# Tree House Education & Accessories Ltd.

Office No.101, Sapphire Plaza, Dadabhai Road, Opp. CNMS School, Vile Parle West, Mumbai - 400 056.
Tel: +91 22 26201029 CIN : L80101MH2006PLC163028


July 09, 2020

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

**Sub.:** **Outcome of the Board Meeting held on July 09, 2020, pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations.**

**Ref.: Scrip Code: 533540 / Symbol: TREEHOUSE**

**Dear Sir/Madam,**

We would like to inform you that at the meeting of the Board of Directors of the company held on Thursday, July 09, 2020, the board has considered and approved;

1. Audited Standalone and Consolidated Financial Results for the quarter and financial year ended March 31, 2020 along with Statement of Assets and Liabilities, Cash Flow Statement and Audit Report issued by M/s. S Dedhia & Co., Chartered Accountants, the Statutory Auditors of the Company on the aforesaid financial statement and a declaration on unmodified opinion on financial results. (the same is enclosed herewith).

2. Appointment of M/s Dharmesh Parekh & Associates chartered Accountant as an Internal Auditor of the Company for the financial year 2020-21. The details as required under Regulation 30 read with Schedule III of the SEBI (LODR) Regulations, 2015 is enclosed herewith.

3. Appointment of M/s Kaushal Doshi & Associates as a Secretarial Auditor of the Company for the financial year ended March 31, 2020. The details as required under Regulation 30 read with Schedule III of the SEBI (LODR) Regulations, 2015 is enclosed herewith.

The meeting of the Board of Directors of the Company commenced at 11 a.m. and concluded at 02:30 p.m.

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

Thanking you.

Yours truly,

For **Tree House Education & Accessories Limited**

TREE HOUSE EDUCATION & ACCESSORIES LTD. MUMBAI

**Guddi Bajpai**
**Company Secretary and Compliance officer**
**Encl: as stated**

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| **BSE Limited**<br>Phiroze Jeejeebhoy Tower Dalal Street, Fort<br>Mumbai - 400 001 | **The National Stock Exchange of India Ltd.**<br>BandraKurla Complex (East)<br>Mumbai - 400 051 | **Metropolitan Stock Exchange of India Ltd.**<br>Exchange Square, CTS No. 25, Suren Road, Andheri (East),<br>Mumbai – 400 093 |

**Sub: Audit Report with Unmodified Opinion**

**Ref: Declaration pursuant to Regulation 33 (3) (d) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended.**

In terms of the Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, we hereby declare that M/s. S Dedhia & Co. Statutory, Auditor's of the Company have submitted Audit Reports for annual audited financial results (standalone and consolidated) of the Company for the financial year ended March 31, 2020 with unmodified opinion(s).

Thanking you,

Yours Faithfully,

**For Tree House Education & Accessories Limited**

**Navin Kumar**
**Chief Financial Officer**

# *Kaushal Doshi & Associates*

*Practicing Company Secretary*

A/39, Ashok Samrat, Daftary Road, Malad (E), Mumbai - 400 097

Mobile No.: +91-9892 368 648/8879061581

Email : doshikaushal20@gmail.com


**Profile of Kaushal Doshi & Associates,**

Kaushal Doshi & Associates was incorporate by Mr. Kaushal Doshi, Associate member of Institute of Company Secretaries of India (ICSI), offers a wide range of specialized, multi-disciplinary professional services that meet the immediate as well as the long-term business needs of its clients. We provides gamut of services in the fields of Corporate Consultancy and Financial Consultancy.

Kaushal Doshi & Associates provides advisory and compliance services under Companies Act, SEBI Laws, Listing Agreement, Takeover and Insider Trading Guidelines and also have expertise in handling compliances under IPO, Rights & Bonus Issue, Preferential Allotment, Merger/De-Merger of Unlisted companies, Revocation of suspension of Listed companies, etc. We focus on providing multi-disciplinary value-added services aimed at creating a strong competitive advantage for our clients in a rapidly changing market scenario.

Our Team of professionals includes Company Secretaries and Chartered Accountants, who are equipped with the requisite business and technical skills, experience and knowledge to deliver customized solutions to our clients. With their respective competencies, our professionals are capable of rendering required competitive advantage and sustainable value for a wide range of industries.

Our Mission

To assist corporate to achieve high standards and best practices of compliances and governance in the field of Corporate Laws.

Our Secretarial Advisory and Compliance Services (SAC):

Kaushal Doshi & Associates SAC vertical provides the following key Company Law and Secretarial Compliance services:

General:

- Advisory services on Corporate Laws, SEBI, FEMA and other allied laws;
- Advisory services on compliance of Listing Agreement and Corporate Governance code;
- Incorporation of new companies and Limited Liability Partnerships (LLP) in India;
- Corporate Secretarial services ;
- Advisory services on Intellectual Property Rights (IPR) including registration of trademarks, royalty agreements, enforcement of IPRs, etc.;
- Secretarial Compliance audit;
- Postal Ballot process;
- Advisory & certification on Corporate Governance;
- Filing under XBRL mode.

Under Companies Act, 2013

- Incorporation of the New Companies, Section 8 Company, producer companies;
- Registration of Limited Liability Partnerships (LLPs);
- Change of Name of companies / LLPs;
- Change of objects clause of companies / LLPs;
- Conversion in status of companies from Public Limited to Private Limited and vice-a-versa.
- Conversion of a Partnership Firm/ Limited Liability Partnerships (LLP) into a Company;
- Registration of Foreign Company (Branch office / Liaison office / Project office) in India;
- Petitions before Company Law Board, Regional Director, Registrar of Companies;
- Shifting of Registered office from one RoC jurisdiction to another and from one State to another;
- Preparation of Notices, Agenda and Minutes for Board Meetings, Annual General Meetings / Extra-ordinary General Meetings;
- Preparation and maintenance of various registers like Register of Members, Register of Transfer, Register of Charges, Register of Directors, Register of Related Party Transactions, Register of investments etc.;
- Liasioning with the office of Registrar of Companies, Regional Director and Company Law Board for obtaining various regulatory approvals;
- Secretarial Audit & issue of Compliance Certificate for Public, Private & Listed Companies;
- Filing under XBRL mode;
- Assisting in winding up / closure of companies in India;
- De merger / Spin-off's / Business Transfer;
- Takeover;
- Public Issues;
- Rights& Bonus Issues;
- Preferential Allotments;
- Employee Stock option Plan (ESoP);
- Sub – division / Consolidation of Shares;
- Buy-back of Shares;
- Reduction of Capital;
- Listing / De listing of Securities;

Under Listing Regulations:

