



TREE HOUSE EDUCATION & ACCESSORIES LIMITED

Registered Office: 702-C, Morya House, Off New Link Road, Andheri (West), Mumbai 400 053, Maharashtra.

POSTAL BALLOT NOTICE

(Pursuant to Section 192A of the Companies Act, 1956)

Dear Shareholders,

NOTICE is hereby given, pursuant to the provisions of Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 including any statutory modification or re-enactment thereof for the time being in force, that the Tree House Education & Accessories Limited (the "Company") is seeking consent of its members to pass the proposed Resolutions as set out below, by means of Postal Ballot.

Explanatory Statement pursuant to Section 173(2) and 192A of the Companies Act, 1956 alongwith a Postal Ballot Form, are annexed for your consideration.

To facilitate wider participation in the approval process by the members residing at different locations, the Board of Directors of the Company is seeking the approvals of the members through postal ballot instead of convening an Extra Ordinary General Meeting. Only members entitled to vote are entitled to fill in the Postal Ballot Form enclosed with the Notice and send it to the Scrutinizer, and any other recipient of this Notice, who has no voting rights should treat the Notice as an intimation only. Mr. Upendra C. Shukla, Company Secretary in Practice, has been appointed by the Board of Directors as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

Members are requested to carefully read the instructions printed on the Postal Ballot Form, record their assent or dissent therein and return the Form duly completed, in the attached self-addressed pre-paid postage envelope, so as to reach on or before 5.00 p.m. on Saturday, 28th January, 2012. Postal Ballot Forms received thereafter will not be considered. The Scrutinizer will submit his report after completion of the scrutiny of the Postal Ballot Forms and the results of the Postal Ballot will be announced on Thursday, 02nd February, 2012 at the Company's Registered Office at 702 'C', Morya House, Off New Link Road, Andheri (West), Mumbai 400 053, Maharashtra.

The declaration of the results of the postal ballot as stated above shall be treated as declaration of results at a meeting of the shareholders as per the provisions of the Postal Ballot Rules. After the above declaration by the Chairman or any other Director, the result of the post ballot will be posted on the Company's website viz. www.treehouseplaygroup.net.

Items of business requiring consent of shareholders through Postal Ballot:

Item No. 1 – Increase in Authorised Share Capital of the Company:

To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to Section 94 and all other applicable provisions if any, of the Companies Act, 1956 the existing Authorised Share Capital of the Company be and is hereby increased from Rs.35,00,00,000/- (Rupees Thirty Five Crores Only) divided into 3,50,00,000 (Three Crores Fifty Lacs) Equity Shares of Rs.10/- each to Rs.35,50,00,000/- (Rupees Thirty Five Crores Fifty Lacs Only) divided into 3,55,00,000 (Three Crores Fifty Five Lacs) Equity Shares of Rs.10/- each."

"RESOLVED FURTHER THAT consequent upon increase in the Authorized Share Capital, Clause V of the Memorandum of Association of the Company be and is hereby amended by deleting the existing sub-Clause V(a) and substituting the following new sub-Clause V(a) :

V (a). "The Authorised Share Capital of the Company is Rs.35,50,00,000/- (Rupees Thirty Five Crores Fifty Lacs Only) divided into 3,55,00,000 (Three Crores Fifty Five Lacs) Equity Shares of Rs.10/- (Rupees Ten only) each with power to increase or reduce the Share Capital of the Company."

"RESOLVED FURTHER THAT Mr. Rajesh Bhatia, Managing Director of the Company be and is hereby authorised to sign, and submit necessary forms and documents with Registrar of Companies, Mumbai and to undertake all actions, modifications, alterations, variations as may be directed by all regulatory authorities to increase our Authorised Share Capital."

Item No. 2 – Tree House Employees Stock Option Plan ('ESOP'):

To consider and if thought fit, to pass with or without modification resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 81(1A), and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") , the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and amendments made thereto (hereinafter referred to as "SEBI Guidelines"), and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions as may be prescribed or imposed while granting such approvals, permissions and sanctions, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee, including the Compensation Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution), to create, offer, issue, transfer and allot at any time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Director of the Company, whether whole time or otherwise, directly or through any Trust constituted or to be constituted for the purpose, Options exercisable into not more than 15,00,000 Equity Shares of the Company of face value Rs.10/- each, under one or more Employee Stock Option, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the provisions of the law or guidelines issued by the relevant Authority; each Option being exercisable for one Equity Share of a face value of Rs.10/- each fully paid up on payment of requisite exercise price to the Company / Trust."

