

Tree House Education & Accessories Ltd.

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



August 31, 2018

To,
The National Stock Exchange of India Ltd.
Bandra (East)
Mumbai - 400 051

Re: Your email dated 30th August 2018 on Appeal file for interim order passed by Securities and Exchange Board of India (SEBI).

Ref: Scrip Code: 533540 / TREEHOUSE

Dear Sir/Madam,

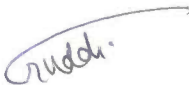
With reference to the above subject matter, please find below clarification as sought by you:

- 1) Quantum of claims, if any – **NIL**
- 2) Expected financial implications, if any, due to compensation, penalty etc. – **Not Applicable**
- 3) Brief details of litigation viz. name(s) of the opposing party, court/ tribunal/agency where litigation is filed, brief details of dispute/litigation; – **As per the Order attached.**

Thanking you,

Yours truly,

For Tree House Education & Accessories Limited


Guddi Bajpai
Company Secretary



BEFORE THE SECURITIES APPELLATE TRIBUNAL
MUMBAI

Date of Decision : 29.08.2018

**Misc. Application No. 250 of 2018
And
Appeal No. 300 of 2018**

1. Tree House Education and Accessories Limited
702, Morya House, 'C' Wing,
Off. Link Road, Andheri (W),
Mumbai – 400 053.
2. Mr. Rajesh Bhatia
202, Morya Regency,
Khar (West),
Mumbai – 400 052.
3. Mrs. Geeta Bhatia
202, Morya Regency,
Khar (West),
Mumbai – 400 052.
4. Mr. Giridharilal S. Bhatia
102, Morya Regency,
Khar (West),
Mumbai – 400 052.
5. Mr. Hiten Trivedi
1102, Nazarene Building,
Road No. 13, Near Central Avenue,
Chembur (East), Mumbai – 400 071.

...Appellants

Versus

Securities and Exchange Board of India,
SEBI Bhavan, Plot No. C-4A, G-Block,
Bandra-Kurla Complex, Bandra (East),
Mumbai – 400 051.

...Respondent

Mr. Pradeep Sancheti, Senior Advocate with Mr. Pulkit Sharma and Mr. Saurabh Bachhawat, Advocates i/b Mr. Akshay Bafna and Mr. Sagar Shete for Rizwan Merchant & Associates for Appellants.

Mr. Mustafa Doctor, Senior Advocate with Ms. Vidhi Jhawar, Advocate i/b The Law Point for the Respondent.

CORAM : Dr. C.K.G. Nair, Member

Per : Dr. C.K.G. Nair (Oral)

Misc. Application No. 250 of 2018:-

By this Misc. Application appellant seeks condonation of 117 days delay in filing this appeal. For the reasons stated in the Misc. Application, delay is condoned. Misc. Application is disposed off accordingly.

Appeal No. 300 of 2018:-

1. This appeal is filed challenging the ad-interim ex-parte order dated March 7, 2018 passed by the Whole Time Member ('WTM' for short) of Securities and Exchange Board of India ('SEBI' for short). By the said order, inter alia, appellants herein are restrained from accessing the securities market directly or indirectly and the National Stock Exchange of India Ltd. ('NSE' for short) has been directed to appoint a forensic auditor to audit the books of accounts of the appellant company, namely, Tree House Education and Accessories Ltd. from the financial year 2011-12 onwards.

2. It is the submission of the Learned Senior Counsel appearing on behalf of the appellants that after initiation of the investigation the ad-interim ex-parte order was passed after about 15 months. Moreover, the appellants promptly replied to all the communications received from SEBI seeking detailed information. Despite such cooperation, neither an opportunity of being heard was given to the appellants nor the submissions made in their replies are dealt with in the impugned order. It is further pointed out that certain abnormal developments in the governance of the company had happened in the year 2016 which led to certain media reports etc. It was based on such media reports that the investigation was initiated

and hence it was all the more imperative that the appellants were given an opportunity of presenting their views and facts before the WTM. It is also submitted that on the 2016 governance issues relating to the company alternative remedies have been sought in the appropriate forum and injunctions have been obtained from the High Court etc. Though these facts were also pointed out in the replies furnished by the appellants to SEBI while responding to SEBI's communications these aspects are not even touched upon in the impugned order. It is further submitted in relation to the allegations that funds had been transferred to related parties the non-applicability of the relevant provisions of the Companies Act was also specifically pointed out by the appellants. The non-applicability of the provisions of the Companies Act, 2013 cited by the appellants is not even mentioned in the impugned order, though the said order charges the appellants with non-compliance of related party disclosure requirements.

3. Learned Senior Counsel Mr. Mustafa Doctor appearing on behalf of SEBI, on the other hand, submitted that the violations noticed in the books of accounts etc of the company is not only relating to the year 2016 but, as stated in the impugned order, it is from the year 2011-12 onwards. Further, if the claim of the appellants that an attempted coercive takeover of the company in the year 2016 is the reason for all the ills the company is facing a forensic audit is the best option to address that issue. Therefore, a forensic audit is in the interest of the appellants, not against them, as it will bring out all the facts relating to the affairs of the company and other appellants.

4. I note that the impugned order was issued on March 7, 2018. On May 9, 2018 NSE informed the Appellant No. 1 (company) about the appointment of a Forensic Auditor. On May 28, 2018 Appellant No. 1 informed NSE that they are in the process of filing an appeal challenging the

SEBI order dated March 7, 2018. On June 4, 2018 appellants gave similar reply to the forensic auditor as well who sought documents for review on June 11, 2018. On June 19, 2018 SEBI sought status of the appeal filed before this Appellate Tribunal from Appellant No. 2 who is the Managing Director of the Company. On June 22, 2018 Appellant No. 1 informed SEBI that they are in the process of filing the appeal. Finally appeal was filed only on August 21, 2018.

5. Given the above facts there has been delay on the part of the appellants in filing this appeal. In the interim, the forensic auditor has already been appointed and their process has started. Therefore, granting a stay on the impugned order as sought by the appellants at this juncture does not serve any purpose. Accordingly, it would be appropriate to deal with the issue in the normal process wherein a confirmatory order is to be issued by SEBI.

6. Following this, Learned Senior Counsel for the appellants submits that treating the ad-interim ex-parte order (impugned order) as the show cause notice the appellants will give comprehensive reply to SEBI within a period of three weeks from today. He further submits that the appellants would also cooperate with the forensic auditor in the interim though subject to the constraints on availability of documents because of parallel proceedings before different authorities and the fact that most of the documents, including electronic documents are with other investigating agencies.

7. Learned Senior Counsel for SEBI seeks two months time to pass the confirmatory order subject to the appellants not seeking additional time in filing replies and / or in rescheduling of hearing dates etc.

8. Accordingly, appellants are granted three weeks time to file their replies and WTM of SEBI shall pass the confirmatory order within two months thereafter.

9. Appeal is disposed of on the above terms with no order as to costs.

Sd/-
Dr. C.K.G. Nair
Member

29.08.2018

Prepared and compared by:msb