



2013 - 2014



# Brahmaputra Cracker and Polymer Limited



# ANNUAL REPORT





## VISION

To emerge as a dominant petrochemical player in the north-east region, providing value to stakeholders, offering best-in-class products & services, contributing to economic growth while remaining environmentally conscious.

## MISSION

To establish significant presence in the north-east region in petrochemical sector by way of production/sourcing and marketing of quality products, deploying efficient distribution and marketing channels to cater to the needs of target customers.



# Board of Directors



Shri B C Tripathi  
Chairman



Shri P N Prasad  
Managing Director



Shri O. P. Tailor  
Director (Finance)  
(w.e.f. 01.07.2013)



Shri Avinash Joshi  
(w.e.f. 29.10.2013)



Shri Nikunj Kr. Srivastava  
(w.e.f. 30.08.2013)



Shri R K Dutta



Shri R T Jindal



Shri S Venkatraman



Shri P K Jain



Shri S. Rath  
(w.e.f. 01.10.2013)



Shri P. Padmanabhan  
(w.e.f. 22.05.2014)



Shri P C Sharma



Shri Gautam Barua



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**Corporate Identity No. (CIN)**

U11101AS2007GOI008290

**Registered Office**

Hotel Brahmputra Ashok  
M. G. Road, Guwahati  
Assam - 781001  
Ph: 0361-2733554  
Fax: 0361-2733556

**Project Site Office**

Lepetkata  
P.O. - Lepetkata  
District-Dibrugarh  
Assam-786006  
Ph: 0373-2914604

**Project Execution Office**

3rd Floor, GAIL Training Institute  
24, Sector-16A, Noida  
Uttar Pradesh-201301  
Ph: (0120)2513102  
Fax: 0120-2488392

**Bankers****State Bank of India**

- Thana Charali  
Dibrugarh  
Assam-786001
- CAG Branch  
12th Floor,  
Jawahar Vyapar Bhavan,  
1, Tolstoy Marg  
New Delhi-110001

**Punjab National Bank**

Goenka Market  
Jhalukpara  
Dibrugarh,  
Assam-786001

**Statutory Auditors**

M/s Das & Sharma  
Chartered Accountants  
Durga Bhawan, 2nd Floor  
A. T. Road, Bharalumukh  
Guwahati-781009  
Assam

**Internal Auditors**

M/s Deloitte Haskins & Sells  
DLF Cyber City Complex  
DLF City Phase II  
Gurgaon - 122002  
Haryana



## NOTICE

Notice is hereby given that the seventh Annual General Meeting of the Company will be held on Tuesday, the 2<sup>nd</sup> day of September, 2014 at 3.00 p.m. at the registered office at Hotel Brahma Putra Ashok, M G Road, Guwahati 781001 to transact the following business-

### As Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014, the Directors' Report, the Statutory Auditors' Report and the comments of the Comptroller & Auditor General of India thereon.
2. To appoint a Director in place of Shri R T Jindal, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S Venkatraman, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors for the year 2014-15 in terms of the provisions of Section 142 of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and to pass the following resolution, with or without modification, as an Ordinary Resolution:

*"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to decide and fix the remuneration of the Statutory Auditors as appointed by the Comptroller and Auditor General of India for the financial year 2014-2015."*

### As Special Business

5. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

*"RESOLVED THAT in accordance with the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Nikunj Kumar Srivastava, who was appointed as an Additional Director w.e.f. 30.08.2013 be and is hereby appointed as a Director of the Company, liable to retire by rotation."*

6. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

*"RESOLVED THAT in accordance with the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s)*



or re-enactment thereof for the time being in force), Shri S Rath, who was appointed w.e.f. 01.10.2013 as a Director in the casual vacancy caused by the resignation of Shri T K Ananth Kumar, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

7. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in accordance with the provisions of Section 160 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, Shri Avinash Joshi, who was appointed as an Additional Director w.e.f. 29.10.2013 be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in accordance with the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri P Padmanabhan, who was appointed w.e.f. 22.05.2014 as a Director in the casual vacancy caused by the resignation of Shri Dipak Chakravarty be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

**"RESOLVED THAT** in supersession of the earlier resolution passed by the shareholders pursuant to Section 293(1) of the Companies Act, 1956, the consent of the members of the Company be and is hereby accorded pursuant to section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company (including any statutory modification or re-enactment thereof, for the time being in force) to the Board of Directors of the Company to borrow from time to time, any sum or sums of money, which, together with the moneys already borrowed, if any, by the Company (apart from temporary loans obtained from the company's bankers in ordinary course of business) may exceed the aggregate for the time being of the paid up capital of the company and its free reserves, provided that the moneys borrowed and to be so borrowed and outstanding at any point of time shall not exceed ` 4000 crore (Rupees Four thousand crore)."

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

**"RESOLVED THAT** pursuant to section 188 and/or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the members of the Company be and is hereby accorded for execution of the Marketing Agreement between the Company and its holding company, GAIL (India) Limited.



*“RESOLVED FURTHER THAT the Managing Director/Director (Finance) of the Company be and is hereby authorized to sign the Marketing Agreement and/or any other communication/documents forming part of the Marketing Agreement required for smooth marketing of the Company’s products and byproducts, from time to time on behalf of the Company and also to accept changes in BCPL’s Sales Policy, Pricing Policy and Customer Complaint Handling Policy etc. as communicated by GAIL (India) Ltd. from time to time.”*

11. *To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:*

*“RESOLVED THAT pursuant to section 188 and/or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the members of the Company be and is hereby accorded for use by the Company on license basis, of the following premises owned by the holding company, GAIL (India) Limited:*

- Part of the third floor premises at GAIL Training Institute, Plot No 24, Sector 16A, Noida 201301 for two years w.e.f. 01.12.2013 to 30.11.2015 in terms of the License Agreement dated 22nd January, 2014 between the Company and GAIL (India) Limited.*
- Part of the premises at GAIL (India) Limited, LPG Plant, Lakwa, Sibsagar, Assam for one year w.e.f. 01.04.2014 to 31.03.2015.*

*RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to renew the License Agreement(s) for the said premises after the expiry of its terms or execute new Lease/ License Agreement(s) for any other premises owned by its holding company, GAIL (India) Limited, to be used for the Company’s offices /units at different locations and also to finalise the terms and conditions including security deposit and monthly rent (or changes therein), and to take such steps and do all such acts, matters and things as may be considered necessary, proper and expedient to give effect to this resolution.”*

12. *To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:*

*“RESOLVED THAT pursuant to section 188 and/or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the members of the Company be and is hereby accorded for transactions with GAIL (India) Limited, the holding company in respect of the following employee related matters:*

- Secondment of executives of GAIL (India) Limited to the Company in accordance with the General Terms and Conditions of Secondment of executives of GAIL to Joint Venture Companies.*
- Training of employees through GAIL Training Institute, Noida or in the petrochemical units/other training facility of GAIL (India) Limited.”*

13. *To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:*





***“RESOLVED THAT*** in supersession of the earlier resolution passed by the shareholders, pursuant to Section 62 and all other applicable provisions, if any, of the Companies Act, 2013, the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and other applicable laws, if any, the relevant provisions of the Memorandum and Articles of Association of the Company, the Cabinet Committee on Economic Affairs approval dated 16.11.2011 and the Joint Venture Agreement dated 18.10.2006 the Board of Directors of the Company (the “Board”) which expression shall include any Committee thereof constituted by the Board or one or more of the Directors as may be authorized by the Board, be and is hereby authorized on behalf of the Company to issue, offer and allot equity shares of ` 10/- each at par, whether or not such allottee(s) are members of the Company, up to an aggregate amount of ` 15,00,00,00,000 (Rupees One thousand five hundred crore only) including the shares already allotted to the following promoters in the ratio mentioned against each:

GAIL (India) Limited 16, Bhikaiji Cama Place, New Delhi 110066	70%
Oil India Limited Duliajan 786602 Assam	10%
Numaligarh Refinery Limited 122A, G S Road, Christian Basti, Guwahati 781005 Assam	10%
Government of Assam Assam Sachibalaya, Dispur Guwahati 781006 Assam	10%

***RESOLVED FURTHER THAT*** the Board be and is hereby authorized to issue, offer and allot, from time to time, such number of equity shares as may be decided by the Board in its absolute discretion, as may be required to be issued and allotted, all such shares ranking *pari passu* with the existing equity shares of the Company in all respects.

***RESOLVED FURTHER THAT*** for the purpose of giving effect to any issue or allotment of equity shares, the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose including, without limitation, determining the form and manner of the issue, the class of investors to whom the shares are to be allotted, as it may in its absolute discretion deem fit.

***RESOLVED FURTHER THAT*** the Board be and is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of shares as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise, with the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this Resolution.”

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



*RESOLVED THAT pursuant to section 196, 197, 198, Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the members of the Company be and is hereby accorded to the appointment of Shri P N Prasad, who was appointed as Managing Director of the Company by the Board of Directors w.e.f. 11.01.2012 pursuant to appointment Order No. 45012/4/2011-PC.I dated 30.12.2011 of the Ministry of Chemicals & Fertilizers, Government of India and the articles of association of the Company, as Managing Director of the Company effective from 11.01.2012 on the terms of appointment and remuneration mentioned in the said appointment order."*

15. *To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:*

*RESOLVED THAT pursuant to section 196, 197, 198, Schedule V and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) the consent of the members of the Company be and is hereby accorded to the appointment of Shri O P Tailor, who was appointed as Director (Finance) of the Company by the Board of Directors w.e.f 01.07.2013 pursuant to appointment Order No. 45012/5/2012-PC.I dated 13.05.2013 of the Ministry of Chemicals & Fertilizers, Government of India and the articles of association of the Company, as Director (Finance) of the Company effective from 01.07.2013 on the terms of appointment and remuneration mentioned in the said appointment order."*

Dated : 1<sup>st</sup> August 2014

Place : Guwahati

By Order of the Board

Sd/-

(Ruli Das Sen)

Company Secretary

## Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy form duly completed should be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.

2. The explanatory statement as required under Section 102(1) of the Companies Act, 2013, is annexed hereto and all documents referred to in the same will be open for inspection by members, at the registered office of the Company during normal working hours up to the date of the Annual General Meeting.



## Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013

### *Agenda No. 5*

Shri Nikunj Kumar Srivastava, Director, Ministry of Petroleum and Natural Gas, was nominated by MoP&NG vide OM No. L-12018/6/2010-GP-II dated 1st July, 2013 communicated vide MoC&F letter No. 45012/18/2006-PC-I dated 13th August, 2013, as Director on the Board of Directors of the Company in place of Mrs Sushma Taishete. He was inducted as an Additional Director w.e.f. 30th August, 2013 till the conclusion of this Annual General Meeting. The Board recommends his appointment as Director liable to retire by rotation.

The Company has received a Notice from a member under section 160 of the Companies Act, 2013, proposing the candidature of Shri Nikunj Kumar Srivastava as a Director of the Company. A brief profile of Shri Srivastava is provided in the Corporate Governance Report.

Your Directors recommend the resolution for approval of the shareholders. None of the Directors, key managerial personnel or their relatives, except Shri Nikunj Kumar Srivastava is interested in this resolution.

### *Agenda No. 6*

Shri S Rath, Director (Operations), Oil India Limited (OIL) was nominated by Oil India Limited vide letter No. OIL/SEC/37/BCPL dated 9th October, 2013 as Director on the Board of Directors of the Company in place of Shri T K Ananth Kumar who

superannuated on 30th September, 2013. He was inducted as a Director in casual vacancy w.e.f. 1st October, 2013. His term of office shall come to end on the date of this Annual General Meeting. The Board recommends his appointment as Director liable to retire by rotation.

The Company has received a Notice from a member under section 160 of the Companies Act, 2013, proposing the candidature of Shri S Rath as a Director of the Company. A brief profile of Shri Rath is provided in the Corporate Governance Report.

Your Directors recommend the resolution for approval of the shareholders. None of the Directors, key managerial personnel or their relatives, except Shri S Rath is interested in this resolution.

### *Agenda No. 7*

Shri Avinash Joshi, Joint Secretary, Ministry of Chemicals and Fertilizers, was nominated by MoC&F vide Letter No. 45012/18/2006-PC-I dated 10th October, 2013, as Director on the Board of Directors of the Company in place of Dr A J V Prasad. He was inducted as an Additional Director w.e.f. 29th October, 2013 till the conclusion of this Annual General Meeting. The Board recommends his appointment as Director liable to retire by rotation.

The Company has received a Notice from a



member under section 160 of the Companies Act, 2013, proposing the candidature of Shri Avinash Joshi as a Director of the Company. A brief profile of Shri Joshi is provided in the Corporate Governance Report.

Your Directors recommend the resolution for approval of the shareholders. None of the Directors, key managerial personnel or their relatives, except Shri Avinash Joshi is interested in this resolution.

***Agenda No 8***

Shri P Padmanabhan, Managing Director, Numaligarh Refinery Limited was nominated by Numaligarh Refinery Limited vide letter No. 4276/NRL dated 05.05.2014 as Director on the Board of Directors of the company in place of Shri Dipak Chakravarty who superannuated on 31.03.2014. He was inducted as a Director in casual vacancy w.e.f. 22.05.2014. His term of office shall come to an end on the date of this Annual General Meeting. The Board recommends his appointment as Director liable to retire by rotation.

The Company has received a Notice from a member under section 160 of the Companies Act, 2013, proposing the candidature of Shri P Padmanabhan as a Director of the Company. A brief profile of Shri Padmanabhan is provided in the Corporate Governance Report.

Your Directors recommend the resolution for approval of the shareholders. None of the Directors, key managerial personnel or their relatives, except Shri P Padmanabhan is interested in this resolution.

***Agenda No. 9***

As per Section 180 (1)(c) of the Companies Act, 2013, borrowing powers of the Company in excess of the paid up capital and free reserves is to be exercised with the consent of the company by a special resolution.

The shareholders in the extraordinary general meeting held on 16.12.2011 had by an ordinary resolution, approved the borrowing powers of Board of Directors in excess of the paid up capital and free reserves up to a limit not exceeding ₹ 4000 crore (Rupees four thousand crore) in accordance with section 293(1)(d) of the Companies Act 1956.

In view of the requirement of the Companies Act, 2013, the approval of the shareholders to the same borrowing limit is sought through a special resolution. Your Directors recommend the resolution for approval of the shareholders.

None of the Directors, key managerial personnel or their relatives is concerned / interested in the proposed resolution.

***Agenda No. 10***

The agenda is for approving a related party transaction under section 188 of the Companies Act, 2013, between the Company and the holding company, GAIL (India) Ltd.

As per clause no. 4.1 (g) of the Joint Venture Agreement (JVA) signed by all JV partners viz., GAIL, OIL, NRL & GoA on 18.10.2006, GAIL will be the preferred marketer of Petrochemical Products produced in the project as long as GAIL maintains majority stake holding in the Company. Accordingly an agreement is proposed to be executed between BCPL and GAIL, as per which GAIL will be responsible for evacuation of 100% of the Company's products and by-products namely HDPE, LLDPE, PP and other LHC by-products.

The material terms and particulars of the agreement are as follows:

- The agreement shall be valid initially for a term of 10 (Ten) years effective from the date of first commercial availability



- of despatchable product from BCPL site or from any other location where BCPL starts its plant and shall be extended further for another period of 10 (Ten) years on mutually agreed terms.
- GAIL shall charge a Marketing Commission of 2.4% on net sales realization (BASIC -all the pre excise discounts), which shall be paid on monthly basis along with applicable taxes. For the preceding month sales, bills shall be raised by 7th day of subsequent month by GAIL and BCPL to pay by 15th day of the receipt of the commission invoice/bill. In case of delay in payment, the interest shall be payable at SBI BASE RATE + 5% by BCPL to GAIL.
  - All post sales discount and Consignment Stockist(CS) commission will be paid by BCPL directly to the Customers /CS at actuals. CS commission is to be paid by BCPL based on tripartite agreement between GAIL, BCPL and CS.
  - GAIL shall liquidate the Petrochemical Products & by-products of BCPL to its customers in the domestic market as per the Sales Policy of BCPL products.
  - The Sales Policy of BCPL will be prepared by GAIL on the basis of GAIL's prevailing sales policy & consent of BCPL will be taken for the same, which will cover detailed terms and conditions for affecting sales.
  - BCPL shall finalize their own transportation contract for the transportation of the material from plant site to the requisite customer/ CS locations. GAIL will assist BCPL in finalization of transportation contract.
  - For liquid hydrocarbon products & by-products, the transportation shall be arranged by the customer including GAIL as customer for its internal consumption. For institutional customers, transportation to be arranged by BCPL if required.
  - The Transit insurance of polymer products leaving Lepetkata plant (for ex-works sales & stock transfer to CS warehouses) shall be done by BCPL. The insurance of the BCPL goods lying at the CS warehouse will be done by ZO on behalf of BCPL. The cost of insurance will be reimbursed by BCPL. All insurance issues related to post FOR dispatch, stock transfer and in-transit shall be handled by GAIL through its respective ZO.
  - For sale in export market, the modalities will be jointly discussed by BCPL & GAIL and shall be put up separately and signed through a separate side letter. The Policy & Procedures for Deemed Export Sales and Supply to SEZ units will also be issued by GAIL and signed separately by a side letter.
  - The pricing of BCPL products & pre-excise & post sales discounts shall be proposed by Pricing Committee of GAIL for BCPL products, based on the market dynamics. The basic pricing policy of GAIL will be utilized to suit the requirement of BCPL pricing policy. One BCPL nominated executive will represent in the Pricing committee for BCPL products. Prices and discounts put up by the Committee shall be approved by competent authority at GAIL. The prevailing pre-excise & post sales discounts given by GAIL shall form the basis for similar pre-excise & post sales discounts of BCPL. However, the



discounts for BCPL products shall be tailor-made. The fixation of the discounts of other BCPL products which are not currently produced by GAIL shall also be recommended by Pricing Committee, based on existing market dynamics.

Consent of the shareholders is being sought pursuant to the provisions of Section 188 and all other applicable provisions of the Companies Act, 2013 to execute the Marketing Agreement with the above terms with GAIL (India) Limited, the holding company.

Your Directors recommend the resolution for approval of shareholders. None of the Directors, key managerial personnel or their relatives, other than Shri B C Tripathi, being the C&MD/ Chief Executive Officer of GAIL, is concerned /interested in terms of Section 184 of the Companies Act, 2013, in the proposed resolution.

#### ***Agenda No 11***

The agenda is for approving related party transactions under section 188 of the Companies Act, 2013, between the Company and its holding company, GAIL (India) Limited for use of premises on lease/license basis.

#### ***Premises at Noida:***

The Project Execution Office of the Company has been operating out of a part of the third floor premises at GAIL Training Institute, Plot No. 24, Sector 16A, Noida 201301, owned by GAIL (India) Limited and being used by the Company on license basis in accordance with a License Agreement which was entered into on 22.01.2014

The material terms and particulars of the agreement are as follows:

- The license is for a period of two years

w.e.f. 01.12.2013 to 30.11.2015.

- The Licensor (GAIL) shall provide to the Licensee (BCPL) a total 1876.57 sq. ft. super built up area and 2278.28 sq. ft. of common area together with the right of use of the fittings, fixtures, water closets, bathrooms, staircase and also common convenience in the said building and such other appurtenances as bathrooms, toilet facilities etc. which are for the common use of the tenants and owners as may be necessary for the full and proper enjoyment of the premises desired.
- The monthly license fees is `126.50 per sq feet plus service taxes as applicable in the first year and 10% increase thereon for the 2nd year for both the covered and common area.
- Interest free Security Deposit amount of `7,12,158/- shall be refunded to the Licensee on expiry of license after adjusting the amount towards outstanding dues, if any, including replacement costs for damaged fixture etc. and normal wear & tear being excluded.
- The Licensee is to pay actual charges levied on consumption of electricity and the Licensor shall take appropriate steps to install/fix a sub-meter for the said purpose at its own cost.
- The Licensee is to pay to the Licensor Maintenance Charges @ `3.79 (Three and paise seventy nine only) per sq. ft. per month for all common area, lighting, security, etc. and LAN set up in the area and assess to ESS. However, the Licensee is to set up their own infrastructure for facilities like Pantry, E-mail, Internet and Intranet as per their actual requirement.
- The License Fee is to be paid by the 10th



day of each month failing which the Licensee will be liable to pay interest for the period of default @ 15% per annum on the amount of the fee remaining outstanding beyond the due date of payment.

