliation and adjustment, if any.
- XI. Some landlords, creditors as well as statutory authorities have initiated legal proceedings against the company, which may result in compensation, interest and penalties. The possible impact of the same on financial results cannot be ascertained, pending such outcome.



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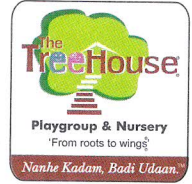
EXHBIT -2

- I. *Due to closer of play group centers, the company was facing acute cash shortage, due to which the company was not able to repay loans from financial institutions. The company is trying to pay outstanding amount to settle the dues with the financial institutions.*
- II. *During the year owing to exceptional year, and the very fact that the management of the company was for the major part of the year being handled by another group, who have chosen to discontinue the center. The company is trying to convert its centers to franchise centers, no impairment loss for the assets needs to be recognized for the year. The company is confident in earning future income out of the assets lying in closed centers.*
- III. *During the year due to lack of manpower the company was not able to provide school management services to K12 schools for last two quarters and thus no income was recognized for those quarters. The company has secured contract with all K12 schools and will resume its services shortly. As the contract is in force, impairment of Business Commercial Rights (BCR) was not carried out. We can not comment on other party's acknowledgement of invoices, as we do not have any control on trusts.*
- IV. *The deposits given to Educational trust amounting to Rs. 18889 lakhs was provided for development of schools. The amount is receivable from trusts and is verified with the trust from time to time. The transactions during the year were found reconciling with the trust accounts. As the deposits are fully recoverable in near term, fair valuation of deposits was not carried out.*
- V. *The company is receiving amounts due from two educational trust out of four education trusts*
- VI. *The company is trying to convert the centers to franchise centers and thus the lease deposits are being taken over by franchises by settling liabilities of the respective center. Lease deposits are thus fully recoverable and no impairment for the same was required to be carried out.*
- VII. *In view of lack of man power, fair valuation of financial assets could not be carried out and same is taken at carrying cost by the company.*
- VIII. *The internal controls are well in place and the company will continue to strengthen its internal controls as per the requirement and scale of business.*
- IX. *The company has transferred fund to meet its ESOP's requirements to Tree House Employee Welfare Trust. The ESOP is being managed by the trust and the company does not exercise any control. As and when the ESOP's are being exercised by the employee, the amount is transferred back to the company. Goodwill and Brands are owned by the company, and the company is able to convert its centers to franchise centers on the basis of goodwill it has created in the past. Due to lack of manpower intrinsic value of ESOP*



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could not be carried out. The company is of the view that no impairment loss towards ESOP, Goodwill and Brands is required to be recognized by the company.

- X. *The confirmations have all being sent to creditors and other parties. As no information/objections was received from them, the same is considered to be confirmed by the company.*
- XI. *As the matter is subjudice, we are unable to comment on the same.*





**INDEPENDENT AUDITOR'S REPORT
TO The BOARD OF DIRECTORS OF
TREE HOUSE EDUCATION & ACCESSORIES LIMITED**

1. We have audited the accompanying statement of Consolidated Financial Results of **Tree House Education & Accessories Ltd** (the "Parent") and its share of the profit of its joint ventures for the year ended 31st March, 2017 (the "Statement") being submitted by the Parent pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/ CFD/FAC/62/2016 dated July 5, 2016 issued by SEBI.

This Statement, which is the responsibility of the Parent's management and approved by the Board of Directors, has been compiled from the related standalone Ind AS financial statements which has been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder ('Ind AS') and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone financial statements.

2. 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 the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statement. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parent's preparation and fair presentation of the statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of the Parent's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 5 below is sufficient and appropriate to provide a basis for our audit opinion.





3. Basis of Adverse Opinion:

- I. *The company has defaulted in repayment of loans availed from financial institutions due to which these borrowings have been classified as short term borrowings. The amount payable to financial institutions is Rs7260 lacs.*
- II. *The company has discontinued most of the centers operated by the company and have converted some of them into franchisee, The company has not passed any adjustment entries/ impairment loss for the Fixed Assets including Furniture & fixtures, Teaching Equipment's and leasehold improvements for most of the centers discontinued/ closed/ converted into franchisee during the year.*

The management has informed us that the recoverable amount of these assets within the meaning of Indian Accounting Standards (IND AS) -36 is more than the carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency and the uncertainty of resumption of future operation/ results of future operations thereof. We are unable to comment on the carrying value of these assets.

