



## TREE HOUSE EDUCATION & ACCESSORIES LIMITED

Annual Report 2012-13



### **Forward Looking Statements**

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

go online at [www.treehouseplaygroup.net](http://www.treehouseplaygroup.net)

# Synopsis

## Make learning a way of life

Tree House Education & Accessories Limited (Tree House) is a perfect haven for children taking their first step away from home. Our unique curriculum blends the best of Playway and Montessori methods to provide a perfect balance of education and fun.

We cater to the needs of each child in a customised way to help physical and intellectual growth. Besides, the ambience that we offer supports the emotional needs of children during their childhood and adolescence.

Our pan-India network of pre-schools imparts quality education to children. Our innovative teaching methods introduce them to formal education in the most conducive manner, which helps make learning a way of their life.

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# About Tree House

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



Preschool years are among the most formative periods of a child's life. Hence, it is extremely important to nurture them properly during such a tender age, so that they are prepared for the challenges ahead. Each Tree House centre provides an environment that is conducive to learning, very warm, safe and fun-filled. Tree House nurtures the children to help them develop their social, physical, emotional and cognitive skills.



**379**

Pre-schools



**34**

Teacher training centres



**300**

Self-operated pre-schools



**43**

Cities



**79**

Franchised pre-schools



**24**

K-12 schools



**1562**

Teachers

(as on March 31, 2013)

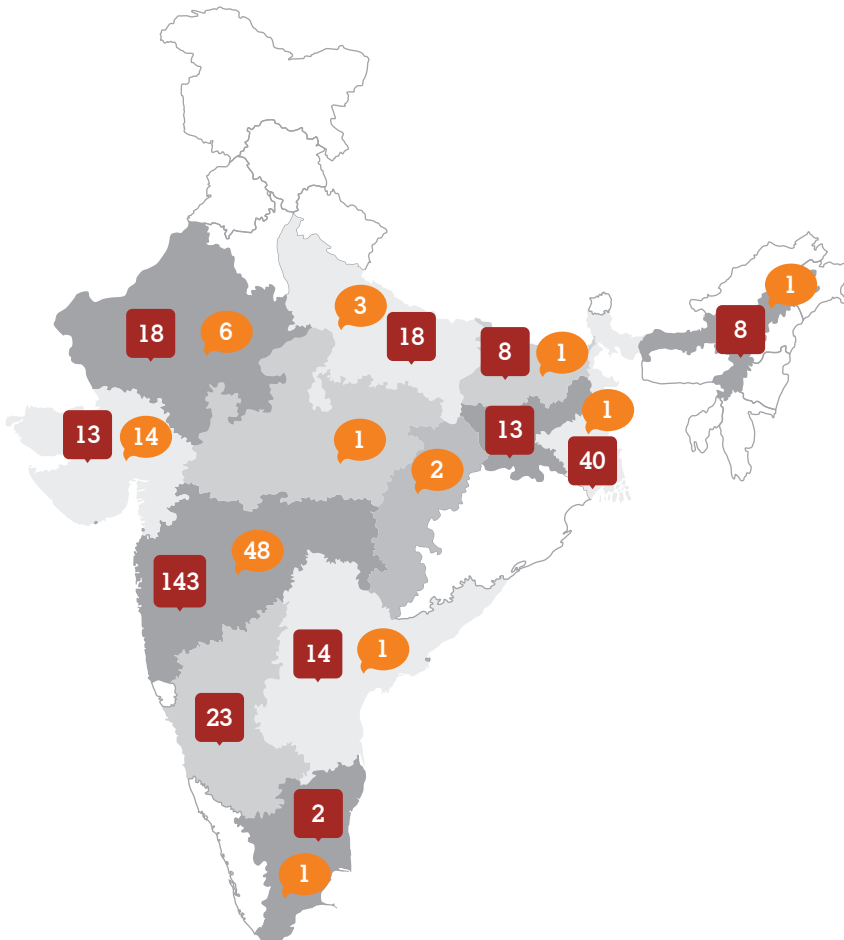




## Country-wide Presence

(as on March 31, 2013)

- 300** Pre-schools managed by Tree House
- 79** Pre-schools managed by Franchisees



