



Brahmaputra Cracker and Polymer Limited

Annual Report  
2010-2011





# BCPL

Brahmaputra Cracker and Polymer Limited

## 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 J K Singh Teotia  
Managing Director  
(up to 15.02.2011)



Shri Rakesh Kumar  
Director (Finance)



Shri R K Goel  
(up to 06.03.2011)



Shri R D Goyal  
(up to 10.10.2010)



Shri S L Raina



Shri S Venkatraman  
(w.e.f. 11.10.2010)



Shri P K Jain  
(w.e.f. 07.03.2011)



Dr. B K Das  
(up to 31.03.2011)



Shri Dipak Chakravarty  
(w.e.f. 01.04.2011)



Shri T K Ananth Kumar



Shri Ravi Capoor  
(up to 13.05.2011)



Shri R K Dutta



Ms Neel Kamal Darbari



Shri Manu Srivastava

**Registered Office**

Hotel Brahmaputra Ashok  
M. G. Road, Guwahati  
Assam - 781001

**Project Site Office**

Lepetkata  
P.O. - Barbaruah  
District-Dibrugarh  
Assam-786007

**Project Execution Office**

3<sup>rd</sup> Floor, GAIL Training Institute  
24, Sector-16A, Noida  
Uttar Pradesh-201301

**Statutory Auditor**

M/s Sanjoy K. Das & Co.  
Flat No - D-1, Chandralaya Apartments  
Lamb Road, Ambari (Behind IDIA Showroom)  
Guwahati, Assam

**Bankers**

Punjab National Bank  
Goenka Market, Jhalukpara  
Dibrugarh, Assam

State Bank of India  
Thana Charali  
Dibrugarh,  
Assam-786001

HDFC Bank Ltd.  
G.S. Road  
Bhangagarh  
Guwahati - 781005



## NOTICE

Notice is hereby given that the fourth Annual General Meeting of the company will be held on Friday, the 29th day of July, 2011 at 04.00 p.m. at the registered office at Hotel Brahmaputra 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, 2011, the Directors' Report, the Statutory Auditors' Report and the comments of Comptroller & Auditor General of India thereon.
2. To appoint a Director in place of Shri Manu Srivastava, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. B C Tripathi, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri R K Dutta, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors for the year 2011-12 in terms of the provisions of Section 224 (8) (aa) of the Companies Act, 1956 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 2011-2012."*

### As Special Business

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 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri S Venkatraman, who was appointed as an Additional Director w.e.f. 11.10.2010 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 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri P K Jain, who was appointed as an Additional Director w.e.f. 07.03.2011 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 257 and other applicable provisions, if any, of the Companies Act, 1956, Shri Dipak Chakravarty, who was appointed as an Additional Director w.e.f. 01.04.2011 be and is hereby appointed as a Director of the Company, liable to retire by rotation.”*

5<sup>th</sup> July, 2011  
Guwahati

By Order of the Board  
Sd/-

(Ruli Das Sen)  
Company Secretary

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## 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 173(2) of the Companies Act, 1956, 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 173(2) of the Companies Act, 1956

### Agenda No. 6.

Shri S Venkatraman was nominated by the GAIL (India) Limited vide letter No. ND/GAIL/SECTT/BCPL/10 dated 11<sup>th</sup> October, 2010 as a Director of the company in place of Shri R D Goyal w.e.f 11.10.2010. He was inducted as an Additional Director, 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 257 of the Companies Act, 1956, proposing the candidature of Shri S Venkatraman as Director of the company. A brief profile of Shri S Venkatraman is provided in the Corporate Governance Report.

Your Directors recommend the resolution for approval of the shareholders. None of the Directors except Shri S Venkatraman is interested in this resolution.

### Agenda No. 7

Shri P K Jain, Director (Finance), GAIL was nominated by GAIL(India) Ltd. vide letter No.ND/GAIL/SECTT/BCPL/11 dated 7<sup>th</sup> March, 2011 on the Board of Directors of the company in place of Shri R K Goel , who had superannuated from GAIL. He was inducted as an Additional Director, 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 257 of the Companies Act, 1956, proposing the candidature of Shri P K Jain as a Director of the Company. A brief profile of Shri P K Jain is provided in the Corporate Governance Report.

Your Directors recommend the resolution for approval of the shareholders. None of the Directors except Shri P K Jain is interested in this resolution.

### Agenda No. 8

Shri Dipak Chakravarty, Managing Director Numaligarh Refinery Ltd. was nominated by Numaligarh Refinery Ltd. vide letter dated 04.04.2011 on the Board of Directors of the company in place of Dr B K Das, who had superannuated from NRL. He was inducted as an Additional Director, till the conclusion of this Annual General Meeting. The Board recommends that he may be appointed as Director liable to retire by rotation.

The Company has received a Notice from a member under section 257 of the Companies Act, 1956, proposing the candidature of Shri Dipak Chakravarty as a Director of the Company. A brief profile of Shri Dipak Chakravarty is provided in the Corporate Governance Report.

Your Directors recommend the resolution for approval of the shareholders. None of the Directors except Shri Dipak Chakravarty is interested in this resolution.



*The Chief Secretary, Assam, Shri N K Das reviewing project progress at Lepetkata*



*The Chairman, Shri B C Tripathi with Director in Charge, Shri S Venkatraman and others at site*





## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the Fourth Annual Report of the Company along with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011.