- III. *No revenue is received from school management services rendered to K-12 schools from last 2 quarters and the invoices raised in the first 2 quarters have also not been acknowledged by the other party creating dispute over its realization.*

In our opinion, since there is no probable certainty of revenue from the cash generating unit, the carrying amount shown under "Business Commercial Rights (BCR) under Intangible assets needs to be impaired and impairment test is required as per Indian Accounting Standard (IND-AS)-36 and impairment loss needs to be recognized.

Management has informed us that the recoverable amount of these Intangible Assets within the meaning of Indian Accounting Standards (IND AS) -36 is more than the carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency and the uncertainty of resumption of future operation/ results of future operations thereof. We are unable to comment on the carrying value of these assets.

- IV. *In respect to various deposits given to Educational trust amounting to Rs 18889 lacs, the balance lying in the company's books could not be verified in absence of confirmations received from the trust.*

Further the management has informed that the carrying amount of these deposits classified as financial assets have not been accounted at fair value as required within the meaning of Indian Accounting Standard (Ind AS)109. In view of the management the carrying amount of these assets is the fair value and no amount needs to be recognized as loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency. We are neither able to comment on the carrying value of these assets nor we are able to ascertain the impact of not valuing these deposits at fair value in the attached financial results.





- V. *In respect to Receivables amounting to Rs 2877 lacs due from Educational trust, the deliverables and receipts are outstanding for a long time. Absence of recoveries from these parties since long indicates the existences of material uncertainty that may cast doubt on the recoverability of these receivables. However, in view of management no provision is required as such balances are good and recoverable.*
- VI. *The carrying value of lease deposits with landlords amounting to Rs 1473 lacs related to closed/discontinued centers and administrative office. We are of the opinion that the recoverable amount is much lower than the carrying value of these lease deposits and impairment test needs to be carried out.*
- VII. *The Loans & Advances and Receivables which have been classified as Financial Assets in compliance to Ind AS, have been recognized at their carrying amount and not at fair value. In view of the management the carrying amount of these assets is the fair value and no amount needs to be recognized as loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency. We are unable to comment on the carrying value of these assets as the same is not in conformity to Ind AS.*
- VIII. *The policies, procedures and overall internal controls needs to be strengthen in order to provide proper evidences regarding recoverability of receivables, valuations of financial assets including deposits, write off of fixed assets including impairments and accounting for direct & indirect taxes including other statutory compliances and timely and proper recording of capital and revenue transactions. We are unable to ascertain its impact, if any on the statement in respect of the above matters.*
- IX. *The company has neither carried out the fair valuations of assets classified as financial assets and financial liabilities including ESOP'S nor it has carried out the impairment testing for intangible assets (Goodwill & Brands) wherever required and stated above in compliance to Indian Accounting Standards issued under Companies (Indian Accounting standards) Rules 2015. Therefore, the possible impact of the same on the profit & loss and retained earnings, if any, cannot be ascertained.*
- X. *Confirmation letters have been sent by the company to Sundry Creditors and parties to whom Loans and Advances have been granted for confirming the balances lying in their ledger accounts in books of the company. In view of confirmations having been received from only few of the parties, the balances under these heads have been shown as per books of accounts and are subject to reconciliation and adjustment, if any.*
- XI. *Some landlords, creditors as well as statutory authorities have initiated legal proceedings against the company, which may result in compensation, interest and penalties. The possible impact of the same on financial results cannot be ascertained, pending such outcome.*





AGARWAL & ASSOCIATES

Chartered Accountants

KOLKATA, MUMBAI

Office No. ~~7~~ 54 Ground Floor
Citi Mall, New Link Road
Andheri (W), Mumbai-400053
Mobile : 9831579045

E-mail : agarwals.associates@gmail.com

4. Adverse Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the effect of matters described in the basis of Adverse Opinion paragraph above* and based on the consideration of the reports of the other auditors on the separate financial statements and the other financial information of the Group, and joint ventures referred to in paragraph 5 below, the Statement:

(a) Includes the results of the following entities :

- i) JT Infrastructure private Ltd
- ii) MT Infrastructure private Ltd

(b) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by Circular No. CIR/CFD/FAC/62/2016 dated July 5, 2016; and

(c) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards and other accounting principles generally accepted in India of the net loss, total comprehensive Income and other financial information of the company for the year ended 31st March, 2017.

