GSPC
Gujarat State Petroleum Corporation Limited
CIN :- U23209GJ1979SGC003281
Registered Office :- GSPC Bhavan, Behind Udhyog Bhavan, Sector - 11, PIN -382010
Phone :- 079-66701736 E mail ID: cs@gspc.in

Ref no.:GSPC/S&L/2018-19 Date: 5th October, 2018

To,
All Non-Convertible Debentures Holders
("**Series 4 NCDs**")
ISIN No. INE065L08033

Re: Variation and modification of the terms of Series 4 NCDs (*as defined below*) under the DTD (*as defined below*).

Dear Sir,

This is with reference to the unsecured non-convertible debentures bearing ISIN No. INE065L08033 ("**Series 4 NCDs**"), being one of the series of the unsecured non-convertible debentures ("**GSPC NCDs**") issued by Gujarat State Petroleum Corporation Limited (the "**Company**"), which are listed on the debt segment of the National Stock Exchange ("**NSE**"), the terms of which have been set out in the debenture trust deed executed by and between the Company and SBICAP Trustee Company Limited ("**SBICAP Trustee**") dated December 20, 2012 ("**DTD**").

This communication is addressed to you by the Company to obtain your consent for variation in Interest Rate and Redemption Date of the Series 4 Debentures as elaborated below. ,

Brief Background of the Proposed Transaction

For ease of reference the undersigned would like to bring to your attention the brief background of the proposed transaction.

Proposed Scheme

Our Company (as "**Transferor Company**") intends to enter into a scheme of arrangement (the "**Proposed Scheme**") under Section 230 of the Companies Act, 2013 ("**Act**") with Gujarat State Investments Limited (as the "**Transferee Company**").

By way of a brief overview of the Transferee Company, the Transferee Company is a public limited company incorporated on 29 January 1988 under the provisions of the Companies Act, 1956 with CIN U64990GJ1988SGC010307 and having its registered office at 6th Floor, H K House Ashram Road Ahmedabad – 380 009, Gujarat. The Transferee Company is a Government Company in accordance with Section 2 (45) of the Act. The Transferee Company holds the investments of Government of Gujarat in various state sector entities. The Transferee Company is engaged in the business of investment generally.

Under the Proposed Scheme, upon receipt of sanction of the relevant authority i.e. the Ministry of Corporate Affairs **("MCA")** for the Proposed Scheme, all rights and obligations of the Transferor Company relating to listed unsecured non-convertible debentures issued to the existing debenture holders, will be assigned to the Transferee Company, and by way of consideration for taking over the NCDs, the Transferor Company shall issue its equity shares to the Transferee Company.

Proposed Variation in the Interest Rate:

The current Interest Rate for the Series 4 NCDs is 10.45 Percent Per Annum. The Interest Rate is proposed to be revised to 9.45 Per Cent Per Annum (instead of 10.45 Percent Per Annum) with effect from the date of effectiveness of the Proposed Scheme.

Proposed Change of Redemption Date:

The current Redemption Date of the Series 4 NCDs is September 28, 2072 and the Company has reserved a Call Option to redeem the Series 4 NCDs on a Call Option Date with first Call Option Date being September 28, 2022. It is proposed that pursuant to the Proposed Scheme becoming effective, the Redemption Date of the Series 4 NCDs be changed from present September 28, 2072 to September 28, 2022.

Please note that the provisions of Clause 20 of the DTD shall apply to the variation in the Interest Rate and Redemption Date as aforesaid and such variation shall be binding on the holders of Series 4 NCDs in the event that holders representing not less than 75% in value of Series 4 NCDs consent to the said variation in the Interest Rate and in the Redemption Date.

All other terms of the Series 4 NCDs shall remain the same as per the terms contained in the DTD.

Request

In view of the aforementioned background, we request your consent for variation in the Interest Rate as elaborated above in the format attached herewith as Annexure – I.

A brief note on the Proposed Scheme and the rationale behind the same is attached herewith as Annexure – II for your ready reference. In case you need any further information, we would be happy to provide you with the same.

Please note that M/S SBI CAP Trustee Company Limited is the Debenture Trustee for Series 4 NCDs and shall get in touch with you for facilitating your consent.

For and on behalf of Gujarat State Petroleum Corporation Limited

Sandeep Dave
Company Secretary

Copy to:

Mr. Ajit Joshi, Company Secretary
SBICAP Trustee Company Limited
6th Floor, Apeejay House,
3, Dinshaw Wachha Road, Churchgate,
Mumbai 400 020

ANNEXURE - I

Format of the Consent Letter

Date:

SBICAPS Trustee Company Limited
6th Floor, Apeejay House,
3, Dinshaw Wachha Road, Churchgate,
Mumbai 400 020

Kind Attention: Mr. Ajit Joshi, Company Secretary, SBICAP Trustee

And

Gujarat State Petroleum Corporation Limited
GSPC Bhawan, Behind Udyog Bhawan,
Sector-11, Gandhinagar – 382 011,
Gujarat.

Kind Attention: Mr. Sandeep Dave, Company Secretary

Re: Variation and modification of the terms of Series 4 NCDs under the DTD.