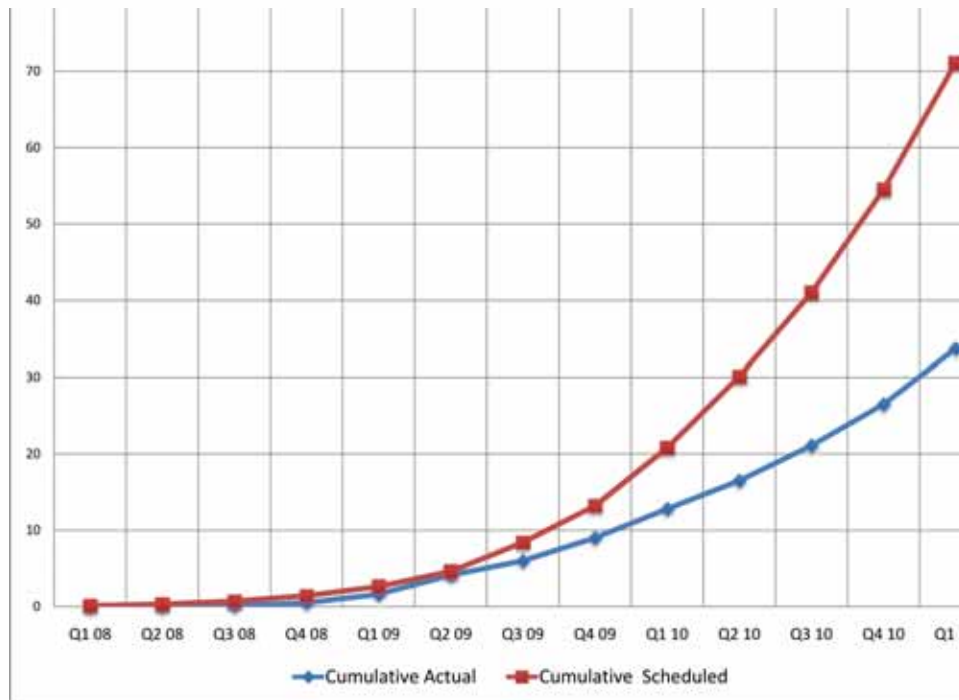
### Project Progress

Your company has graduated to the 4th year of project execution with an overall project progress of 35.05%. Project progress has improved in the recent past, though there would be some delays in implementation schedules as per the initial projections, the major reasons being delay in award of process technology.



*Cyls for the HDPE/LLDPE unit*

licensors, prolonged and heavy monsoons, poor response of bidders, labour problems, frequent bandhs and non-availability of adequate accessible borrow earth. The implementation plan is being reworked and slippages are being arrested to prevent further delay in its completion. As per revised schedule, which is under consideration of Government of India for approval, mechanical completion is anticipated by July 2013 as against the original schedule of January, 2012 and the project is expected to go into commercial production by December, 2013. Site development works





During the signing of the draft Marketing Agreement with GAIL, Director (Finance) Shri Rakesh Kumar, then Managing Director Shri J K Singh Teotia, with Director (Mktg), GAIL Shri Prabhat Singh and GM (PC Mktg), GAIL Shri J S Saini.

• Award of all critical MRs and tenders. Out of a total of 640 MRs, 437 have been ordered and out of a total of 99 tenders, 74 have been awarded.

• Signing of draft marketing agreement with GAIL on 29th July, 2010 for the sale of polymer.

• Completion of second phase recruitment of experienced employees and initiation of process for third phase recruitment of GETs/ ETs through campus placement. Completion of piling work and heater foundations at site.

including boundary wall, construction of roads, drainage and piling jobs are almost complete.

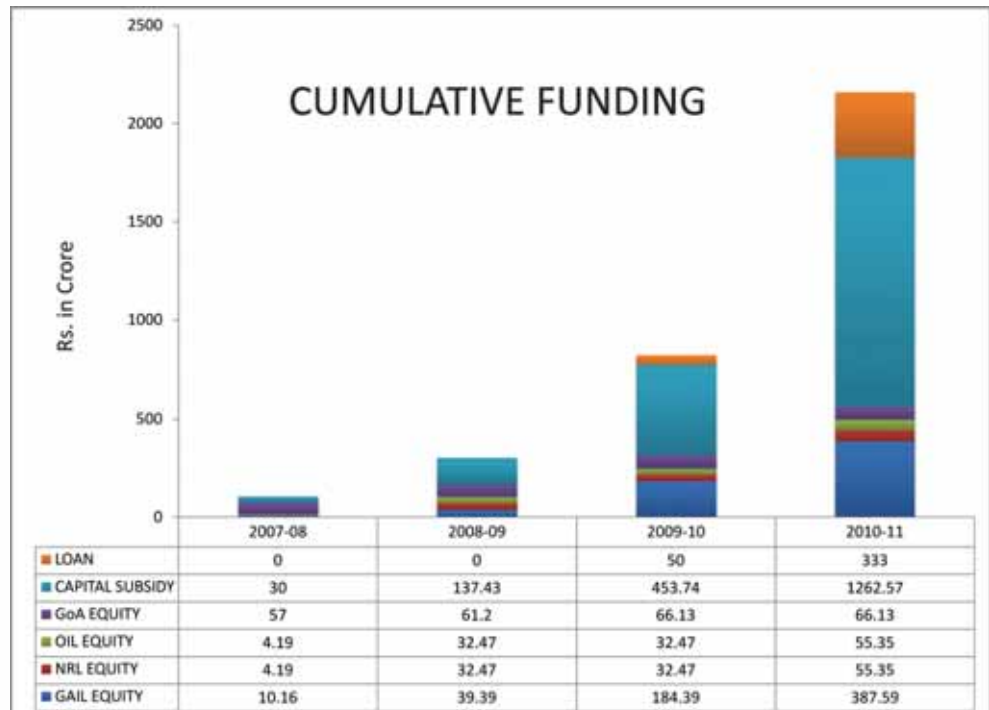
Equipment and vessels have started arriving at the project site and erection of the equipment is in process. Most of the critical orders have been awarded and the placing of remaining orders and contracts is being expedited.

### Financial Progress

Your Project is gaining momentum with firm financial commitments being increased to over Rs.6,986.37 crores, which has exceeded the approved project cost of Rs.5,460.61 crores. To avoid further time and cost overrun, the Ministry of Chemicals and Fertilizers has accorded approval for an additional

The milestones achieved during the year under review are:

- Signing of an agreement with Numaligarh Refinery Limited for naphtha supply on 8th April, 2010.
- Completion of the bachelor hostel, guest house accommodation and CISF Barracks and Armory at the township





financial commitment of Rs 2,500 crores over and above the approved project cost. Out of the total financial commitment, an amount of Rs 214.62 crores is in respect of import of technical knowhow, of which an amount of Rs.70.78 crores remained unexecuted at the end of the financial year.