"RESOLVED FURTHER THAT the Exercise Price shall be determined by the Board of Directors and/or Compensation Committee at the time of Grant of an Option and may be at such discount not exceeding 10% of the market price i.e. latest available closing price, prior to the date of the meeting of the Board of Directors and/ or Compensation Committee in which Options are granted, on the Stock exchange on which there is highest trading volume."

“RESOLVED FURTHER THAT in case of any change in capital structure such as right issues, bonus issues, merger and sale of division or otherwise, if any, additional equity shares are required to be issued by the Company under any such Employee Stock Option Plan the above ceiling of 15,00,000 Equity Shares shall be deemed to be increased to the extent of such additional equity shares required to be issued by the Company.”

“RESOLVED FURTHER THAT in case the equity shares of the Company are either sub-divided or consolidated, then the number of shares to be allotted and the price of acquisition payable by the Option grantees under any Employee Stock Option Plan shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of Rs.10/- per equity share bears to the revised face value of the equity shares of the Company after such sub-division or consolidation, without affecting any other rights or obligations of the said allottees.”

“RESOLVED FURTHER THAT in case of any corporate action(s) like merger, sale of undertaking, etc or change in capital structure whether by issue of rights/bonus shares, or other changes in the share capital whatsoever, the Board be and is hereby authorised to make such adjustments as it may deem fit to the quantum of shares to be issued pursuant to the exercise of the Options, the exercise price, and other rights and obligations under the Options.”

“RESOLVED FURTHER THAT Equity Shares issued and allotted to the employees upon exercise of Options from time to time shall rank pari passu in all respects with the existing equity shares of the Company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to make modifications, changes, variations, alterations or revisions in any Employee Stock Option Plan as it may deem fit and or as may be suggested by one or more concerned authorities including but not limited to the Stock Exchanges, from time to time in its sole and absolute discretion in conformity with the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, SEBI Guidelines and any other applicable laws.”

“RESOLVED FURTHER THAT to determine all other terms and conditions for the purpose of giving effect to any offer, issue or allotment of equity shares or securities or instruments representing the same, as described above under any Employee Stock Option Plan, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue or allotment without being required to seek further consent or approval of the members.”

Item No. 3 – Utilization of IPO Proceeds:

To consider and if thought fit, to pass with or without modification resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 60, 61 and all other applicable provisions of the Companies Act, 1956 including any amendments thereto and re-enactment thereof, the Prospectus, the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and in accordance with the rules and regulations issued by the Securities and Exchange Board of India, Government of India or any other relevant authority as may be necessary, consent of the Company be and is hereby accorded to authorize the Board of Directors of the Company to decide, alter, vary, revise and finalise the utilization of IPO proceeds apart from those mentioned in the Prospectus dated August 18, 2011 filed by the Company with the Registrar of Companies, Maharashtra, Mumbai (‘the Prospectus’) and to alter, amend the location of proposed expansion of pre-school business and take up any new activity/expense/financial commitment including but not limited to the capital expenditure, investment in new project, business development and towards general corporate purpose.”

“RESOLVED FURTHER THAT the deployment of net proceeds of the Initial Public Offering be amended from the objects stated and described under section titled “Object of the Issue” of the Prospectus dated August 18, 2011 as detailed below

		(Rs. in lacs)	
Particulars		Planned as per Prospectus	Revised Plan
1	Expansion of Pre-School Business	4,200	8,500
2	Acquisition of office space	1,350	1,325
3	Procurement of exclusivity rights to provide educational services	2,700	1,700
4	Construction of Infrastructure for an educational complex in Rajasthan and Gujarat	4,027	2,750
5	Repayment of loans	2,858	860
Total		15,135	15,135

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be required for the aforesaid purpose.”

