

# **GIF EDUSERVE PVT. LTD.**

## CONFIDENTIAL

### **1. Explanatory Note on Transfer of Gems assets to GIF**

Object: To transfer Gems assets to GIF as per decisions of the Asset transfer committee on 12/02/2018

#### Current status

1. Few failed to understand and has objected – Hope this explanatory note would clear the doubts.
2. Funds to be raised by SS&RJ [20-22%] for Capital gains tax and [GIF 8-11%] for registration of land in its name and fee for increase in Authorised Capital. GIF to raise funds from shareholders as loans. Since last week of March being holy week, we may target at least 1 week before.
3. EGM is fixed on 17/03/2018 and Target date to transfer is before 31/03/2018.
4. The request by a gems member to treat 50% of his investment as loan can be amicably settled within Gems itself.

#### Why transfer of assets should happen without any further delay?

1. It permanently solves all the concerns raised so far by the investors.
2. It transforms GIF to a strong and value added company with asset base.
3. Bring more value for our shares and investments.
4. Attract buyers for our shares / new investors.
5. Can get higher loans from banks if needed for working capital / future expansion or to meet repayment of any loan requests.
6. This will solve the final, toughest, ultimate single hurdle remaining.
7. This will lead to 100% compliance to all statutory, IT and legal documentation requirements
8. The worth of our Company is now more than Rs.27 Crores.
9. This would help us to reinvigorate our dormant business plans and focus on new revenue streams
10. Can immediately execute agreements between GIF and SJECT paving way to transfer of funds from SJECT to GIF w.e.f. 01/04/2018.
11. If at all required, liquidation could be done easier and faster.
12. Give peace of mind to each and everyone permanently freeing oneself to spend quality time.

#### Risks, if any

There is absolutely zero risk direct or indirect, perceived in agreeing to the proposed resolutions. I personally guarantee the genuineness of the objects in the best interest of all (because I believe it should not be further delayed for any minor reason)

#### Way Forward

- Let us do it now, so that our company records and financial reports etc. will look attractive in this year report itself, without waiting till FY 2018-19 report.
- The Asset transfer committee head and members can be proud to have addressed the key grievance of investors in a reasonable time frame.
- For me personally, my grief of no answer to question “what IF something happens to me” will be transformed to the pleasure of gifting you with the privilege “to transfer to your loved ones, your rights that is truly pure, promising and prospective and most importantly well secured, free from any risks and conditions”.

## 2. Explanatory Note on Increase of Authorised Share Capital

Object: Increase Authorised share capital to enable transfer of gems assets and goodwill deposits to preference shares

### Current Status

- Our Authorised share capital is Rs.3.9 Cr
- We have Rs.3.9 Cr of Goodwill (non refundable interest –free) deposit (now accounted as unsecured loan) and about Rs.1 Cr loan (refundable interest free short term loans).
- Some members have requested to return their loans. The loans have been used for the construction and the options available to the company is to (1) make a loan repayment plan in 4/5 years; (2) mortgage the property and pay; (3) sell shares or raise funds from new investors; and (4) liquidation of the Company and pay the proceeds to all.

The valuable advice received from consultants, Company Secretaries and IT experts is to convert the goodwill deposit /loans to preference shares for following reasons.

### The Pros

1. Preference shares can be easily transacted like equity shares.
2. It can be transferred on better value and rates
3. In case of liquidation, priority will be to settle preference shares and then only equity.

### The Cons:

1. There will no voting rights (but this will not affect GIF because the existing shareholders are only eligible for the preferential shares. The voting rights will not be an issue as the percentage of equity shares to preference share holding of shareholders is same as the investment was divided as 50% shares and 50% goodwill deposit).
2. Company should raise funds for remittance to Govt. to increase the authorized capital to include pref. share portion

### Calculation for Authorised Capital (All amts in Rs. crores)

#	Head	Equity Share	Pref. shares	Total
1	Current	3.9		3.9
2	Goodwill deposit (approx)		3.9	3.9
3	Loans for those agreeing to txfr (approx)		1.0	1.0
4	Gems assets	7.0	3.0	10.0
	Total	10.9	7.9	18.8

Based on the committee meeting decisions and the suggestion to keep the loan as loan itself, the company secretary was advised to raise auth capital to Rs.18 Cr. (excluding Rs.1Cr. loan). Hope the above explains and justifies the reasons to increase authorized capital to Rs.18 Cr.

### Final statement

1. *I am thankful to all shareholders for their support to build a successful & profit making institution of high repute.*
2. *It will be quite unfortunate, if investors fail to verify the information and get expert opinion from 3<sup>rd</sup> parties for decision making instead of accepting wrong decisions imposed repeatedly by few who lack foresightedness, farsightedness and ability to see the divinity of our venture and need for integrity of our fraternity.*
3. *I have had enough and I am sorry, if I am objected again from doing what is just and right, I will not be responsible hereafter and those who object shall be wholly responsible for the grave failure and all the consequences.*