All the long lead/critical items have been awarded. The total expenditure incurred during the year is Rs.1,421.86 crores out of a cumulative expenditure of Rs.2,175.88 crores. During the year under review the paid up capital of your company has been increased from Rs.315.46 crores to Rs.564.42 crores and capital subsidy to the tune of Rs.808.83 crores has been received from the Department of Chemical and Fertilizers, Government of India including interest income (net of taxes) from parking of surplus capital subsidy of Rs.12.09 crores, which has been added to capital subsidy for the period from 2007-08 to 2010-11. A total amount of Rs.1,262.57 crores has been received as capital subsidy from the Government of India, till the end of the year under review. Out of this, the unutilized capital subsidy is Rs 13.52 which includes Rs.5.02 crores as bank balance and Rs.8.50 crores, as STDRs. Secured loans to the tune

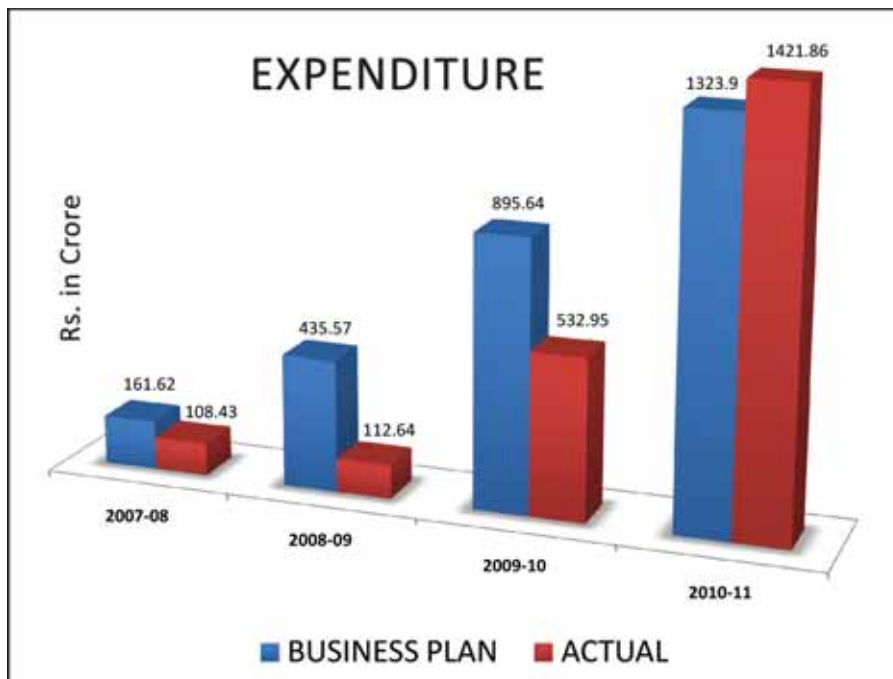
of Rs.283.00 crores were also drawn during the year from OADB and the total Secured Loans as on 31.03.2011 is Rs.333.00 crores.

### Project Cost

The approved project cost of Rs. 5460.61 crores was estimated in August 2005 on fixed cost basis. Since then due to several factors there is an increase in project cost owing to cost and time overrun, the major contributing factors being technology/design changes, increase in utility/power requirements & construction costs, change in site conditions, infrastructural facility, statutory taxes and duties and exchange rates etc. The proposal for approval of the revised project cost of Rs.9,285.04 crores has been submitted to the Government of India, which is under process for approval.

### Business Plan 2010-11

The Business Plan for the year was Rs.1,323.90 crores (revised), against which the actual expenditure was Rs 1421.86 crores. The major expenditure heads of the capex include Plant & Machinery (Rs. 940.11 crores), Engineering Cost (Rs.157.71 crores), site related facilities (Rs.239.74 crores.), infrastructure cost to OIL & ONGC (Rs. 36.75 crores).

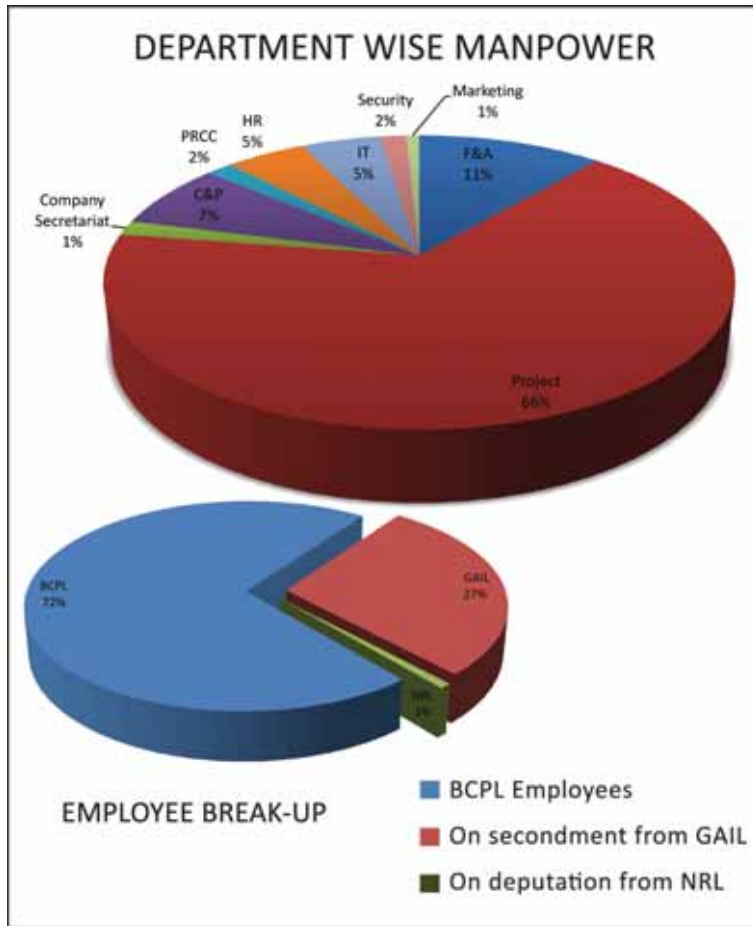


### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

#### Energy Conservation & Technology Absorption

Being in the project execution stage, there





## 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, 2011.

## Human Resource

The main focus of the HR Department is to have a lean but effective organisation. Towards this end your company is carefully selecting employees from diverse backgrounds, talents and experience, retaining and developing them to achieve stiff targets in time. Currently, the company has 124 employees on its rolls including 36 personnel on secondment/deputation from your promoter companies. Free of gender bias, your company has 19 female employees on its rolls. The process for third phase recruitment of both experienced executives through open advertisement and GETs/ETs

are as yet no cases for disclosure with regard to conservation of energy and technology absorption in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### Foreign Exchange Earning and Outgo

Your Company does not have any foreign exchange earnings as it is in the construction phase of the project. However, total foreign exchange expenditure on account of import of technical knowhow, indigenous contracts and supplies to the tune of Rs.189.66 crores has been incurred during the year under review.