- Assisting in compliance of various Regulations under the LODR;
- Guiding on compliance of the Corporate Governance;
- Conducting Quarterly / Half-Yearly / Yearly Secretarial Audit of Listed Companies for ensuring Listing Regulations/ SEBI compliances;

Under SEBI Regulations:

- Assisting in filing of various forms under Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Assisting in filing of various forms under Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- Advising on various SEBI Regulations like SEBI Takeover Code, SEBI Insider Trading Regulations, SEBI (ICDR) Regulations, 2009, SEBI Portfolio Managers Regulations, SEBI Broker Regulations with respect to IPO, Public Issue, Right Issue, Bonus Issue, Preferential Allotment, QIP, De-listing etc.;
- Assisting in obtaining various regulatory approvals from SEBI / BSE / NSE;
- Assisting in De listing of Companies from Stock Exchanges under SEBI (De-listing of Equity Shares) Regulations, 2009

Under RBI Regulations:

- Assisting in filing of various forms and returns under RBI Regulations
- Preparation & filing of Form FC-GPR with RBI through AD and Annual Return regarding Foreign Assets & Liabilities
- Issue of certificate for issue/allotment of shares to NRI under FDI route
- Obtaining approval from FIPB
- Compounding under RBI Regulations

Under Due Diligence:

- Periodic and Specific Compliance Audits
- Legal and Business Due Diligence.

Secretarial Audit of Company:

- Our firm independently handling Secretarial audit of Following Listed Company
  - Creative Eye Limited
  - Sharon Biomedicine Limited
  - Konark Infrastructure Limited (Public Unlisted)
  -
- Assist in following Listed Company

  - Shoppers Stop Limited
  - Mastek Limited
  - Dolphin Offshore Limited
  - Hotel leela venture Limited
  - Kaira Can Limited
  - Lyka labs Limited
  - Hypercity Retail (India) Limited
  - Jsw Investment Private Limited (Debt Security Listed)
  - Parsarthi Investment Limited (NBFC)
  - Jayabharat Cerdit Limited (NBFC

XBRL:

XBRL stands for eXtensible Business Reporting Language. The XBRL is an electronic information supply chain standard for moving financial and business reporting information into an interactive intelligent information format.

At Kaushal Doshi and Associates, we provide end to end solution for filing of documents under XBRL mode. It includes from preparation of instant document to preparation and certification of forms and uploading on MCA website.

We provide XBRL filing solutions both for Financial Data (Annual Reports) and Cost Records (Compliance Certificate under Cost Audit Rules, 2011 and Cost Audit Reports). In its first year of introduction i.e. 2010-11 by MCA, we at Kaushal Doshi and Associates have filled more than 80 Balance Sheets under XBRL format.

Miscellaneous:

- Pre-certification of other documents and returns required to be filed with the Registrar of Companies.
- Advising on legal and procedural matters under the Companies Act
- Maintenance of secretarial records, statutory books and registers.
- Liaisoning with financial institutions, banks, and stock exchanges, and furnishing
- We are Providing Aadhar Base DSC **(Digital Signature Certificate)**
- periodical returns, reports and information relating to Company required by them

CONTACT DETAILS:
Office Address:
9, 2nd Floor, Anuraj Building , Khandwala Lane, Malad East,Mumbai- 400097

Email id:
Doshikaushal20@gmail.com

Phone No:
9892368648 / 8879061581

For Kaushal Doshi & Associates
Practising Company Secretaries Firm

Kaushal Dhirendra Doshi

Digitally signed by Kaushal Dhirendra Doshi
Date: 2017.05.02 13:47:53 +05'30'

Kaushal Doshi
Proprietor
CP: 13143, ACS: A32178

**DHARMESH PAREKH & ASSOCIATES**
Chartered Accountants
Firm Regn No: 137820 W

Add: A-30, Mercantile Bank Employees CHS Ltd,
5th Natwar Nagar Road, Jogeshwari (E),
Mumbai- 400 060. India.

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Firm established in 2013 as Proprietorship firm.

**PARTNERS**

1. DHARMESH PAREKH, F.C.A.
   Membership No: 048699
   Phone: 98925 43839 / 90828 40910
   Email : cadharmeshparekh@gmail.com

2. ASHWIN PARIKH, F.C.A.
   Membership No. 033814
   Phone: 9820076544
   Email: aipmap5@gmail.com

## WORK EXPERIENCE

Partners are having over 25 years of post qualification experience in the Industry, Financial Service and Audit & Taxation.

- Statutory Audits, Internal Audits, Transfer Pricing, Tax Audits and VAT Audits
- Accounts, Finalisation of accounts
- Statutory Bank Branch Audits, Stock Audits & Concurrent Audits
- Project Finance - CMA and Project Report preparation
- Income Tax & GST return filling and Audits

DHARMESH PAREKH & ASSOCIATES
MUMBAI
M. No.048699
FRN - 137820W
CHARTERED ACCOUNTANTS

# Tree House Education & Accessories Limited

**Regd. Office: 101 , Sapphire Plaza , Dadabhai Road, Opp. CNMS School**
**Vile Parle West , Mumbai - 400 056**
**CIN No. L80101MH2006PLC163028**

**Standalone Statement of Audited Profit & Loss Account Results For the Quarter and Year Ended 31st March 2020**

(Rs. In Lakhs)

| Sr. No. | Particulars | Quarter ended | | | Yearly | |
|---|---|---|---|---|---|---|
| | | 31.03.2020 Audited | 31.12.2019 Unaudited | 31.03.2019 Audited | 31.03.2020 Audited | 31.03.2019 Audited |
| 1) | Revenue from Operations | 54 | 36 | 118 | 276 | 366 |
| | Other Income | (175) | 115 | 47 | 676 | 103 |
| | **Total Income** | **(121)** | **151** | **165** | **952** | **469** |
| 2) | **Expenses** | | | | | |
| | Operating cost | 64 | 10 | 10 | 96 | 39 |
| | Employee benefits expense | 28 | 28 | 26 | 111 | 92 |
| | Financial Costs | 90 | 138 | 114 | 417 | 511 |
| | Depreciation, amortisation and Impairment | 729 | 711 | 993 | 2,910 | 3,245 |
| | Other expenses | 82 | 77 | 113 | 287 | 298 |
| | **Total expenses** | **993** | **964** | **1,256** | **3,821** | **4,185** |
| 3) | Profit before exceptional items, and tax (1-2) | (1,114) | (813) | (1,091) | (2,869) | (3,716) |
| 4) | Exceptional items | (2) | 2 | 498 | - | 498 |
| 5) | Profit before tax (3+4) | (1,112) | (815) | (1,589) | (2,869) | (4,214) |
| 6) | Tax expenses | (55) | | (7) | (55) | (7) |
| 7) | **Profit for the period / year (5-6)** | (1,057) | (815) | (1,582) | (2,815) | (4,207) |
| 8) | **Other Comprehensive Income** | | | | | |
| | i. Items that will not be reclassified to profit or loss-Actuarial | - | | | | |
| | ii. Income tax relating to items that will not be reclassified to | - | - | (5) | | (5) |
| | Other Comprehensive Income | - | | | | |
| 9) | **Total Comprehensive income (7+8)** | (1,057) | (815) | (1,577) | (2,815) | (4,202) |
| 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 | - | - | - | 28,362 | 31,177 |
| 12) | **Earnings per share Before Exceptional Items** | | | | | |
| | Basic | (2.63) | (1.92) | (2.58) | (6.78) | (8.76) |
| | Diluted | (2.63) | (1.92) | (2.58) | (6.78) | (8.76) |
| 13) | **Earnings per share After Exceptional Items** | | | | | |
| | Basic | (1.92) | (1.92) | (3.73) | (4.15) | (9.93) |
| | Diluted | (1.92) | (1.92) | (3.73) | (4.15) | (9.93) |