- In case of non-payment of License Fee for a consecutive 3 months, the License Agreement can be revoked and cancelled at the option of the Licensor and the Licensee shall be liable for forfeiture of the security amount deposited. The Licensee shall also be liable to pay interest @ 15% for the period of default due to non-payment of the license fee.
- The cost incurred towards stamp fee and registration charges including the incidental cost and expenses towards preparation of the License Agreement is to be borne by the Licensee.
- The Licensor reserves the right to review and renegotiate the license terms and conditions, in case the Licensee ceases to be a Joint Venture Company.

#### ***Premises at Lakwa:***

A project office of the company has been operating out of a part of the premises at GAIL (India) Limited, LPG Plant, Lakwa, Sibsagar, Assam owned by GAIL (India) Limited and being used by the Company on license basis.

The material terms and particulars of the license are as follows:

- The total area of the premises is 73.36 sq metres.
- The license is for a period of one year w.e.f. 01.04.2014 to 31.03.2015.
- The monthly license fee for the premises

including electricity and housekeeping charges is ₹ 9,537/- plus applicable taxes.

Renewal of these Licenses as above would be required upon expiry of the existing terms, for smooth functioning of the concerned office/unit of the Company. Lease/license of other premises owned by the holding company may also be necessitated in future to accommodate the offices and units of the Company at different locations for which the Board of Directors of the Company may be authorised to take necessary action.

Consent of the shareholders is being sought pursuant to the provisions of Section 188 and all other applicable provisions of the Companies Act, 2013.

Your Directors recommend the resolution for approval of shareholders. None of the Directors, key managerial personnel or their relatives, other than Shri B C Tripathi, being the C&MD/Chief Executive Officer of GAIL, is concerned /interested in the proposed resolution, in terms of Section 184 of the Companies Act, 2013.

#### ***Agenda No 12***

The agenda is for approving related party transactions under section 188 of the Companies Act, 2013, for transactions with the holding company in respect of the following employee related matters:

- Secondment of executives of GAIL (India) Limited to the Company in accordance with the General Terms and Conditions of Secondment of executives of GAIL to Joint Venture Companies, the material particulars of which are as follows:
  - Period of secondment is as per the



specific requirement of the BCPL, but in no case it should exceed three years, unless specific prior approval of Chairman and Managing Director, GAIL (India) Ltd. is obtained. At the end of the period, the executive will be reverted to GAIL.

- There shall be no automatic extension of the approved secondment period and no secondment allowance shall be paid beyond 3 years secondment period. However, secondment allowance shall be also paid beyond three years after obtaining approval specifically from the GAIL management.
- The secondee shall receive pay and allowance as admissible to him in GAIL (India) Ltd. from time to time under the operation of normal rules as per his personal grade pay & scale. In addition, he will receive payment of monthly secondment allowance at the rate of 15% of basic pay limited to ₹ 8,000/- per month.
- Salary and allowance as specified will be initially paid by GAIL as per GAIL Rules, for which GAIL will subsequently raise appropriate debit on 'Cost to the Company (CTC)' basis.
- The secondee will continue to be in the same grade and scale of pay as in GAIL, will be allowed lien as also seniority and other service benefits like consideration of promotion etc. in GAIL during the period of secondment.
- The secondee shall hold such positions and discharge such responsibilities diligently as may be

assigned to them from time to time by BCPL. He will be under overall control and supervision of BCPL. However, the executive will continue to be governed by the Service Conduct, Discipline and Appeal Rules (CDA Rules) of GAIL during the period of secondment.

- The estimated salary to GAIL employees (on secondment) for FY 2014-2015 is of ₹ 22 crores (approx).
- The employees of the Company are nominated for attending training programmes as per the annual GAIL Training Calendar at the GAIL Training Institute, Noida. Further, technical training is also imparted to the executives in the petrochemicals units of GAIL (India) Limited. A customized training programme for 30 executives was conducted at GAIL Pata during September-October, 2013 at a training fee of ₹ 59,40,000/- to GAIL.

Consent of the shareholders is being sought pursuant to the provisions of Section 188 and all other applicable provisions of the Companies Act, 2013 for transactions in respect of the above employee related matters.

Your Directors recommend the resolution for approval of shareholders. None of the Directors, key managerial personnel or their relatives, other than Shri B C Tripathi, being the C&MD/Chief Executive Officer of GAIL, is concerned /interested in the proposed resolution, in terms of Section 184 of the Companies Act, 2013.

#### ***Agenda No 13***

The Authorised Share Capital of the Company has been increased from ₹ 12,00,00,00,000 (Rupees Twelve Hundred crore only)





divided into `1,20,00,00,000 (One hundred and Twenty crore) Equity Shares of `10/- (Ten) each to `20,00,00,00,000 (Rupees Two Thousand crore only) divided into 200,00,00,000 (Two hundred crore) Equity Shares of `10/- (Ten) each. The present paid up share capital of the Company is `11,328,715,600.00 (Rupees One thousand one hundred thirty two crore, eighty seven lakh, fifteen thousand six hundred only).

The shareholders in the annual general meeting held on 29.08.2013 had authorized the Board to issue, offer, and allot shares from time to time, up to an aggregate amount of `13,00,00,00,000 (Rupees one thousand three hundred crore only). In view of the proposal for revision of project cost, which is under consideration of the Government, the equity component is expected to increase and hence the authorization limit of the Board is proposed to be increased to Rs 150,00,00,000 (Rupees one thousand five hundred crore only).

As per the JV Agreement, subscribed capital of the Company is required to be allotted at any point of time in the following proportion and calls are being made to the promoters as per the envisaged ratio of contribution and in line with approved business plan:

<b>GAIL</b>	<b>70%</b>
<b>OIL</b>	<b>10%</b>
<b>NRL</b>	<b>10%</b>
<b>GoA</b>	<b>10%</b>

In terms of the JV Agreement, the promoters intend to subscribe to the offer of shares as may be made by the Company from time to time in accordance with the agreed equity sharing ratio for the project.

Consent of the shareholders is being sought

pursuant to the provisions of Section 62 and all other applicable provisions of the Companies Act, 2013, authorizing the Board of Directors to issue shares, in its discretion in such a manner which is not disadvantageous to the shareholders and the company.

Your Directors recommend the resolution for approval of shareholders. None of the Directors, key managerial personnel or their relatives is concerned /interested in the proposed resolution.

#### *Agenda No 14*

The Company was incorporated for implementation of the Assam Gas Cracker project under the Ministry of Chemicals & Fertilizers, Government of India. It is still in the implementation phase and yet to start operations.

Shri P N Prasad was appointed w.e.f. 11.01.2012 by the Board of Directors as Managing Director in pursuance of appointment Order No. 45012/4/2011-PC.I dated 30.12.2011 issued by the Ministry of Chemicals & Fertilizers, Government of India. In terms of the appointment order, he was appointed in the scale of pay, `75,000/- to `90,000/-. His basic pay at the time of appointment was `82,400/- and his perquisites and benefits are as per the terms and conditions of appointment issued by the Government.

Prior to his appointment as Managing Director, Shri P N Prasad was heading the project as Chief Operating Officer of the Company since 22.02.2011. Shri Prasad is a Mechanical Engineer with an MBA in HR. For several years in the past decade he was associated with the GAIL petrochemicals plant at Pata. Over the past 25 years Shri Prasad has gained varied experience and competence in the area related to Operations & Maintenance,



Project Management, and Contracts Management etc.

With the implementation of the Companies Act, 2013, the previous exemptions available to Government Companies in respect of provisions regarding appointment and managerial remuneration to whole time Directors are no longer available and new exemptions have not been notified. The consent of the shareholders is therefore sought for appointment of & payment of managerial remuneration to Shri P N Prasad, Managing Director as mentioned in the resolution, under the Companies Act, 2013.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, your Directors recommend the resolution for approval of the shareholders. None of the Directors, key managerial personnel or their relatives, except Shri P N Prasad is concerned /interested in the proposed resolution.

#### ***Agenda No 15***

The Company was incorporated for implementation of the Assam Gas Cracker project under the Ministry of Chemicals & Fertilizers, Government of India. It is still in the implementation phase and yet to start operations.

Shri O P Tailor was appointed w.e.f. 01.07.2013 as Director (Finance) by the Board of Director pursuant to appointment order No. 45012/5/2012-PC.I dated 13.05.2013 issued by the Ministry of Chemicals & Fertilizers. In terms of the appointment order, he was appointed in the scale of pay, ` 65,000/- to ` 75,000/-. His basic pay at the time of appointment was ` 65,000/- and his perquisites and benefits are as per the terms and conditions of appointment issued by the Government.

Shri O P Tailor is a Chartered Accountant and graduate in commerce from Rajasthan University. He has 27 years of rich and diverse experience in the Engineering, Petro Chemicals and Newsprint sector and has wide exposure and skills particularly in cost cutting measures and value enhancement techniques. He served in NEPA Ltd (CPSU), Assam Petrochemicals Limited (APL) (state PSU) and Burn Standard Company Ltd, Kolkata (CPSU). He has been in Board level position since 2004.

With the implementation of the Companies Act, 2013, the previous exemptions available to Government Companies in respect of provisions regarding appointment and managerial remuneration to whole time Directors are no longer available and new exemptions have not been notified. The consent of the shareholders is therefore sought for appointment of & payment of managerial remuneration to Shri O P Tailor, Director (Finance) as mentioned in the resolution, under the Companies Act, 2013

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, your Directors recommend the resolution for approval of the shareholders. None of the Directors, key managerial personnel or their relatives, except Shri O P Tailor is concerned /interested in the proposed resolution.

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***Note:*** All documents referred to in this statement will be open for inspection by members, at the registered office of the Company during normal working hours up to the date of the Annual General Meeting.



## Message from the Chairman



*Dear Member,*

It gives me immense pleasure to share with you the 7<sup>th</sup> Annual Report of your Company. I take this opportunity to share my thoughts on the progress of the Assam Gas Cracker project.

Your Company achieved an overall physical performance of 96.4% by the end of the last fiscal year 2013- 14. Unrelenting efforts of the Team BCPL are on to ensure commissioning of the project within this year and I am optimistic that with the operation of this project there will be a notable spurt in industrial growth in the North-Eastern region. This will accrue socio-economic benefits to the entire region and Assam in particular.

In the context of the future of your Company, it is heartening to note that the petrochemical industry has been one of the fastest growing industries in the country with plastics and polymers witnessing the highest growth. Moreover, as per our own assessment of the Northeast market for polymers, there is reason to believe that a substantial part of the polymer production in your Company would be absorbed in the region itself, thereby providing an edge over its competitors outside the region in terms of freight. A special mention needs to be made of the initiative taken by the State Government to establish a plastic park at Tinsukia, spread over 500 acres, wherein prominent players in the polymer sector are expected to set up downstream units. Boost in local consumption of polymers and generation of employment opportunities in the downstream sectors would necessarily follow. GAIL (India) Limited is to be the sole marketer of your Company's products and arrangements are being firmed up by them for cent percent product evacuation and sales to various locations in India as well as to the nearby countries.

I am happy to share with you that the Company has been gradually and successfully expanding its human capital base, both in terms of requisite numbers and

quality, along with introduction of various policies and systems to ensure proper operations and work culture.

It is indeed commendable that your Company has been aware of its responsibilities towards society since its early days. With health care, hygiene, education, infrastructure development & environment and literacy enhancement as the thrust areas, your Company has contributed during the year under review towards relief and rehabilitation activities in Uttarakhand, road laying for improving connectivity, drinking water facility, so on and so forth. Your Company has also initiated steps for ensuring sustainable development and is working towards a comprehensive policy on the same.

I take this opportunity to reaffirm the resolve of the Board of Directors to ensure transparency in the management of your Company so as to ensure stakeholder value in the long term. From the very beginning, all efforts are being made to follow the tenets of corporate governance. A report on corporate governance forms part of this Annual Report.

Without doubt, the project is now at its most critical phase and I would like to assure you that we remain resolute in our efforts to achieve its culmination at the earliest. I believe that the greater the challenge, the sweeter will be the elation of success. With the much awaited commissioning of the project being expected to soon become a reality, we solicit the continued support of the Government of India and the promoters namely, GAIL (India) Ltd., the Government of Assam, Numaligarh Refinery Ltd. and Oil India Ltd. in our endeavours for the immediate task at hand and for a promising future.

*B C Tripathi*  
Chairman



## Directors' Report

### *Dear Shareholders,*

Your Directors have the pleasure of presenting the seventh Annual Report of the Company along with the audited Statement of Accounts for the year ended 31st March, 2014.

### *Project Progress*

Your Company is now in the final phase of project execution and has achieved an overall physical progress of 96.4% against the cumulative target schedule of 100% during the year under review. The Cabinet Committee on Economic Affairs (CCEA) on 16th November, 2011 approved a revised schedule for mechanical completion by July 2013 and commissioning by December, 2013. However, due to various reasons including loss of working days due to bandhs/strikes, rain, festivals & others, slow progress exhibited by unit area mechanical contractors & package contractors, pilferage of materials, misplacement / loss of piping materials in the custody of main mechanical contractor and scarcity in availability of local skilled labourers, there have been slippages and the implementation plan has been reworked and slippages are being addressed to prevent further delay. Commissioning is targeted by March, 2015.

### *Project Highlights during the year*

- **Detailed Engineering:** The entire detailed engineering work has been completed.
- **Ordering:** 100% ordering has been completed.
- **Manufacturing & Delivery:** 100% manufacturing & delivery has been completed.
- **Tendering:** All tenders have been awarded.



Cooling Tower-I



Gas Sweetening & C2+ Recovery Unit



Captive Power Plant

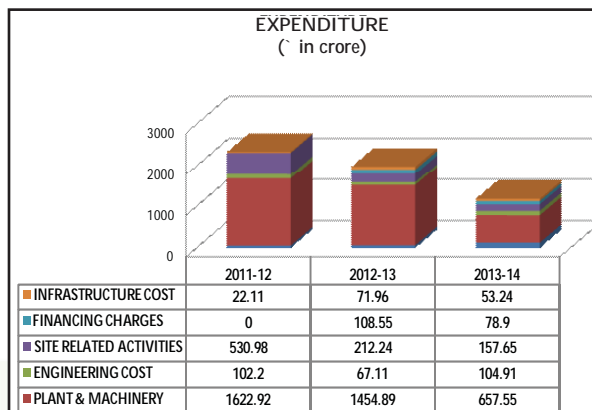


- Construction:** Civil works of all major process units and offsite have been completed. Mechanical, electrical and instrumentation works are going on at a relentless pace. Mechanical completion of 1st stream of Utilities & Offsite, Compressor Station & GDU, Duliajan and GSU & C2+ Recovery Unit has been achieved. Storage facilities for Naphtha, Pyrolysis Fuel Oil, HPG, RPG are ready.
- Pre-commissioning & Commissioning:** Pre-commissioning & commissioning activities in Utilities & Offsites units have been started. Pre-commissioning activities of Gas Sweetening Unit/C2+ Recovery Unit, BCPL, Lepetkata are in full swing. 48 km 18" O.D. twin Lepetkata-Duliajan Pipelines have been commissioned. Fuel gas booster compressors installed at Compressor Station & GDU, Duliajan have been commissioned. 22.5 MW GTG-I at Lepetkata is in an advanced stage of completion.
- Health Safety and Environment :** All safety related care is being taken in the construction / pre-commissioning stage. This has led to nil reportable accident during the year. On a cumulative basis, 70 million accident free man hours have been achieved.

**Financial Progress**

With the project nearing completion, firm financial commitments have increased to over ` 8855.51 crore and financial progress of 86% has been achieved till the end of the financial year under review.

The total expenditure incurred during the year was ` 1180.31 crore out of a cumulative expenditure of ` 7671.12 crore. The authorized share capital of your Company is ` 2000 crore and the paid up capital has gone up to ` 1132.87 crore. During the year, Capital Subsidy amounting to ` 995.24 crore has been received from the Department of



Chemicals and Fertilizers, Government of India including interest income (net of taxes) from parking of surplus Capital Subsidy of ` 18.28 crore, which has been added to Capital Subsidy for the period 2013-14.

Till the end of the year your Company has received the total sanctioned amount of Capital Subsidy from the Government of India, all of which has been utilized. Secured loans of ` 488.42 crore were also drawn during the year from OIDB and SBI and the total secured loans as on 31st March, 2014 was ` 1280.05 crore.

Your Company has achieved revised financial closure by arrangement of rupee term loan of ` 1699 crore with State Bank of India by replacing the high cost term loan agreement with the Punjab National Bank led consortium. In the present arrangement with SBI, the rate of interest is 10.45% as against 11.50% charged by PNB led consortium of lenders.

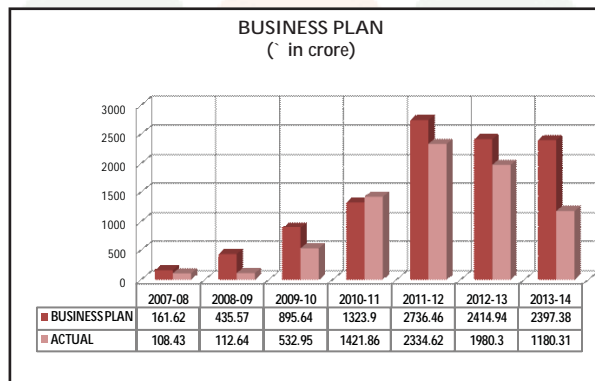
**Project Cost**

The CCEA had on 16<sup>th</sup> November, 2011 approved a revised project cost of ` 8920 crore; however due to time and cost overrun, the project cost is now estimated at ` 9586.25 crore and a proposal for approval of the same has been submitted to the Government of India and is under process for approval.



**Business Plan 2013-14**

The Business Plan for the year was ₹ 2397.38 crore, against which the actual expenditure was ₹ 1180.31 crore. The major expenditure heads of the capex include Plant & Machinery (₹ 657.55 crore), Engineering Cost (₹ 104.91 crore), site related facilities (₹ 157.65 crore), financing charges (₹ 78.90 crore).



**Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.**

Being in the project execution stage, there are as yet no cases for disclosure with regard to conservation of energy and technology absorption and foreign exchange earnings as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988. However, the Company has entered into contracts with the following Licensors for import of technology for its different units:

UNIT	LICENSOR
Ethylene Cracker Unit	- Lummus Technology, USA
LLDPE/HDPE Swing Unit	- INEOS, UK
Polypropylene Unit	- Lummus Novolen, Germany

Foreign exchange expenditure on account of import of technical knowhow, indigenous

contracts and supplies to the tune of ₹ 64.20 crores has been incurred during the year under review.

**Particulars of Employees**

None of the employees are drawing the remuneration specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31st March, 2014.

**Human Resource**

Your Company is committed to attracting, retaining and developing quality human capital which it recognizes as being the most competitive resource available to the organization today, particularly considering the disadvantage of location. The key areas of focus of HR management in your Company have been recruiting quality people, training, motivating and retaining them and ensuring workplace safety. Your Company is continually assessing the training needs of its human capital and imparting different types of training like managerial function, technical function, business & leadership, risk management, behavioral development and health & safety, from time to time for their development as well as for growth of the Company.

Despite being in the project execution phase, your Company is simultaneously constructing its Township for accommodating the families of the employees. Different types of quarters are under construction; some are complete and have already been allotted to eligible executives. As on 31st March 2014, twenty four quarters have been allotted enabling the employees to stay within the campus, with their families.

The BCPL Staff Welfare Committee was constituted in the year 2013 followed by two sub-committees for Cultural & Sports activities. Various cultural events, sports activities and competitions have been organized by these committees in the township. All these efforts have encouraged a sense of belonging and motivated the

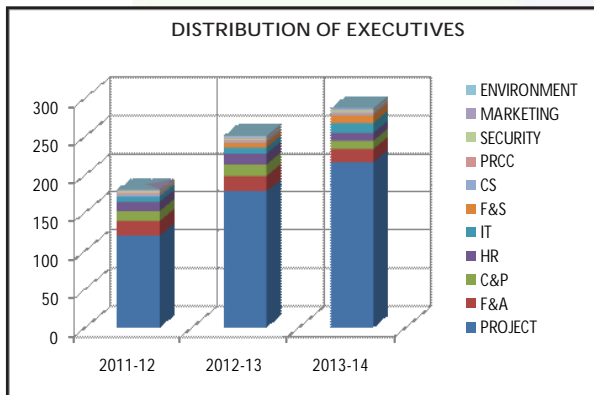


*Republic Day Sports events*



employees towards achieving speedy execution of the project.