*Reviewing progress : The Joint Secretary, MoCF, Ms Neel Kamal Darbari with the Chief Operating Officer, Shri P N Prasad at Lepetkata*





through campus selection has been started. Priority is also being given to engage local labour for skilled/semi-skilled/unskilled works through contractors working at site.

nominated by GAIL as a Director on the Board of the company w.e.f. 07.03.2011 in place of Shri R K Goel, who has superannuated from GAIL as Director (Finance).

### Changes in the Board of Directors

### Corporate Social Responsibility

During the year under review, the following changes

Your company is conscious of its social obligations



Registration at the workers' facilitation centre

occurred in the Board of Directors:-

- (i) Shri S Venkatraman, Director (BD), GAIL was nominated by GAIL as a Director of the company w.e.f. 11.10.2010 in place of Shri R D Goyal.
- (ii) Shri J. K.Singh Teotia resigned from the post of Managing Director of the company and on acceptance of his resignation by the Ministry of Chemical & Fertilizers, Government of India, he was released from his services in the company w.e.f. 15.02.2011(A.N.).
- (iii) Shri P K Jain, Director (Finance), GAIL was

as a responsible corporate entity. Our aim is to enhance the quality of life of people living in and around the plant establishment area through social welfare programmes. In order to address the concerns of the environment around the project site several works under the aegis of CSR is being undertaken by the company in consultation with the District Administration, Dibrugarh and specific activities based on local needs, have been identified. The Company's social welfare activities mainly focused on four major cornerstones - Health Care, Education, Infrastructure Development & Environment - the intention being to supplement



the efforts of the State Government in this regard. An internal committee examines and recommends the schemes for implementation.

During the year under review the following CSR initiatives have been taken:

- Installation of a 100 KVA power transformer in Borpathar, Kakoti village (PAP village) to facilitate continuous power supply in the village.
- Construction of 1.85 Km approach road from Dainijan Village (PAP Village) to NH-37.
- Gap analysis of 34 Government schools situated around five KMs radius of the BCPL project site to assess the intervention required in these schools.

## Industrial Relations

The project is moving smoothly with the cooperation of all stakeholders including active support from GoA, Land & Labour Department. The deployment of contract labour is substantial at this moment and industrial tranquility is being maintained at site. All channels of communication are open with the contractors and their workers.

Industrial relations at site is normal and conducive with the proactive involvement of the BCPL & EIL officials and all efforts are being made to keep manpower involved in project execution happy and satisfied.

A grievance handling mechanism has been set up wherein Advisor-Coordination and Officer On special Duties along with the Nodal Officer are in regular touch with the contractors' representative and with the contractor's workers for resolution of any grievance and assistance.

## Right to Information Act, 2005

The Company adheres to Government instructions issued in pursuance of Right to Information Act, 2005, and has designated a Public Information

Officer and Appellate Authority under the Act.

## Statutory Auditors' Report

M/s Sanjoy K. Das & Co., 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, 2011 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.

## 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 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.

### Acknowledgement

Your Directors wish to acknowledge the dedication and commitment with which the employees at all levels have been working to set up this project and to make your company an effective organization.

We take this opportunity to express our

sincere appreciation of the unstinted assistance and support from the Ministry of Chemicals and Fertilizers, the Ministry of Petroleum and Natural Gas and the Ministry of Environment and Forests. We would like to place on record our gratitude to our promoters, GAIL, OIL, NRL and Govt. of Assam for their continued support and guidance and likewise to our lenders, Oil Industry Development Board, Punjab National Bank, Allahabad Bank, Bank of Baroda, Bank of India, Corporation Bank, State Bank of Travancore and Jammu & Kashmir Bank.

Your Directors are also thankful to the entire team of EIL, the bankers, consultants, suppliers and the various intermediaries for their continued cooperation in expediting the project development process.

Last but not the least the Directors express their gratitude to the Statutory Auditors and the officials of Comptroller & Auditor General of India for their valuable advice and co-operation during the audit of accounts for the year under review

Sd/-

Dated 4<sup>th</sup> July 2011

(B.C.Tripathi)

Place - New Delhi

CHAIRMAN



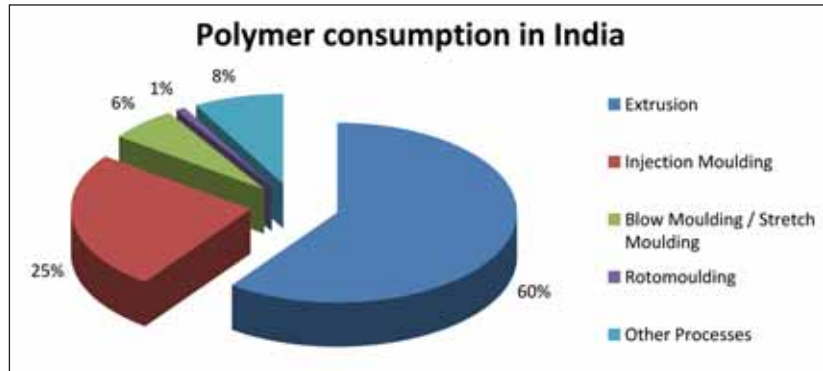


# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## Industry Structure and Developments