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

Place: Mumbai
Date : 09/07/2020

**Deepak Valecha**
Director
DIN No: 07736480

**Jugal Bharat Shah**
Executive Director
DIN No: 08334114

**Tree House Education & Accessories Limited**

**Standalone Statement of Audited Balance sheet for the year ended 31-03.2020**

( Rs. in lakhs)

| Particulars | As at | |
|---|---|---|
| | 31.03.2020 Audited | 31.03.2019 Audited |
| **ASSETS** | | |
| Property, plant and equipment | 9,271 | 11,997 |
| Investment Properties | 4,713 | 9,033 |
| Goodwill | 39 | 47 |
| Intangible assets | 1,493 | 1,579 |
| Financial assets: | | - |
| - Investments | 938 | 938 |
| - Loans | 27 | 27 |
| - Other financial assets | 16,050 | 16,250 |
| Other Non Current Assets | | - |
| Deferred tax Assets (Net) | 1,071 | 1,016 |
| **Total Non Current Assets** | **33,602** | **40,887** |
| **Current assets** | | |
| Inventories | 58 | 128 |
| Financial assets: | | |
| - Trade receivables | 2,035 | 1,919 |
| - Cash and cash equivalents | 1 | 595 |
| - Bank Balances other than Cash and cash equivalents | 16 | 15 |
| - Loans and Advances | 11 | 11 |
| - Other financial assets | 277 | 351 |
| Other Current Assets | 404 | 356 |
| **Total current assets** | **2,802** | **3,375** |
| **Total Assets** | **36,404** | **44,262** |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Equity Share capital | 4,231 | 4,231 |
| Other equity | 27,807 | 30,622 |
| | **32,038** | **34,853** |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Financial liabilities: | | |
| - Borrowings | - | - |
| Provisions | - | - |
| Deferred tax liabilities (Net) | - | - |
| **Total Non-Current liabilities** | - | - |
| **Current liabilities** | | |
| Financial liabilities: | | |
| - Borrowings | 2,871 | 7,273 |
| - Trade payables | 706 | 801 |
| - Other Financial Liabilities | 101 | 99 |
| Provisions | 61 | 99 |
| Other current liabilities | 627 | 1,137 |
| **Total Current liabilities** | **4,366** | **9,409** |
| **Total Liabilities** | **4,366** | **9,409** |
| **Total equity and liabilities** | **36,404** | **44,262** |

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

Place: Mumbai
Date : 09/07/2020

**Deepak Valecha**
Director
DIN No: 07736480

**Jugal Bharat Shah**
Executive Director
DIN No: 08334114

## Tree House Education & Accessories Limited
## Standalone Cash Flow Statement for the Year ended 31st March 2020

(Rs. in lakhs)

| | Particulars | 31.03.2020 Audited | 31.03.2019 Audited |
|---|---|---|---|
| A | **Cash flows from operating activities** | | |
| | Profit before tax | **(2,869.62)** | **(4,213.68)** |
| | Adjustments for: | | |
| | Depreciation / amortisation | 2,910.16 | 3,244.92 |
| | Loss on Sale of fixed assets | 316.68 | 20.01 |
| | Profit on Sale of Fixed Assets | (849.64) | (31.70) |
| | Exceptional Items - Depreciation Diff | - | 124.92 |
| | Finance charges | 416.87 | 510.88 |
| | Interest on fixed deposits | (0.98) | (0.77) |
| | **Operating profit before working capital changes** | **(76.53)** | **(345.42)** |
| | Adjustments for: | | |
| | (Increase)/Decrease in inventories | 70.19 | 10.39 |
| | Deposits given to K-12 Schools | 193.25 | 306.52 |
| | Decrease/(Increase) in sundry debtors | (116.53) | 797.03 |
| | (Increase)/Decrease in Financial Loans | 0.10 | 1.14 |
| | (Increase)/Decrease in Other Financial Assets | 79.15 | 559.64 |
| | (Increase)/Decrease in Other Current Assets | (47.24) | (4.81) |
| | Increase /(Decrease) in liabilities and provisions | (641.44) | 97.24 |
| | **Cash generated from operations** | **(539.04)** | **1,421.73** |
| | Income tax paid | - | (11.84) |
| | **Net cash generated from operating activities** | **(539.04)** | **1,409.89** |
| B | **Cash flow from investing activities:** | | |
| | Purchase of fixed assets (excluding capital work in progress) | (0.75) | (19.47) |
| | Proceeds from Sale of Fixed Assets | 4,763.45 | 377.05 |
| | Interest received | 0.98 | 1.72 |
| | Net cash used in investing activities | **4,763.68** | **359.30** |
| C | **Cash flow from financing activities** | | |
| | Proceeds from working capital loan (net) | (4,401.83) | (712.56) |
| | Interest paid | (416.87) | (510.88) |
| | Net cash provided by financing activities | **(4,818.70)** | **(1,223.44)** |
| | Net increase in cash and cash equivalents during the year | **(594.06)** | **545.75** |
| | Cash and cash equivalents as at the beginning of the year | **610.49** | **64.74** |
| | Cash and cash equivalents as at the end of the year | **16.43** | **610.49** |

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

MUMBAI

Place: Mumbai
Date : 09/07/2020

**Deepak Valecha**
Director
DIN No: 07736480

**Jugal Bharat Shah**
Executive Director
DIN No: 08334114

**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 9th July , 2020.

2. 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.

3. Previous period / year figures have been regrouped / rearranged wherever necessary to conform with the current period / year presentation.