By order of the Board of Directors
For TREE HOUSE EDUCATION & ACCESSORIES LIMITED
Sd/-
(RAJESH BHATIA)
MANAGING DIRECTOR

Place: Mumbai

Dated: 22nd December, 2011

EXPLANATORY STATEMENT PURSUANT TO THE PROVISIONS OF SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 1 – Increase in Authorised Share Capital of the Company:

The existing Authorised Share Capital of the Company is Rs.35,00,00,000/- (Rupees Thirty Five Crores Only) divided into 3,50,00,000 (Three Crores Fifty Lacs) Equity Shares of Rs.10/- each. As the Board of Directors has proposed to issue Stock Options to its employees/eligible Directors, which may later be converted into equity shares, the existing Authorised Share Capital will not be enough to allot the shares against the Stock Options on its exercise.

The Board of Directors in its meeting held on 22nd December, 2011 decided to increase the existing Authorised Share Capital to Rs.35,50,00,000/- (Thirty Five Crores Fifty Lacs Only) subject to necessary approval of the members of the Company. Pursuant to the provisions of Section 94 of the Companies Act, 1956 and the Memorandum and Articles of Association of the Company, the Authorised Share Capital can be increased with approval of the members obtained by passing an Ordinary Resolution. Consequent upon increase in the

Authorised Share Capital, the Clause V of the Memorandum of Association will have to be amended suitably with the members' consent by way of an Ordinary Resolution under Section 16 of the Companies Act, 1956.

A copy of the Memorandum and Articles of Association is kept open for inspection by members at the Registered Office of the Company during 11.00 a.m. to 1.00 p.m. on the working days of the Company till the date of declaration of the results of the postal ballot.

None of the Directors is interested or concerned in the proposed resolution.

Item No. 2 – Tree House Employees Stock Option Plan ('ESOP'):

The Company intends to introduce stock-based compensation schemes for incentivizing the Employees and Directors (excluding the Promoters or persons belonging to the Promoter group) of the Company. The approval of the shareholders is being sought for granting Stock Options to the employees of the Company in one or more Employee Stock Option Plan to be introduced by the Company".

The main features of the proposed Employee Stock Option Plan and Information as required under clause 6.2 of the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are given below:

1. Total number of Options to be granted:

Options for up to 15,00,000 Equity Shares of Rs. 10/- each would be available for being granted to eligible employees (including the Directors) of the Company under Employee Stock Option Plan. Each Option when exercised would be converted into one Equity Share of Rs.10/- each fully paid up.

'Vested Options' that lapse due to non-exercise or unvested Options that get cancelled due to resignation of the employees or otherwise, would be available for being re-granted at a future date.

SEBI guidelines require that in case of any corporate action(s) or change in capital structure such as rights issues, bonus issues, sub-division / consolidation of the nominal value of shares, merger and sale of division and others, a fair and reasonable adjustment needs to be made to the Options granted. Accordingly, if any additional Equity Shares are required to be issued for making such fair and reasonable adjustment, the ceiling of 15,00,000 Equity Shares shall be deemed to be increased to the extent of such additional Equity Shares issued/to be issued. Further the Board of Directors and/or Compensation Committee shall in such cases also have the power to make appropriate adjustments to the number of shares to be allotted pursuant to the exercise of the Options, the Exercise price and other rights and obligations under the Options granted.

2. Identification of classes of employees entitled to participate in the Employee Stock Option Plan(s):

All permanent employees of the Company, including the Directors thereof whether in whole-time employment or not but excluding the Promoters of the Company or persons belonging to the Promoter Group, as may be decided by the Board of Directors and/or Compensation Committee from time to time, would be entitled to be granted Stock Options under the Employee Stock Option Plan.

3. Transferability of Employee Stock Options:

The Stock Options granted to an employee will not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner. However, in the event of the death or permanent disability of an Employee Stock Option Holder while in employment, the right to exercise all the Options granted to him till such date shall be transferred to his legal heirs or nominees.

4. Requirements of vesting and period of vesting:

The Options granted shall vest so long as the employee continues to be in the employment of the Company. The Board of Directors and/or Compensation Committee may, at its discretion, lay down the period of time and/or specify certain performance metrics on the achievement of which the granted Options may vest (subject to the minimum vesting period as specified below). The vesting of the Options may also happen in tranches in accordance with the above mentioned conditions.

The Options would vest not earlier than one year but not later than five years from the date of grant of Options. The exact proportion in which and the exact period over which the Options would vest would be determined by the Board of Directors and/or Compensation Committee, subject to the minimum vesting period of one year from the date of grant of Options and may be customised for individual employees.