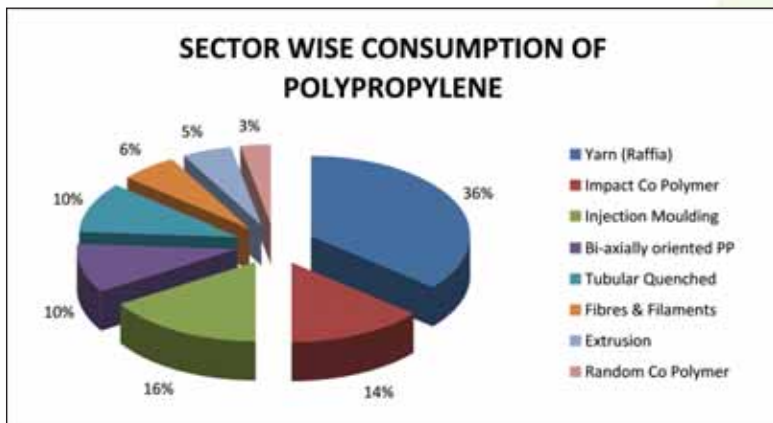
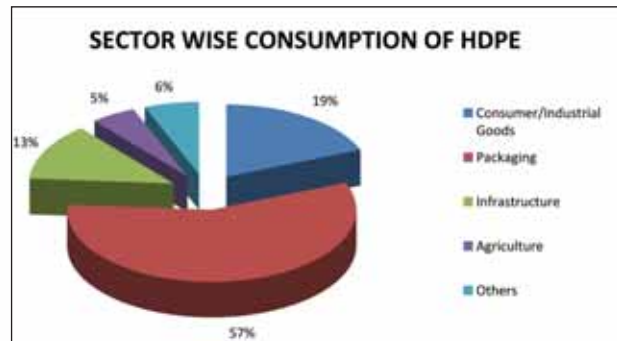
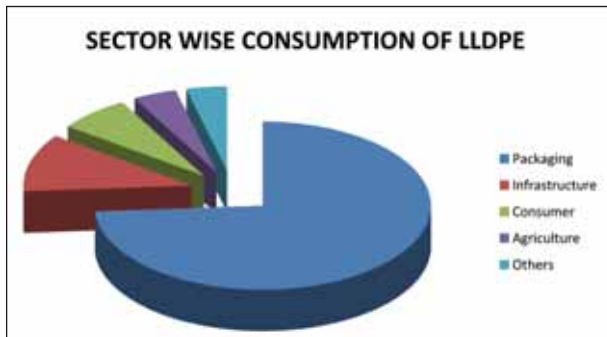
The petrochemical industry in India has been one of the fastest growing industries in the country. Polymers account for about 70% of petrochemicals and hence are an important constituent of the industry. The polymers Polypropylene, LLDPE and HDPE, the primary products of the company are essentially used in the manufacture of plastic products.

density polyethylene (LLDPE) is a widely used polymer, mostly in the packaging industry. HDPE,



Polypropylene is a lightweight polymer with increasing demand in India for manufacture of injection moulding, ropes, twines etc. Linear low

density polyethylene (LLDPE) is a widely used polymer, mostly in the packaging industry. HDPE, the second most used polymer in India, finds use in the manufacture of raffia, blow moulding, injection moulding and paper industry. The sector



wise consumption in 2009-10 is diagrammatically represented here.

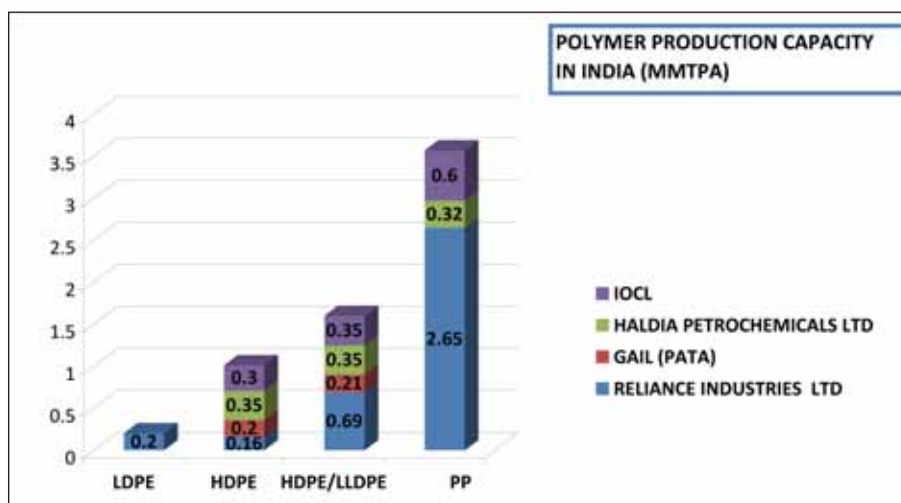
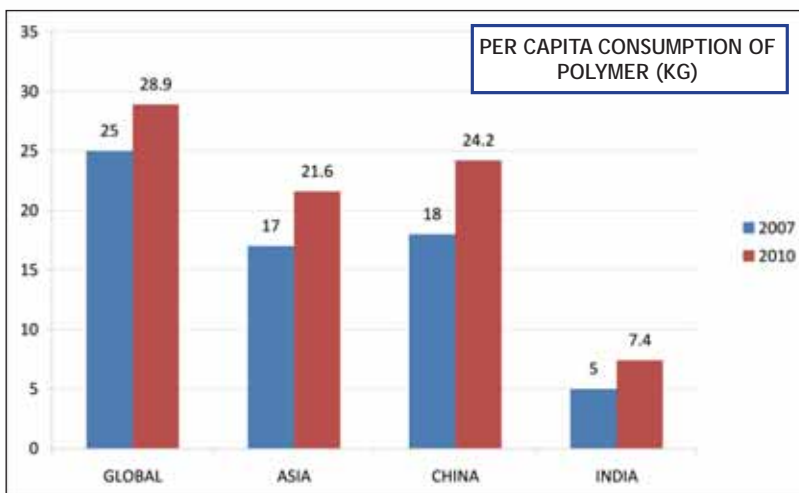
Naphtha and natural gas fractions (C2/C3) are the two main sources of feedstock for the petrochemical industry. India has three naphtha-based and three gas-based cracker units with a combined capacity of 2.9 million MT per annum. Feedstock cost is considered the single largest





component in the cost of production of petrochemicals. Polymers account for the largest share by far of petrochemical production and in 2009-10 this share was 58 per cent. During April-November 2010-11 production of major petrochemicals increased by 8.17 per cent.

This industry is a highly concentrated one and has become more so with the amalgamation of IPCL with RIL which jointly accounts for over



### Strengths and Weaknesses

Your company's main strength lies in the strong support both from the Government of India as well as the Government of Assam. It is a prestigious project with promoters of considerable repute and with Engineers India Limited (EIL) as its consultants. The wide and varied experience of

50% of the country's total petrochemical capacity. However, the downstream petrochemical sector is highly fragmented in nature.

In India the industry is cyclical and across the globe, it is dominated by volatile feedstock prices and sulky demand. India has one of the lowest per capita consumption of petrochemical products in the world.

Constraints such as lack of adequate infrastructure, inadequate common effluent treatment facilities, inadequate water, poor quality power supply, poor road transport, congested ports affect the growth of the industry.

EIL has been a major support in the erection and construction activities.

The promoters by virtue of their experience in the hydrocarbons sector have been nurturing this project which is still in its infancy. GAIL (India) Limited, 70% stakeholder, has provided on secondment, the requisite manpower with considerable expertise in construction, commissioning, operation and maintenance of petrochemical and gas processing units. Another major plus for the project is its marketing tie-up with GAIL, which has been in the field of petrochemicals for over two decades.

