Tree House Education & Accessories Ltd.

Corporate Office:
301, Embassy Chambers, 3rd Road, Khar (W),
Mumbai - 400052. Tel.: 022-40169587 / 64572725
CIN : L80101MH2006PLC163028

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

August 05, 2015

To,
Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai–400 001

To,
National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block, BKC, Bandra (E), Mumbai – 400 051

To,
MCX Stock Exchange Ltd.
Suren Road, Andheri (East),
Mumbai - 400 093

Dear Sirs,

Sub.: Intimation to Stock Exchange - Nomination & Remuneration Policy of Directors, Key Managerial Personnel, Senior Management and other Employees.

Ref.: Scrip Code: 533540 / Symbol: TREEHOUSE

We are attaching a copy of the Nomination & Remuneration Policy of Directors, Key Managerial Personnel, Senior Management and other Employees in connection with the captioned subject.

We request you to kindly take it on your records.

Thanking you,

Yours truly,

For **Tree House Education & Accessories Limited**

H.J.Desai

Hardik Desai
Company Secretary

TREE HOUSE EDUCATION & ACCESSORIES LIMITED

NOMINATION & REMUNERATION POLICY OF DIRECTORS, KEY MANAGERIAL PERSONNEL, SENIOR MANAGEMENT AND OTHER EMPLOYEES	
Issued by:	SECRETARIAL DEPARTMENT
Recommended by:	NOMINATION AND REMUNERATION COMMITTEE
Approved By:	BOARD OF DIRECTORS
Adopted date:	August 5, 2015

Introduction:

In terms of the Section 178 and other applicable provisions of the Companies Act, 2013 and the Listing Agreement, this Policy on Nomination and Remuneration of Directors, Key Managerial Personnel, Senior Management and other employees has been formulated, approved and adopted by the Board of Directors based on the recommendation of the Nomination and Remuneration Committee.

Objective and purpose of the Policy:

The objective and purpose of this policy are:

1. To oversee the nomination process and lay down criteria and terms and conditions with regard to identifying persons who are qualified to become directors (executive and non-executive) and lay down criteria for persons who may be appointed in senior management and key managerial positions, with appropriate compensation.

2. To ensure that remuneration paid is competitive, enabling the Company to attract and retain employees capable of meeting the Company's needs and service delivery obligations;

3. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

4. The remuneration to the Directors Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;

5. To motivate and retain talented managerial personnel and create competitive advantage in compensation policy for retaining employees.

Definitions:

1. **"Board"** means Board of Directors of the Company.

2. **"Committee"** means Nomination and Remuneration Committee of the Company as reconstituted by the Board.

3. **"Company/THEAL"** means Tree House Education & Accessories Limited.

4. **"Directors"** mean Directors of the Company.

5. **"Independent Director"** means a director referred to in Section 149 of the Companies Act, 2013.

6. **"Key Managerial Personnel"** (KMP) shall have the meaning as defined under Section 2(51) of the Companies Act, 2013, as amended from time to time.

7. **"Senior Management Personnel"** means & includes personnel / executives of the company who are one level below the Managing Director including the Key Managerial Personnel's as per Companies Act, 2013.

8. **The Regulations:** The Regulations refers to the applicable provisions of the Companies Act, 2013, read with the rules made under the Companies Act, 2013, Articles of Association, regulations, policies, applicable guidelines & regulations from Securities and Exchange Board of India, listing agreement executed with the stock exchanges.

This Policy is divided into three parts:

Part A - covers the terms of reference of the Nomination and Remuneration Committee.

Part B - covers the appointment and nomination of Directors, KMP and Senior Management.

Part C - covers remuneration and perquisites of Directors, KMP, Senior Management and other employees.

PART - A

TERMS OF REFERENCE OF THE NOMINATION AND REMUNERATION COMMITTEE ['COMMITTEE']

As per the requirements of the Companies Act 2013 and revised listing agreement, the Board of Directors at its Meeting held on August 5, 2014 had renamed the 'Remuneration Committee' to 'Nomination and Remuneration Committee'. The Board also approved the revision in terms of reference of the Nomination and Remuneration Committee in order to realign with the provisions of Companies Act 2013 and revised listing agreement. The role of Nomination and Remuneration Committee is to adhere to the Terms of Reference as approved by the Board of Directors and to carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable. The Nomination and Remuneration Committee shall perform such other functions as may be necessary or appropriate for the performance of its duties which inter-alia includes the following:

- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a 'Remuneration Policy', relating to the remuneration for the directors, key managerial personnel and other employees;

- To formulate the criteria for evaluation of Directors on the Board of Company;

- To devise a policy on Board diversity;

- Any other matter as the Nomination and Remuneration Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

PART - B

POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

The 'Nomination and Remuneration committee' will strive to ensure the continuance of a dynamic and forward thinking Board and recommend to the Board qualified candidates for directorship.