5. Exercise Price or Pricing Formula:

The exercise price shall be decided by the Board of Directors and/or Compensation Committee on the date of grant which shall not be more than the Market price as defined under the SEBI Guidelines. In cases, where Options are granted at a discount to the market price, the discount shall not exceed 10% of the market price i.e. latest available closing price, prior to the date of the meeting of the Board of Directors and/ or Compensation Committee in which Options are granted, on the Stock Exchange on which there is highest trading volume.

The Company shall be entitled to recover from the employee any tax as that may be levied upon or in relation to the Options.

6. Exercise Period and the process of Exercise:

The Exercise period would commence from the date of vesting and will expire on completion of a period of upto five years from the date of vesting of the Options. The Options shall become exercisable in part or in full within the overall exercise period permitted under the Plan.

The Options will be exercisable by the Employees by a written application to the Company to exercise the Options in such manner, and on execution of such documents, as may be prescribed by the Board of Directors and/or Compensation Committee from time to time. The Options will lapse if not exercised within the specified exercise period and would be available for being re-granted in future.

7. Appraisal Process for determining the eligibility of the employees to ESOP:

The appraisal process for determining the eligibility of the employee will be specified by the Board of Directors and/or Compensation Committee, and will be based on criteria such as role / designation of the employee, length of service with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Board of Directors and/or Compensation Committee at its sole discretion.

8. Maximum number of Options to be issued per employee and in aggregate:

The aggregate number of Options / underlying Shares that may be granted under the Plan shall not exceed 15,00,000 (Fifteen lakh only). Further, Options under each Grant to an Employee shall not be less than 50 (Fifty) and shall not exceed 1% of the total issued share capital of the Company in any year provided that the aggregate number of Options granted per employee under the total tenure of the Plan in any case shall not exceed 3% of the total issued share capital of the Company.

9. Maximum number of Options to be granted to Non-Executive Directors (including Independent Directors) in any financial year and in aggregate:

The number of Options that may be granted to any Non-Executive Director (including any Independent Director) in any financial year under Employee Stock Option Plan shall not exceed 1% of the issued and paid-up share capital and in aggregate shall not exceed 2% of the issued and paid up share capital of the Company at the time of grant of Options.

10. Accounting Policies:

The Company shall comply with the disclosure and the accounting policies as specified in Schedule I referred to in clause 13.1 of SEBI Guidelines.

11. Method of Option valuation:

To calculate the employee compensation cost, the Company shall use the Intrinsic Value Method for valuation of the Options granted.

In case the Company calculates the employee compensation cost using the Intrinsic Value of the Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the Fair Value of the Options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on Earning Per Share of the Company shall also be disclosed in the Directors' Report.

As the Employee Stock Option Plan provide for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is being sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as required under clause 6 of the SEBI Guidelines. The terms and conditions of the Options may be customized for individual employees within the above framework.

None of the Directors of the Company (except the Promoters who are excluded) are in any way, concerned or interested in the resolution, except to the extent of their shareholding in the Company and/or the securities that may be offered to them under the scheme.

Item No. 3 – Utilization of Initial Public Offering ('IPO') Proceeds:

The Company has planned expenditure of Rs.15,135 lacs for the objects stated and described under section titled "Object of the Issue" of the Prospectus dated August 18, 2011. Looking at the recent developments and business opportunities available to the Company in the regions other than specified in prospectus, the management is of the view that the pre-school business expansion should be undertaken in promising regions. Also, it is opined that capital expenditure on expansion of pre-school business be raised and the proposed expenditure on other objects be curtailed to meet this requirement. The proposed revised plan finalized by the Board of Directors in consultation with the Audit Committee is as under:

		(Rs. In lacs)	
	Particulars	Planned as per Prospectus	Revised Plan
1	Expansion of Pre-School Business	4,200	8,500
2	Acquisition of office space	1,350	1,325
3	Procurement of exclusivity rights to provide educational services	2,700	1,700
4	Construction of Infrastructure for an educational complex in Rajasthan and Gujarat	4,027	2,750
5	Repayment of loans	2,858	860
	Total	15,135	15,135

The proposed change will be in interest of the Company and its stake holders. Accordingly, the Company is proposing to seek flexibility with respect to the deployment of the balance funds. On the basis of recommendation of the Audit Committee, the Board of Directors in its meeting held on December 22, 2011 has, subject to approval of Members of the Company, approved the proposed amendment, as stated above, in the utilization of the balance IPO funds.