5. We did not audit the financial statements of 2 Joint ventures included in the consolidated financial results, whose financial statements reflect total assets 2155 lacs as at March 2017, total revenues of Rs 5 lacs , total net loss after tax of 37.29 lacs and total comprehensive Income of Rs NIL for the year ended on that date, as considered in the consolidated financial results. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion of the consolidated financial results in so far as it relates to the amounts and disclosures included in respect of these joint ventures is solely based on the reports of the other auditors.

Our opinion on the statement is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

The Statement includes the results for the quarter ended 31st March, 2017, being the balancing figures between audited figures in respect of the full financial year and published year to date figures up to the third quarter of the relevant financial year.

For **Agarwal & Associates**

Chartered Accountants

(Firm Registration No. 323210E)

Naresh Agarwal

Naresh Agarwal

(Partner)

(Membership No. 063049)

Place: Mumbai

Date: 12th June, 2017



Tree House Education & Accessories Limited
Regd. Office: 702, C Wing Morya House, Off New Link Road,
Near Infinity Mall, Andheri (W), Mumbai - 400 053
CIN No. L80101MH2006PLC163028

Statement of Audited Consolidated financials results for the quarter and year ended March 31, 2017

(Rs. In Lacs)

Particulars	Year ended	
	Mar 31, 2017 Audited*	Mar 31, 2016 Audited*
1) Revenue from Operations	5,927	20,933
Other Income	372	1,009
Total Income	6,299	21,942
2) Expenses		
Operating cost	3,498	6,187
Employee benefits expense	1,305	3,054
Financial Costs	1,075	1,672
Depreciation, amortisation and Impairment	4,992	4,464
Other expenses	3,160	5,072
Total expenses	14,030	20,449
3) Profit before exceptional items, and tax (1-2)	(7,731)	1,493
share of net profit/(loss) of associates and joint ventures accounted for using the equity method	(19)	(20)
4) Exceptional items	(8,795)	128
5) Profit before tax (3+4)	(16,545)	1,601
6) Tax expenses	(232)	926
7) Profit for the period / year (6-7)	(16,313)	675
8) Other Comprehensive Income		
i. Items that will not be reclassified to profit or loss-Actuarial (Loss)/Gain	63	22
ii. Income tax relating to items that will not be reclassified to profit or loss	-	(7)
Other Comprehensive Income	63	15
9) Total Comprehensive Income (8+9)	(16,250)	690
10) Paid up equity share capital (face value Rs.10 per share)	4,231	4,231
11) Reserves excluding revaluation reserves	45,042	61,239
12) Earnings per share		
Basic	(38.56)	1.60
Diluted	(38.56)	1.60

* The financial results of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016. The Company adopted Ind AS from 1st April, 2016, and accordingly, these financial results (including for all the periods presented in accordance with Ind AS 101 - First-time adoption of Indian Accounting Standards) have been prepared in accordance with the recognition and measurement, principles provided under Ind AS 34 - Interim Financial reporting as prescribed under section 133 of the Companies act, 2013 read with the Rules thereunder and the other accounting principles generally accepted in India.

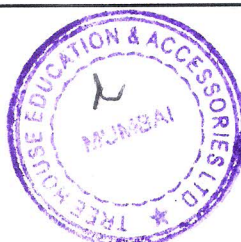
* The Consolidated financial statements have been prepared as per Para 19A of Indian Accounting Standard (Ind AS-28) Investments in Associates and Joint Ventures.



Notes:

- 1 The audited financial results were reviewed by audit committee and approved at the meeting of Board of Directors of the Company held on 12th June, 2017.
- 2 The Company during the quarter ended 31st March, 2017 has converted 140 No's Preschool Centres into franchisee centres and has shut 222 No's centres. The Company is trying to convert the remaining centres into franchisee centres.
- 3 Exceptional Items include Capital Work in progress of Rs.891/- Lakhs written off due to closure of centres. Furniture & Fixtures and Lease hold improvements amounting to Rs.7759/- Lakhs written off towards some of the centres closed and Rs.145/- Lakhs towards lease rent deposit for closed centres.
- 4 As the business activity of the Company falls within a single primary business segment viz. "Educational Services", the disclosure requirements of Indian Accounting Standard (Ind AS-108) "Segment Reporting" is not applicable.
- 5 Previous period / year figures have been regrouped / rearranged wherever necessary to conform with the current period / year presentation.
- 6 Disclosures of Consolidated Assets and Liabilities as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 for the year ended 31st March, 2017.