The manpower strength of your Company as on 31st March, 2014 was 355 including 289 executives and 66 non- executives out of which 63% are from the North East Region. In addition 49 executives are on secondment/deputation from the promoter company i.e., GAIL.



The total work force in your Company will eventually be 625 (431 executives + 194 non-executives) considering the commissioning and subsequent operation & maintenance of the plant. The recruitment process is being expedited. Adequate representation is being given to female employees and minorities who account for more than 11 % and 6% respectively of the total employee strength. Priority is also being given to engage local labour for skilled/semi-skilled/unskilled works through contractors working at site.

*Industrial Relations*

At present around 4500 contract labourers are engaged at the project site at Lepetkata. Intermittent labour issues, which are unavoidable in a plant of this size, are promptly resolved with quick intervention of the management in close coordination with the officials of labour authorities. There is a Memorandum of Settlement (MoS) signed between all major contractors and representatives of labourers/ Unions in the presence of Conciliation Officer to remove all the anomalies with respect to various benefits and compensation of contract labourers engaged at work site.

Your Company has a Public Grievance Redressal Cell (PGRC) for redressing the grievances of contract labourers working at the project site. The PGRC is resolving all complaints received in the HR Department pertaining to various labour related issues besides also monitoring successful implementation of the MoS signed between major contractors and representatives of labourers/ Unions in the presence of Conciliation Officer. Your Company ensures compliances of various statutory provisions as well as applicable labour laws by self and across all its contractors' worksites. Various demands from many local organizations received from time to time with regard to employment, company policies etc. have been addressed effectively in the interest of project.



***Meetings of the Board and changes in the Board of Directors***

During the year under review, nine meetings of the Board of Directors were held and the following changes occurred in the Board of Directors:

- (i) Shri S L Raina ceased to be a Director w.e.f. 01.06.2013.
- (ii) Shri Om Prakash Tailor was appointed as Director (Finance) w.e.f. 01.07.2013.
- (iii) Dr. A J V Prasad, Joint Secretary, Ministry of Chemicals & Fertilizers (MoC&F), nominated by MoC&F was appointed as Director w.e.f. 30.07.2013 in place of Mrs Neel Kamal Darbari.
- (iv) Shri Nikunj Kumar Srivastava, Director, Ministry of Petroleum & Natural Gas (MoP&NG), nominated by MoP&NG was appointed as a Director w.e.f. 30.08.2013 in place of Mrs Sushma Taishete.
- (v) Shri Satchidananda Rath, Director (Operations), Oil India Limited (OIL), nominated by OIL was appointed as Director w.e.f. 01.10.2013 in place of Shri T K Ananth Kumar.
- (vi) Shri Avinash Joshi, Joint Secretary, Ministry of Chemicals & Fertilizers (MoC&F), nominated by MoC&F was appointed as Director w.e.f. 29.10.2013 in place of Dr A J V Prasad.
- (vii) Shri Dipak Chakravarty ceased to be Director w.e.f. 01.04.2014 by resignation submitted on his superannuation as Managing Director, Numaligarh Refinery Limited on 31.03.2014.

***Corporate Social Responsibility***

Your Company has a Policy for Corporate Social Responsibility with Environment Protection, Drinking Water & Sanitation, Health Care, Education & Literacy Enhancement and Community Development & Infrastructure as the thrust areas.

As a responsible corporate citizen, your Company

is committed to work towards the social and economic upliftment of the general people of the areas adjoining its installation. The CSR initiatives for 2013-14 have been identified and taken up in consultation with the local district authorities. An internal cross functional committee, after review and examination, recommends proposals for implementation. Your Company has committed an amount of ` 1 Crore during the year under review towards discharge of its corporate social responsibility.

Some of the important projects taken up during the year are as under:

- i. Contribution towards relief and rehabilitation activities in the flood affected area of Uttarakhand.
- ii. Construction of Jokai Bongaon 31 Gharia Path, Dibrugarh.
- iii. Installation of HTW (drinking water facility) near Phool Bagan, Dibrugarh.

***Sustainable Development***

Your Company has undertaken and completed development of a Green Belt by planting additional 3000 trees around the plant during the year and with these a total of 5200 trees have been planted so far with a cumulative expenditure of ` 13 Lakhs. Your Company is committed to proper disposal of construction and other wastes in line with various statutory requirements, in an environment friendly manner. Further, "Consent to Operate" for Duliajan and Lepetkata have been obtained from the Pollution Control Board, Assam on 05.12.2013 and 13.01.2014 respectively for the year under review.

***Right to Information Act, 2005***

The Company adheres to Government instructions issued in pursuance of the Right to Information Act, 2005, and has designated a Central Public Information Officer and First Appellate Authority under the Act. During the year, 12 queries





were received and replies were given within the stipulated time.

#### ***Statutory Auditors' Report***

M/s Das & Sharma, Chartered Accountants, Guwahati were appointed by the Comptroller and Auditor General of India as Statutory Auditors of your Company for the year under review and their report is annexed hereto.

#### ***Comments of Comptroller & Auditor General (C&AG) of India***

The Comptroller & Auditor General of India has undertaken supplementary audit on the accounts of the Company for the year ended 31st March, 2014 under Section 619(4) of the Companies Act, 1956. The comments of the C& AG on the Annual Accounts of the Company for the year under review are also annexed hereto.

#### ***Secretarial Audit Report***

M/s Narayan Sharma & Associates, Practicing Company Secretary was appointed as the Secretarial Auditor of your Company for the year under review and their report along with explanation of the Board to the observation therein, is annexed hereto.

#### ***Management Discussion & Analysis***

A Management Discussion Analysis Report as stipulated in the DPE Guidelines on Corporate Governance for CPSEs forms part of the Annual Report.

#### ***Corporate Governance***

A separate section on Corporate Governance forming part of the Directors' Report and a certificate from a Practicing Company Secretary confirming compliance of Corporate Governance norms as stipulated in the DPE Guidelines on Corporate Governance for CPSEs is included in the Annual Report.

#### ***Responsibility Statement of the Board of Directors***

As required by Section 217(2AA) of the Companies Act, 1956 your Directors affirm that to the best of their knowledge and explanation:

- (i) In preparing the annual accounts, the applicable accounting standards have been followed and there is no material departure from the Accounting Standards.
- (ii) The Accounting Policies adopted have been consistently applied and, wherever



Sapling plantation by Shri P N Prasad, Managing Director on World Environment Day



BCPL Foundation day celebrations – Shri P N Prasad, Managing Director seen with Shri Gautam Barua, Director and others



necessary, made judgments and estimates, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.

- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) The annual accounts have been prepared on a 'going concern' basis.

#### ***Related Party Disclosures***

The related party transactions are disclosed in the notes to accounts forming part of the annual report.

#### ***Risk Management Policy***

Your Company has a Risk Management Policy for identification, evaluation and mitigation of risks. As per the policy, identification of risks is to be carried out by the Risk Management Committee on the basis of activities categorized into Corporate, Construction including commissioning, Operations & Maintenance and Marketing. Risks identified are to be categorized into High, Medium and Low depending on risk probability and impact.

Being in the project implementation phase, Construction & Commissioning Risk is the single significant risk at present, which is being continually reviewed at all levels including the Board of Directors, the holding company and the Government.

#### ***Acknowledgement***

Your Directors are indebted to the Ministry of Chemicals and Fertilizers, the Ministry of Petroleum and Natural Gas and the Ministry of Environment and Forests for their guidance and support. Your Directors remain grateful for the continued support of the promoters, GAIL, OIL, NRL and Government of Assam and likewise from the lenders, Oil Industry Development Board and State Bank of India. Your Directors acknowledge the continued cooperation of the entire team of EIL, the bankers, consultants, suppliers and the various intermediaries in expediting the project development process. Your Directors express appreciation of the advice and co-operation extended by the Internal Auditors, the Statutory Auditors and the officials of the Comptroller & Auditor General of India. Your Directors also acknowledge the committed efforts of the employees towards speedy execution of the project and in rendering the organization fully functional, despite the hardships associated with the project phase.

*Sd/-*

Dated: 18<sup>th</sup> July 2014  
Place: New Delhi

(B C Tripathi)  
**Chairman**



Dr M Veerappa Moily, Hon'ble Union Minister, Petroleum & Natural Gas, Shri Paban Singh Ghatowar, Hon'ble Union Minister, DoNER seen at site with Shri B C Tripathi, Chairman, Shri P N Prasad, Managing Director and others



Workshop on Assam Gas Cracker Project & Promotion of Downstream Plastic Industries organized by Indian Chambers of Commerce. Left to right: Shri A J Oza, President, All India Plastic Manufacturers Association, Shri P N Prasad, Managing Director, Shri Pradyut Bordoloi, Hon'ble. Minister, Industries & Commerce, Power, etc., Govt of Assam, Shri Paban Singh Ghatowar Hon'ble Minister, DONER, Shri Indrajit Pal, Secretary, MoCF, Shri R T Jindal, Additional Chief Secretary, Industries & Commerce, Govt of Assam, Shri Avinash Joshi, Joint Secretary, MoCF



## Management Discussion and Analysis Report

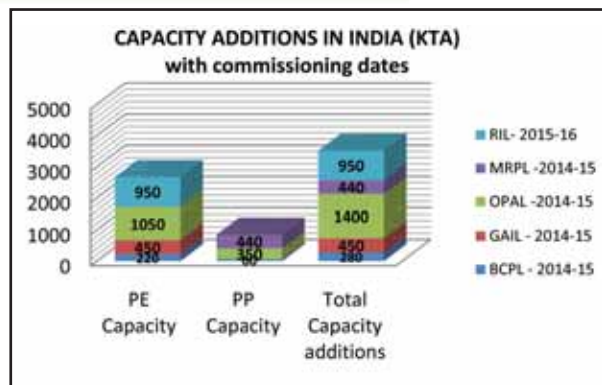
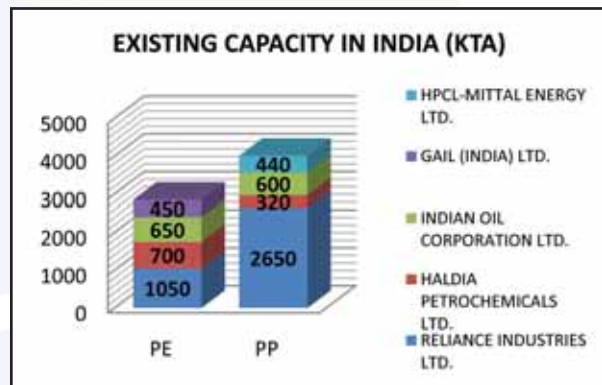
### Industry Structure and Developments

Comprising of Polymer, commonly known as plastics and most other chemicals as downstream hydrocarbons derived from crude oil and natural gas, the value added petrochemical products have today permeated into the entire range of products of day to day use catering to the needs of textiles and apparel, agriculture, infrastructure, health care, furniture, automobiles, information technology, power, electronics, telecommunications packaging, housing, construction, toys, household items, horticulture to name a few. Demand is essentially derived demand depending on the overall growth in the economy and its constituent sectors Hydrocarbons, one of the most valuable and precious resources, comprises the feedstock. Olefins including Ethylene & Propylene and Aromatics including Benzene & Xylene isomers constitute the two main classes of petrochemical raw materials.

The petrochemical sector is a key sector of the Indian as well as world economy although the share of India in world trade of plastics is very low. The plastics industry in India is large but highly fragmented with micro, small and medium units dominating the field. The economies of scale therefore do not enable optimal tapping of this opportunity. Nonetheless, by and large the petrochemical industry has been one of the fastest growing industries in the country with plastics and polymers witnessing the highest growth. The industry both globally and in India is recovering from the effects of the global meltdown and trends in production of petrochemicals are expected to improve. Commonly used polymers are Polypropylene (PP), Poly vinyl chloride

(PVC), Polystyrene (PS), and Polyethylene (PE) and Acrylonitrile Butadiene Styrene (ABS). PE again is of three types - high density polyethylene (HDPE), low-density polyethylene (LDPE), linear low density polyethylene (LLDPE).

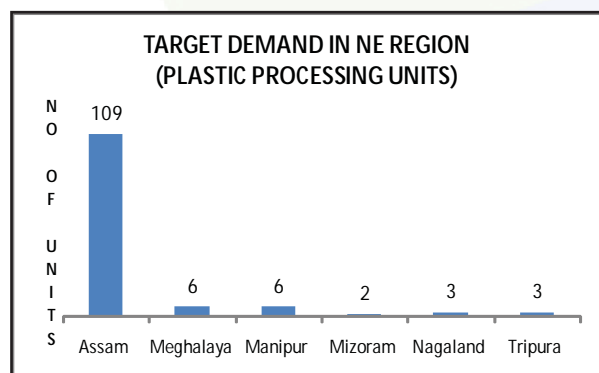
The primary products of the Company, PP, LLDPE and HDPE are essentially used in the manufacture of plastic products. As per the report of the Sub-group on Petrochemicals for the 12th Five Year Plan, the installed capacity and the demand of Polymers was 8.98 MTPA and 8.56 MTPA respectively in 2012 with the demand expected to grow to 14.00 MTPA in 2017.





Naphtha and natural gas are the main sources of feedstock of the polymer industry though in the global scenario, Ethane, LPG and methanol-to-olefins are fast emerging as alternative feedstock in the production of Ethylene, particularly in the Middle East and North America due to their availability at cost effective prices. India has five naphtha-based and four gas-based cracker units with a combined capacity of 7.01 MMT per annum. Four new cracker units including the company's own are expected to start up by 2015.

As per an internal study conducted by the company to assess downstream potential in the north east market comprising of Assam, Meghalaya, Manipur, Mizoram, Nagaland and Tripura, the annual polymer consumption in Assam is estimated at 123 KTPA, while overall in the north east it is estimated at 134 KTPA. Looking at the freight advantage vis-à-vis other companies in the region, efforts would be to target the units located in various



north - eastern states and it is expected that a significant part of the 280 KT annual polymer production would be absorbed in the region.

The Indian market in petrochemicals is driven by the international demand-supply forces and with an estimated per capita consumption of about 7 kg, the country's contribution is not very large by global standards and in comparison with world leaders like USA, UK, China, South Korea and Japan. However, the initiative of the Government

of India by way of a scheme for setting up of Plastic Parks to synergize and consolidate the capacities through cluster development, is expected to bring about increase in investments in the sector through additions in capacity and production and also in the competitiveness, polymer absorption capacity and value addition in the domestic downstream plastic processing industry. Assistance under the scheme will be available to a Special Purpose Vehicle established for the purpose of setting up a plastic park. Although the industry is capital and technology intensive, the downstream plastic processing units provide huge employment opportunities. Centers of Excellence are also being set up in existing educational and research institutions working in the field of polymers, under the National Policy on Petrochemicals in order to promote the development of new applications of polymers and plastics.

**Strengths and Weaknesses**

A product of the Assam Accord of 1985, this flagship project has all along garnered strong support from the state and central governments, which has been instrumental in pushing it onward to its present status. Noteworthy indeed is the initiative of the Government of Assam to set up a Plastic Park in Tinsukia district at a distance of 40 kms from the BCPL project site, spread over an area of 500 acres, wherein prominent polymer sector entrepreneurs are expected to set up downstream units. As per the Industrial & Investment Policy of Assam, 2014 various incentives would be provided, and pertinently for units set up in designated industrial parks including Plastic Parks. This augurs well for the future of this project as the untapped potential in the north-eastern region will get an impetus for development.

Although feedstock will not be a constraint, the adoption of dual feed technology in the project provides a huge advantage as it reduces dependence



on a single feedstock by way of an option for replacing Naphtha with Natural Gas and vice versa without resorting to changes.

The indiscriminate felling of trees and depletion of forests has since long been a major concern in the north eastern region which is known for its rich biodiversity. After the commissioning of the project and emergence of downstream plastic industries, use of wood in the region is expected to be replaced by plastics in the furniture and construction sectors thereby accruing benefits to the environment, the national economy as well as the consumers.

A major strength of this project emanates from the generous support of its promoters who have an enviable track record in the field of hydrocarbons. They have shared their expertise, augmented manpower requirement on secondment/deputation basis and assisted the Company in every way possible since its inception. Engineers India Ltd, the Project Management Consultants have wide experience in project implementation activities, which has been a significant advantage in implementation of the project.

The heart of any business success lies in its marketing. Recognising this, your Company has decided to market its products through a tie-up with GAIL, its holding company which has been in the field of petrochemicals for more than a decade. GAIL would be responsible for 100% evacuation of your Company's products and by-products, for which it will use its own marketing network. Adequate availability of feedstock is also ensured through feedstock tie-ups with OIL, NRL and ONGC.

The project is highly capital intensive and hence involves high capital cost with reliance on capital and feedstock subsidies along with other concessions from the Government. This is an inherent weakness leaving it vulnerable to the possibility of withdrawal of government support in future.

Lack of adequate physical infrastructure has also

been a matter of major concern in the northeastern region. With the double disadvantage of location and insufficient infrastructure the project suffers a logistical drawback in terms of transporting equipment to the project site and an apprehension over the despatch of products from the plant in future. However, present consumption being very low in north eastern region, there is huge potential for significant jump in demand, which can facilitate consumption of products in this region itself. Remote location and inadequate connectivity has also been a limitation in attracting and retaining experienced manpower. However, with the development of the township and introduction of better facilities and benefits, the possibilities are now definitely better. Till fructification of the Plastic Park, the downstream absorption capacities remain fragmented and are a cause for concern. However the marketing tie up with GAIL would relieve your Company of worries in this respect.

### *Opportunities and Threats*

As an "enabler" industry, the polymer industry provides critical inputs which enable other sectors to grow and also provides a vital link between natural resources and value-added products. Hence demand for Plastics, use of which has pervaded the entire major sectors, is seen as an indicator of industrial growth. With the per capita plastic consumption in India still remaining at an estimated 7 Kg as compared to 109 Kg in US, 32 Kg in Brazil and 29 Kg in China, there is huge potential for future growth given the favourable demographics, improved money power due to rising disposable income, development of rural marketing, growth of organized retailing, development in agriculture, automobile, telecommunication and health care. Domestic demand for value added end products is also growing quickly. Increased economic activity evidenced by rising GDP heralds promising prospects for the industry as demand in the sector is directly related to economic growth in other



future growth given the favourable demographics, improved money power due to rising disposable income, development of rural marketing, growth of organized retailing, development in agriculture, automobile, telecommunication and health care. Domestic demand for value added end products is also growing quickly. Increased economic activity evidenced by rising GDP heralds promising prospects for the industry as demand in the sector is directly related to economic growth in other sectors. The northeastern region with one of the lowest per capita consumption levels provides a huge opportunity to the Company particularly in the absence of any competitor of significance in the region. The region also enjoys the advantage of large availability of relatively cheap labour as compared to more developed regions of the country and the world, providing good opportunity for expanding capacities.

Feedstock constitutes the major component of cost of production and high feedstock cost in India denies our producers the much required competitive edge as compared to the middle-east where the cost is only a fraction of that in India. Lack of cost competitiveness makes success against cheaper imports under the open market regime very difficult, more so as dumping of cheaper products by low cost producers is a major concern in this sector.

Limited availability of technically skilled and experienced manpower particularly in the region is a disadvantage; however your Company has been fortunate to have the support of its promoters who have been supplementing its manpower requirement from the very beginning.

The petrochemical industry is cyclical in nature and passes through 6 to 8 years phases of peaks and lows. Prices are therefore volatile despite growing demand. Added to this is the threat of probable duty inversions as an impact of globalization, whereby

the effective duty on end products could become lower than that on the feedstock.

Plastic industry has its pros and cons so far as environmental conservation is concerned. Use and disposal of plastics suffers from a negative threat perception so far as the environment is concerned. This could in turn comprise a threat to the sector as environmental conservation is emerging as a major concern in today's world. However, with developments in the field of biodegradable and photodegradable plastic and resultant improvement in product quality with reduced adverse effect on environment, this threat perception is expected to get negated to a large extent. Society needs to be sensitized about the benefits that would accrue to the environment from replacement of wood used in furniture and construction with plastic, thereby arresting the fast depletion of forest resources.