4. Disclosures of Standalone Assets and Liabilities are as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 for the year ended 31st March 2020.

5. 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.

6. Impact of Covid 19 Pandemic as per SEBI Circular dated May 20, 2020: Company expect a reduction of 50% on its revenue for the Financial year 2020-21 due to the pandemic.

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

TREE HOUSE EDUCATION & ACCESSORIES MUMBAI

Place: Mumbai
Date : 09/07/2020

| | |
|---|---|
| **Deepak Valecha** | **Jugal Bharat Shah** |
| Director | Executive Director |
| DIN No: 07736480 | DIN No: 08334114 |

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
Chartered Accountants

Office No. 304, Sai Arcade, Above Union Bank of India, N. S. Road, Mulund (West), Mumbai - 400 080.
☎ 2591 7192, : 9322272711
Email : casandeepdedhia@gmail.com

# INDEPENDENT AUDITOR'S REPORT

TO ALL THE MEMBERS OF
**TREE HOUSE EDUCATION & ACCESSORIES LIMITED**

## Report on theStandalone Indian AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **TREEHOUSE EDUCATION & ACCESSORIES LIMITED** ("the Company"), which comprise the Balance Sheet as at **March 31, 2020**, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act 2013 ("the Act") with respect to preparation of these standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind As financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

S. DEDHIA & CO. M.NO.102606 MUMBAI CHARTERED ACCOUNTANTS

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
Chartered Accountants

Office No. 304, Sai Arcade, Above Union Bank of India, N. S. Road, Mulund (West), Mumbai - 400 080.
☎ 2591 7192, : 9322272711
Email : casandeepdedhia@gmail.com

**Auditors' Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act and the Rules made there under including the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

S. DEDHIA & CO. M.NO.102606 MUMBAI CHARTERED ACCOUNTANTS

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
Chartered Accountants

Office No. 304, Sai Arcade, Above Union Bank of India, N. S. Road, Mulund (West), Mumbai - 400 080.
☎ 2591 7192, : 9322272711
Email : casandeepdedhia@gmail.com

**Basis of Forming an Opinion**

1. We draw your attention to the Standalone Ind AS Financial Statements, with regard to Fixed Assets. The Company has discontinued most of the centres operated by the Company during F.Y. 2016-17 and have converted some of them into franchisee during F.Y. 2016-17 & 2017-18. The Company has informed us that it has identified Furniture & Fixtures and Leasehold Improvements into those lying at closed centres, franchise centres and own centres in a phased manner.

2. During the year the company has allotted new franchise to 1 centre. There were in all 131 centres operative during the year 2019-20.

3. We draw attention to the Standalone Ind AS Financial Statements with regards to Trade Receivables. In our opinon the deliverables and receipts are outstanding for a longer period of time.

4. 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 management has informed us that the Company has received notices from financial institutions under "SARFAESI Act". The amount classified as short term borrowings is at Rs. 2832.72 lakhs.

5. The Company had received an advance of Rs. 260.00 lakhs against sale of school building at Baroda which is utilized by HDFC Bank in payment of OD Interest. Rs. 30 lakhs received from sale of investments in M.T. Infrastructure Pvt Ltd and Rs. 300 lakhs as an advance against sale of Goregaon land during F.Y. 2018-19 has been adjusted against repayment of HDFC loan. Balance Rs. 2700.00 lakhs received from sale of goregaon land has also been adjusted against repayment of HDFC loan.

   Rs. 867.85 lakhs received from sale of office at Morya House, Andheri has been utilized for repayment of loan from Kotak Mahindra Bank. Rs. 375.00 lakhs received from sale of office at Vile Parle has been utilized for repayment of loan from ICICI Bank.

S. DEDHIA & CO. ★ M.NO.102606 MUMBAI ★ CHARTERED ACCOUNTANTS

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
Chartered Accountants

Office No. 304, Sai Arcade, Above Union Bank of India, N. S. Road, Mulund (West), Mumbai - 400 080.
☎ 2591 7192, : 9322272711
Email : casandeepdedhia@gmail.com

6. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on physical verification of stocks as compared to book records. However during the year under audit the company has bifurcated the inventory into non-moving, obsolete, redundant.

7. Confirmation letters have been sent by the Company to sundry creditors and parties to whom loans & advances, deposits 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 balance under these heads have been shown as per books of accounts and are subject to reconciliation and adjustment, if any.

8. SEBI has appointed Forensic Auditor for conducting Forensic Audit of the Company for the period beginning from F.Y. 2011-12 to 2017-18. The Company is defending / pursuing legal cases on various Forums against itself and its past directors.

9. Some landlords and creditors have initiated legal proceedings against the Company, which may result in compensation, interest and other penalties.

10. **Impact of COVID-19 on the financials**

In March 2020, the WHO declared the COVID-19 outbreak as a pandemic which continues to spread across the country. On 25th March, 2020, the Government of India has declared this pandemic a health emergency, ordered temporary closure of all non-essential businesses, imposed restrictions on movement of goods/material, travel, etc. As the nature of business performed by the Company fell under non-essential category, these restrictions had stopped its operations at its owned and various franchise centres.

Registered Office of the Company was under lockdown (closed) for almost two and half months, however staff was permitted to work from home as per the policy adopted by the Company of "Work from home " and all essential and required functions were being performed with limited access.

S. DEDHIA & CO. M.NO.102606 MUMBAI CHARTERED ACCOUNTANTS

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As Company's owned and franchise centres are closed due to lockdown and the uncertainity prevailing for re-opening of the centres, the admissions of the students have been effected badly for the academic year 2020-2021.

The pandemic has effected badly on the liquidity flow of the Company.
Some of the severe impact which company estimates COVID-19 will have on it's financials in future are:-

1) Cash flow crunch;
2) Significant reduction in numbers of centres;
3) Reduction in collection of royalty;
4) Reduction in number of students;
5) Reduction in fees structure;
6) Delay in serving debt to the banks;

It is worthwhile to mention that Corporate Governance and legal compliances have always been the topmost priority of the Company and Company ensures that all available information about the impact of these events on the company and its operations is communicated in a timely and cogent manner to its investors and stakeholders.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the standalone state of affairs of the Company as at March 31, 2020 and its loss (including other comprehensive income), its cash flows and the changes in Equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India, in terms of section 143(11) of the Act ("The Order"), and on the

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basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income) and the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.

e) Ms. Amita Karia, Non Executive Independent woman director has resigned from the Board and committees with effect from 12.03.2020. Further Ms. Babita Bhatia has been appointed as Non Executive, Non Independent woman director with effect from 23.06.2020.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's financial controls over financial reporting.

g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:

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i. The Company has numerous pending litigations and suits filed against the company and its directors which may impact its financial position. The Company has not disclosed the impact of such pending litigations.

ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020.

**For S. Dedhia & Co,**
Chartered Accountants
F.R.N. 117695W

S. DEDHIA & CO. ★ CHARTERED ACCOUNTANTS ★ M.NO.102606 MUMBAI

**CA Sandeep Dedhia**
Proprietor
M. No. 102606
UDIN : 20102606AAAAAK3497

Date : 09/07/2020
Place : Mumbai

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
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**Annexure "A"**to Independent Auditors' Report on the Standalone Financial Statements of **"TREE HOUSE EDUCATION & ACCESSORIES LIMITED"**

Referred to in paragraph 11(f) of the Independent Auditors Report of even date to the members of TreeHouse Education & Accessories Limited on the standalone Ind AS financial statement for the year ended March 31, 2020.

We have audited the internal financial controls over financial reporting of "TREEHOUSE EDUCATION & ACCESSORIES LIMITED" ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

## MANAGEMENT'S REPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Notes") issued by the Institute of Chartered Accountants of India and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the

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Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit and evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Because of the matter described in Disclaimer of opinion paragraph below, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company and

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(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

## INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projection of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Disclaimer of Opinion

According to information and explanation given to us, and based on our audit the Company's internal financial control over financial reporting in the current financial year to cover the essential components of Internal controls stated in Guidance Note on Audit of Internal Financial controls over Financial Reporting issued by ICAI are not commensurate to the size of the Company.

The Internal Audit carried out by an independent firm on areas required to be covered as per the Guidance Note on Audit of Internal Financial Controls over Financial Reporting reports that the internal controls operating in the company are not commensurate to the size of the Company.

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We have considered the disclaimer report above in determining the nature, timing and extent of audit tests applied in our audit of standalone financial statements of the company, and the disclaimer does not affect our opinion on the standalone financial statements of the company.

**For S. Dedhia & Co.**
Chartered Accountants
F.R.N. 117695W

S. DEDHIA & CO. ★ CHARTERED ACCOUNTANTS ★ M.NO.102606 MUMBAI

**CA Sandeep Dedhia**
Proprietor
M. No. 102606
UDIN : 20102606AAAAAK3497

Date : 09/07/2020
Place : Mumbai

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
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Email : casandeepdedhia@gmail.com

**Annexure "B"** to Independent Auditors' Report on the Standalone Financial Statements of **"TREEHOUSE EDUCATION & ACCESSORIES LIMITED"**

Referred to in paragraph 1 under the heading "Report and Other Legal Regulatory Requirements" of Independent Auditors' Report of even date to the Members of TreeHouse Education & Accessories Limited on the Standalone Ind AS financial statements as of and for the year ended March 31, 2020.

i. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The management has identified the fixed assets consisting of furniture & fixtures and leasehold improvements into those lying at closed centres, franchise centres and own centres.

b) As explained to us by the management it is known that the company has carried out a phased programme of verification of fixed assets consisting of furniture & fixtures, leasehold improvements and teaching aids & equipments located at franchise centres and no material discrepancies were noticed on such verification. It is further explained by the management that the fixed assets consisting of furniture & fixtures and leasehold improvements lying at the centres closed during F.Y. 2015-16 & 2016-17 could not be physically verified as the company did not have access to those centres. However we are unable to verify the reasonableness of the same, as necessary documentary evidences were not made available for our verification.

c) The title deeds of immovable properties are held in the name of the Company however all such Immovable properties are pledged with banks & financial institutions.

ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on physical verification of stocks as compared to book records. However during the year under audit the company has bifurcated the inventory into non-moving, obsolete, redundant. The said non-moving, obsolete, redundant inventory is of scrap value, however in the absence of exact scrap realisation value, the same is valued at cost.

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iii. The Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties, during the year covered in the register maintained u/s 189 of the Act. Accordingly, the provisions of Clause 3(iii) of the Order are not applicable to the Company.

iv. In our opinion and according to the information and explanation given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of the loans and investments made and guarantees and security provided by it.

v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under are not applicable.

vi. Pursuant to the rules made by the Central Government of India the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. a) As per records of the Company and according to the information and explanations given to us the Company is not regular in depositing in undisputed applicable statutory dues including Provident Fund, ESI, Income-tax, MVAT/CST, GST and any other statutory dues to the appropriate authorities though there has been a delay in few cases. As on 31st March, 2020 following are the amounts in arrears for a periods of more than six months from the date they became payable:

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| Sr No | Name of the Statue | Nature of Dues | Unpaid Liabilities > 6 months |
|---|---|---|---|
| 1 | Income Tax Act, 1961 | TDS | 2,55,45,970/- |
| 2 | Goods & Service Tax Act, 2017 | GST | 1,31,691/- |
| 3 | Maharashtra Vat Act, 2002 | MVAT & CST | 29,75,786/- |
| 4 | The Employees' Provident Funds And Miscellaneous Provisions Act, 1952 | PF | 25,61,814/- |
| 5 | Employees' State Insurance Act, 1948 | ESIC | 1,11,270/- |
| 6 | Profession tax Act under respective states | Profession Tax | 3,43,160/- |
| | **TOTAL** | | **3,16,69,691/-** |

viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has defaulted in the repayment of loans or borrowings to financial Institutions, banks or government during the year. The Company did not have any outstanding debentures at the balance sheet date.

ix. According to the information ad explanation given to us the Company has not raised moneys by way of initial public offer, further public offer including debt instruments during the year. In our opinion and according to the information and explanations given to us the company has applied the term loans for the purposes for which they were obtained.

x. During the course of examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year nor have we been informed of any such case by the Management.

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xi. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xii. Ms. Amita Karia, Non Executive Independent woman director has resigned from the Board and committees with effect from 12.03.2020. Further Ms. Babita Bhatia has been appointed as Non Executive, Non Independent woman director with effect from 23.06.2020.

xiii. In view of the losses managerial remuneration has not been paid or provided in accordance with the requisite approvals as mandated by the provisions of Section 197 read with Schedule V of the Act.

xiv. Based upon the audit procedures performed and the information and explanations given by the management no such transactions as specified in section 177 and 188 of the Act have been entered by the company during the year. Therefore the provisions of Clause 3(xiii) of the Order are not applicable to the Company.

xv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xvi. The company has not entered into any non-cash transactions with its directors or persons connected with him as specified in section 192 of the Act. Accordingly the provisions of Clause 3(xv) of the Order are not applicable to the Company.