Particulars	(Rs. in lacs)	
	As at	
	March 31, 2017 (Audited)	March 31, 2016 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	22,433	34,786
Capital work-in-progress	-	358
Investment Properties	9,175	9,258
Goodwill	106	106
Intangible assets	1,990	2,325
Intangible assets under development	-	109
Investments Accounted for using the equity method	1,060	1,078
Financial assets:		
- Investments	-	-
- Loans	553	553
- Other financial assets	19,042	21,238
Other Non Current Assets	-	782
Total Non Current Assets	54,359	70,593
Current assets		
Inventories	281	433
Financial assets:		
- Trade receivables	2,946	5,711
- Cash and cash equivalents	16	819
- Bank Balances other than Cash and cash equivalents	77	1,393
- Loans	156	297
- Other financial assets	1,925	4
Other Current Assets	302	176
Total current assets	5,703	8,833
Total Assets	60,062	79,426
EQUITY AND LIABILITIES		
Equity		
Equity Share capital	4,231	4,231
Other equity	45,042	61,293
Total equity	49,273	65,524
Liabilities		
Non-current liabilities		
Financial liabilities:		
- Borrowings	-	5,318
Provisions	17	73
Deferred tax liabilities (Net)	(0)	242
Total non-current liabilities	17	5,634
Current liabilities		
Financial liabilities:		
- Borrowings	7,673	4,574
- Trade payables	2,153	2,011
- Other Financial Liabilities	107	32
Provisions	177	18
Other current liabilities	662	1,634
Total current liabilities	10,772	8,269
Total Liabilities	10,789	13,902
Total equity and liabilities	60,062	79,426



8 As required by paragraph 32 of Ind-AS 101, net profit reconciliation is as under:

Particulars	Notes	(Rs. In Lacs)
		Year ended 31/3/2016 (Audited)
Net Profit as per Previous Indian GAAP		657
Ind AS Adjustments :		
Reversal of Amortisation of Goodwill	10.2	20
Remeasurement of Post Employment Benefits/ Obligation	10.5	(22)
Effect of Deferred Tax	10.7	20
Total		18
Net Profit after Tax as per Ind AS		675
Other Comprehensive Income, net of tax	10.6	15
Total Comprehensive Income		690

9 As required by paragraph 32 of Ind-AS 101, Equity reconciliation is as under:

Particulars	Notes	(Rs. In Lacs)
		Year ended 31/3/2016 (Audited)
Equity as per Previous Indian GAAP		61,239
Ind AS Adjustments :		
Reversal of Amortisation of Goodwill	10.2	39
Reversal to Rent equalisation reserve	10.3	52
Effect of Deferred Tax	10.7	(17)
Total		74
Equity as per Ind As		61,312

10 FIRST-TIME ADOPTION OF Ind AS

The following explains the material adjustments made while transition from previous accounting standards to IND AS:

10.1 Proposed dividend

Under the previous GAAP, dividends proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as adjusting events and accordingly, provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for proposed dividend of Rs. 846.21 Lakhs as at 1st April, 2015 included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has been increased by an equivalent amount.

10.2 Amortisation of Goodwill

Under the previous GAAP, goodwill acquired by the company was amortised @10% amortisation rate on a straight line method basis.

Under Ind AS 38, goodwill arising on business combinations can not be amortised and is only to be tested for impairment.

Accordingly the amortisation amount of Rs. 39.04 lakhs for financial year 31st March 2015, and 31st March 2016 is reversed with corresponding adjustment to retained earnings.

10.3 Rent Equalization

Under the previous GAAP, straight lining of lease payments under long term operating lease contracts is mandatory. However, under Ind AS, straight lining of lease payments are not required if the escalation in lease payments are made only to compensate the lessor for expected inflationary cost. Accordingly, the company assesses that the escalations in the lease payments over the period of lease is only to compensation the expected inflation and hence the impact of straight lining is reversed with corresponding impact in the retained earnings.

10.4 Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

10.5 Re-measurements of post employment benefit obligation

Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit and loss. Under the previous GAAP, these re measurements were forming part of the profit and loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by Rs. 21.51 lakhs There is no impact on the total equity as at 31st March, 2016.

10.6 Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

10.7 Deferred Tax

Indian GAAP requires deferred tax accounting using the Income Statement approach, Which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. Accordingly the Company has identified such differences and were due to such differences deferred tax liability arising. It has been recognised by the company. However where due to such difference deferred tax asset arises, as a matter of prudence to the same has not been recognised by the company.