Dear Sir,

This is with reference to the letter dated 5th October, 2018 ("**Letter**") in relation to the variation of the terms of the non-convertible debentures bearing ISIN No. INE065L08033 ("**Series 4 NCDs**").

I/We, the holder of debentures of Series 4 NCDs, basis the said Letter of the Company, hereby express un-conditional approval to the revision of the Interest Rate and Redemption Date of Series 4 NCDs as per below table: effective from the date of coming into effect of the Proposed Scheme (as defined in the Letter of the Company).

Particulars	**Current Rate/ Date**	**Approved Modification**
Interest Rate	10.45%	9.45%
Redemption Date	September 28, 2072	September 28, 2022

For and on behalf of
Name of NCD holder:- _____ holding _____ Non-convertible Debenture of the Company
Client ID and DP-ID :- _____

_____
Signature
Name of Authorised Signatory

Brief of Scheme of Arrangement

Transfer of NCDs from Gujarat State Petroleum Corporation (GSPC) to Gujarat State Investments Ltd (GSIL)

Background

- Gujarat State Petroleum Corporation (GSPC) is a Government of Gujarat (GoG) entity with GoG holding ~87% directly and balance 13% through other GoG entities.
- GSPC had issued Non-Convertible Debentures (NCD) of Rs. 6,000 Crore in two series i.e. Rs. 3,000 Crore each in September 2012 and March 2013.
- Presently, GSPC is rated BBB+ (60-year NCDs are rated BBB) by CARE Ratings and BBB (60-year NCDs are rated BBB-) by CRISIL Ratings.

Takeover of NCDs by GSIL

- GSPC has undertaken a debt realignment exercise, under which GSPC has obtained Government of Gujarat (GoG) approval for take-over of the NCDs of Rs. 6,000 Crore by Gujarat State Investments Ltd (GSIL), a wholly owned subsidiary of GoG, under which GSPC will be issuing necessary equity shares to GSIL.
- Government of Gujarat has issued a Government Resolution (GR) wherein it has been stated that the NCDs shall be taken over by GSIL. The servicing of NCDs by GSIL shall be met through budgetary support from GoG.

Brief Information about GSIL

- GSIL is an unregistered Core Investment Company engaged in the business of investments in GoG companies. GoG currently holds entire 100% equity stake in GSIL. Some of the key investments of GSIL include Gujarat State Fertilizers & Chemicals Ltd (37.84%), Gujarat Narmada Valley Fertilizers & Chemicals Ltd (21.38%), Gujarat Alkalies & Chemicals Ltd (20.87%) etc. GSIL also holds approx. 7.47% shareholding in GSPC.

Brief financials of GSIL are given in the following table.

Balance Sheet

Rs. In Crore

FYE 31st March	2016	2017	2018
Sources of Funds			
Share Capital	1,043	1,043	1,043
Reserves & Surplus	734	792	865
Net Worth	**1,777**	**1,835**	**1,908**
Long Term Borrowings from GoG	**880**	**680**	**560**
Total Liabilities	**2,657**	**2,515**	**2,468**
Uses of Funds			
Non-Current Investments	2,289	2,343	2,403
Long Term Loans & Advances	4	4	4
Cash & Cash Equivalents	55	0	0
Short Term Loans & Advances	296	161	58
Other Current Assets	13	6	2
Total Assets	**2,657**	**2,515**	**2,468**

Profit and Loss Statement

Rs. In Crore

FYE 31st March	2016	2017	2018
Revenue from Operations	91	65	77
Other Income	1	0	0
Total Income	**92**	**65**	**77**
Total Expenses	1	2	2
EBITDA	**90**	**64**	**75**
PBT	90	64	75
Tax Expenses	7	6	2
PAT	**83**	**58**	**73**

Benefits on account of Takeover of NCDs

- GSIL, wholly owned subsidiary of GoG, is receiving committed support from GoG for servicing of NCDs. **The security aspect of instrument as far as investors are concerned shall improve significantly**, in view of the committed support from GoG.
- The take-over of NCDs by GSIL is slated to upgrade the rating of the instrument. GSIL has already initiated proposal for obtaining an advance rating for the instrument. GSIL has engaged Brickworks Ratings for obtaining rating for the instrument subsequent to

transfer of NCDs. Brickworks Rating has issued rating of BWR AA. Further the Company has also engaged Acuite Rating to obtain advance rating for the same.

- The **rating improvement** is anticipated to achieve requisite credit rating levels making the instrument eligible for trading. This shall **improve liquidity of the instrument**.

Rationale for Proposed Changes in Terms of Perpetual NCDs

The rate reduction as proposed is mainly due to following key factors.

- The security towards the instrument improves with GoG support committed for servicing through a Government Resolution
- The perpetuity in nature of existing 60 years bonds shall cease to exist removing the perpetuality risk on the instrument.
- The tenor of the instrument will be truncated to coincide with the first call option date.
- The credit rating of the NCDs will improve based on the support being provided by GoG.
- The tradability of the bonds will improve due to upgrade in the credit rating.