# About Tree House



## Awards galore



### VCCircle Annual Awards

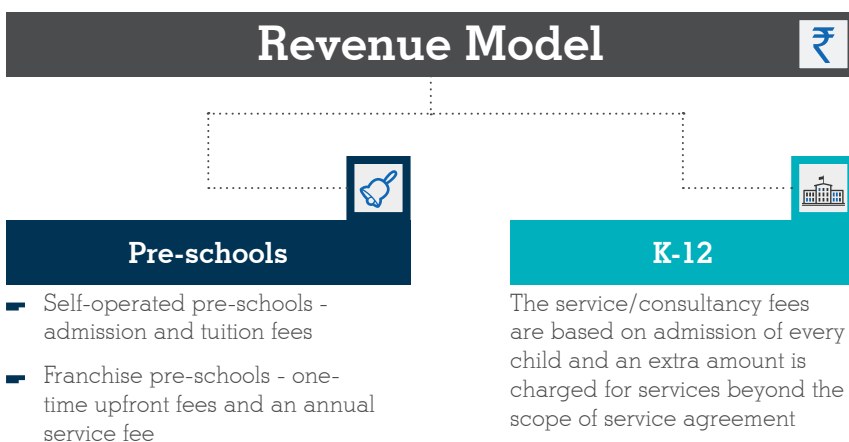
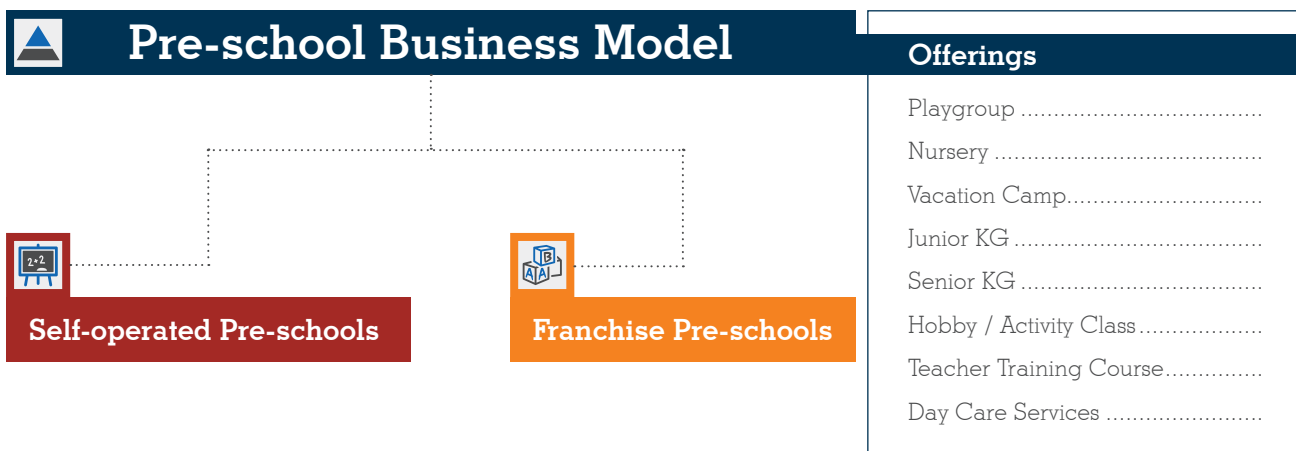
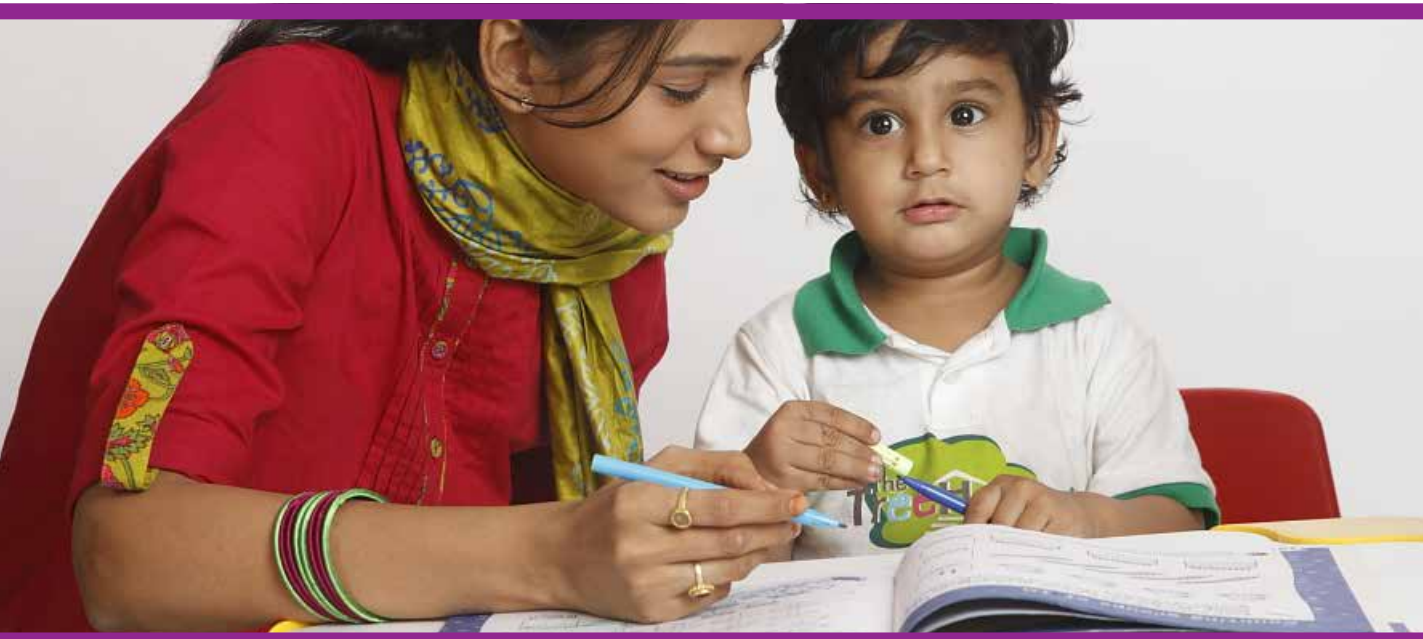
Tree House was conferred with the award for the Best PE/VC-backed Education Company in February 2013. These awards are bestowed to the most outstanding PE/VC-backed Indian companies, which not only recorded tremendous growth in their respective industries, but also had long-standing impacts on the economy and the industry in general.