Place: Mumbai
Date 12th June, 2017



For and on behalf of the Board of Directors

Rajesh Bhatia
Rajesh Bhatia
Managing Director

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ANNEXURE I

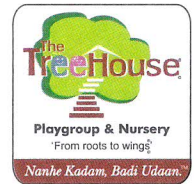
Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Consolidated Annual Audited Financial Results -

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2017 (Consolidated) [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	6299	6299
	2.	Total Expenditure	22825	22825
	3.	Net Profit/(Loss)	(16313)	(16313)
	4.	Earnings Per Share	(38.56)	(38.56)
	5.	Total Assets	60062	Not Quantifiable as Fair valuation not carried out
	6.	Total Liabilities	10789	Not Quantifiable as Fair valuation not carried out -
	7.	Net Worth	49273	-
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
II.	Audit Qualification (each audit qualification separately):			
	a.	Details of Audit Qualification: (Exhibit -1)		
	b.	Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion: Adverse Opinion		
	c.	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing: First time		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification: (Exhibit-2)		



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	(ii) If management is unable to estimate the impact, reasons for the same: (Exhibit-2)	
	(iii) Auditors' Comments on (i) or (ii) above: We stand by our opinion as stated in Exhibit -1 as Impact of Audit quantification not done by management.	
III.	Signatories:	
	• CEO/Managing Director	
	• CFO	
	• Audit Committee Chairman	
	• Statutory Auditor	
	Place: Mumbai	
	Date: June 12, 2017	

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EXHIBIT -1

- I. The company has defaulted in repayment of loans availed from financial institutions due to which these borrowings have been classified as short term borrowings. The amount payable to financial institutions is Rs7260 lacs.
- II. The company has discontinued most of the centers operated by the company and have converted some of them into franchisee, The company has not passed any adjustment entries/ impairment loss for the fixed assets including furniture and fixture, teaching equipment and lease hold improvements for most of the centers discontinued/ closed/ converted into franchisee during the year.

The management has informed us that the recoverable amount of these assets within the meaning of Indian Accounting Standards (IND AS) -36 is more than the carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency and the uncertainty of resumption of future operation/ results of future operations thereof. We are unable to comment on the carrying value of these assets.

- III. No revenue is received from school management services rendered to K-12 schools from last 2 quarters and the invoices raised in the first 2 quarters have also not been acknowledged by the other party creating dispute over its realization.

In our opinion, since there is no probable certainty of revenue from the cash generating unit, the carrying amount shown under "Business Commercial Rights (BCR) under Intangible assets needs to be impaired and impairment test is required as per Indian Accounting Standard (IND-AS)-36 and impairment loss needs to be recognized.

Management has informed us that the recoverable amount of these Intangible Assets within the meaning of Indian Accounting Standards (IND AS) -36 is more than the carrying value and as such no amount needs to be recognized in the financial statements for impairment loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency and the uncertainty of resumption of future operation/ results of future operations thereof. We are unable to comment on the carrying value of these assets.

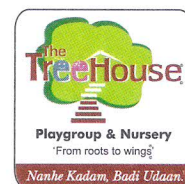
- IV. In respect to various deposits given to Educational trust amounting to Rs 18889 lacs, the balance lying in the company's books could not be verified in absence of confirmations received from the trust.

Further the management has informed that the carrying amount of these deposits classified as financial assets have not been accounted at fair value as required within the meaning of Indian Accounting Standard (Ind AS)109. In view of the management the carrying amount of these assets is the fair value and no amount needs to be recognized as loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency. We are neither able to comment on the carrying value of these assets nor we are able to ascertain the impact of not valuing these deposits at fair value in the attached financial results.