Considering that natural gas fractions C2/C3 are



not freely tradable, your company has opted for a dual feed technology which will reduce its dependence on a single feedstock. Further, the technology provides an option for replacing Naptha with Natural Gas as feedstock without resorting to changes.

An inherent weakness of the project is its reliance on capital & feedstock subsidies and limited period exemption from central excise duty and income tax. The possibility of cessation of government support in the future would remain a concern.

Though the project envisages the accrual of socio economic benefits to the northeastern region, it is logistically disadvantaged by its location and lack of adequate infrastructure in and around the project site. Due to these very reasons, your company has been facing difficulties in attracting and retaining suitable experienced executives. Prolonged and heavy rains and climatic conditions caused major disruption in construction activities. However with improvement of facilities at site and introduction of other benefits, things are beginning to look up.

## Opportunities and Threats

The Indian polymer market is over 5MMTPA and growth is largely driven by internal consumption. A major market is the agro-based and rural populace which is relatively recession proof. Thrust areas are modern farming through plasticulture, packaging of processed food and consumer non-durables, better quality plastic for consumer durables. The finished products, mostly used in packaging are essential and the increasing demand for polymers in the agricultural sector, increasing penetration of synthetic bags in food grain packaging, changing lifestyle and rise in demand for FMCG products and cosmetics, change in food habits, increasing replacement of metal parts by PP in automotive

and appliances, are expected to further stimulate growth in the polymer industry.

The northeastern region has the lowest per capita consumption of polymers and plastics in India. Your company does not have any major competitor in the northeast and will be able to cater to the growing demand. Downstream industries are expected to emerge. The region also has large availability of labour at relatively cheap wages.

Rising environmental concerns over the use of plastic is perceived as a threat. However, developments in the field of biodegradable and photodegradable plastic, improvement in quality of products with reduced negative impact on environment negate this threat perception to a great extent.

Cost competitiveness has also to be ensured to withstand the threat from cheaper imports under the open market regime.

## Risks and Concerns

A major concern has been delay in scheduled project implementation and resultant cost escalation. Sustained efforts are being made to ensure that there is no further delay. Project progress has improved in the recent past and the present physical progress is 37.7%.

Though feedstock availability concerns are mitigated due to firm arrangements ensured by the Government of India for 15 years of plant operation, the long term availability, particularly of Natural Gas is to be ensured. Cost of feedstock is the biggest component in the cost of production of petrochemicals and future feedstock pricing is an area of concern as prices would be reviewed every five years from the date of production. There has already been a substantial increase in prices of feedstock since the time of approval of the project.



Further, the possibility of cessation of government support in the form of subsidies and central excise duty/income tax exemptions in the future would remain a concern.

As the company is in its construction phase it is not yet exposed to operational risks. However, efforts have already been initiated to have a risk management system in place to identify and mitigate construction phase, financial, operational and other risks. The company's legal compliances are subject to review by the Board of Directors.

### Outlook

In India, demand for commodity polymers grew by 19% in 2009-10 over the previous fiscal. This trend continued in the first half of 2010-11 with polyolefin and PVC demand growing by about 10% as compared with the corresponding previous. The domestic per capita consumption as well as the absolute consumption of commodity polymers is expected to grow because of various economic and demographic factors. The country is about to witness significant capacity additions, but continuing deficit in PE and PVC and growing market is expected to somewhat address supply concerns. However, producer margins may remain subdued

over the medium term in line with global trends.

The company expects to commission its plant and go into commercial production in December, 2013.

### Internal Control Systems and their Adequacy

Your Company is committed to ensuring a comprehensive internal control system across its operations to ensure that all assets are adequately safeguarded and protected against loss from unauthorized use or disposition. The company is following the systems and policies of its holding company till its own policies are defined and in place. In all cases involving financial implication, various limits and authorities are specified.

The Company's progress is being monitored and reviewed at various levels by GAIL, the State and Central Government authorities and also monitored at the highest level. Internal audit is being carried out by the Internal Audit Department of GAIL, its holding company.

### Human Resources

Being keenly aware that its greatest asset is its human resource, your company is committed towards ensuring that its potential is harnessed



*Interaction with the employees*





to the fullest for the growth of the organization. Effective human resource management is top priority of the company. During the year under review, the Company started to increase its own human capital base and adequate care is being taken in recruitment resulting in major representation of the locals. Most of the skilled / semi-skilled / unskilled workers engaged in the construction work are from the northeast. The present human strength of the company is 113, out of which 20 are on secondment from GAIL, 1 on deputation from NRL and 92 are the company's regular employees.

## Environmental Protection and Conservation

The Company is conscious of the environmental

concerns over a petrochemical plant and is committed to acting with responsibility in this regard. Pollution control and other environment protection norms are being complied with. The project includes an effluent treatment plant for proper effluent discharge within the limit prescribed by the authorities.

## Corporate Social Responsibility

Despite being in its construction phase, the company has initiated CSR activities to contribute to the society in the areas of health care, education, infrastructure development & environment.



*Meeting with the Parliamentary Standing Committee on Chemicals & Fertilizers*





## REPORT ON CORPORATE GOVERNANCE

### Company's Philosophy

The Company believes that strong and sound Corporate Governance is an important instrument for the protection of stakeholder interests and that good corporate governance practices would enable it to face the challenges of growth effectively and successfully. The company is committed to ensuring good governance practices, ethical and responsible conduct of business and maintaining transparency so as to enhance stakeholder value. The Board of Directors in the exercise of its fiduciary responsibilities is conscious of the need to act with integrity and accountability in order to earn and retain the confidence and trust of all the stakeholders including the shareholders, the employees and the government. It shall be the constant endeavour of the management to inculcate a culture of ethical and honest conduct in this budding organization from the very beginning.

### Board of Directors

As on the date of this report, the Board of Directors of your company consists of ten Directors, seven Directors including the chairman who have been nominated by the promoters, acting as part-time official Directors, two Government Nominees (representing MoC&F and MoP&NG), and one whole time Director i.e Director (Finance). The position of Managing Director is presently vacant following the resignation of former Managing Director, Shri J K Singh Teotia. The position of a Nominee Director from Government of Assam, one of the promoters is also vacant w.e.f. 13.05.2011 following the resignation of Shri Ravi Capoor, former Principal Secretary to GoA, Department of Industries and Commerce and nomination in his place is awaited. The Nominee Directors are appointed in accordance with the JV agreement and Articles of Association of the Company. The appointment of two Independent Directors has been initiated and is under consideration of the Department of Public Enterprises.