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xvii. The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934. Accordingly the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

**For S. Dedhia & Co,**
Chartered Accountants
F.R.N. 117695W

S. DEDHIA & CO. ★ CHARTERED ACCOUNTANTS ★ M.NO.102606 MUMBAI

**CA Sandeep Dedhia**
Proprietor
M. No. 102606
UDIN : 20102606AAAAAK3497

Date : 09/07/2020

Place : Mumbai

## Tree House Education & Accessories Limited

**Regd. Office: 101 , Sapphire Plaza , Dadabhai Road, Opp. CNMS School**
**Vile Parle West , Mumbai - 400 056**
**CIN No. L80101MH2006PLC163028**

**Consolidated Statement of Profit & Loss Account For the Year Ended 31st March 2020.**

(Rs. in lakhs)

| Sr. No. | Particulars | Yearly | |
|---|---|---|---|
| | | 31.03.2020 Audited | 31.03.2019 Audited |
| 1) | Revenue from Operations | 276 | 366 |
| | Other Income | 676 | 106 |
| | **Total Income** | **952** | **472** |
| 2) | **Expenses** | | |
| | Operating cost | 96 | 39 |
| | Employee benefits expense | 111 | 92 |
| | Financial Costs | 417 | 511 |
| | Depreciation, amortisation and Impairment | 2,910 | 3,245 |
| | Other expenses | 287 | 298 |
| | **Total expenses** | **3,821** | **4,185** |
| 3) | Profit before exceptional items, and tax (1-2) | (2,869) | (3,713) |
| 4) | Share of net profit/(loss) of associates and joint ventures accounted for using the equity method | (1) | 395 |
| 5) | Exceptional items | - | (498) |
| 6) | Profit before tax (3+4+5) | (2,870) | (3,816) |
| 7) | Tax expenses | (55) | (7) |
| 8) | **Profit for the period / year (6+7)** | (2,815) | (3,809) |
| 9) | **Other Comprehensive Income** | | |
| | i. Items that will not be reclassified to profit or loss-Actuarial (Loss)/Gain | - | - |
| | ii. Income tax relating to items that will not be reclassified to profit or loss | - | 5 |
| | **Other Comprehensive Income** | | |
| 10) | **Total Comprehensive income (8+9)** | (2,815) | (3,804) |
| 11) | **Paid up equity share capital (face value Rs.10 per share)** | 4,231 | 4,231 |
| 12) | Reserves excluding revaluation reserves | 28,361 | 31,177 |
| 13) | **Earnings per share Before Exceptional Items** | | |
| | Basic | (6.78) | (8.77) |
| | Diluted | (6.78) | (8.77) |
| 14) | **Earnings per share After Exceptional Items** | | |
| | Basic | (4.15) | (9.00) |
| | Diluted | (4.15) | (9.00) |

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

Place: Mumbai
Date : 09/07/2020

**Deepak Valecha**
Director
DIN No: 07736480

**Jugal Bharat Shah**
Executive Director
DIN No: 08334114

## Tree House Education & Accessories Limited
## Consolidated Cash Flow Statement for the Year ended 31st March 2020

(Rs. in lakhs)

| | Particulars | 31.03.2020 Audited | 31.03.2019 Audited |
|---|---|---|---|
| A | **Cash flows from operating activities** | | |
| | Profit before tax | **(2,870.18)** | **(4,213.68)** |
| | Adjustments for: | | |
| | Depreciation / amortisation | 2,910.16 | 3,244.92 |
| | Loss on Sale of Fixed Assets | 316.68 | 20.01 |
| | Profit on Sale of Fixed Assets | (849.64) | (31.70) |
| | Exceptional Items - Depreciation Diff | (0.00) | 124.92 |
| | Finance charges | 416.87 | 510.88 |
| | Interest on fixed deposits | (0.98) | (0.77) |
| | **Operating profit before working capital changes** | **(77.09)** | **(345.42)** |
| | **Adjustments for:** | - | |
| | (Increase)/Decrease in inventories | 70.19 | 10.39 |
| | Deposits given to K-12 Schools | 193.25 | 306.52 |
| | Decrease/(Increase) in sundry debtors | (116.53) | 797.03 |
| | (Increase)/Decrease in Financial Loans | 0.10 | 1.14 |
| | (Increase)/Decrease in Other Financial Assets | 79.71 | 559.64 |
| | (Increase)/Decrease in Other Current Assets | (47.24) | (4.81) |
| | Increase /(Decrease) in liabilities and provisions | (641.44) | 97.24 |
| | **Cash generated from operations** | **(539.04)** | **1,421.73** |
| | Income tax paid | - | **(11.84)** |
| | **Net cash generated from operating activities** | **(539.04)** | **1,409.89** |
| B | **Cash flow from investing activities:** | | |
| | Purchase of fixed assets (excluding capital work in progress) | (0.75) | (19.47) |
| | Proceeds from Sale of Fixed Assets | 4,763.45 | 377.05 |
| | Interest received | 0.98 | 1.72 |
| | Net cash used in investing activities | **4,763.68** | **359.30** |
| C | **Cash flow from financing activities:** | | |
| | Proceeds from working capital loan (net) | (4,401.83) | (712.56) |
| | Interest paid | (416.87) | (510.88) |
| | Net cash provided by financing activities | **(4,818.70)** | **(1,223.44)** |
| | Net increase in cash and cash equivalents during the year | (594.06) | 545.75 |
| | Cash and cash equivalents as at the beginning of the year | 610.49 | 64.74 |
| | **Cash and cash equivalents as at the end of the year** | **16.43** | **610.49** |

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

MUMBAI

Place: Mumbai
Date : 09/07/2020

**Deepak Valecha**
Director
DIN No: 07736480

**Jugal Bharat Shah**
Executive Director
DIN No: 08334114

## Tree House Education & Accessories Limited

Statement of Audited Consolidated Balance Sheet as at 31st March 2020.