#### *Segment wise or Product wise Performance*

The Company is still in the project execution stage.

#### *Outlook*

The petrochemicals industry is predominantly based on Ethylene and Propylene. Although the largest petrochemical industry is currently in the USA and Western Europe, the Middle East and Asia have witnessed significant growth both in demand and in new capacities. The industry in India has pervaded almost all sectors, but is fragmented and the country is to a great extent self-sufficient in petrochemicals.

As per report of the Sub-group on Petrochemicals for the 12th Five Year Plan the installed capacity of and the demand for Polymers in 2012 were 8.98 MTPA and 8.56 MTPA respectively with demand expected to grow to 14.00 MTPA in FY 2017. Significant capacity additions are expected in the PE segments and the overall polymer capacity is expected to increase to over 12.67 million tonnes in FY 2017. Between FYs 2012



and 2017, PE demand is expected to grow at a CAGR of 10%, as a result of the demand from HDPE and LLDPE segments, domestic demand for HDPE and LLDPE is expected to grow at a CAGR of 9.20 % and 11.60% respectively and the overall industry capacity is expected to grow at a CAGR of 14.55%. As per CRISIL research, increase in domestic production of PE is expected to result in reduced imports which will scale down from 29% of domestic demand in FY 2012 to 10% in FY 2017. Conversely, share of exports in production is expected to go up from 13% in FY 2012 to 17% in FY 2017. During the same period, domestic demand and capacity of PP is expected to grow at a CAGR of 10.90% and CAGR of 2.6% respectively. All polymers are expected to grow at approximately 10% CAGR. It is due to the sustained demand in the domestic market that India was able to quickly recover from the impact of global recession and fortunately, the demand is expected to remain robust.

There is sure to be a shift in impetus towards export oriented petrochemical capacities. However, though one of the fastest growing industries in the country, factors such as an adverse investment climate including low import duties on petrochemical products, infrastructure bottlenecks, high energy cost coupled with high internal transaction costs, and the establishment of more economic capacities in the Middle East backed by easy availability of subsidized feedstock, are deterrents to investment interest in the sector. Supportive government policy along with improvement in business environment is therefore the need of the hour.

As far as your Company is concerned, all efforts are being made to commission the project by March 2015.

### *Risks and Concerns*

The primary concern for the stakeholders has been delay in project implementation with the commissioning date shifting from 31st December 2013 to March 2015. However, with the overall progress of around 96.4 % as on 31st March, 2014 relentless efforts are on to commission the project.

High project cost as compared to similar petrochemical projects is also a cause for concern and is mainly due to the sub-optimal capacity of the plants which again is a result of limitations on feedstock availability. Further, although firm arrangements have been ensured by the Government of India for feedstock availability for 15 years of plant operation, increase in feedstock prices is an inevitability that cannot be denied with substantial increase in prices already having taken place since the time of approval of the project. High crude oil prices may not augur well for Naphtha as a feedstock. Further, there is a possibility of cessation of government support in the form of feedstock and other subsidies in the future.

The perception of limited opportunity and negative business environment coupled with difficult logistics pose a special challenge to private investment in the northeastern region. However, the setting up of the Plastic Park in Tinsukia district by the Government of Assam, process for which has already started, should provide the necessary incentive to entrepreneurs for setting up downstream projects based on your Company's products. Focus towards the market in the neighbouring economies, particularly Bangladesh and Myanmar needs to be intensified.

As the project is yet to be implemented there is currently no operational risk and with overall physical progress as on 31st March, 2014 already being about 96.4%, the construction risk is very





low. However, the process of risk management has already been initiated with a policy towards that end already in place to identify and mitigate construction phase, financial, operational and other risks. Legal compliances in your Company are reviewed by the Board of Directors periodically.

**Internal Control Systems and their adequacy**

Your Company exercises due care to ensure that there are sufficient internal controls for safeguarding its assets and protecting them against loss from unauthorized use or disposition. Care is also taken to ensure reliable financial reporting and compliance with applicable laws and regulations. Being in its nascent stage, the Company is gradually introducing its own systems and policies and in areas where its own policies are not yet defined, those of its holding company are being followed. A risk management policy is already in place. Quarterly internal audit is being conducted by the Internal Auditors, M/s Deloitte Haskins & Sells.

There is continuous monitoring and review of the Company's progress and activities by the holding company, GAIL and also by the State and Central Government authorities at the highest level.

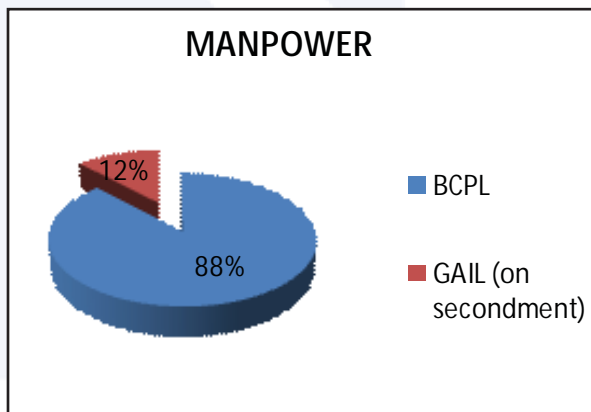
**Financial Performance with respect to Operational Performance**

The Company is yet to begin commercial operations.

**Material Developments in Human Resources, Industrial Relations Front including number of people employed**

Since inception your Company has been steadfast in its efforts towards quality talent acquisition along with motivating employee performance and improvement aligned with the organization's mission and objectives, through a balance of various factors including compensation, benefits, training, leadership development and healthy employee relations and work culture.

Your Company has been making steady progress on the HR Policy front and the year under review saw the constitution of the Company's own Superannuation Benefit Fund Trust and Gratuity Trust along with adoption of the BCPL Employees (Conduct, Discipline & Appeal) Rules, the Transfer Benefit Scheme for employees, Shift Duty Allowance.



Women's Day Celebration, 2014



Risk Management Training



Recruitment of non-executives was also initiated with care to ensure major representation of the local populace.

Most of the skilled / semi-skilled / unskilled workers engaged in the construction work are from the Northeast Region. The strength of human resources of the Company as on 31st March, 2014 was 404, out of which 49 are on secondment from GAIL and 355 are the company's regular employees. In addition to this, 10 persons have been selected for Junior Fireman Trainee who are studying six month's Fireman course at Police Fire Station, Guwahati

### ***Environmental Protection and Conservation, Renewable Energy Developments, Foreign Exchange Conservation***

Your Company is aware of its obligations towards conservation of the environment. Pollution control and other environment protection norms are being complied with. Provision has been made in the project for an effluent treatment plant which will take care of proper effluent discharge within the prescribed limits. Due clearance has already been taken from the Pollution Control Board, Assam for the plant. Once the project begins operations, the aspects of conservation of foreign exchange and

the development of renewable energy will achieve significance.

### ***Corporate Social Responsibility***

To your Company's credit, despite being in a nascent stage, it has been contributing to the society through its CSR initiatives in the areas of health care, hygiene, education, infrastructure development & environment, literacy enhancement to the extent possible.

*Data Source: Report of Sub-group on Chemicals & Petrochemicals, for the 12th Five year Plan, Government of India, Department of Chemicals & Petrochemicals Scheme for setting up of Plastic Parks, Market Research by the company.*

**Forward Looking Statement:** *This document includes statements that are, or may be deemed to be, "forward-looking statements" which by their nature involve risk and uncertainty as they relate to future events and circumstances, a number of which are beyond the Company's control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements, due to economic conditions, government policies and other incidental factors such as litigation and industrial relation. Readers are advised not to place undue conviction on such statements.*



Execution of loan documents with SBI – Shri O P Tailor, Director (Finance) with officials from SBI



Dr M Veerappa Moily, Hon'ble Union Minister, Petroleum & Natural Gas seen at site with Shri B C Tripathi, Chairman,



## Report on Corporate Governance

### *Company's Philosophy*

Your Company is committed to the adoption of effective corporate governance practices to ensure transparency in all corporate decisions and activities, to enhance long term stakeholder value, to foster confidence of the stakeholders and the public and for sustained development of the Company. It has been the constant endeavour of the management to inculcate a culture of ethical and honest conduct with emphasis on integrity and accountability in the conduct of business.

### *Board of Directors*

As on 31st March, 2014, the Board of Directors of your Company consisted of thirteen Directors including an ex-officio Chairman nominated by GAIL, two Government Nominees (representing MoC&F and MoP&NG), two Non Official Part time Directors and two Functional Directors including the Managing Director. The Nominee Directors are appointed in accordance with the Joint Venture Agreement and the Articles of Association of the Company.

The composition of the Board of Directors, along with Directorships and committee positions, attendance records during the year under review is as below:

Sl. No.	Name of the Director	Designation	No. of Directorships/ Chairmanship in other companies #		No. of Committee* Memberships / Chairmanship in other companies#		No of Board Meetings attended	Attendance in last AGM
			Chairman	Director	Chairman	Member		
<b>Functional Directors</b>								
1	<b>Shri P N Prasad</b>	Managing Director	-	-	-	-	9	Yes
2	<b>Shri O P Tailor</b> (w.e.f. 01.07.2013)	Director (Finance)	-	-	-	-	7	Yes
<b>Promoter Directors</b>								
3	<b>Shri B.C. Tripathi</b> Chairman & Managing Director GAIL (India) Ltd.	Chairman	2	1	-	-	9	No
4	<b>Shri R. K. Dutta</b> Advisor Government of Assam	Director	-	2	-	-	7	Yes
5	<b>Shri R T Jindal</b> Addl. Chief Secretary to the Government of Assam, Industries & Commerce Department	Director	2	8	-	-	4	Yes
6	<b>Shri Dipak Chakravarty</b> Managing Director Numaligarh Refinery Ltd. (upto 31.3.2014)	Director	-	1	-	-	2	Yes
7	<b>Shri Satchidananda Rath</b> Director (Operations), Oil India Limited (w.e.f. 01.10.2013)	Director	-	2	-	1	5	-
	<b>Shri T.K. Ananth Kumar</b> Director (Finance), Oil India Limited (upto 30.09.2013)	Director	-	1	-	2	2	Yes



8	<b>Shri S L Raina</b> Director (HR) GAIL (India) Ltd. (upto 31.05.2013)	Director	-	3	-	3	1	-
9	<b>Shri S Venkatraman</b> Director (BD) GAIL (India) Ltd.	Director	5	5	-	1	7	Yes
10	<b>Shri P K Jain</b> Director (Finance) GAIL (India) Ltd.	Director	-	4	1	-	7	Yes
<b>Government Directors</b>								
11	<b>Shri Avinash Joshi</b> Joint Secretary, Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals (w.e.f. 29.10.2013)	Director	-	-	-	-	5	-
	<b>Dr. A J V Prasad</b> Joint Secretary, Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals (upto 28.10.2013)	Director	-	2	-	-	1	-
	<b>Ms Neel Kamal Darbari</b> Joint Secretary, Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals (upto 29.07.2013)	Director	-	-	-	-	1	-
12	<b>Shri Nikunj Kumar Srivastava</b> Director Ministry of Petroleum & Natural Gas (w.e.f. 30.08.2013)	Director	-	1	-	-	6	-
	<b>M Sushma Taishete</b> Director Ministry of Petroleum & Natural Gas (upto 28.08.2013)	Director	-	-	-	-	1	No
<b>Independent Director</b>								
13	<b>Shri Prafulla Chandra Sharma</b>	Director	-	2	-	2	9	Yes
14	<b>Shri Gautam Barua</b>	Director	-	2	-	1	8	Yes
(*) Committee positions refer only to Audit Committee and Shareholders' Grievance Committee.								
(#) Other company means public companies only.								

### Details of Board Meetings held during the year 2013-14.

Nine meetings of the Board of Directors were held during the year.

No. of the Board Meeting	Date	Board Strength	No. of Directors present
40 <sup>th</sup>	20.05.2013	13	10
41 <sup>th</sup>	27.06.2013	12	9
42 <sup>th</sup>	19.09.2013	13	12
43 <sup>th</sup>	10.10.2013	13	11
44 <sup>th</sup>	09.12.2013	13	10
45 <sup>th</sup>	28.01.2014	13	10
46 <sup>th</sup>	03.02.2014	13	8
47 <sup>th</sup>	11.03.2014	13	11
48 <sup>th</sup>	20.03.2014	13	10



### *Profile of Directors being appointed / reappointed*

**Shri R T Jindal**, Director, retires by rotation at the ensuing annual general meeting pursuant to section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment. Shri R T Jindal is presently Additional Chief Secretary to the Government of Assam, Industries & Commerce Department. He is a 1983 batch IAS officer from the Assam –Meghalaya cadre and has served at various levels in different departments of the Government of Assam. He has also worked with the Ministry of HRD/Tourism & Culture from 1996 to 2008. He is a Science graduate from Punjab University, Patiala and post graduate in Chemistry from Punjab Agriculture University, Ludhiana. He joined the BCPL Board as Promoter Director w.e.f 22.05.2012

**Shri S Venkatraman**, Director, retires by rotation at the ensuing annual general meeting pursuant to section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment. He presently holds the position of Director (Business Development) and is in charge of GAIL's Business Development, Project Development, Petrochemical operations, Exploration & Production and global ventures of the Company.

He joined GAIL as Manager in December 1990 and served at various levels across different departments including Business Development, Marketing and Projects. He was part of the core team that worked on the development and implementation of GAIL's first gas based petrochemical complex right from its conceptualization to commissioning.

Shri S. Venkatraman has done B.Sc. (Physics) from University of Madras, Madras in 1973. In 1976, he completed Diploma in Instrumentation from Madras Institute of Technology, Madras and thereafter Diploma in Management from All India

Management Association, New Delhi in 1989. He started his career in 1976 with Instrumentation Ltd., Kota and worked there at various levels till December 1990. He joined the BCPL Board as Promoter Director w.e.f. 11.10.2010.

**Shri Nikunj Kumar Srivastava**, Director, Ministry of Petroleum & Natural Gas (MoP&NG) was appointed as an Additional Director on the BCPL Board w.e.f. 30.08.2013. He is a member of the Indian Administrative Service, 1998 batch from the Madhya Pradesh cadre. He is a post graduate in mechanical engineering from Indian Institute of Technology, Kanpur, a premier institute of engineering in the country. He is a bureaucrat by profession and a technocrat by qualification. He has two research papers published under his name in the international journals in the area of thermal sciences and fluid mechanics. His work experience includes working with TELCO (an automobile industry) and Indian Railways. He had opportunity to work in the state of Jammu & Kashmir for two years.

**Shri S Rath**, Director (Operations), OIL India Limited was appointed w.e.f. 01.10.2013 as a Director in the casual vacancy caused by the resignation/superannuation of Shri T K Ananth Kumar on 30.09.2013. Shri S. Rath is M.Sc in Applied Geology from IIT, Kharagpur (1977) and holds a Diploma in Management from IGNOU. Presently he holds the position of Director (Operations), OIL and is responsible for OIL's exploration, development, resource management, oil, gas and LPG production and pipeline business. He joined Oil India Limited as Geologist in 1979. He has over three decades of experience in Petroleum exploration, development and production. Shri Rath has worked in different functional & geographical areas of OIL. He led the strategic organizational change initiative as Chief



Co-ordinator. Associated with major Eocene Oil & Gas discoveries in Assam and Arunachal Pradesh, he led the Team in establishment of Integrated Interpretation Centre at Duliajan in 1999.

**Shri Avinash Joshi**, Joint Secretary Petrochemicals Division, Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, was appointed as an Additional Director on the BCPL Board w.e.f. 29.10.2013. He is a member of the Indian Administrative Service, 1994 batch from the Assam-Meghalaya cadre. He has been working as Joint Secretary (Petrochemicals) to the Government of India in the Ministry of Chemicals & Fertilizers, Department of Chemicals & Petrochemicals, since September, 2013. In his current assignment he is over all in-charge of policy matters relating to Petrochemicals, plastics, synthetic fiber, elastomers. He has been closely monitoring the setting up of the Assam Gas Cracker Complex at Dibrugarh in Assam. He has also served an earlier stint with the Central Government as Director, Ministry of Commerce, Department of Commerce & Industry, Government of India.

He has held many important postings in the Central Government and State Government of Assam and State Government of Gujarat. During the last 19 years, he worked in various capacities and had a rich and varied experience in important fields in the States of Assam and Gujarat. He worked as District Magistrate and Collector in Sabarkantha in Gujarat and Dhubri and Kamrup (Metropolitan) district in Assam. He has also worked extensively in primary education in both the States. He also served as Municipal Commissioner, Guwahati and Commissioner Panchayats & Rural Development, Government of Assam. He has also been instrumental in development of infrastructure in the approved PCPIRs in the states of Gujarat, Andhra Pradesh, Orissa and lately, Tamil Nadu.

**Shri P Padmanabhan**, Managing Director, Numaligarh Refinery Limited (NRL) was appointed w.e.f. 22.05.2014 as a Director in the casual vacancy caused by the resignation/superannuation of Shri Dipak Chakravarty on 31.03.2014. Shri P Padmanabhan is a BE (Chemical) from NIT, Trichy, 1980 batch. Prior to his appointment as Managing Director of NRL, he was Executive Director (Refineries Co-ordination) of Bharat Petroleum Corporation Limited (BPCL) where he was in charge of co-ordination among group refineries of BPCL viz. BPCL's Mumbai and Kochi Refinery, joint venture Bharat Oman Refineries Limited (BORL) and NRL. In BPCL since 1980, he has garnered experience and in-depth knowledge in major functions of Refinery such as Production, Process, Technical Services, Quality Control, International Trade and was a member of the task force for Corporate Restructuring and also the task force leader for finalizing BPCL's future strategy till 2020 which involved achieving crude processing capacity of 50 MMTPA through grass route/creep expansion of existing refineries and contributed in finalizing BPCL's entry into Petrochemicals through Propylene derivative products.

He was appointed as the Convener of the Committee for finalizing specifications of hydrocarbon fuels under Bureau of Indian Standards (BIS). He is a member of the Expert Group constituted by the Ministry of Petroleum and Natural Gas to evaluate performance of refineries and take steps to make them more efficient, viable and profitable, based on Solomon Performance Benchmarking Study of Indian PSU Refineries in 2010-11.

#### **Audit Committee**

The Audit Committee presently comprises of three Directors. Shri P C Sharma, a Non-official



(Independent) Director is the Chairman of the committee. The Managing Director and the Director (Finance) are Permanent Invitees to the Audit Committee. The terms of reference for the Audit Committee are in line with the DPE Guidelines on Corporate Governance.

Four meetings of the Committee were held during the year under review on 13.05.2013, 29.08.2013, 09.12.2013 and 20.03.2014 and the details of attendance by the members during 2013-14 are given below:

Name of Directors	No of meetings attended
Shri P C Sharma, Chairman	4
Shri P K Jain, Member	3
Shri Gautam Barua, Member	4

### *Other Committees*

**The Remuneration & HR Committee**, headed by a Non-official (Independent) Director comprises of the following three members all of whom are non-executive Directors:

1. Shri P C Sharma, Independent Director : Chairman
2. S Venkatraman, Director (w.e.f. 27.06.2013) : Member
3. S Rath, Director (w.e.f. 01.10.2013) : Member

The Managing Director is a Permanent Invitee to the Committee.

During the year under review five meetings of the Committee were held on 02.05.2013, 20.05.2013, 12.09.2013, 05.12.2013 and 28.01.2014. The Committee recommends the policies, perquisites, facilities and other benefits of the employees for consideration of the Board. It also reviews and recommends the formulation of HR policy in the company.

An empowered **Committee of the Board on Contracts and Procurement** is also in place consisting of following members for expeditious clearance of approvals for the project.

1. Shri S Venkatraman, Director : Chairman
2. Shri Nikunj Kumar Srivastava, Director : Member
3. Shri S Rath, Director : Member
4. Shri P N Prasad, Managing Director : Member
5. Shri O P Tailor, Director (Finance) : Member

**A Committee on Sustainable Development**, headed by a Non-official (Independent) Director has also been duly constituted as per requirement of the DPE Guidelines on Sustainable Development, to recommend the plans and policy of the Company and to oversee the performance in respect of sustainable development.