The composition of the Board of Directors, along with Directorships and committee positions held since the beginning of the year under review is as below:

	Name of the Director	Designation	No. of Directorships/chairmanship in other companies#		No. of Committee* Memberships /Chairmanship in other companies#	
			Chairman	Director	Chairman	Member
<b>FUNCTIONAL DIRECTORS</b>						
1	Shri J K Singh Teotia (upto 15.02.2011)	Managing Director	-	-	-	-
2	Shri Rakesh Kumar	Director (Finance)	-	-	-	-
<b>PROMOTER DIRECTORS</b>						
3	Shri B.C.Tripathi Chairman & Managing Director, GAIL(India) Ltd.	Chairman	3	1	-	-



	Name of the Director	Designation	No. of Directorships/chairmanship in other companies#		No. of Committee* Memberships /Chairmanship in other companies#	
			Chairman	Director	Chairman	Member
4	Shri S L Raina Director (HR), GAIL (India) Ltd.	Director	1	3	-	1
5	Shri R D Goyal (upto 10.10.2010) Director (Projects), GAIL (India) Ltd.	Director	1	4	-	-
	Shri S Venkatraman (w.e.f.11.10.2010) Director (BD), GAIL (India) Ltd.	Director	2	5	-	-
6	Shri R K Goel (upto 06.03.2011) Director (Finance), GAIL (India) Ltd.	Director	4	3	-	-
	Shri P K Jain (w.e.f. 07.03.2011) Director (Finance), GAIL (India) Ltd.	Director	-	5	-	1
7	Shri R. K. Dutta Advisor, Government of Assam	Director	-	2	-	-
8	Shri Ravi Capoor Principal Secretary to Government of Assam, Industries & Commerce Department	Director	1	8	-	-
9	Shri T.K.Ananth Kumar Director (Finance), Oil India Limited	Director	-	1	-	1
10	Dr B K Das (upto 31.03.2011) Managing Director, Numaligarh Refinery Ltd.	Director	-	-	-	-
	Shri Dipak Chakravarty (w.e.f 01.04.2011) Managing Director, Numaligarh Refinery Ltd.	Director	-	2	-	-
<b>GOVERNMENT DIRECTORS</b>						
11	Ms Neel Kamal Darbari Joint Secretary, Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals	Director	-	-	-	-
12	Shri Manu Srivastava Director Ministry of Petroleum & Natural Gas	Director	-	1	-	-

(\* ) 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 2010-11.

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



No. of the Board Meeting	Date	Board Strength	No. of Directors Present
23 <sup>rd</sup>	27-04-2010	12	8
24 <sup>th</sup>	16-07-2010	12	8
25 <sup>th</sup>	29-09-2010	12	8
26 <sup>th</sup>	30-11-2010	12	8
27 <sup>th</sup>	14-12-2010	12	9
28 <sup>th</sup>	24-01-2011	12	11
29 <sup>th</sup>	03-02-2011	12	10
30 <sup>th</sup>	09-03-2011	11	9

### Attendance of the Directors at Board Meetings held during the year 2010-11 and in the last Annual General Meeting (AGM)

Name of the Director	No. of Board Meetings attended	Attendance in the last AGM held
Shri B.C.Tripathi Chairman	8	Yes
Shri J.K.SinghTeotia (upto15.02.2011)	7	Yes
Shri Rakesh Kumar	8	Yes
Shri R. K. Goel (upto 07.03.2011)	6	No
Shri S.L. Raina	8	Yes
Shri R.D. Goyal (upto 11.10.2010 )	1	No
Shri S Venkatraman (w.e.f. 11.10.2010)	5	NA
Shri P K Jain (w.e.f. 07.03.2011)	1	NA
Shri R. K. Dutta	6	Yes
Shri Ravi Capoor (w.e.f. 19.04.2010)	3	No
Dr. B. K. Das (upto 31.03.2011)	3	No
Shri T.K. Ananth Kumar	5	No
Ms. Neel Kamal Darbari	6	Yes
Shri Manu Srivastava	4	No





## Profile of Directors being appointed / reappointed

**Shri Manu Srivastava**, Director retires by rotation at the ensuing annual general meeting pursuant to section 256 of the Companies Act, 1956 and being eligible offers himself for reappointment. Shri Manu Srivastava, Director (GP), Ministry of Petroleum & Natural Gas, has been a Director on the Board of BCPL since 18.05.2007. Shri Srivastava is a senior IAS officer belonging to the 1991 Batch of MP Cadre. He did his B. Tech in Electrical Engineering and M. Tech. in Communication Technology from IIT, Delhi.

**Shri B C Tripathi**, Chairman retires by rotation at the ensuing annual general meeting pursuant to section 256 of the Companies Act, 1956 and being eligible offers himself for reappointment. Shri Tripathi was appointed as an Ex-officio Chairman of Brahmaputra Cracker and Polymer Limited (BCPL) w.e.f. 01.08.2009. He has taken over as Chairman and Managing Director of GAIL (India) Limited, before which he worked as Director (Marketing) GAIL. Shri Tripathi is a Mechanical Engineer with over 27 years' experience in the Gas Sector. He has rich experience in the entire major operational and core areas namely, project management, pipeline construction, gas transmission, operations and maintenance and marketing. He has a keen interest in CSR, sports and culture.

**Shri R K Dutta**, Director retires by rotation at the ensuing annual general meeting pursuant to section 256 of the Companies Act, 1956 and being eligible offers himself for reappointment. Shri R K Dutta, Advisor (cabinet rank) to the Government of Assam on the Assam Gas Cracker Project (BCPL) has been one of the first Directors on the Board of Directors of BCPL w.e.f. 08.01.2007. Shri Dutta holds a Bachelor's degree in History from St Stephen's College, New Delhi and a post graduate diploma in Marketing from the Faculty of Management Studies, Delhi University. With over 43 years of rich experience in the Petroleum Industry, he has headed Indian Oil Corporation (AOD) from 1989 to 1994 and was its first Executive Director. Besides, he has also served as first Managing Director of Numaligarh Refinery Limited and Chairman & Managing Director of Oil India Limited.