(Rs. in lakhs)

| Particulars | As at 31.03.2020 Audited | As at 31.03.2019 Audited |
|---|---|---|
| **ASSETS** | | |
| Property, plant and equipment | 9,271 | 11,997 |
| Investment Properties | 4,713 | 9,033 |
| Goodwill | 39 | 47 |
| Intangible assets | 1,493 | 1,579 |
| Financial assets: | | - |
| - Investments | 1,276 | 1,276 |
| - Loans | 27 | 27 |
| - Other financial assets | 16,051 | 16,250 |
| Deferred tax Assets (Net) | 1,071 | 1,016 |
| **Total Non Current Assets** | **33,941** | **41,225** |
| **Current assets** | | |
| Inventories | 58 | 128 |
| Financial assets: | | |
| - Trade receivables | 2,035 | 1,919 |
| - Cash and cash equivalents | 1 | 595 |
| - Bank Balances other than Cash and cash equivalents | 16 | 15 |
| - Loans and Advances | 11 | 11 |
| - Other financial assets | 277 | 351 |
| Other Current Assets | 404 | 356 |
| **Total current assets** | **2,802** | **3,375** |
| **Total Assets** | **36,743** | **44,600** |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Equity Share capital | 4,231 | 4,231 |
| Other equity | 28,144 | 30,960 |
| **Total equity** | **32,375** | **35,190** |
| **Liabilities** | | |
| **Non-current liabilities** | | |
| Financial liabilities: | | |
| - Borrowings | - | - |
| Provisions | - | - |
| Deferred tax liabilities (Net) | - | - |
| **Total Non-Current liabilities** | - | - |
| **Current liabilities** | | |
| Financial liabilities: | | |
| - Borrowings | 2,871 | 7,273 |
| - Trade payables | 706 | 801 |
| - Other Financial Liabilities | 101 | 99 |
| Provisions | 61 | 99 |
| Other current liabilities | 627 | 1,137 |
| **Total Current liabilities** | **4,366** | **9,409** |
| **Total Liabilities** | **4,366** | **9,409** |
| **Total equity and liabilities** | **36,741** | **44,600** |

**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 9th July , 2020.

2 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.

3 Previous period / year figures have been regrouped / rearranged wherever necessary to conform with the current period / year presentation.

4 Disclosures of Standalone Assets and Liabilities are as per Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 for the period ended 31st December, 2019.

5 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.

6 Impact of Covid 19 Pandemic as per SEBI Circular dated May 20, 2020: Company expect a reduction of 50% on its revenue for the Financial year 2020-21 due to the pandemic.

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

Place: Mumbai
Date : 09/07/2020

**Deepak Valecha**
Director
DIN No: 07736480

**Jugal Bharat Shah**
Executive Director
DIN No: 08334114

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
Chartered Accountants

Office No. 304, Sai Arcade, Above Union Bank of India, N. S. Road, Mulund (West), Mumbai - 400 080.
☎ 2591 7192, : 9322272711
Email : casandeepdedhia@gmail.com

# INDEPENDENT AUDITOR'S REPORT

TO ALL THE MEMBERS OF
**TREEHOUSE EDUCATION & ACCESSORIES LIMITED**

## Report on the Consolidated Indian AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of TREEHOUSE EDUCATION & ACCESSORIES LIMITED (hereinafter referred to as "the Holding Company") and its jointly controlled entities which are companies incorporated in India; comprising of the consolidated Balance Sheet as at March 31, 2020, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

## Management's Responsibility for the Consolidated AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance consolidated cash flows and changes in equity of the Holding Company and its jointly controlled entities which are companies incorporated in India in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the jointly controlled entities which are companies incorporated in India are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets

S. DEDHIA & CO. M.NO.102606 MUMBAI CHARTERED ACCOUNTANTS

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
Chartered Accountants

Office No. 304, Sai Arcade, Above Union Bank of India, N. S. Road, Mulund (West), Mumbai - 400 080.
☎ 2591 7192, : 9322272711
Email : casandeepdedhia@gmail.com

of the Holding Company and its jointly controlled entities which are companies incorporated in India and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate circumstances. An audit also includes evaluating the appropriateness of the accounting policies used of the

S. DEDHIA & CO. CHARTERED ACCOUNTANTS M.NO.102606 MUMBAI

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
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Office No. 304, Sai Arcade, Above Union Bank of India, N. S. Road, Mulund (West), Mumbai - 400 080.
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accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us referred to in paragraphs below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Basis of Forming an Opinion

1. We draw your attention to the Consolidated Ind AS Financial Statements with regard to Fixed Assets. The Holding Company has discontinued most of the centres operated by the Holding Company during F.Y. 2016-17 and have converted some of them into franchisee during F.Y. 2016-17 & 2017-18. The Holding Company has informed us that it has identified Furniture & Fixtures and Leasehold Improvements into those lying at closed centres, franchise centres and own centres in a phased manner.

2. During the year the Holding company has allotted new franchise to 1 centres. There were in all 131 centres operative during the year 2019-20.

3. We draw attention to the Consolidated Ind AS Financial Statements with regards to Trade Receivables. In our opinon the deliverables and receipts are outstanding for a longer period of time.

4. We did not audit the financial statements of one Associate Company included in the consolidated financial results, whose financial statements reflect total assets of Rs. 36742 lakhs as at March 31, 2020, total revenues of Rs. 952 lakhs, total net loss after tax of Rs. 2815 lakhs and total comprehensive loss of Rs 2815 lakhs for the year ended on that date as considered in the consolidated financial results. These unaudited financial statements 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 & disclosures included in respect of these Joint Ventures is solely based on these unaudited financial statements.

S. DEDHIA & CO. ★ CHARTERED ACCOUNTANTS ★ M.NO.102606 MUMBAI

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
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5. The Holding Company has defaulted in repayment of loans availed from financial institutions due to which these borrowings have been classified as short term borrowings. The management has informed us that the Holding Company has received notices from financial institutions under "SARFAESI Act". The amount classified as short term borrowings is at Rs. 2832.72 lakhs.

6. The Holding Company had received an advance of Rs. 260.00 lakhs against sale of school building at Baroda which is utilized by HDFC Bank in payment of OD Interest. Rs. 30 lakhs received from sale of investments in M.T. Infrastructure Pvt Ltd and Rs. 300 lakhs as an advance against sale of Goregaon land during F.Y. 2018-19 has been adjusted against repayment of HDFC loan. Balance Rs. 2700.00 lakhs received from sale of goregaon land has also been adjusted against repayment of HDFC loan.

   Rs. 867.85 lakhs received from sale of office at Morya House, Andheri has been utilized for repayment of loan from Kotak Mahindra Bank. Rs. 375.00 lakhs received from sale of office at Vile Parle has been utilized for repayment of loan from ICICI Bank.

7. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on physical verification of stocks as compared to book records. However during the year under audit the company has bifurcated the inventory into non-moving, obsolete, redundant.

8. Confirmation letters have been sent by the Holding Company to sundry creditors and parties to whom loans & advances, deposits 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 balance under these heads have been shown as per books of accounts and are subject to reconciliation and adjustment, if any.

S. DEDHIA & CO. ★ CHARTERED ACCOUNTANTS ★ M.NO.102606 MUMBAI

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B. Com. F.C.A.

S. Dedhia & Co.
Chartered Accountants

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9. SEBI has appointed Forensic Auditor for conducting Forensic Audit of the Holding Company for the period beginning from F.Y. 2011-12 to 2017-18. The Company is defending / pursuing legal cases on various Forums against itself and its past directors.