A copy of the Prospectus dated 18th August, 2011 is kept open for inspection by members at the Registered Office of the Company during 11.00 a.m. to 1.00 p.m. on the working days of the Company till the date of declaration of the results of the postal ballot.

None of the Directors of the Company is in any way concerned or interested in the proposed resolution.

By order of the Board of Directors
For TREE HOUSE EDUCATION & ACCESSORIES LIMITED
Sd/-
(RAJESH BHATIA)
MANAGING DIRECTOR

Place: Mumbai
Dated: 22nd December, 2011

Registered Office:
702-C, Morya House,
Off New Link Road, Andheri (West),
Mumbai 400 053,
Maharashtra.

TREE HOUSE EDUCATION & ACCESSORIES LIMITED

Registered Office: 702 'C', Morya House, Off New Link Road, Andheri (West), Mumbai – 400 053

POSTAL BALLOT FORM

Sr. No.: _____

(Please read the instruction printed overleaf carefully before filling this form)

POSTAL BALLOT FORM

1. Name(s) & registered :
address of sole / first
named member
(in block letters)
2. Name (s) of the joint :
Member(s)
3. Registered Folio No./DP :
ID No./ Client ID No.*
(*Applicable to investors
holding Equity Shares in
demat form)
4. Number of Equity Shares :
held
5. I/We hereby exercise my / our vote in respect of the Resolution No. 1 to 3, to be passed through Postal Ballot for the business stated in the Notice dated December 22, 2011 of Tree House Education & Accessories Limited ("the Company") by sending my / our assent or dissent to the said Resolutions by placing a tick (√) mark in the appropriate column below :

Resolution No.	Description	No. of Equity Shares	I / We assent to the Resolution	I / We dissent to the Resolution
1.	Ordinary Resolution for increase in the existing Authorised Share Capital from Rs. 35,00,00,000/- to Rs. 35,50,00,000/- and consequent amendment of Clause V of the Memorandum of Association.			
2.	Special Resolution for approval of Employees Stock Option Plan for the benefit of the employees and directors of the Company.			
3.	Special Resolution for amendment in utilization of Initial Public Offering ('IPO') Proceeds			

PLACE: _____

DATE: _____

Signature of the Shareholder

Note: Please read carefully the instructions printed overleaf before exercising the vote.

INSTRUCTIONS

1. The Member(s) desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form (no other form or photo copy thereof is permitted) and send it to the Scrutinizer in the attached postage pre-paid self-addressed envelope. Postage will be borne and paid by Tree House Education Accessories Ltd. However, envelopes containing Postal Ballot Forms, if sent by courier at the expense of the shareholder will also be accepted.
2. The Postage pre-paid self-addressed envelope bears the name and postal address of the Scrutinizer appointed by the Board of Directors of the Company.
3. This form should be completed and signed by the Members as per the specimen signature registered with the Company or Depository Participant, as the case may be. . In case of joint holding, this form should be completed and signed (as per the specimen signature registered with the Company) by the first named shareholder and in his absence, by the next named shareholder.
4. Consent must be accorded by recording the assent in the Column (FOR) and dissent in the Column 'AGAINST' by placing a tick mark (✓) in the appropriate column.
5. Unsigned Postal Ballot Form will be rejected.
6. Duly completed Postal Ballot form should reach the Scrutinizer not later than the close of working hours on Saturday, 28th January, 2012. All Postal Ballot Forms received after this date will be strictly treated as if reply from such Member (s) has not been received.
7. In case of the shares held by companies, trusts, societies, etc. the duly completed Postal Ballot form should be accompanied by a certified true copy of Board resolution / authority.
8. Voting rights shall be reckoned on the paid up value of the equity shares registered in the name(s) of the Member(s) on the date of dispatch of the Postal Ballot notice.
9. Members are requested not to send any other paper along with the Postal Ballot Form in the enclosed self addressed postage pre-paid envelope. If any extraneous papers are found, the same will be destroyed by the Scrutinizer.
10. The Scrutinizer's decision on the validity of a Postal Ballot will be final.