1. Appointment / Nomination criteria and qualifications:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as a Director & KMP and recommend to the Board his / her appointment.

- A person should possess relevant qualification, expertise and experience for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

- The Company shall not appoint or continue the employment of any person as Managing Director, who is below the age of Twenty One years or has attained the age of Seventy years, provided that the term of the person holding this position may be extended beyond the age of Seventy Years by adhering to procedure and requirements of the applicable regulations.

2. Term / Tenure:

a. Managing Director:

The Company may appoint or re-appoint any person as its Managing Director for a term not exceeding five years at a time.

b. Independent Director:

- An Independent Director shall hold office for such term as the Board may decide subject to maximum term up to five consecutive years on the Board of the Company and will be eligible for re-appointment as per the criteria laid down by the regulations as amended from time to time.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

3. Evaluation of Directors, KMP & Senior Management:

The Committee shall carry out evaluation of performance of every Director based on detailed performance parameters, as per applicable Regulations. The performance parameters includes, but not limited to the following:

- Expertise;
- Objectivity and Independence
- Guidance and support in context of life stage of the Company;
- Understanding of the Company's business;
- Understanding and commitment to duties and responsibilities;
- Willingness to devote the time needed for effective contribution to Company;
- Participation in discussions in effective and constructive manner;
- Responsiveness in approach;
- Ability to encourage and motivate the Management for continued performance and success;

The performance evaluation of KMP (other than Managing Director) and Senior Management shall be done as per the prevailing HR process framework implemented by the Company from time to time, in consultation with the Managing Director of the Company.

4. Removal:

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations and breach of Company's prevailing HR Process, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules, Regulations and HR Process.

5. Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations and the prevailing HR Process of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to compliance of regulations, if any, from time to time and if applicable as per prevailing HR Process of the Company.

PART – C

POLICY RELATING TO THE REMUNERATION FOR THE MANAGING DIRECTOR, KMP, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

1. Appointment and Remuneration to Managing Director:

a. Fixed pay:

The Managing Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses and other perquisites etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director in accordance with the provisions of Schedule V of the Companies Act, 2013 as amended from time to time and with the approval of the Central Government, if and to the extent required.

c. Provisions for excess remuneration:

If any Managing Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

d. Other Provisions:

- The remuneration / compensation / commission etc. to the Managing Director, will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required as per law.

- The remuneration and commission to be paid to the Managing Director shall be in accordance with the percentage / slabs / conditions as per the provisions of the Companies Act, 2013, and the rules made thereunder as amended from time to time.

- Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board for its consideration.

2. Remuneration to Non-Executive / Independent Director:

a. Commission:

The commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

b. Sitting Fees:

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee(s) thereof and in line with the applicable provisions of the Companies Act, 2013.

3. Remuneration to Directors in other capacity:

The remuneration payable to the Directors including Managing Director or manager shall be inclusive of the remuneration payable for the services rendered by him in any other capacity except the following:

- The services rendered are of a professional nature and:
- In the opinion of the Nomination and Remuneration Committee, the director possesses the requisite qualification for the practice of the profession.

4. Remuneration of KMP and Senior Management

The remuneration determined for the KMP and Senior personnel shall be in line with the Company's philosophy to provide fair compensation to key –executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instill a long term

commitment to the Company, and develop a pride and sense of Company ownership, all in a manner consistent with shareholder interests.

The break-up of the pay scale and quantum of perquisites including, medical expenses and other perquisites etc. shall be decided by the company's HR department.

5. Remuneration of other employees

- Apart from Directors, KMP and Senior Management, the remuneration of rest of the employees will be determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions in competitive environment.

- The Company considers it essential to incentivize the workforce to ensure adequate and reasonable compensation to the staff. The Human Resources Department shall ensure that the level of remuneration motivates and rewards high performers who perform according to set expectations in their respective domain.

- The various remuneration components, basic salary, allowances & perquisites may be combined to ensure an appropriate and balanced remuneration package.

- The annual increments to the remuneration paid to employees shall be determined based on the annual appraisal carried out by Head of various Departments and as per the HR Process of the Company as may be applicable from time to time.

INTERPRETATION

This policy is intended to comply with the provisions of Companies Act, 2013; the rules pertaining thereto; revised listing agreement. Notwithstanding anything herein to the contrary, this Policy will be interpreted only in such a manner as to comply with the provisions of Companies Act; revised listing agreement. Any word not defined in this Policy shall have the same meaning as defined under the Companies Act, 2013; revised listing agreement including any amendments thereto. In case any word or provision as appearing in this policy is contrary to the meaning or provision as provided under the Regulations, then the meaning or provision as provided under the Companies Act, 2013; revised listing agreement shall prevail.

This policy shall always be in conformity with the provisions of the Regulations and any amendments in the Regulations shall be deemed to form part of this Policy.