

National Stock Exchange of India

Circular

Department: Investigation	
Download Ref No: NSE/INVG/ 53131	Date: July 28, 2022
Circular Ref. No: 98/2022	

To All NSE Members,

Sub: Revocation Order in the matter of Tree House Education and Accessories Limited

This is with reference to NSE Circular No. NSE/INVG/37152 dated March 08, 2018, in respect of SEBI Order No. WTM/GM/CFD/96/2017-18 dated March 07, 2018 and NSE Circular No. NSE/INVG/39418 dated November 16, 2018, in respect of SEBI Order No. WTM/GM/CFD/77/2018-19 dated November 16, 2018.

SEBI now vide its Order No. WTM/AB/CFID/CFID-TPD/18090/2022-23 dated July 28, 2022, has hereby directed that restraint imposed on Vishal Shah (PAN: AALPS6882P) vide the Interim Order read with the Confirmatory Order, shall stand vacated with immediate effect.

The detailed order is available on SEBI website (<http://www.sebi.gov.in>).

Further, the consolidated list of such entities is available on the Exchange website <http://www.nseindia.com> home page under “Home-Regulation-Members-Action against Members-Regulatory Actions”.

Members are advised to take note of the above and ensure compliance.

In case of any further queries, members are requested to contact the following officials:

Mr. Govind Kokate (Extension: 26052), Mr. Anand Jangir (Extension:22385)
Direct No: 022-26598417/18 Fax: 022-26598195



National Stock Exchange of India

**For and on behalf of
National Stock Exchange of India Limited**

**Anand Jangir
Manager**

ANNEXURE: Revocation Order in the matter of Tree House Education and Accessories Ltd.

SECURITIES AND EXCHANGE BOARD OF INDIA, MUMBAI

ORDER

UNDER SECTIONS 11(1), 11(4) AND 11B OF THE SECURITIES AND EXCHANGE BOARD OF INDIA ACT, 1992

IN RESPECT OF:

	ENTITY	PAN
1.	VISHAL SHAH	AALPS6882P

IN THE MATTER OF TREE HOUSE EDUCATION AND ACCESSORIES LTD.

1. Tree House Education and Accessories Ltd. ("**Tree House /Company**") was originally incorporated as a Private Ltd. Company on July 10, 2006 and subsequently, became a Public Ltd. Company with effect from December 22, 2010. The Registered Office of Tree House is at 702C, Morya House, Off New Link Road, Andheri West, Mumbai, Maharashtra-400053. The shares of Tree House are listed on BSE Ltd. ("**BSE**") and the National Stock Exchange of India Ltd. ("**NSE**"). Tree House is engaged in providing educational services and is operating Pre-schools and Kindergarten to Class 12 Schools ("**K-12 Schools**") in association with some education Trusts,.
2. During the month of December 2016, there were several media reports *inter alia* alleging irregularities in the functioning and operations of Tree House on account of sudden closure of its pre-schools. Securities and Exchange Board of India ("**SEBI**") took cognizance of the aforesaid media reports and initiated an Investigation in the matter of Tree House for the period from April 1, 2011 to March 31, 2018 *inter alia* to ascertain –
 - a) *If the books of accounts were manipulated ? and/ or*
 - b) *Funds were diverted to related entities.*
3. The preliminary investigation report had *inter alia* observed that Tree House had reported an increase in revenues and profits until the quarter ended December 31, 2015; however, the Company had started reporting losses from the quarter ended March 31, 2016, onwards. It was observed that Tree House had entered into long-term service agreements with certain education Trusts where Giridharilal S. Bhatia, one of the promoters of Tree House and father-in-law of Rajesh Bhatia (Managing Director, Tree House), was a Trustee.

4. Thereafter, based on the observations contained in the preliminary investigation report, SEBI had passed an *Ad Interim Ex-Parte* Order dated March 7, 2018 ("**Interim Order**"), *inter alia* restraining six entities, viz. Tree House, Rajesh Bhatia, Geeta Bhatia, Vishal Shah, Giridharilal S. Bhatia and Hiten Trivedi, *"from accessing the securities market or otherwise dealing in securities in any manner whatsoever, either directly or indirectly"*. Vide the Interim Order, SEBI had also directed *"NSE to appoint an independent auditor/audit firm for conducting a detailed forensic audit of the books of accounts of Tree House from the Financial Year 2011–12 onwards"*.
5. The Interim Order was challenged in appeal before the Hon'ble Securities Appellate Tribunal ("**SAT**"), by five out of the six entities, viz. Tree House, Rajesh Bhatia, Geeta Bhatia, Giridharilal S. Bhatia and Hiten Trivedi (collectively referred to as the "**Appellants**"). Vide an Order dated August 29, 2018 (Appeal no. 300 of 2018), the Hon'ble SAT had disposed of the Appeal in terms of the following direction:

"8. ... appellants are granted three weeks' time to file their replies and Whole Time Member of SEBI shall pass the confirmatory order within two months thereafter."
6. Subsequently, the directions in the Interim Order were confirmed by SEBI, vide an Order dated November 16, 2018 ("**Confirmatory Order**"). The above-mentioned five Appellants had preferred an appeal before the Hon'ble SAT, against the Confirmatory Order. The Hon'ble SAT vide an Order dated November 7, 2019 (Appeal No. 78 of 2019), while partly allowing the Appeal, had directed as under:

"25. In the result, we quash and set aside the impugned orders (both the confirmatory order dated November 16, 2018 and ad interim ex parte order dated March 7, 2018) as far as the direction restraining the appellants from dealing in the securities market in any manner. However, we uphold the direction relating to forensic audit of Tree House. Appellants shall extend full cooperation to enable the auditor to complete the forensic audit at the earliest. In the event if substantial new material /evidence is available SEBI is at liberty to issue a fresh show cause notice and proceed thereafter in accordance with law."
7. I note that the forensic audit of the books of accounts of Tree House now stand completed. At this stage of the proceedings, I find that the charges levelled against Vishal Shah, the then Executive Director of Tree House, in the Interim and Confirmatory Orders, have not been decisively established by the material available on record. Considering the aforesaid fact, I am of the opinion that the direction issued against Vishal Shah vide the Interim Order read with the Confirmatory

Order, restraining him from accessing the securities market or otherwise dealing in securities in any manner whatsoever, either directly or indirectly, needs to be vacated.

ORDER:

8. I, therefore, in exercise of the powers conferred upon me under Section 19 of the SEBI Act read with Sections 11, 11(4) and 11B thereof, hereby direct that the restraint imposed on **Vishal Shah (PAN: AALPS6882P)** vide the Interim Order read with the Confirmatory Order, shall stand vacated with immediate effect.
9. A copy of this Order shall be forwarded to the recognized Stock Exchanges and Depositories for their information and necessary action.

Date: July 28, 2022
Place: Mumbai

ASHWANI BHATIA
WHOLE TIME MEMBER
SECURITIES AND EXCHANGE BOARD OF INDIA