**Remuneration to Directors**

Being a Central Public Sector Enterprise, the appointment of the Whole-Time Directors and the terms & conditions thereof including remuneration are determined by the administrative ministry, the Ministry of Chemicals & Fertilizers.

The details of remuneration paid to the Whole-time Directors of the Company during the financial year 2013-14 are as below:

Name	Salary & Allowances (₹)	Contribution to PF, Gratuity and Other Funds (₹)	Other Benefits and Perquisites (₹)	Performance Linked Incentives (₹)	Total (₹)
<b>Shri P N Prasad</b> (Managing Director)	27,33,751	2,24,751	6,14,481	--	<b>35,72,982</b>
<b>Shri O P Tailor</b> Director (Finance)	13,16,196	1,29,605	2,75,430	--	<b>17,21,231</b>

The Part-time Non-official Directors are not being paid any remuneration other than sitting fee, which amounted to ₹ 2,44,469/- to Shri P C Sharma and ₹ 1,84,276/- to Shri Gautam Barua during the year. The Nominee Directors do not receive any pecuniary benefits including sitting fee from the Company.

**General Meetings**

The details of the last three Annual General Meetings are as follows:

No. of the AGM	Date	Time	Venue	Any Special Resolution Passed
4 <sup>th</sup>	29.07.2011	4.00 p.m.	Hotel Brahma Putra Ashok, M.G. Road, Guwahati	None
5 <sup>th</sup>	27.08.2012	12.00 noon	Hotel Brahma Putra Ashok, M.G. Road, Guwahati	Yes (Authorization for further issue of shares pursuant to Section 81)
6 <sup>th</sup>	29.08.2013	3.00 p.m.	Hotel Brahma Putra Ashok, M.G. Road, Guwahati	Yes (Authorization for further issue of shares pursuant to Section 81)





### ***7<sup>th</sup> Annual General Meeting***

Date : Tuesday, 2nd September, 2014

Time : 3.00 p.m.

Venue : Registered Office  
Hotel Brahma Putra Ashok  
M G Road, Guwahati 781001

### ***Disclosures***

- (i) The related party transactions are disclosed in the notes to accounts forming part of the annual report.
- (ii) The Company has complied with the requirements of the DPE Guidelines on Corporate Governance, save and except the composition of the Board with respect to number of Nominee Directors and Independent Directors. The Board has requested for a special dispensation from the Government of India regarding reduction in the number of Nominee Directors appointed as per JV Agreement, as the Company is still in the project implementation stage.
- (iii) The Company has a Whistle Blower Mechanism as per which the Public Interest Disclosure and Protection of Informer (PIDPI) Resolution No 89 of Government of India is being followed.
- (iv) A mechanism for Risk Management is in place to identify and mitigate construction phase, financial, operational and other risks.

### ***Audit Qualifications***

For the 7<sup>th</sup> successive year there is no audit qualification in the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March 2014.

### ***Means of Communication***

The Company has a website [www.bcplonline.co.in](http://www.bcplonline.co.in). There is a dedicated cell for information sharing with stakeholders through the use of information and communication technologies particularly through its website. The Company periodically disseminates information through press releases and its annual reports.

### ***Shareholding Pattern***

The shares are held by the promoters in the proportion:

GAIL : 70%, Government of Assam : 10%, Oil India Limited : 10% and Numaligarh Refinery Limited : 10%

### ***Corporate Governance Compliance Certificate***

A certificate from a Company Secretary in practice regarding compliance of conditions of corporate governance during 2013-14, as per clause 8.2.1 of the DPE Guidelines is annexed.



### *Secretarial Audit Report*

The Company has carried out the Secretarial Audit for the year under review and the report along with the explanation to the observation therein is annexed.

### *Code of Conduct*

The Company has a Code of Conduct for the Board members and the senior management personnel and all the members of the Board and the senior management personnel have affirmed compliance of the Code of Conduct for the financial year ended on March 31, 2014.

## DECLARATION

As required by clause 3.4.2 of the DPE Guidelines on Corporate Governance, it is hereby declared that the members of the Board of Directors as well as senior management personnel of the Company to whom the Code of Conduct is applicable have affirmed compliance with the code.

*Sd/-*

(P N Prasad)

Managing Director

Brahmaputra Cracker and Polymer Ltd.



*6<sup>th</sup> annual general meeting in progress*



*Cultural programme celebrating the 6<sup>th</sup> annual general meeting*



## Secretarial Audit Report

**Narayan Sharma**

B. Com (Major), F.C.S.

**Narayan Sharma & Associates**

Master Enclave  
Ground Floor, Udayachal Path  
Adjacent to Sunil Petrol Pump  
Christianbasti, G.S. Road Dispur  
Guwahati-781005  
Phone: 0361-2343127, 9435018319  
e-mail: csnarayansharma@gmail.com

**The Board of Directors  
Brahmaputra Cracker and Polymer Ltd.  
Hotel Brahma Putra Ashok  
M.G. Road, Guwahati – 781001**

We have examined the registers, records, books and papers of **Brahmaputra Cracker and Polymer Ltd.** (the Company) for the period **1st April 2013 to 31st March 2014** according to the provisions of:

The Companies Act, 1956 and The Companies Act, 2013 (As applicable) and the Rules made there under; and DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 and Memorandum and Articles of Association of the Company,

1. Based on our examination and verification of the registers, records and documents produced to us and according to the information and explanations given to us by the Company, its Company Secretary and officers, the Company has complied with the provisions of the Companies Act, 1956 and The Companies Act, 2013 (As applicable) ("the Act") and Rules made under the Act and the Memorandum and Articles of Association of the Company with regard to:
  - (a) Maintenance of statutory registers and documents and making necessary entries therein;
  - (b) Filing of the requisite forms and returns with the Registrar of Companies, North Eastern Region, Shillong within the time prescribed under the Act and the Rules made there under;
  - (c) Service of documents by the Company on its members, auditors and the Registrar of Companies;
  - (d) Notice of Board Meetings and Committee meetings of Directors;
  - (e) Convening and holding of the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
  - (f) Convening and holding of the 6th Annual General Meeting on 29th August 2013;
  - (g) Minutes of proceedings of General Meeting and Meetings of Board and its committees.
  - (h) Constitution of Board of Directors and appointment, retirement and re-appointment of directors;
  - (i) Appointment of Chairman and Managing Director, Whole Time Directors and non-executive Directors and their remuneration.
  - (j) Transfers and transmissions of the Company's shares, issue and allotment of shares and issue of original and duplicate certificates of shares;
  - (k) Appointment and remuneration of Auditors;
  - (l) Borrowings and registration, modification and satisfaction of charges;
  - (m) Board's Report;
  - (n) Contracts, common seal, registered office and publication of name of the Company; and
  - (o) Generally, all other applicable provisions of the Act and the rules made under the Act.



2. We further report that :
  - (a) The Directors of the Company have made all the required disclosures under Section 299, 305 of the Act. However, being a Government Company provisions of section 274(1)(g) of the Act are not applicable to the Company;
  - (b) Board Members and Senior Management Personnel have affirmed compliance with the Code of conduct of the Company for the financial year ending on 31st March 2014;
  - (c) The Company has where required, obtained all the necessary approvals of Directors, Shareholders and other authorities under the Act;
  - (d) There was no prosecution initiated against or show cause notice received by the Company for alleged offences under the Act and no fines and penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act;
  - (e) The Company does not have any money which is due for transfer to unpaid dividend account, any application money which is due for refund, any money against matured debentures and the interest accrued thereon which have been remain unclaimed or unpaid for a period of seven years and due for transfer to Investor Education and Protection Fund.
  - (f) The amount borrowed by the Company from public financial institutions, banks and others during the financial year ending 31st March 2014, are within the borrowing limits of the Company and that the necessary resolutions as per section 293 (1) (d) of the Act have been passed in duly convened Annual General meeting ;
  - (g) The Company is a non-listed Company and the provisions of the listing agreements are not applicable to the Company except and to the extent that it is a subsidiary of a listed Company;
3. We further report that save and except for the constitution of the Board with the requisite number of Independent Directors and the maximum number of Nominee Directors to be appointed by Government / other CPSEs as stipulated in DPE Guidelines on Corporate Governance, the Company has complied with the DPE Guidelines on Corporate Governance for CPSEs including filing of report on Corporate Governance in the specified format to the administrative ministry within the stipulated time

Place: Guwahati  
Date: 10th May 2014

For **Narayan Sharma & Associates**  
Company Secretaries  
*Sd/-*  
**(NARAYAN SHARMA)**  
**Proprietor**  
**C. P. No. 3844**

### Explanation of the Board to the qualification in the Secretarial Audit Report

Qualification in the Secretarial Report	Explanation of the Board
Save and except for the constitution of the Board with the requisite number of Independent Directors and the maximum number of Nominee Directors to be appointed by Government/other CPSEs as stipulated in DPE Guidelines on Corporate Governance, the Company has complied with the DPE Guidelines on Corporate Governance for CPSEs including filing of report on Corporate Governance in the specified format to the administrative ministry within the stipulated time.	A special dispensation has been sought from the Government for maintaining status quo during the project phase so that the Company could continue to benefit from the collective wisdom of all the promoters in this critical phase. The response from the Government is awaited.



## Report on compliance of Corporate Governance

**Narayan Sharma**

B. Com (Major), F.C.S.

**Narayan Sharma & Associates**

Master Enclave  
Ground Floor, Udayachal Path  
Adjacent to Sunil Petrol Pump  
Christianbasti, G.S. Road Dispur  
Guwahati-781005  
Phone: 0361-2343127, 9435018319  
e-mail: csnarayansharma@gmail.com

**The Board of Directors  
Brahmaputra Cracker and Polymer Ltd.  
Hotel Brahma Putra Ashok  
M.G. Road, Guwahati – 781001**

We have examined the compliance of conditions of Corporate Governance by **Brahmaputra Cracker & Polymer Limited** (hereinafter referred as “the Company”) for the year ended **31st March 2014**, as stipulated in the DPE, Guidelines on Corporate Governance. The Company being not a listed Company, the conditions of Corporate Governance as mentioned in clause 49 of the listing agreement are not applicable to it.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We further report that **save and except for the constitution of the Board with the requisite number of Independent Directors and the maximum number of Nominee Directors to be appointed by Government/other CPSEs as stipulated in DPE Guidelines on Corporate Governance**, the Company has complied with the DPE Guidelines on Corporate Governance for CPSEs including filing of report on Corporate Governance in the specified format to the administrative ministry within the stipulated time.

Place: Guwahati  
Date: 10<sup>th</sup> May 2014

**For Narayan Sharma & Associates  
Company Secretaries**

*Sd/-*

**(NARAYAN SHARMA)**

**Proprietor**

**C. P. No. 3844**

**Membership No. FCS 5117**



## Independent Auditors' Report

**Das & Sharma**  
**Chartered Accountants**



**Binoy Kumar Das, FCA, DISA**  
**Devajit Sharma, FCA, DISA**

To.  
The Members,  
Brahmaputra Cracker and Polymer Limited  
Guwahati, Assam

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Brahma Putra Cracker and Polymer Limited, which comprise the Balance Sheet as at March 31, 2014, and statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section 3(C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered Accountant of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of



accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the lack of transactions revenue in nature, given the operational status of the project, and
- (c) In the case of the Cash Flow statement, of the cash flows for the year ended on that date.

### *Emphasis of Matter:*

1. We draw attention to **Para 19 of Note 18** to the financial statements regarding the status of claims made against the Company, and that no claim has been acknowledged there against. Our opinion is not qualified in respect of this matter.
2. We draw attention to **Para 21 of Note 18** to the financial statements relating to balances of debtors and creditor being subject to confirmation. Only two confirmations out of those requested by

the management have been received by us. Our opinion is not qualified in respect of this matter.

3. We draw attention to **Note 1(b)(iii)** to the financial statements indicating the amount of unpaid calls. The amounts unpaid are not in respect of shares allotted but are amount unpaid in respect of a Joint Venture agreement among the promoters i.e. GAIL, OIL, NRL, GoA. Our opinion is not qualified in respect of this matter.
4. We draw attention to **Para 3 of Note 18** to the financial statements indicating the change in accounting policy relating to amortization of intangibles such as perpetual rights, and the impact of the change. Our opinion is not qualified in respect of this matter.

### *Report on Other Legal and Regulatory Requirements*

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books



- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e) The provisions of clause (g) of sub section 1 of section 274 of the Companies Act, 1956, are not applicable to the Company.
- f) Since the Central Government has not issued any notification as to the rate

at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company

*Other Matter:*

1. The process of obtaining land ownership documents for 131 Bighas of Land from the Government of Assam is still under way pending necessary approvals from Government authorities. Possession has been obtained. Our opinion is not qualified in respect of this matter.

Place : Guwahati  
Date : 22<sup>nd</sup> May, 2014

For **DAS & SHARMA**  
Chartered Accountants  
FRN : 314214E  
*Sd/-*  
Devajit Sharma  
Partner  
M No. 052268





*The Annexure referred to in paragraph 1 of the our Report of even date to the members of Brahma Putra Cracker and Polymer Limited on the accounts of the company for the year ended 31st March, 2014*

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management during the year; no material discrepancies were noticed on such verification. Evidence of such verification has been provided to us.
- (c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore does not affect the going concern assumption.
2. Physical verification of finished goods, stores, raw materials and spare parts does not arise as the Company is not, at present, maintaining inventory. Stocks of construction materials are, in the main, under the custody of Engineers India Limited.
3. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii(b), iii(c) and iii(d) of the order are not applicable to the Company.
4. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has taken loans from Oil India Limited, a related Company to the extent of ` 250 crores (During the financial year 2012-13) which was wholly outstanding as on 31 March, 2014. The Company's name is listed in the register maintained under Section 301 of the Companies Act, 1956.
5. According to the information and explanation given to us, we are of the opinion that the rate of interest and terms and conditions of loans taken from Oil India Limited, one of the related parties, are not prejudicial to the interest of the Company.
6. Repayment of the loan is yet to commence and interest for the year was duly paid.
7. In our opinion and according to the information and explanation given to us, there is generally an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventories & fixed assets and payment of expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
8. Transactions with parties whose names warrant entry into the register maintained



- under section 301 of the Companies Act, 1956 have been laid down in detail in Para 24 of Note 18 to the financial statements which have been verified by us.
9. The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
  10. As per information & explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business. Internal audit has been outsourced to a firm of Chartered Accountants with appropriate credentials.
  11. Maintenance of cost records u/s 209(1) (d) of the Companies Act, 1956, is not applicable at present as the Company has not commenced operations, nor have such records being prescribed under the Act.
  12. The Company has been regular in deposit of undisputed statutory dues, including Provident Fund, VAT, Service Tax, Customs Duty, Income-tax etc. with the relevant authorities. We have been informed that no undisputed amount was payable in respect of VAT, Service Tax, Customs Duty, Income-tax and other Statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.
  13. The accumulated losses of the Company at the end of the financial year are less than 50% percent of the Net Worth of the Company, and represent losses in Foreign Exchange transaction recognized in term of AS 11, even though commercial operations have yet to commence.
  14. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
  15. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  16. The Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
  17. According to the information and explanations given to us, the Company is not trading in Shares, Mutual funds & other Investments.
  18. According to the information and explanations given to us, the Company has not given any guarantees for loans taken by others from bank or financial institution.
  19. The Company had utilized the Term loans obtained and the loan was applied for the purpose for which it was taken.
  20. Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that no funds raised on short-term basis have been used for long-term investment by the Company.



21. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not been made any preferential allotment of shares during the year.
22. The Company has no outstanding debentures during the period under audit.
23. The Company has not raised any money by public issue during the year.
24. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have been informed of such case by the management.

Place : Guwahati  
Date : 22<sup>nd</sup> May, 2014

For **DAS & SHARMA**  
Chartered Accountants  
FRN : 314214E  
*Sd/-*  
Devajit Sharma  
Partner  
M No. 052268



## Balance Sheet

as at 31st March, 2014

` in '000

Particulars	Note No.	As at 31st March,2014	As at 31st March,2013
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share capital	1	11,328,716	10,579,503
(b) Reserves and surplus	2	46,889,159	36,927,872
<b>2 Share Application Money Pending Allotment</b>	3	408,387	1,046,549
<b>3 Non-Current Liabilities</b>			
(a) Long-term borrowings	4	12,391,735	14,416,250
(b) Deferred tax liabilities (net)			
(c) Other long-term liabilities	5	-	-
(d) Long-term provisions	6	10,405	8,468
<b>4 Current Liabilities</b>			
(a) Short-term borrowings			
(b) Trade payables			
(c) Other current liabilities	7	3,862,518	3,976,010
(d) Short-term provisions	8	2,909,444	2,331,761
<b>TOTAL</b>		<b>77,800,364</b>	<b>69,286,413</b>
<b>B ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	2,338,303	1,634,047
(ii) Intangible assets	9	77,151	79,338
(iii) Capital work-in-progress	10	55,900,478	53,095,911
(vi) Fixed assets held for sale			



in '000

Particulars	Note No.	As at 31st March,2014	As at 31st March,2013
(b) Non-current investments			
(c) Deferred tax assets (net)			
(d) Long-term loans and advances	11	16,202,062	11,666,960
(e) Other non-current assets	12	42,591	30,316
<b>2 Current Assets</b>			
(a) Current investments			
(b) Inventories			
(c) Trade receivables	13	-	-
(d) Cash and cash equivalents	14	588,504	1,656,754
(e) Short-term loans and advances	15	907,064	722,645
(f) Other current assets	16	1,744,211	400,442
<b>TOTAL</b>		<b>77,800,364</b>	<b>69,286,413</b>
<b>C Additional information</b>	18		
<b>D Significant Accounting Policies</b>	19		

Sd/-  
(P.N.Prasad)  
Managing Director

Sd/-  
(O.P.Tailor)  
Director Finance and CFO

Sd/-  
(Ruli Das Sen)  
Company Secretary

As per our separate report on Even Date

For Das & Sharma  
Chartered Accountants,  
Firm No. 314214E

Sd/-  
(Devajit Sharma)  
Partner  
Mem. No.052268

Place : New Delhi  
Date : 22.05.2014



## Profit and Loss Statement for the year ended 31<sup>st</sup> March, 2014

in '000

Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
<b>I. Revenue From Operations</b>		Nil	Nil
<b>In respect of a company other than a finance company:</b>			
Sale of products			
Sale of services			
Other operating revenues			
<b>Less:</b>			
Excise duty			
<b>II. Other income</b>	17	8,794	Nil
<b>III. Total Revenue (I + II)</b>		8,794	Nil
<b>IV. Expenses:</b>			
Cost of materials consumed			
Internally manufactured intermediates or components consumed			
Purchases of Stock-in-Trade			
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade			
Employees benefits expense			
Finance costs			
Depreciation and amortization expense			
Other expenses	17 A	Nil	209137
<b>Total expenses</b>		Nil	209137
<b>V. Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)</b>		8,794	(209137)
<b>VI. Exceptional items</b>		Nil	Nil
<b>VII. Profit/(Loss) before extraordinary items and tax (V - VI)</b>		8,794	(209137)
<b>VIII. Extraordinary Items</b>		Nil	Nil
<b>IX. Profit/(Loss) before tax (VII- VIII)</b>		8,794	(209137)
<b>X. Tax expense:</b>		Nil	Nil
(1) Current tax			
(2) Deferred tax			
<b>XI. Profit/(Loss) for the period from continuing operations (VII-VIII)</b>		8794	(209137)
<b>XII. Profit/(loss) from discontinuing operations</b>		Nil	Nil
<b>XIII. Tax expense of discontinuing operations</b>		Nil	Nil
<b>XIV. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>		Nil	Nil
<b>XV. Profit/ (Loss) for the period (XI + XIV)</b>		8,794	(209137)
<b>XVI. Earnings per equity share:</b>			
(1) Basic		NA	NA
(2) Diluted		NA	NA

*Sd/-*  
(P.N.Prasad)  
Managing Director

*Sd/-*  
(O.P.Tailor)  
Director Finance and CFO

*Sd/-*  
(Ruli Das Sen)  
Company Secretary

As per our separate report on Even Date  
For Das & Sharma  
Chartered Accountants,  
Firm No. 314214E

Place : New Delhi

Date : 22.05.2014

*Sd/-*  
(Devajit Sharma)  
Partner  
Mem. No.052268



## Notes forming part of the Balance Sheet

### Note:1: Share capital

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of shares	₹ in '000	Number of shares	₹ in '000
(a) Authorised				
Equity Shares of ₹ 10/- each	2,000,000,000	20,000,000	2,000,000,000	20,000,000
(b) Issued				
Equity Shares of ₹ 10/- each	1,269,000,000	12,690,000	1,269,000,000	12,690,000
(c) Subscribed and fully paid up				
Equity Shares of ₹ 10/- each	1,132,871,560	11,328,716	1,057,950,260	10,579,503
(d) Subscribed but not fully paid up				
Equity Shares of ₹ 10/- each	Nil	Nil	Nil	Nil
<b>Total</b>	<b>1,132,871,560</b>	<b>11,328,716</b>	<b>1,057,950,260</b>	<b>10,579,503</b>

### Note :1 (a):Share Capital Reconciliation

₹ in '000

Particulars								
Notes: (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:								
Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes	Closing Balance
<b>Equity Shares</b>								
Year ended 31st March' 2014								
- Number of shares	1,057,950,260	74,921,300						1,132,871,560
- Amount ₹ in '000	10,579,503	749,213						11,328,716
Year ended 31st March' 2013								
- Number of shares	861,550,260	196,400,000						1,057,950,260
- Amount ₹ in '000	8,615,503	1,964,000						10,579,503



**Note :1 (b): Share capital other details**

₹ in '000

Particulars	
(i) Details of shares held by each shareholder holding more than 5% shares (Disclosures pursuant to note no.6A(g) of part I of Schedule VI to the Companies Act 1956).	