### Fast Emerging Pre-school Brand in Western India

Tree House was conferred with an award for 'Fast Emerging Pre-school Brand in Western India' at the Education Excellence Summit held in April, 2013. The award was handed over to Tree House at the Brands Academy Education Excellence Award Ceremony.





# Milestones



Incorporated the first Tree House pre-school in Mumbai

2003



Established six more pre-schools

2006



Converted to a Private Limited Company

Launched the first franchisee pre-school

2007



Launched Teachers' Training programme

Received investments of ₹ 350 million from Matrix Partners India Investment Holdings, LLC

2008



Entered the K-12 segment and started Day Care Centres - 'Muskaan'

2009



Ranked among the 100 best small businesses in an annual survey conducted by Franchising World

Received a further investment of ₹ 150 million from Matrix Partners India Investment Holdings, LLC

2010





Converted to a Public Limited Company

Received an investment of ₹ 400 million [₹ 310 million from FC VI India Venture (Mauritius) Ltd. and ₹ 90 million from Matrix Partners India Investment Holdings, LLC.]

**2011**



Received an investment of ₹ 189 million [₹ 42 million from Matrix Partners India Investment Holdings, LLC; ₹ 14 million from FC VI India Venture (Mauritius) Ltd. and ₹ 133 million from ON Mauritius]

Completed Initial Public Offer of ₹ 1,121 million successfully in August 2011; the Company's shares were listed at National Stock Exchange and Bombay Stock Exchange accordingly

**2012**



Acquired pre-school business 'Global Champs' in September 2012

Received an investment of ₹ 411.81 million by issuing equity shares to ON Mauritius and to Aditya Birla Trustee Company on preferential basis

Issued warrants to the promoters, Mr. Rajesh Bhatia and Mrs. Geeta Bhatia jointly; each warrant is to be converted into equity shares aggregating to ₹ 400.68 million

Launched pre-schools for underprivileged children under the brand name 'Global Champs'

**2013**

# Chairman's communiqué



Sanjaya Kulkarni  
Chairman and Independent Director

“

**Our Pre-school business grew by 48% on a volume basis. Profit before tax grew by 54.73% to ₹ 48.87 crores and Profit after tax was ₹ 33.34 crores, growing at 53.87% during financial year 2012-13.**

”

## Dear Friends,

It gives me immense pleasure to present to you the 7th Annual Report of Tree House Education & Accessories Limited.

India's education sector is one of the largest in the world. During the last few years, several factors have propelled the growth of this sector significantly. The Government increased the budgetary allocation towards the sector. Besides, rising urbanisation, increasing awareness about education among the masses, booming investments from the private sector and others are likely to drive the sector forward.

The education sector in India has two major segments – core and non-core. While the core sector comprises regular schools and colleges, the supplementary educational sector consists of vocational training and coaching classes. The concept of pre-school is gaining immense popularity in recent times. This growth is driven by increasing awareness about the fact that the first few years play a vital role in shaping around 40% of a child's ability. The relevance of Tree House lies here. It endeavours to provide quality education at affordable rates to the children in India, thereby helping the growth of the nation.

During the financial year 2012-13, despite an increasingly challenging economic environment, we continued to deliver strong growth-oriented performance. We built further on our network of pre-schools across the country and improved on the good performance over the last financial year. We delivered on our goals and strengthened our position as the leader in our sector.

Our pre-school business grew by 48% on a volume basis. Profit before tax grew by 54.73% to ₹ 48.87 crores and Profit after tax was ₹ 33.34 crores, growing at 53.87% during the financial year 2012-13. The outlook for next few years looks promising and your Company is focused on meeting its growth aspirations. The Credit for this excellent performance should go to all our employees who put in their best efforts to meet requirements. A distinguishing aspect of your Company for FY 2012-13 was our ability to quickly align to 'Being Local' in each of the states and cities we operate.

We are also constantly innovating our delivery methods, making additions to students' kits and ensuring that we have the best curriculum, which is in line with international standards. We continue to work hard to ensure that we are the 'Best-in-Class' in the pre-schools sector in India.

As a precursor to good future tidings and to thank our shareholders, we are proposing a 12.5% dividend for FY 2012-13. We are thankful for your support and guidance in taking the Company to new heights.

I would also like to take this opportunity to thank our shareholders for reposing their faith and belief in us.

Regards,

Sanjaya Kulkarni  
Chairman and Independent Director