

Auditors' Report

To,

The Members of Tree House Education and Accessories Private Limited

1. We have audited the attached Balance Sheet of Tree House Education and Accessories Private Limited, (the 'Company') as at March 31, 2010, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to above, 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 purposes 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 and proper returns adequate for the purposes of our audit have been received from the branch not visited by us. The Branch Auditor's Report has been forwarded to us and have been appropriately dealt with;
 - c. The financial statements dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
 - d. On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;



e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act and the Rules framed there under and 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, in the case of:

- i) the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
- ii) the Profit and Loss Account, of the profit for the year ended on that date; and
- iii) the Cash Flow Statement, of the cash flows for the year ended on that date

For Walker, Chandio & Co

Chartered Accountants

Firm Registration No. 001076N

per **Amayn Jassani**

Partner

Membership No. F-46447

Mumbai

September 29, 2010



For Jogish Mehta & Co.

Chartered Accountants

Firm Registration No. 104326W

per **Jogish N. Mehta**

Proprietor

Membership No. F-38974

Mumbai

September 29, 2010



Annexure to the Auditors' Report of even date to the members of Tree House Education and Accessories Private Limited, on the financial statements for the year ended March 31,2010.

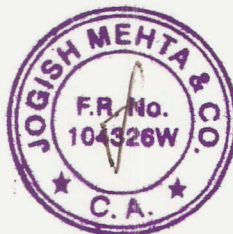
Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (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 (d) of the Order are not applicable.
- (e) The Company had taken interest free loans from two persons covered in the register maintained under section 301 of the Act. The maximum amount outstanding during the year was Rs. 351,569 and the year-end balance was Rs. 351,569
- (f) The interest free loans are repayable on demand. In our opinion, other terms and conditions on which such loans have been obtained are prima facie not prejudicial to the interest of the Company.
- (g) In respect of interest free loans taken, repayment of the principal amount is as stipulated.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventories and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal controls in respect of these areas.
- (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.



Annexure to the Auditors' Report of even date to the members of Tree House Education and Accessories Private Limited, on the financial statements for the year ended March 31,2010.

- (b) There are no transactions in pursuance of contracts or arrangements entered in the registered maintained under section 301 of the Act during the year aggregating to rupees five lakhs or more in respect of any party.
- (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, the Company has an internal audit system commensurate with its size and the nature of its business.
- (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 the services rendered by the Company. 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, custom duty, excise duty, cess and other material statutory dues, as applicable, have been regularly deposited with the appropriate authorities, except for income-tax, *where significant delays have been observed in large number of 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, service tax, customs duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company has been registered for a period of less than five years. Accordingly, the provisions of clause 4(x) of the Order are not applicable.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to a bank 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) In our opinion, the Company is not a chit fund or a nidhil mutual benefit fundi society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prejudicial to the interest of the Company.



Annexure to the Auditors' Report of even date to the members of Tree House Education and Accessories Private Limited, on the financial statements for the year ended March 31, 2010.

- (xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (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 public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For Walker, Chandiok & Co

Chartered Accountants
Firm Registration No. 001076N

per **Amy N. Jassani**

Partner

Membership No. F-4644 7

Mumbai

September 29, 2010



For Jogish Mehta & Co.

Chartered Accountants
Firm Registration No. 104326W

per **Jogish N. Mehta**

Proprietor

Membership No. F-38974

Mumbai

September 29, 2010



DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the 04th Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your Company for the financial year ended, 31st March, 2010. The summarized financial results for the year ended 31st March, 2010 are as under:

FINANCIAL RESULTS

Particular	2009-2010	2008-2009
	Amount in Rs.	Amount in Rs.
Gross Income	21,87,05,810	10,64,85,594
Profit before Depreciation & Tax	6,93,92,701	2,40,20,668
Depreciation	2,92,67,220	1,87,48,871
Net Profit / (Loss) Before Tax	4,01,25,481	52,71,797
Provision for Tax	1,41,34,317	2,15,933
Profit / (Loss) after Tax	2,59,91,164	50,55,864
Prior Period adjustment	---	70,84,325
Profit / (Loss) after tax & prior period adjustment	2,59,91,167	(20,28,461)
Surplus / (deficit) from previous year	(16,78,740)	3,49,721

REVIEW OF OPERATION

During the year under review, the Company has earned gross income of Rs. 2187.06 Lacs as compared to Rs. 1064.85 Lacs earned during the previous year.. The net profit for the year under review has been Rs. 259.91 Lacs as against Rs.50.55 Lacs during the previous financial year. Your Directors are continuously looking for avenues for future growth of the Company in education industry and geared up to grab the business opportunities available in India.

CORPORATE GOVERNANCE

The requirements relating to Corporate Governance issued by SEBI are not applicable as your Company is Private Limited.

SHARE CAPITAL

During the year under review, the Company has increased its Authorised Share Capital from Rs. 16,00,00,000/- (Rupees Sixteen Crores Only) divided into 1,60,00,000 (One Crore Sixty Lacs) Equity Shares of Rs. 10/- each to Rs. 20,00,00,000/- (Rupees Twenty Crores Only) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs. 10/- each. The paid up capital of the company

was also increased by allotment 15,83,333 Series A Equity Shares of Rs. 101- each at premium of Rs. 53.1579/- each and 7,91,667 Series A Equity Shares of Rs. 101- each at premium of Rs. 53.1579/-each.

DIVIDEND

Your Directors feel that it is prudent to plough back the profits for future growth of the Company hence do not recommend any dividend for the year ended 31st March, 2010.

DIRECTORS

During the year under review, there is no change in Directors of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Board of Directors of the Company confirms that-

1. In preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
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 at the end of the financial year and of the profit or loss of the Company for that period.
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Directors had prepared the Annual Accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

There is no employee in the Company whose particulars are required to be given under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

AUDITORS

M/s. Jogish Mehta & Co. Chartered Accountants having its office at 807 Dev Plaza, Plot No. 68 S.Y. Road, Andheri (West), Mumbai - 400 058 and M/s. Walker Chandiok & Co., Chartered Accountants, having its office at Engineering Centre, 6th Floor, 9 Matthew Road, Opera House, Mumbai - 400 004 will retire at the ensuing Annual General meeting of the Company and being eligible offer themselves for re-appointment.