10. Some landlords and creditors have initiated legal proceedings against the Holding Company and its directors, which may result in compensation, interest and other penalties.

11. **Impact of COVID-19 on the financials**

In March 2020, the WHO declared the COVID-19 outbreak as a pandemic which continues to spread across the country. On 25th March, 2020, the Government of India has declared this pandemic a health emergency, ordered temporary closure of all non-essential businesses, imposed restrictions on movement of goods/material, travel, etc. As the nature of business performed by the Holding Company fell under non-essential category, these restrictions had stopped its operations at its owned and various franchise centres .

Registered Office of the Holding Company was under lockdown (closed) for almost two and half months, however staff was permitted to work from home as per the policy adopted by the Holding Company of "Work from home " and all essential and required functions were being performed with limited access.

As Holding Company's owned and franchise centres are closed due to lockdown and the uncertainity prevailing for re-opening of the centres, the admissions of the students have been effected badly for the academic year 2020-2021.

The pandemic has effected badly on the liquidity flow of the Holding Company.

Some of the severe impact which company estimates COVID-19 will have on it's financials in future are:-

1) Cash flow crunch;
2) Significant reduction in numbers of centres;
3) Reduction in collection of royalty;

S. DEDHIA & CO. M.NO.102606 MUMBAI CHARTERED ACCOUNTANTS

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B. Com. F.C.A.

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4) Reduction in number of students;
5) Reduction in fees structure;
6) Delay in serving debt to the banks;

It is worthwhile to mention that Corporate Governance and legal compliances have always been the topmost priority of the Holding Company and Holding Company ensures that all available information about the impact of these events on the Holding Company and its operations is communicated in a timely and cogent manner to its investors and stakeholders.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Holding Company and its jointly controlled entities which are companies incorporated in India as at March 31, 2020 and their consolidated loss (including other comprehensive income), their consolidated cash flows and the consolidated changes in Equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements..

   b) In our opinion, proper books of account as required by law maintained by the Holding Company and its jointly controlled entities which are companies incorporated in India including relevant records relating to the preparation of aforesaid consolidated Ind AS financial statements have been kept so far as it

S. DEDHIA & CO. CHARTERED ACCOUNTANTS M.NO.102606 MUMBAI

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
Chartered Accountants

Office No. 304, Sai Arcade, Above Union Bank of India, N. S. Road, Mulund (West), Mumbai - 400 080.
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appears from our examination of those books and records of the Holding Company and the reports of other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income),Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained by the Holding Company and its jointly controlled entities which are companies incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.

d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

e) Ms. Amita Karia, Non Executive Independent woman director has resigned from the Board and committees with effect from 12.03.2020. Further Ms. Babita Bhatia has been appointed as Non Executive, Non Independent woman director with effect from 23.06.2020.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its jointly controlled entities which are companies incorporated in India and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact if any of pending litigations as at March 31, 2020 on the consolidated financial position of the Holding Company and its jointly controlled entities which are incorporated in India. However Holding Company has numerous pending litigations and suits filed against the company and its directors which may

S. DEDHIA & CO. M.NO.102606 MUMBAI CHARTERED ACCOUNTANTS

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
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impact its financial position. The Holding Company has not disclosed the impact of such pending litigations.

ii. The Holding Company and its jointly controlled entities which are incorporated in India did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its jointly controlled entities which are incorporated in India during the year ended March 31, 2020.

**For S. Dedhia & Co,**
Chartered Accountants
F.R.N. 117695W

S. DEDHIA & CO. ★ CHARTERED ACCOUNTANTS ★ M.NO.102606 MUMBAI

**CA Sandeep Dedhia**
Proprietor
M. No. 102606
UDIN : 20102606AAAAAJ3396

Date : 09/07/2020
Place : Mumbai

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
Chartered Accountants

Office No. 304, Sai Arcade, Above Union Bank of India, N. S. Road, Mulund (West), Mumbai - 400 080.
☎ 2591 7192, : 9322272711
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## Annexure "A" to Independent Auditor's Report

### REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020 we have audited internal financial controls over financial reporting of Tree House Education & Accessories Limited (hereinafter referred to as "the Holding Company") and its jointly controlled entities which are companies incorporated in India, as of that date.

### MANAGEMENT'S REPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Holding Company its jointly controlled entities all incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Notes") issued by the Institute of Chartered Accountants of India and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the

S. DEDHIA & CO. CHARTERED ACCOUNTANTS MUMBAI

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
Chartered Accountants

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☎ 2591 7192, : 9322272711
Email : casandeepdedhia@gmail.com

audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit and evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Because of the matter described in Disclaimer of Opinion paragraph below, we were not able to obtain sufficient and appropriate audit evidence to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

S. DEDHIA & CO. M.NO.102606 MUMBAI CHARTERED ACCOUNTANTS

Sandeep Dedhia
B. Com. F.C.A.

S. Dedhia & Co.
Chartered Accountants

Office No. 304, Sai Arcade, Above Union Bank of India, N. S. Road, Mulund (West), Mumbai - 400 080.
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(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

**INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projection of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Disclaimer of Opinion**

According to information and explanation given to us by the Holding Company and its jointly controlled entities which are companies incorporated in India and based on the unaudited accounts of such companies, as referred to in the Other Matters paragraph, the company's internal financial control over financial reporting in the current financial year to cover the essential components of Internal controls stated in Guidance Note on Audit of Internal Financial controls over Financial Reporting issued by ICAI are not commensurate to the size of the Company.

The Internal Audit carried out by an independent firm on areas required to be covered as per the Guidance Note on Audit of Internal Financial Controls over Financial Reporting reports that the internal controls operating in the company are not commensurate to the size of the Company.

We have considered the disclaimer report above in determining the nature, timing and extent of audit tests applied in our audit of standalone financial statements of the company, and the disclaimer does not affect our opinion on the consolidated financial statements of the company.

S. DEDHIA & CO. CHARTERED ACCOUNTANTS M.NO.102606 MUMBAI

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B. Com. F.C.A.

S. Dedhia & Co.
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Office No. 304, Sai Arcade, Above Union Bank of India, N. S. Road, Mulund (West), Mumbai - 400 080.
☎ 2591 7192, : 9322272711
Email : casandeepdedhia@gmail.com

## OTHER MATTERS

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as relates to financial statements of two jointly controlled entities which are incorporated in India is based on the unaudited accounts of such companies incorporated in India. Our opinion is not qualified in respect to this matter.

**For S. Dedhia & Co,**
Chartered Accountants
F.R.N. 117695W

S. DEDHIA & CO. CHARTERED ACCOUNTANTS M.NO.102606 MUMBAI

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Date : 09/07/2020
Place : Mumbai