Class of shares / Name of shareholder	As at 31st March, 2014		As at 31st March, 2013	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
GAIL ( India ) Limited	793,010,083	70	740,565,173	70
Oil India Limited	113,287,159	10	105,795,029	10
Numaligarh Refinery Limited	113,287,159	10	105,795,029	10
Govt. of Assam	113,287,159	10	105,795,029	10

Note : No. of shares as at 31.03.2014 includes 60 nos. (previous year 70 nos.) of shares issued to Directors(GAIL-30 nos.(Previous year 40 nos.) OIL-10 nos. NRL-10 nos. GOA-10 nos.)

(ii) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date (Disclosures pursuant to note no.6A(i) of part I of Schedule VI to the Companies Act 1956).

Particulars	Aggregate number of shares	
	As at 31st March, 2014	As at 31st March, 2013
<b>Equity shares with voting rights</b>		
Fully paid up pursuant to contract(s) without payment being received in cash	66,155,019	66,155,019
Fully paid up by way of bonus shares	Nil	Nil
Shares bought back	Nil	Nil
<b>Equity shares with differential voting rights</b>		
Fully paid up pursuant to contract(s) without payment being received in cash	Nil	Nil
Fully paid up by way of bonus shares	Nil	Nil
Shares bought back	Nil	Nil

(iii) Details of calls unpaid (Disclosures pursuant to note no.6A(k) of part I of Schedule VI to the Companies Act 1956).

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	Number of shares	₹ in '000	Number of shares	₹ in '000
<b>Equity shares with voting rights</b>				
Aggregate of calls unpaid				
- by directors				
- by officers				
- by others	95,289,887	952,899	106,394,868	1,063,949

(iv) Details of forfeited shares (Disclosures pursuant to note no.6A(l) of part I of Schedule VI to the Companies Act 1956) : Nil





**Note:2: Reserves and surplus**

₹ in '000

Particulars	As at 31st March, 2014	As at 31st March,2013
<b>(a) Capital reserve</b>		
Opening balance	37,137,009	21,451,288
<b>Add:</b> Fund received during the year	9,769,600	15,520,000
Gross Interest earned on STDR's	203,473	
<b>Less:</b> TDS	20,580	165,721
<b>(b) Surplus</b>		
Opening Balance of Profit & Loss Account	(209,137)	-
Current year Balance	8,794	(209,137)
<b>Total</b>	<b>46,889,159</b>	<b>36,927,872</b>

Note : Capital Reserve represents the Capital subsidy received from Govt.of India .It also includes interest on STDR's made out of this fund as per the letter no.45013/1/2005-PC-1(PRT) dt:15.02.2012 received from MOCF,New Delhi.

**Disclosures under Accounting Standard 12**

₹ in '000

Particulars	As at 31st March,2014	As at 31st March,2013
Details of government grants:		
Government grants received by the Company during the year towards		
- Subsidies (recognised under Capital Reserves)	9,769,600	15,520,000
Interest (Net of Taxes) on parking of Capital subsidy added back	182,893	165,721
<b>Total</b>	<b>9,952,493</b>	<b>15,685,721</b>

1. The Capital Subsidy of ₹ 9,769,600,000/- (Previous Year ₹ 15,520,000,000/-) has been received from the Government of India during the year by way of contribution towards the capital outlay. As per AS-12 ( Para 16 ) , Government Grants by way of contribution towards capital should be credited to Capital Reserves as per condition attached to such grants.
2. The Company has received a directive from its administrative ministry MoCF vide letter no 45013/1/2005-PC-I(Part) dated 15.02.2012 that the interest earned on capital subsidy is not the income of BCPL and the same shall be added back to capital subsidy .As such interest income (Net of Taxes) of ₹ 182,893,156/- (Previous year ₹ 165,720,893/- net of taxes) has been added back to capital subsidy.

**Note:3: Share Application money pending allotment**

` in '000

JV Partner	Equity Call Issued	Money Received	Shares Allotted	Share Transferred	Total Shares Allotted	Adjustment	As at 31st March, 2014	As at 31st March, 2013
Oil India Limited	1,269,000	1,269,000	1,132,871		1,132,871	-	136,129	211,050
Numaligarh Refinery Limited	1,269,000	1,269,000	1,132,871		1,132,871	-	136,129	211,050
Govt of Assam	1,269,000	1,270,397	1,132,871		1,132,871	1,397	136,129	100,000
GAIL (India) Limited	8,883,000	7,930,100	7,930,100	0	7,930,101	-	-	524,449
Directors	1	1	1	0	1	-	-	-
<b>Total</b>	<b>12,690,001</b>	<b>11,738,498</b>	<b>11,328,716</b>	<b>-</b>	<b>11,328,716</b>	<b>1,397</b>	<b>408,387</b>	<b>1,046,549</b>

Share application money not exceeding the issued capital and to the extent not refundable is to be disclosed under this line item (Disclosure pursuant to Note no. 6G of Part I of Schedule VI to the Companies Act 1956.)

Terms and conditions for shares to be issued :- As per J V Agreement between the promoters and CCEA approval.

Number of shares proposed to be issued :- All to the extent when the ratio as per JV agreement is met.

The amount of premium, if any :- Nil

The period before which shares are to be allotted :- As and when the proportion of equity contribution in the ratio of 70:10:10:10 is met by the promoters, viz., GAIL, GoA, OIL & NRL , in terms of the J V Agreement.

Whether the company has sufficient authorized share capital to cover the share capital amount on allotment of shares out of share application money : Yes

The period for which the share application money has been pending beyond the period for allotment as mentioned in the share application form along with the reasons for such share application money being pending. :- Not applicable. Shares are allotted as and when the proportion of equity contribution in the ratio of 70:10:10:10 is met by the promoters, viz., GAIL, GoA, OIL & NRL , in terms of the JV Agreement.

The share application money received in excess ` 1,397,190/- from Govt. of Assam over the call issued for ` 1,269,000,000/- has been transferred to share application money due for adjustment grouped under "other current liabilities".



**Note : 4: Long-term borrowings details**

₹ in '000

Particulars	As at 31st March,2014	As at 31st March,2013
<b>Secured</b>		
(a) Bonds/debentures	Nil	Nil
(b) Term loans		
(i) From Banks		
Allahabad Bank	-	612,500
Andhra Bank	-	742,500
Bank of Baroda	-	962,000
Bank of India	-	962,000
Corporation Bank	-	481,000
Jammu & Kashmir Bank	-	481,000
PNB	-	1,856,000
State Bank of Travancore	-	403,000
State Bank of India	1,538,535	-
<b>Total</b>	<b>1,538,535</b>	<b>6,500,000</b>

(Secured by way of 1st charge on all fixed assets both movable and immovable, present and future including tangible and intangible ranking paripasu with all term lenders except to the extent 131 bighas of Govt. land in possession of the company but title deed yet to be transferred )

**Terms of Repayment :** Repayment of loan is envisaged in 96 monthly installments commencing after moratorium period of 2 years from SCOD.

**\*Rate of interest:** SBI Base rate plus 0.45 % i.e 10.45 % at present.

(ii) Others : *Oil Industries Development Board	8,761,950	5,770,000
Less: Current maturity transferred to current liabilities	408,750	353,750
	8,353,200	5,416,250

(Secured by way of 1st charge on all fixed assets both movable and immovable ,present and future ranking paripasu with all term lenders except to the extent 131 bighas of Govt. land in possession of the company but title deed yet to be transferred. Additionally loan up to ₹ 577 cr out of total loan obtained from OIDB has been secured by corporate guarantee of GAIL, OIL, NRL.)

**\*Terms of Repayment :** Total period of loan is 10 years from the date of drawal which includes 2 years moratorium. The repayment shall be in 8 yearly equal installments. The first installment shall become due at the end of 3rd year from the date of drawal. Rate of interest on loan will depend on the month in which loan installment is drawn by BCPL.

**Note :** An amount of ₹ 408,750,000/- payable within next 12 months, has been transferred to "Other current liabilities" at Note no.7.

*Oil India Limited	2,500,000	2,500,000
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(Secured by way of 1st charge on all fixed assets both movable and immovable , present and future including tangible and intangible ranking paripasu with all term lenders except to the extent 131 bighas of Govt. land in possession of the company but title deed yet to be transferred).

**\*Terms of Repayment :** Eight equal quarterly installments after 2 years of moratorium. 1st installment is due on the last date of the immediate quarter after completion of 3 years from the date of loan agreement.

**Rate of interest :** Base rate of SBI plus 0.50 % to be reset every year i.e at present 10.50 %.

(B) Unsecured:	Nil	Nil
In case of continuing default as on the balance sheet date in repayment of loans and interest with respect to (A) & (B)	Nil	Nil
<b>Total</b>	<b>12,391,735</b>	<b>14,416,250</b>

**Note : 5 : Other long-term liabilities**

` in '000

Particulars	As at 31st March,2014	As at 31st March,2013
(a) Trade Payables	Nil	Nil
Acceptances		
Other than Acceptances		
(b) Others		
PRS Contractors	Nil	Nil
Retention Money Contractors		
Retention Money Others		
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

**Note : 6 : Long Term Provisions**

` in '000

Particulars	As at 31st March,2014	As at 31st March,2013
(a) Provision for employee benefits		
Gratuity	-	3,380
Leave Encashment	10,405	5,088
(b) Others	NIL	NIL
<b>Total</b>	<b>10,405</b>	<b>8,468</b>

1. During the year the Company has created gratuity trust for funding the gratuity liability. Accordingly LIC has been appointed as the fund manager of the trust. An amount of ` 142,32,453/- (Net of cenvat credit) paid to LIC on the basis of assessment of liability (up 31.08.2014) by LIC under group gratuity scheme has been considered as contribution towards gratuity liability. Out of this contribution ` 69,45,400/- is treated as contribution towards gratuity liability up to 31.03.2014 based on actuarial valuation and balance amount of ` 72,87,053/- is treated as prepaid amount and shown under Note no.15 "Short term Loans and Advances".
2. The company has provided the liability for leave encashment benefit for regular employees in the books of accounts on the basis of actuarial valuation for existing employees at the closing date. Company records its future value for unavailed leave liability amount on the basis of actuarial valuation and charged to the accounts. Such liability for leave encashment amounting to ` 76,25,194/- (Previous year ` 48,14,642/-) has been provided in the accounts during the year.


**Note :7: Other current liabilities**

₹ in '000

Particulars		As at 31st March,2014		As at 31st March,2013
<b>(a) Current Maturities of Long -term debt</b>				
Loan-OIDB		408,750		353,750
<b>(b) Other payables</b>		2,235,680		1,976,082
Employees	2,586		1,491	
Tax (Vat , ST,TDS & WCT )	93,634		115,624	
Security Deposit	62,848		68,365	
Earnest Money Deposit	20,627		11,051	
Price Reduction Schedule	1,143,571		1,102,301	
Retention	658,983		676,509	
Credit Balance in Current Account	225,513			
Others	27,918		741	
<b>(c) Payables against capital works &amp; supplies</b>		1,216,691		1,646,178
Suppliers (Indegenous)	68,940		73,943	
Suppliers & Consultant (Foreign )	158,223		341,126	
Contractors	989,528		1,231,109	
<b>(d) Share application money due for adjustment- Govt. of Assam</b>		1,397		-
<b>Total</b>		<b>3,862,518</b>		<b>3,976,010</b>

1. In view of the commissioning of the project anticipated during FY-2014-15, it is expected that all contracts closure will be achieved , therefore deductions such as security deposit, PRS and other retentions from the bills of contractors have been treated as current liabilities. Likewise the outstanding of contractors/suppliers etc. has been anticipated to be settled during FY-2014-15.
2. Credit balance in current account resulted due to issue of cheques in excess of balance in current account in anticipation of receipt of ₹ 100.43 Cr as loan disbursement from OIDB which was communicated vide letter.04/10/2013-OIDB/BCPL Dt.31.03.2014 . However, ₹ 100.43 Cr as mentioned above got credited in current account on 02.04.2014 (01.04.2014 being bank closing day) and the issued cheques were cleared subsequently. The Balance with bank in current account includes balances in auto sweep accounts created out of current account.

**Note :8: Short-term provisions**

₹ in '000

Particulars		As at 31st March,2014		As at 31st March,2013
<b>(a) Provision for employee benefits:</b>				
Provision for gratuity		-		34
Provision for other employee benefits (Leave salary)		135		69
<b>(b) Provision - Others:</b>		2,909,309		2,331,658
Provision for income Tax	245,485		146,441	
Provision for Liability (Contractors)	2,566,579		2,114,367	
Provision for custom duty	4,537		18,658	
<b>Suppliers</b>	39,586		-	
Others	53,122		52,192	
<b>Total</b>		<b>2,909,444</b>		<b>2,331,761</b>

Note: Provision for employee benefits represent the short term liabilities, with the long term liabilities finding place in Note-6.



**Note : 9 : Tangible & Intangible Assets**

in '000

Particulars	Gross Block at Cost			Depreciation				Net Block		
	As at 01.04.2013	Additions during the year	Sales/ Adjustments during the year	As at 31.03.2014	Accumulated depreciation as at 01.04.2013	Addition during the year	Sales/ Adjustments during the year	Total Accumulated depreciation as at 31.03.2014	As at 31.03.2013	As at 31.03.2014
<b>Tangible Assets:(A)</b>										
Land Lease Hold	818,439	294	-	818,733	117,197	27,286	6,168	150,651	701,241	668,081
Building - Other than factory building	638,642	770,813	-	1,409,454	21,286	21,914	-	43,200	617,355	1,366,254
Bunk House	688	-	-	688	138	138	-	275	551	413
F & F and Other Equipment	69,490	8,980	211	78,260	17,708	7,370	(147)	24,930	51,783	53,330
Electrical	297,379	752	-	298,131	45,854	14,375	-	60,229	251,525	237,902
EDP	18,893	4,077	-	22,970	8,176	3,216	-	11,392	10,717	11,577
Motor Cars/Jeeps	1,353	-	-	1,353	478	129	-	607	875	746
<b>Total :(A)</b>	<b>1,844,885</b>	<b>784,915</b>	<b>211</b>	<b>2,629,589</b>	<b>210,837</b>	<b>74,427</b>	<b>6,021</b>	<b>291,285</b>	<b>1,634,047</b>	<b>2,338,303</b>
<b>Intangible Assets : (B)</b>										
Software/Licenses	6,202	1,899	-	8,102	3,104	1,431	-	4,535	3,098	3,567
Right of Use (Perpetual)	75,625	-	-	75,625	-	2,568	-	2,568	75,625	73,057
Right of Use (Limited useful life)	878	-	-	878	263	88	-	351	615	527
<b>Total :(B)</b>	<b>82,705</b>	<b>1,899</b>	<b>-</b>	<b>84,604</b>	<b>3,367</b>	<b>4,087</b>	<b>-</b>	<b>7,454</b>	<b>79,338</b>	<b>77,151</b>
<b>Current Years Totals-2013-14</b>	<b>1,927,590</b>	<b>786,815</b>	<b>211</b>	<b>2,714,193</b>	<b>214,204</b>	<b>78,514</b>	<b>6,021</b>	<b>298,740</b>	<b>1,713,385</b>	<b>2,415,454</b>
<b>Previous Years Totals-2012-13</b>	<b>1,919,105</b>	<b>19,398</b>	<b>10,914</b>	<b>1,927,589</b>	<b>237,770</b>	<b>60,967</b>	<b>(84,532)</b>	<b>214,204</b>	<b>1,681,336</b>	<b>1,713,384</b>



### Note : 10 : Capital Work in Progress

in '000

SL No.	Particulars	As at 31st March, 2014	As at 31st March, 2013
A	CWIP-Capital jobs	29,202,067	25,126,549
B	CWIP-Intangible assets pending amortisation (import of technical knowhow)	1,633,455	1,585,038
C	CWIP-Enabling Assets	2,698,077	2,165,602
D	CWIP-Construction stock :		
1	Material at site-Inland Supplies	3,591,437	6,887,782
2	Material at site-Foreign Supplies	1,595,816	1,386,143
3	Material in-transit inland supplies	1,390,872	1,345,163
4	Material in-transit foreign supplies	1,436,432	1,300,992
5	Material pending for inspection	5,077,902	6,618,688
6	Material Handling services	63,539	58,195
E	PMC fees for project related activities	4,297,265	3,851,389
F	Charges paid for opening of foreign letter of credit	3,894	5,971
G	Interest on mobilization advance	(197,273)	(135,388)
H	WCT recoverable from GoA	(1,006,272)	(835,460)
I	Incidental expenses during construction	6,113,267	3,936,929
J	Foreign currency transaction & Translation Adjustment A/c	-	(201,682)
	<b>Total</b>	<b>55,900,478</b>	<b>53,095,911</b>

Note : Interest recovered on mobilisation advances have been reduced from Capital Work in Progress as these amounts are received in respect of funds given as advance for works and have the effect of reducing the cost of construction.

**Note:11: Long-term loans and advances**

(i) Disclosure pursuant to Note no. L (i),(ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956

` in '000

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>(a) Capital Advances</b>		
Secured, considered good		
-Advance for capital Job	112,567	448,230
-Material Advance	13,057,791	7,140,844
Unsecured, considered good	Nil	Nil
Doubtful	Nil	Nil
	<b>13,170,358</b>	<b>7,589,074</b>
<b>(b) Security Deposits</b>		
Secured, considered good	Nil	Nil
	Nil	Nil
<b>(c) Loans and advances to related parties (refer note (ii) below)</b>		
Secured, considered good	Nil	Nil
	Nil	Nil
<b>(d) Other loans and advances</b>		
Secured, considered good		
Cenvat	2,335,065	3,439,990
Cenvat-Deferred	696,639	637,896
	<b>3,031,704</b>	<b>4,077,886</b>
<b>Total</b>	<b>16,202,062</b>	<b>11,666,960</b>

**ii. Disclosure pursuant to Note no. L (iv) of Part I of Schedule VI to the Companies Act, 1956**

` in '000

Particulars	As at 31st March, 2014	As at 31st March, 2013
Directors *	Nil	Nil
Other officers of the Company	Nil	Nil
Firm in which director is a partner *	Nil	Nil
Private Company in which director is a member	Nil	Nil
	<b>Nil</b>	<b>Nil</b>

The company has opted for Cenvat credit option pursuant to the earlier excise exemption order, rescinded in month of Nov 2011. Accordingly the company has accounted cenvat credit on regular basis. Total cenvat credit up to 31.03.2014 stands at ` 4,486,503,979/- .Out of this ` 1,454,800,000/-has been shown under other current assets at note no.16 based on the assumption of commissioning by Sept'2014 and utilisation of the cenvat credit against excise duty on projected turnover in its 1st year of operation.



**Note : 12 : Other Non Current Assets**

Disclosure pursuant to Note no. M (i),(ii) and (iii) of Part I of Schedule VI to the Companies Act, 1956.