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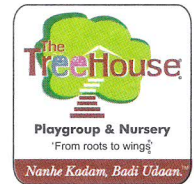


- V. In respect to Receivables amounting to Rs. 2877 lacs due from Educational trust, the deliverables and receipts are outstanding for a long time. Absence of recoveries from these parties since long indicates the existences of material uncertainty that may cast doubt on the recoverability of these receivables. However, in view of management no provision is required as such balances are good and recoverable.
- VI. The carrying value of lease deposits with landlords amounting to Rs 1473 lacs is related to closed/ discontinued centers and administrative office. We are of the opinion that the recoverable amount is much lower than the carrying value of these lease deposits and impairment test needs to be carried out.
- VII. The Loans & Advances and Receivables which have been classified as Financial Assets in compliance to Ind AS, have been recognized at their carrying amount and not at fair value. In view of the management the carrying amount of these assets is the fair value and no amount needs to be recognized as loss. We have not been able to validate this assertion in the absence of internal exercise or external valuation report of an independent agency. We are unable to comment on the carrying value of these assets as the same is not in conformity to Ind AS.
- VIII. The policies, procedures and overall internal controls needs to be strengthen in order to provide proper evidences regarding recoverability of receivables, valuations of financial assets including deposits, write off of fixed assets including impairments and accounting for direct & indirect taxes including other statutory compliances and timely and proper recording of capital and revenue transactions. We are unable to ascertain its impact, if any on the statement in respect of the above matters.
- IX. The company has neither carried out the fair valuations of assets classified as financial assets and financial liabilities including ESOP'S, nor it has carried out the impairment testing for intangible assets (Goodwill & Brands) wherever required and stated above in compliance to Indian Accounting Standards issued under Companies (Indian Accounting standards) Rules 2015. Therefore, the possible impact of the same on the profit & loss and retained earnings, if any, cannot be ascertained.
- X. Confirmation letters have been sent by the company to Sundry Creditors and parties to whom Loans and Advances have been granted for confirming the balances lying in their ledger accounts in books of the company. In view of confirmations having been received from only few of the parties, the balances under these heads have been shown as per books of accounts and are subject to reconciliation and adjustment, if any.
- XI. Some landlords, creditors as well as statutory authorities have initiated legal proceedings against the company, which may result in compensation, interest and penalties. The possible impact of the same on financial results cannot be ascertained, pending such outcome.



Tree House Education & Accessories Ltd.

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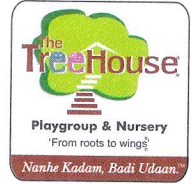
EXHBIT -2

- I. *Due to closer of play group centers, the company was facing acute cash shortage, due to which the company was not able to repay loans from financial institutions. The company is trying to pay outstanding amount to settle the dues with the financial institutions.*
- II. *During the year owing to exceptional year, and the very fact that the management of the company was for the major part of the year being handled by another group, who have chosen to discontinue the center. The company is trying to convert its centers to franchise centers, no impairment loss for the assets needs to be recognized for the year. The company is confident in earning future income out of the assets lying in closed centers.*
- III. *During the year due to lack of manpower the company was not able to provide school management services to K12 schools for last two quarters and thus no income was recognized for those quarters. The company has secured contract with all K12 schools and will resume its services shortly. As the contract is in force, impairment of Business Commercial Rights (BCR) was not carried out. We can not comment on other party's acknowledgement of invoices, as we do not have any control on trusts.*
- IV. *The deposits given to Educational trust amounting to Rs. 18889 lakhs was provided for development of schools. The amount is receivable from trusts and is verified with the trust from time to time. The transactions during the year were found reconciling with the trust accounts. As the deposits are fully recoverable in near term, fair valuation of deposits was not carried out.*
- V. *The company is receiving amounts due from two educational trust out of four education trusts*
- VI. *The company is trying to convert the centers to franchise centers and thus the lease deposits are being taken over by franchises by settling liabilities of the respective center. Lease deposits are thus fully recoverable and no impairment for the same was required to be carried out.*
- VII. *In view of lack of man power, fair valuation of financial assets could not be carried out and same is taken at carrying cost by the company.*
- VIII. *The internal controls are well in place and the company will continue to strengthen its internal controls as per the requirement and scale of business.*
- IX. *The company has transferred fund to meet its ESOP's requirements to Tree House Employee Welfare Trust. The ESOP is being managed by the trust and the company does not exercise any control. As and when the ESOP's are being exercised by the employee, the amount is transferred back to the company. Goodwill and Brands are owned by the company, and the company is able to convert its centers to franchise centers on the basis of goodwill it has created in the past. Due to lack of manpower intrinsic value of ESOP*



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could not be carried out. The company is of the view that no impairment loss towards ESOP, Goodwill and Brands is required to be recognized by the company.

- X. *The confirmations have all being sent to creditors and other parties. As no information/objections was received from them, the same is considered to be confirmed by the company.*
- XI. *As the matter is subjudice, we are unable to comment on the same.*