` in '000

Particulars		As at 31st March,2014		As at 31st March,2013
(a) Long term trade receivables (including trade-receivables on deferred credit terms)		Nil		Nil
(b) Others		42,591		30,316
Others: Misc				
Secured advance to contractor	-		5,037	
Deposits with Govt. & Other authorities - (ASEB,CISF,GAIL & Others)	42,591		25,279	
<b>Total</b>		<b>42,591</b>		<b>30,316</b>

**Note:13: Trade receivables**

Disclosure pursuant to Note no.P (i), (ii), (iii) and (iv) of Part I of Schedule VI to the Companies Act, 1956

` in '000

Trade Receivables	As at 31st March,2014	As at 31st March,2013
Trade receivables outstanding for a period less than six months from the date they are due for payment	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

**Trade Receivable stated above include debts due by:**

` in '000

Particulars	As at 31st March,2014	As at 31st March,2013
Directors	Nil	Nil
Other officers of the Company	Nil	Nil
Firm in which director is a partner	Nil	Nil
Private Company in which director is a member	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>



**Note :14: Cash and Cash Equivalents**

Disclosure pursuant to Note no. Q (i), (ii), (iii), (iv) and (v) of Part I of Schedule VI to the Companies Act, 1956

in '000

Particulars	As at 31st March,2014	As at 31st March,2013
<b>(a) Balances with banks</b>		
This includes:		
Balances in current Account	18,290	816,541
<b>(b) Cheques, drafts on hand</b>	Nil	Nil
<b>(c) Cash on hand</b>	Nil	Nil
<b>(d) Others</b>		
Escrow account	11	250,010
Term deposits having remaining maturity period of 12 months or less	570,203	590,203
<b>Total</b>	<b>588,504</b>	<b>1,656,754</b>

The balances with bank in current account include balances in auto sweep accounts created out of current accounts.

**Note :15: Short-term loans and advances**

in '000

Particulars		As at 31st March,2014	As at 31st March,2013
<b>(a) Loans and advances to employees</b>			
Secured, considered good		1,038	829
Unsecured, considered good		Nil	Nil
Doubtful		Nil	Nil
<b>(b) Prepaid expenses</b>		146,104	
Insurance	138817		21,520
Gratuity	7287		Nil
<b>(c) Others</b>		759,922	700,296
Advance income tax	30,245		27,950
Advance Entry Tax	-		188,798
Custom	576		1,612
EIL revolving fund	300		300
TDS	84,571		54,530
Adv Mobilization	516,293		301,103
Adv Mobilization-Others	10,870		7,174
Advance to others	117,067		118,829
<b>Total</b>		<b>907,064</b>	<b>722,645</b>


**Note 16 : Other current assets**

₹ in '000

Particulars		As at 31st March,2014	As at 31st March,2013
(a) Unbilled revenue		Nil	Nil
(b) Unamortised expenses		47,434	38,640
(c) Accruals			
Interest accrued on STDR/Deposits		2,738	2,223
Interest accrued on mobilization advance		14,950	10,196
Accrued income on crane hiring charges		1,389	1,257
(d) Others		1,677,700	348,126
Insurance	10,515		7,529
Govt. of Assam (WCT)	206,949		331,163
Contractors	1,754		1,122
Suppliers	-		60
Employee	122		140
Recovery of Crane hire charges	3,530		8,112
Cenvat	1,454,800		
Others	30		
<b>Total</b>		<b>1,744,211</b>	<b>400,442</b>

1. Amount receivable as WCT from Govt. of Assam has been treated as short term as the claim already stands lodged, and the amount is expected to be received in cash during the next financial year.
2. In line with the change in accounting policies of amortisation of deferred revenue expenditure in the very first year of commercial production, the unamortised expenses amounting to ₹ 47,433,919/- is expected to be amortised in the FY-2014-15.
3. With respect to cenvat credit of ₹ 145.54 Cr classified under other current assets as above, reference is drawn to Note no .11.

**Note 17: Other Income**

₹ in '000

Particulars	As at 31st March,2014	As at 31st March,2013
(a) Net gain on foreign currency transaction and translation	8794	Nil
(b) Prior period adjustment ( Net gain on foreign currency transaction and translation)	Nil	Nil
<b>Total</b>	<b>8794</b>	<b>Nil</b>

**Note 17 A: Other expenses**

₹ in '000

Particulars	As at 31st March,2014	As at 31st March,2013
(a) Net loss on foreign currency transaction and translation	Nil	177519
(b) Prior period adjustment ( Net loss on foreign currency transaction and translation)	Nil	31,618
<b>Total</b>	<b>Nil</b>	<b>209,137</b>



## Notes to Accounts as at 31.03.2014

### *Note 18: Additional Information to the Financial Statements*

#### **1. Revised Project Cost**

In view of time and cost overrun, the company has revised the project cost from initially `5,460.61 Cr to `8,920 Cr and consequently , the schedule of completion from April 2012 to December 2013. The Ministry of Chemicals and Fertilizer, Govt. of India, has communicated approval of CCEA vide its letter no F. No. 45012/23/10-PC-I dated 2nd December 2011.

During the current FY 2013-14 the Company has further estimated change in schedule of completion from December 2013 to September 2014 and revision in project cost from approved cost of ` 8920 Crore to ` 9586.25 Crore which is pending approval of Government of India.

#### **2. Preparation of Profit & Loss Account as per revised schedule VI**

Though the Company is in construction stage and no commercial activities have been started to date, keeping in view the requirement of revised schedule VI and Companies Act 1956, and in line with the change in accounting policy in respect of treatment of loss/gain on foreign currency transaction and translation account w.e.f. Financial Year 2012-13, Profit and Loss account has been prepared by debiting/crediting the net loss/gain on foreign currency fluctuations. Accordingly earning per share has been computed on the basis of weighted average of equity share allotted in compliance with AS-20. It is also relevant to note that incidental expenditure during construction period pending allocation to Fixed Assets on capitalization has been treated under "Capital work in progress".

#### **3. Changes in Accounting Policies**

##### **Impact of Change in method of amortization of ROU :**

During the year 2013-14 the Company has changed its Accounting Policy in respect of amortization of Right of Use of land for laying Pipelines being intangible assets. Up to FY 2012-13, the ROU of Land was being treated as perpetual in nature in view of its non-perennial nature of use and accordingly no amortization was provided. However in compliance with the requirement of AS-26, the Company has changed its Accounting Policy in respect of amortization of Intangible Assets of Right of Use and amortized the ROU of perpetual nature over 99 years considering the fact that the useful life of ROU of land for pipeline is not specified and unascertainable in view of its nature of use. The amortization of ROU of perpetual nature has been done with retrospective



effect since acquisition of the ROU. Due to change in method of amortization, the incidental expenditure during construction period pending allocation to Fixed Assets has been increased to the extent of ` 25,68,082/- with decrease in respective Net Block of Fixed Assets to the same extent.

4. Since Commercial Production has not been started, Indirect Expenses incurred during construction period which is not related to construction/acquisition of Fixed Assets are being carried forward under the head " Other current assets" and will be fully amortized in the first year of Commercial Production. An amount of ` 4,74,33,919/- (previous year ` 3,86,40,407/-) was spent up to 31.03.2014 towards Incorporation expenses, CSR activities, Advertisement for development of public relation etc. which were considered as deferred revenue expenditure till FY 2011-12, will be written off fully in the first year of commercial production.

#### 5. Previous year's figures

Previous year's figures have been regrouped /reclassified wherever necessary to correspond with the current year's classification/disclosure.

#### 6. Claim of Work Contract Tax from Govt. of Assam

Details of claim as under	Amount in `	
	Current Year	Previous Year
Opening Claim as on 01.04.2013 (FY-2008-09, 2009-10, 2010-11, 2011-12 & 2012-13)	33,11,62,710	32,68,74,001
Claim lodged for the financial year 2013-14	20,68,80,856	32,90,88,709
<b>Total Claim Lodged:</b>	<b>53,80,43,566</b>	<b>65,59,62,710</b>
Less: Received during the year	32,90,00,000	32,48,00,000
Less: Claim disallowed up to FY 2010-11	20,93,999	-
<b>Receivables as at 31.03.2014</b>	<b>20,69,49,567</b>	<b>33,11,62,710</b>

#### 7. Taxation of Interest Earned on Capital Subsidy

As per directives from MOCF gross interest earned by parking of fund from the capital subsidy forms part of Capital Subsidy and as such the interest income from parking of capital subsidy not taxable as capital receipts in the hands of Company. Accordingly Company has filed return for refund of claim as follows:

Year	Refund Claimed ( ` )
2008-09	2,77,12,793
2009-10	1,85,09,419
2010-11	1,09,90,510
2011-12	1,42,85,640
2012-13	<u>2,21,53,320</u>
Total	9,36,51,682

Till final disposal of the case by ITAT/CIT (APPEAL), the net interest income from parking on capital subsidy up to FY-2013-14 has been considered to form part of capital subsidy.



If the appeal preferred in ITAT is disposed of in favor of Company and subsequent to the refund by income tax authority, the same will be considered as part of capital subsidy.

However, provisions for income tax have been made for such interest.

#### **8. Taxability of interest income from short term deposit (STDRs) during Project period**

Since company is in construction stage, the interest income earned by parking of funds in short term deposits (STDRs) are inextricably linked with setting up of the project and not taxable as per legal opinion obtained by Company. The banks are however deducting TDS. An application under section 264 of Income Tax Act 1961 has been filed with CIT (TDS), Guwahati against rejection of application in Form No. 13 for issue of No-Deduction Certificate.

In the light of above position, company has opted not to deposit advance tax on interest income from short term deposits out of parking of funds from Equity, Loan & Subsidy. However, as abundant precaution, necessary tax provisions have been made pending disposal of the petitions.

#### **9. Entry Tax Exemption on Project**

As against the claim of Entry Tax till 31st March, 2013 for ₹ 18,87,97,830/-, the Company has received refund of ₹ 18,85,48,031/- (previous year nil) in pursuance to the Notification no FTX.58/2008/254 Dated 20.10.2012 with retrospective effect from 20.10.2009 allowing exemption from the payment of entry tax on specified capital goods under Assam Entry Tax Act 2008. The balance claim of ₹ 2,49,799/- as disallowed has been shown under CWIP pending capitalization. No further claim has been preferred during the year 2013-14.

#### **10. Provision of Income Tax**

Provision for Income tax of ₹ 9,90,43,562/- (previous year ₹ 7,17,08,800/-) recognized for the year ended 31.03.2014, as indicated in para 8 above, includes the provision for Income Tax for the current year on interest earned on STDRs kept by investing surplus funds of Loan, Equity and Capital Subsidy and other Incomes. The provision includes income from Interest on investing surplus funds on Capital Subsidy pending disposal of the case by ITAT.

#### **11. Recognition of Cenvat Benefit**

CENVAT credit has been recognized on account of withdrawal of Excise benefit with effect from 16.11.2011. Eligible CENVAT credit is ₹ 378,98,65,115/- (Previous year ₹ 343,99,90,426/-) since inception of project till 31.03.2014. Total Cenvat Credit up to 31.03.2014 as per Return filed with Excise Deptt. comes to ₹ 364,92,47,832/- (Previous year ₹ 300,85,61,357/-) as against ₹ 378,98,65,115/- (Previous year ₹ 343,99,90,426/-) reflected in books as on 31.03.2014. The difference arises due to different basis followed for accounting cenvat credit till June, 2013 i.e. CENVAT on the eligible items has been taken on the receipt of such materials at site whereas the booking in accounts on payment basis.

Out of total eligible CENVAT credit of ₹ 378,98,65,115/-, an amount of ₹ 145,48,00,000/- has been shown under "Other current assets" and balance amount of ₹ 233,50,65,115/- is shown under "Long term Loans & Advances".



## 12. Deferred Tax Liability

No deferred tax liability has been recognized since the project is in the construction stage.

## 13. Lease Hold Land

Lease hold Land of ₹ 81,87,32,699/- (Previous year ₹ 81,84,38,860/-) comprises land for which lease deed has been executed for a period of 30 years. As the title to the land rest on the Govt. of Assam, the same will be amortized over the said period. Such land has been reflected as a tangible asset under note 9 to the financial statements.

## 14. Right of Use

The company has acquired the "Right of Use" (ROU) for the purpose of laying and maintenance of the underground pipeline for receiving and supplying of Gas is shown under Intangible Assets. Perpetual Right of Use of ₹ 7,56,25,684/- (Previous year ₹ 7,56,25,684/-) acquired by the company does not bestow upon the company the ownership of land. However the cost of such ROU is amortized over 99 years in line with change in accounting policy as disclosed under clause 3 above. Further, cost of Right of use (limited useful life) having useful life of 10 years is being amortized over the life of ROU.

## 15. Term Deposit with Public Works Department

Term Deposit amounting to ₹ 2,03,127/- (previous year ₹ 2,03,127/-) has been kept as security deposit (refundable) for permission of laying pipelines with Public Works Department.

## 16. Auditors Fees

The fees for the statutory auditors for the financial year 2013-14 has been fixed at ₹ 2,00,000/- plus service taxes, out of pocket expenses etc. (Previous year ₹ 1,50,000/-). An amount of ₹ 39,000/- (Previous year ₹ 15,000/-) (net of taxes) was paid to the auditors during the financial year 2013-14 for other services.

## 17. Insurance

Insurance claim of ₹ 47,15,273/- (Previous year ₹ 11,04,853/-) has been recognized in the books. Insurance claims are being recognized when the amount thereof can be measured reliably and ultimate collection is reasonably certain.

## 18. Capitalization

During the year Assets of ₹ 78,68,14,756/- (Previous year ₹ 1,93,98,370/-) has been capitalized in books.

## 19. Contingent liabilities

(a) Claims against the Company not acknowledged as debt : NIL

(b) Guarantees :

The Company has furnished Back to Back Guarantee to M/s. GAIL (India) Limited against GAIL's Corporate Guarantee to Oil Industries Development Board (OIDB), in respect of OIDB's Loan of ₹ 250 Cr (Previous Year ₹ 250 Cr).



(c) Other money for which the Company is contingently liable

- (i) The company has received a letter from Service Tax Cell, Dibrugarh indicating the finding of inspection report of CERA audit that there is a short payment of service tax to the extent of ₹ 24, 94,151/-(Previous Year ₹ 24, 94,151/-) on the part of BCPL in respect of the services of Foreign Service provider. The company has represented the matter to the department in view of computation methodology being adopted by the department which is not in accordance with the notification issued. Accordingly keeping the present status in consideration, the management is of the opinion that provision is not required.
- (ii) There are 17 legal cases involving the company as a party. The financial implication of these cases cannot be ascertained at present excepting in one case where the Sole Arbitrator passed the award in favour of M/s. EPIL amounting to ₹ 38.70 crore (excluding BG to be returned). However, BCPL has preferred appeal to the Secretary, Ministry of Law & Justice, Government of India, against the award. Further M/s. Aryan Logistics lodged a claim of ₹ 0.51 Cr with Court of Civil Judge Allipore (South) and M/s. SIPL has filed Title Suit for ₹ 4.51 Crore. Considering the legal status of the claim, the company has not kept any provision for this claim.
- (iii) The Company has arranged for issuance of foreign letter of credits through bankers and the outstanding LCs as on 31.03.2014 is ₹ 86.75 Cr (Previous year ₹ 76.23 Cr).

**20. Commitments**

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for:

	2013-14 (₹ in Cr)	2012-13 (₹ in Cr)
<b>Tangible assets</b>	1097.08	1870.78
<b>Intangible assets</b>	87.31	49.45
<b>Total</b>	<b>1184.39</b>	<b>1920.23</b>

**21. Balance Confirmation**

Balance confirmation has been sought from certain vendors/contractors/authorities for balances grouped under loans and advances, deposits and sundry creditors. However reconciliation of accounts with parties is carried out as an ongoing process.

**22. Forex Transactions**

- a) Value of import calculated on CIF basis by company for the FY 2013-14 up to 31.03.2014 in respect of capital goods is ₹ 40,26,25,367/- (Previous year ₹ 3,39,93,18,652/-).
- b) Expenditure in foreign currency includes the followings:-
  - Fess for Licensors (Net of TDS) ₹ 2,59,65,332 /-
  - (Previous year ₹ 19,09,96,216/-)
  - Others (Net of tax where applicable) ₹ 21,34,76,154 /-
  - (Previous year ₹ 1,29,17,39,964)





- c) During the year up to 31.03.2014 Net gain on foreign currency transaction and translation account of ` 87,93,480/- (previous year net loss of ` 17,75,19,086/-) has been credited to profit and loss account in view of change in accounting policy w.e.f FY 2012-13.

### 23. Expenses on Secondees

During the year 2013-14 the expenses of ` 20,32,30,295/- (Previous year ` 17,74,83,893/-) has been incurred up to 31.03.2014 on employees deputed on secondment basis from GAIL (India) Ltd and accounted under IEDC head on the basis of the debit advices raised from the holding company. The expense of NIL (Previous year ` 6,68,864/-) has also been incurred on employee deputed from Govt. of Assam for the same period.

### 24. Related Party Disclosures

Information as per Accounting Standard 18 as prescribed under Accounting Standard Rules, 2006 on Related Party Disclosures is given below:

Name of related parties and description of relationship:

Sl. No.	Name of the Related Party	
<b>a) Holding Company :</b>		
1	GAIL (India) Ltd.	
<b>b) Joint Owners :</b>		
1	Numaligarh Refinery Limited	
2	Oil India Limited	
3	Government of Assam	
<b>c) Key Management Personnel</b>		
1	Mr. P. N. Prasad	Managing Director
2	Mr. O P Tailor (from 01.07.2013)	Director Finance
3	Mr. G. Prasad ( Up to 09.04.2013)	Chief Operating Officer
4	Mr. Manoj Jain (From 25.04.2013)	Chief Operating Officer
5	Mr. A. K. Tiwari	Chief Finance Officer
6	Mrs. Ruli Das Sen	Company Secretary

### Details of Transactions:

Details	2013-14	2012-13
<b>a) Holding Company :</b>		
Expenditure incurred on Salary of employees on Deputation	` 19,40,85,026/-	` 17,38,76,453/-
Amount Paid towards purchase of assets	NIL	NIL
Equity Share Contribution	NIL	NIL



Amount paid towards rental charges	₹ 51,17,979/-	₹ 71,89,562/-
Amount Paid towards Training Expenses.	₹ 59,40,000/-	₹ 67,978/-
Amount Outstanding in Current Liabilities & Provisions up to 31.03.2014	₹ 1,67,28,803/-	₹ 1,75,00,000/-
<b>b) Joint Owners :</b>		
Amount paid for infrastructure development for gas supply	NIL	NIL
Amount outstanding for infrastructure development for gas supply	₹ 1,45,34,85,229/-	₹ 92,10,10,451/-
Expenditure incurred on Salary of employees on Deputation	NIL	₹ 42,76,304/-
Equity Share Contribution	₹ 11,24,47,000/-	₹ 34,44,00,000/-
Interest paid on inter corporate Loan (OIL)	₹ 25,58,01,370/-	₹ 1,31,34,246/-
<b>c) Key Management Personnel:</b>		
Remuneration to Directors	₹ 52,94,213/-	₹ 25,50,178/-
Amount Outstanding(Payable)	NIL	NIL

**25. Segment Reporting (AS 17)**

The company is under construction stage and hence Accounting Standard -17 "Segment Reporting" of the Companies (Accounting Standard) Rules, 2006 is not applicable.

**26. Claims due to Micro , Small & Medium enterprise**

To the extent information available to the company, amount of ₹ 9,90,388/- (Previous year ₹ 15,31,717/-) was due to Micro ,Small and Medium Enterprises. These represent deposits etc. and no amounts were overdue for payment as on 31st March,2014.

Sd/-  
(P.N.Prasad)  
Managing Director

Sd/-  
(O.P.Tailor)  
Director Finance and CFO

Sd/-  
(Ruli Das Sen)  
Company Secretary

As per our separate report on Even Date

For Das & Sharma  
Chartered Accountants,  
Firm No. 314214E

Sd/-  
(Devajit Sharma)  
Partner  
Mem. No.052268

Place : New Delhi  
Date : 22.05.2014



## Significant Accounting Policies as at 31-03-2014

### *Note 19 : Significant Accounting Policies*

#### **1. Basis of accounting and preparation of financial statements**

##### **a. Accounting Convention**

The financial statements are prepared on accrual basis of accounting under historical cost convention in accordance with generally accepted accounting principles in India and the relevant provisions of the Companies Act, 1956 including accounting standards notified there under.

##### **b. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements. Examples of such estimates include estimated useful life of fixed assets and estimated useful life of leased assets. Actual results could differ from these estimates.

#### **2. Inventories**

- a. Raw materials and Finished products are valued at cost or net realizable value, whichever is lower. Finished products include excise duty and royalty wherever applicable.
- b. Stock in process is valued at cost or net realizable value, whichever is lower. It is valued at cost where the finished products in which these are to be incorporated are expected to be sold at or above cost.
- c. Stores and spare and other material for use in production of inventories are valued at weighted average cost or net realizable value, whichever is lower. It is valued at weighted average cost where the finished products in which they will be incorporated are expected to be sold at/or above cost.
- d. Surplus/Obsolete Stores and Spares are valued at lower of cost or net realizable value whichever is lower.
- e. Surplus/Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realizable value.
- f. All issues of Project Materials to Contractors for use in Capital Jobs are valued at weighted average cost.



### 3. Fixed Assets, Capital Work-in-Progress & Depreciation /Amortisation

#### a. Fixed Assets:

Fixed Assets are valued at historical cost on consistent basis inclusive of incidental expenses related thereto. In the case of commissioned assets, where final payments to the contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of the Competent Authority, subject to necessary adjustment in cost and depreciation in the year of settlement.

Machinery spares, which can be used only in connection with an item of fixed asset and their use is expected to be irregular, will be capitalized with the cost of that fixed asset and will be depreciated fully over the remaining useful life of that asset.

Asset acquired out of Government Grants are capitalized, by way of corresponding credit to Capital Reserves.

#### b. Intangible Assets

Assets like software, licenses and right of use of land including crop compensation in course of acquiring such ROU which are expected to provide future enduring benefits will be capitalized as Intangible Assets.

#### c. Capital Work-in-Progress

The Capital Work-in-progress includes PMC Fees /advance for capital goods/materials in Transit / value of materials/equipment etc received at site for use in the projects.

#### d. Expenditure incurred during construction period

All revenue expenditure incurred during the construction period, which are, directly or indirectly attributable to acquisition/construction of specific fixed assets, will be capitalised at the time of commissioning of such assets.

#### e. Depreciation / Amortization

During Financial Year 2012-13 the Company has changed Accounting Policy in respect of Depreciation on Fixed Assets from Written down Value Method (WDV) to Straight Line Method (SLM) with retrospective effect from the date of inception of Company i.e. 08.01.2007. Depreciation on fixed assets, other than those mentioned below is provided in accordance with the rates as specified in Schedule XIV of the Companies Act'1956 on Straight Line Method (SLM) on pro-rata basis (Monthly pro-rata for bought out assets).

- i. Assets costing up to ` 5,000/- are depreciated fully in the year of capitalization.
- ii. Bunk Houses are depreciated on assumption of five years life.



- iii. Cost of the leasehold land is amortized over the lease period of 30 years.
- iv. Capital expenditure on the assets, the ownership of which are not with the company, and referred to as enabling facilities are shown separately under the heading "Capital Expenditure-Enabling Facilities". These assets will be amortized over useful life of the assets from the date from which they are put into use.
- v. Intangible assets other than ROU of land is amortized equally over the useful life of the asset not exceeding five years from the date of recognition.
- vi. Depreciation due to price adjustments on account of foreign exchange rate variations or otherwise in the original cost of fixed assets will be charged with the prospective effect.
- vii. Indirect expenses incurred during the construction period which are not related to the construction activity nor are incidental thereto, will be amortized fully in the First Year of Commercial Production of the Company.
- viii. ROU having limited useful life is being amortized over the life of ROU not exceeding 10 years and ROU of perpetual in nature are amortized over 99 years(Ref point no. 3 of Note 18 )

#### **4. Borrowing Costs**

Borrowing cost of the funds that are attributable to the acquisition or construction of qualifying assets is capitalized as a part of the cost of such assets. The same will be capitalized up to the date when the asset is ready for use, after netting off any income earned on temporary investment of such funds.

#### **5. Foreign Currency Transaction**

- a. Transactions in foreign currency are accounted at the exchange rate prevailing on the transaction date.
- b. Monetary items (such as Cash, Receivables, Loans, Payables etc) denominated in foreign currencies, outstanding at the year end, are translated at exchange rates (BC Selling rate for Payables and TT buying rate for Receivables) prevailing at the year end.
- c. Non-monetary items (such as Investments, Fixed Assets etc) denominated in foreign currencies are accounted at the exchange rate prevailing on the date of transaction(s).
- d. Any gains or loss arising on account of exchange difference either on settlement or on translation is accounted for in the profit & loss account except in case of long term foreign currency monetary items relating to acquisition of depreciable capital assets in which cases they are adjusted to the carrying cost of such assets and in other cases, accumulated in "Foreign Currency Monetary items Translation Difference Account" in the financial statements and amortized over the balance period of such long term assets or liability, by recognition as income or expenses in each of such period.



## 6. *Capital grants by Government of India*

Non-refundable Government Grants in the nature of promoters' contribution are credited to capital reserve and are treated as part of shareholders' funds.

## 7. *Employee benefits*

- a. All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
- b. Employees Benefits under Defined Contribution Plan in respect of Provident Fund is recognized based on the undiscounted obligation of the company towards contribution to the fund. The same is paid to the provident fund account with the Regional Commissioners of P.F.
- c. Expenses and liabilities in respect of employee benefits are recorded in accordance with Revised Accounting Standard -15 - Employee Benefits (revised 2005) issued by ICAI.
- d. During the year the Company has created gratuity trust for funding the gratuity liability and LIC has been appointed as the fund manager of the trust. The contribution towards gratuity liability as on 31.03.2014 has been considered based on actuarial valuation as in earlier years.

## 8. *Taxes on income*

- a. Provision for Tax during the construction period is made on interest earned on short term investments of surplus fund during the construction period, which is treated for tax purposes as "Income from other Sources". Such income tax has been debited under the head IEDC-Rates & Taxes.
- b. On commissioning, the company will be eligible for tax incentives under section 80IE of the Income Tax Act, 1961, and will be liable to MAT only under section 115JB of the said Act.

## 9. *Preliminary Expenses*

The qualifying preliminary expenditure incurred in connection with the setting up of the business and the new industrial unit to be amortized fully in the first year of Commercial Production.

## 10. *Impairment of assets*

If the carrying amount of the fixed assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of the estimated future cash flows.

## 11. *Provisions, Contingencies & Capital Commitments*

- a. Provisions are recognized when there is present obligation as a result of past event and it is probable



that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

- b. Liabilities for expenses are recognized only when such liabilities exceed ₹ 0.10 Lakhs.
- c. Contingent assets are neither recognized nor disclosed in the financial statements. Contingent liabilities exceeding ₹ 5.00 Lakhs in each case are disclosed by way of notes to accounts.
- d. Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above ₹ 5.00 Lakhs.

## 12. Segmental Reporting

The Company has only one segment; hence there are no reportable segments under Accounting Standards 17 "Segment Reporting" of the Companies (Accounting Standard) Rules, 2006.

## 13. General

- a. Prepaid expenses and prior period expenses/income upto ₹ 1.00 lakh in each case will be charged to relevant heads of account of the current year.
- b. Liquidated damages if any, will be accounted for as and when recovery is effected and the matter is considered settled by the Management. Liquidated damages, if settled after capitalization of the assets are charged to revenue, if below ₹ 50.00 lakhs in each case otherwise adjusted in the cost of the relevant assets.
- c. Insurance claims will be accounted for on the basis of claims admitted by the insurers.
- d. Custom duty and other claims (including interest on delayed payments) will be accounted for on acceptance in principle.

Sd/-  
(P.N.Prasad)  
Managing Director

Sd/-  
(O.P.Tailor)  
Director Finance and CFO

Sd/-  
(Ruli Das Sen)  
Company Secretary

As per our separate report on Even Date

For Das & Sharma  
Chartered Accountants,  
Firm No. 314214E

Sd/-  
(Devajit Sharma)  
Partner  
Mem. No.052268

Place : New Delhi  
Date : 22.05.2014



## Incidental Expenses During Construction

in '000

Particulars	As on 31st March' 2014	As on 31st March' 2013
Interest charges to lenders	300,154	763,884
OIDB interest charges	553,815	308,479
OIL interest charges	255,801	13,134
Interest on Loan-SBI	73,614	-
Bank charges	48	18
Advertisement & publicity	3,709	3,131
CISF & security	115,622	81,636
Communication expenses	6,522	3,746
Depreciation	84,535	(23,561)
Insurance	66,865	89,090
Other infrastructure expenses	3,835	4,502
Casual Labour Charges	18,296	10,458
Others	16,084	13,039
Payment to auditors	1,692	1,612
Power, fuel & water charges	55,794	13,189
Printing & stationery	5,011	3,581
Professional & consultancy charges	133,791	14,824
Rates & taxes	101,675	104,494
Recruitment & training exp	12,131	5,118
Rent	20,654	12,314
Repairs & maintenance	7,258	5,504
Salary, wages & staff costs	435,503	318,893
Survey & investigation	-	(478)
Township & Guest House maintenance	1,833	2,656
Travelling expenses	20,372	22,056
Vehicle hire & running exp	47,923	33,551
Welfare expenses	-	396
Enabling facility : other infrastructure	-	-
Crane hiring charges	7,942	257,191
Incidental expenses 2007-08 pending adjustment	89,133	90,527
Incidental expenses 2008-09 pending adjustment	124,251	126,203
Incidental expenses 2009-10 pending adjustment	295,631	300,174
Incidental expenses 2010-11 pending adjustment	471,393	479,034
Incidental expenses 2011-12 pending adjustment	949,428	964,533
Incidental expenses 2012-13 pending adjustment	1,957,866	-
Coin adjustment	-	-
<b>Total</b>	<b>6,238,181</b>	<b>4,022,927</b>
Bank interest on CLTD	20,665	13,313
Bank interest on STDR's.	85,629	25,794
Profit on sale of fixed assets	11	(1)
Miscellaneous income	3,967	11,515
Miscellaneous income electricity	114	102
Miscellaneous income house rent recovery	88	139
Miscellaneous income interest on security deposit with ASEB	-	271
Miscellaneous income lease rent recovery	2,871	1,630
PRS for closed po. (indigenous)	-	30,796
IEDC capitalised	9,537	-
Miscellaneous income forfeiture of EMD/SD	479	1,877
Miscellaneous income sale of bid document	515	264
Overhead charged on insurance claim	847	145
Recovery from bachelor accomodation	191	154
<b>Total</b>	<b>124,914</b>	<b>85,998</b>
<b>Grand Total</b>	<b>6,113,267</b>	<b>3,936,929</b>





## Cash Flow Statement

for the period ended 31st March, 2014

` in '000

PARTICULARS	2013-2014	2012-2013
<b>A. Cash flow from investing activities</b>		
Additions/purchases of fixed assets	(702,068)	(32,049)
Capital work-in-progress	(628,229)	(14,055,433)
Incidental expenses during construction	(2,185,131)	(1,980,529)
Profit/Loss (Foreign exchange fluctuation)	8,794	(209,137)
Current assets loans and advances	(6,066,773)	(5,137,605)
Current liabilities and provisions	464,732	1,000,600
<b>Net cash outflow from investing activities</b>	<b>(9,108,675)</b>	<b>(20,414,153)</b>
<b>B. Cash flow from financing activities</b>		
Proceeds from issue share capital	749,213	1,964,000
Proceeds from loans	(2,024,515)	4,646,250
Proceeds from advance against share capital from NRL , OIL , GAIL (india) Ltd and Govt. of Assam	(636,766)	(1,619,550)
Proceeds from capital subsidy from Govt. of India	9,952,493	15,685,721
<b>Net cash inflow from financing activities</b>	<b>8,040,425</b>	<b>20,676,421</b>
<b>Net increase in cash &amp; cash equivalents (A+B)</b>	<b>(1,068,250)</b>	<b>262,268</b>
<b>Opening cash and cash equivalents</b>	<b>1,656,754</b>	<b>1,394,486</b>
<b>Closing cash and cash equivalents</b>	<b>588,504</b>	<b>1,656,754</b>
<b>Closing cash and cash equivalents as per books</b>	<b>588,504</b>	<b>1,656,754</b>
<b>Note:</b>		
<b>Cash and cash equivalent as per revised Schedule VI</b>		
Current account balance	18,290	816,541
<b>Restricted cash:</b>		
Term deposit having maturity more than 12 months		
Term deposit having remaining maturity of 12 months or less	570,203	590,203
Escro account balance	11	250,010
<b>Total</b>	<b>588,504</b>	<b>1,656,754</b>

Sd/-  
(P.N.Prasad)  
Managing Director

Sd/-  
(O.P.Tailor)  
Director Finance and CFO

Sd/-  
(Ruli Das Sen)  
Company Secretary

As per our separate report on Even Date  
For Das & Sharma  
Chartered Accountants,  
Firm No. 314214E

Place : New Delhi

Date : 22.05.2014

Sd/-  
(Devajit Sharma)  
Partner  
Mem. No.052268



## Balance Sheet Abstract and Company's General Business Profile for the year ended 31st March, 2014

### i. Registration Details

Registration No.	008290	State Code	02
Balance Sheet Date	31.03.2014		

### ii. Capital Raised During the year ( ` In '000)

Public Issue	Nil	Right issue	Nil
Bonus issue	Nil	Private Placement	111,050

### iii. Position of Mobilization and Deployment of Funds ( ` in '000)

Total Liabilities	77,800,364	Total assets	77,800,364
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#### Sources of funds

Paid-up capital	11,328,716	Reserves and surplus	47,089,502
Advance against share capital	408,387	Unsecured Loans	-
Secured Loans	12,391,735		
Deferred tax Liability	Nil		

#### Application of funds

Net Fixed assets	58,315,932	Investment/advance for investment	Nil
Net current assets	12,654,631	Misc. Expenditure	47,434
Accumulated Loss	200,343		

### iv. Performance of the Company ( ` in 000)

Turnover/Revenue	8,794	Total Expenditure	Nil
Profit/Loss before tax	8,794	Profit/Loss after tax	8,794
Earnings per Share ( ` )	Nil	Dividend	Nil

### v. Generic names of the principal products/ services of Company(as per monetary terms)

Item Code No. (ITC Code)	Nil
Product description	Business not yet started

Sd/-  
(P.N.Prasad)  
Managing Director

Sd/-  
(O.P.Tailor)  
Director Finance and CFO

Sd/-  
(Ruli Das Sen)  
Company Secretary

As per our separate report on Even Date  
For Das & Sharma  
Chartered Accountants,  
Firm No. 314214E

Place : New Delhi

Date : 22.05.2014

Sd/-  
(Devajit Sharma)  
Partner  
Mem. No.052268



## Comments of the Comptroller and Auditor General of India

**Comments of the Comptroller and Auditor General of India Under Section 619(4) of the Companies Act, 1956 on the Accounts of Brahma Putra Cracker and Polymer Limited, Guwahati for the year ended 31 March 2014.**

The preparation of financial statements of Brahma Putra Cracker and Polymer Limited, Guwahati for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 22-05-2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Brahma Putra Cracker and Polymer Limited, Guwahati for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's Report under Section 619(4) of the Companies Act, 1956.

For and on behalf of the  
Comptroller & Auditor General of India

*Sd/-*

(Pramod Kumar)

Principal Director of Commercial Audit  
& Ex-officio Member, Audit Board-I, Kolkata

Date: 25 June 2014

Place: Kolkata





# Brahmaputra Cracker and Polymer Limited

Registered Office: Hotel Brahma Putra Ashok, M G Road, Guwahati, Assam-781001

CIN: U11101AS2007GOI008290

## FORM OF PROXY

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s):	_____
Registered address:	_____
E-mail Id:	_____
Folio No/Client Id:	_____
DP ID:	_____

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

- Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him
- Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_, or failing him
- Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail Id: \_\_\_\_\_

Signature: \_\_\_\_\_,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 7<sup>th</sup> Annual General Meeting of the Company, to be held on the 2<sup>nd</sup> day of September, 2014 at 3.00 p.m. at the registered office, Hotel Brahma Putra Ashok, M.G. Road, Guwahati – 781001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

.....	.....	.....
.....	.....	.....
.....	.....	.....
.....	.....	.....

Signed this..... day of..... 2014.

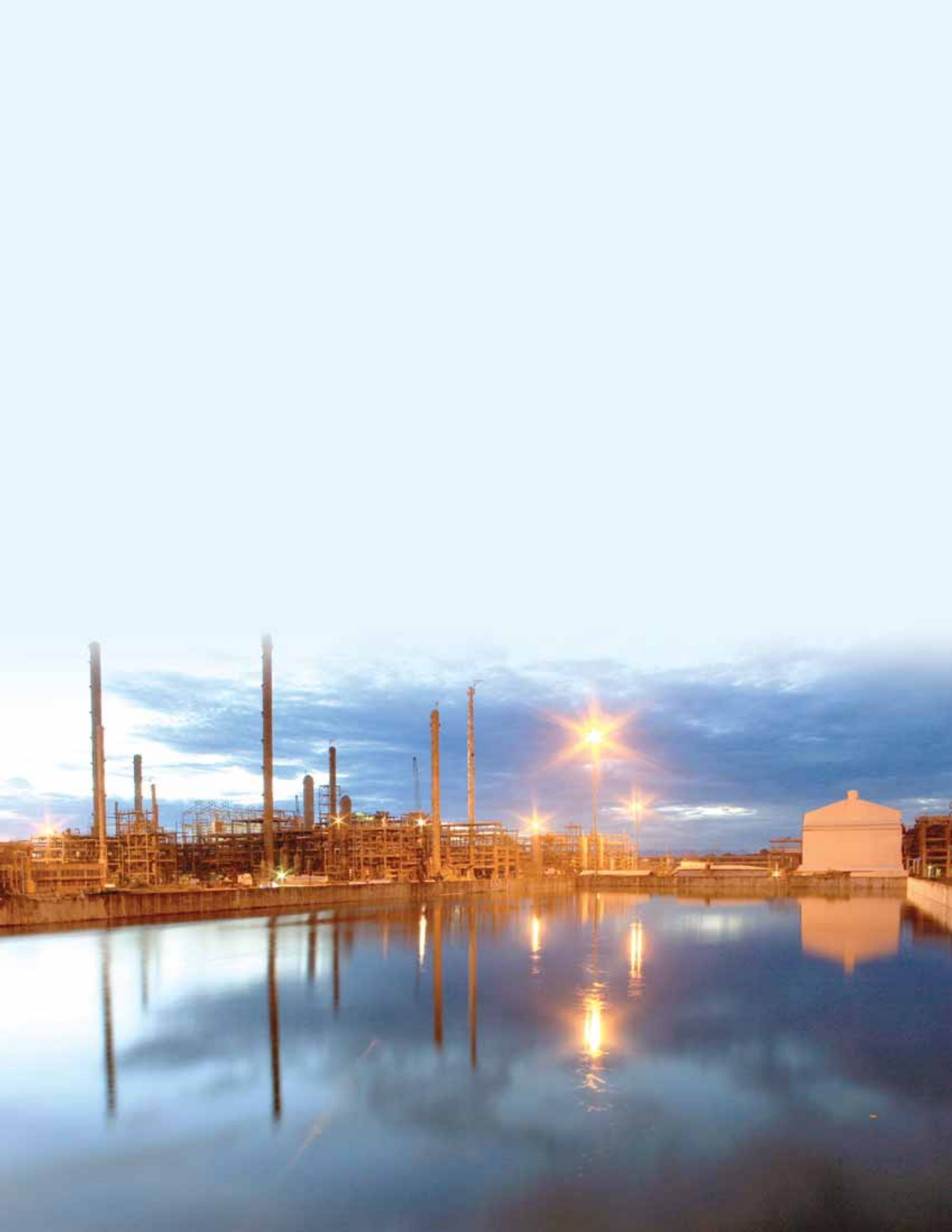
Signature of shareholder

Signature of Proxy holder(s)

Affix Revenue Stamp Re.1/-
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**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.







**Brahmaputra Cracker and Polymer Limited**  
Registered Office  
Hotel Brahma Putra Ashok  
M. G. Road, Guwahati - 781001