**Shri S. Venkatraman** Director (Business Development), GAIL was appointed as an Additional Director w.e.f. 11.10.2010. Shri Venkatraman is a B.Sc. (Physics) from University of Madras in 1973. He holds a Diploma in Instrumentation from Madras Institute of Technology and also a Diploma in Management from All India Management Association, New Delhi. Shri Venkatraman is in charge of GAIL's Business Development, Project Development, Petrochemical operations, Exploration & Production and global ventures of the Company. Having joined GAIL in December 1990 he has rich experience in varied areas including Business Development, Projects and Marketing of various products including natural gas, petrochemicals, liquid hydrocarbons and telecom bandwidth. 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 conceptualisation to commissioning.

**Shri P K Jain**, Director (Finance), GAIL who was appointed as an Additional Director w.e.f. 07.03.2011, is a Chartered Accountant and an MBA in Finance from the University of HULL, United Kingdom. He has over 33 years' experience in Finance and Accounts and worked as Executive Director (Internal Audit) before joining as Director (Finance). Shri P K Jain has wide exposure and expertise in the area of financial and treasury management and was involved in restructuring of loan portfolio, raising funds at competitive rates through various sources including bonds (domestic/International), ECB, ECA, Term Loans to have the optimal cost of capital. He also has rich experience in the areas of project evaluation, financial appraisal



of projects and headed the finance team during execution of major projects of GAIL like pipelines, petrochemicals, E&P, Pricing, Tariff Determination, Risk Management and Internal audit.

**Shri Dipak Chakravarty** was appointed as an Additional Director w.e.f. 01.04.2011. Shri Chakravarty, Managing Director Numaligarh Refinery Ltd., is a graduate in Chemical Engineering from Assam Engineering College, Guwahati and is an MS in Chemical Engineering from North Western University, Evanston, USA. Prior to his appointment as Managing Director of NRL w.e.f. 01.04.2011, Shri Chakravarty was holding the position of Director (Technical) of the Company since 04.08.2006. He has wide experience in refinery management including projects, planning, production, process and operations.

Since the last Annual General Meeting Shri J K Singh Teotia, Shri R D Goyal, Shri R K Goel, Dr B K Das and Shri Ravi Capoor ceased to be Directors w.e.f. 15.02.11, 11.10.2010, 07.03.2011, 01.04.2011 and 13.05.2011 respectively.

## Audit Committee

The Audit Committee presently comprises of four members namely, Shri P K Jain, Chairman, Shri R K Dutta, Shri Dipak Chakravarty and Shri T.K. Ananth Kumar. Four meetings of the Committee were held during the year under review on the following dates:

27.04.2010	14-12-2010
25.08.2010	25-03-2011

Details of meetings attended by the members during 2010-11 are given below:

Name of Directors	No of meetings attended
Shri P K Jain, Chairman (w.e.f. 07-03-2011)	1
Shri R.K. Goel, Chairman (upto 06-03-2011)	3
Shri R.K. Dutta	3
Dr. B.K. Das (upto 31-03-2011)	2
Shri T.K. Ananth Kumar	1

The terms of reference for the Audit Committee have been framed in line with the DPE Guidelines. Reconstitution of the Audit Committee to meet the requirement of the DPE Guidelines on Corporate Governance will be taken up after the appointment of Independent Directors which is under consideration of DPE.

## Other Committees

The Board has constituted an HR Committee which will act as the Remuneration Committee on appointment of the independent directors, which is under process.

An empowered Committee of the Board on Contracts and Procurements is also in place for expeditious clearance of approvals for the project.



## Remuneration To Whole Time Directors

The details of remuneration paid to the Whole-time Directors of the Company during the financial year 2010-11 are as below:

Name	Date of Appointment	Salary & Allowances (Rs.)	Contribution to PF, Gratuity and Other Funds (Rs)	Other Benefits and Perquisites (Rs)	Performance Linked Incentives (Rs)	Total (Rs)
Sh. J.K. Singh Teotia (Managing Director)	09.12.2009	17,22,915	1,30,384	2,54,654	--	21,07,953
Sh. Rakesh Kumar Director (Finance)	04.01.2010	17,87,856	1,30,024	3,72,475	--	22,93,355

## 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
1 <sup>st</sup>	03/07/2008	11:30 AM	Hotel Brahmaputra Ashok, M.G.Road, Guwahati	None
2 <sup>nd</sup>	09/09/2009	04:30 PM	Hotel Brahmaputra Ashok, M.G.Road, Guwahati	None
3 <sup>rd</sup>	17/07/2010	10:30 AM	Hotel Brahmaputra Ashok, M.G. Road, Guwahati	Yes (Authorization for further issue of shares pursuant to Section 81)

### 4<sup>th</sup> Annual General Meeting

Date : 29<sup>th</sup> July, 2011

Time : 4:00 p.m.

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

## Disclosures

- (i) The related party transactions are disclosed in the notes to account forming part of the annual report.
- (ii) Apart from the provisions of the DPE Guidelines on corporate governance regarding composition of the Board, including induction of Independent Directors which is under process, there were no instances of non-compliance on any matter relating to any guidelines issued by the Government, during the last three years.
- (iii) Presently, the company does not have a Whistle Blower Policy.





### Audit Qualifications

For the 4<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 2011.

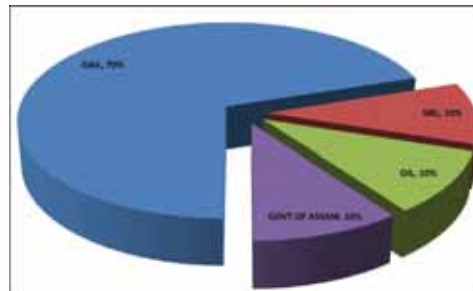
### Means Of Communication

The company periodically disseminates information through press releases and its Annual Reports.



*The Chairman and the Joint Secretary, MOCF during a Press Conference at Guwahati*

### Shareholding Pattern



### Code Of Conduct

The Board of Directors has laid down a Code of Conduct for the Board Members and Sr. Management personnel of the Company. All the members of the Board and Senior Management Personnel have affirmed the compliance of the respective Code of Conduct for the financial year ended on March, 31, 2011.

## 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)  
Chief Operating Officer  
Brahmaputra Cracker and Polymer Ltd.



*Narayan Sharma*

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

**Narayan Sharma & Associates**

Buildworth Building, G. S. Road  
Dispur, Guwahati-751005  
Ph.: 2340687 (D), 2340353, 2340354 (Extn. 23)  
Fax : 0361-2341411, Res.: 2620539  
e-mail : Narayan@buildworth.com

The Members of  
Brahmaputra Cracker & Polymer Limited  
Regd. Office: Hotel Brahmaputra Ashok  
M. G. Road, Guwahati – 781001

We have examined the compliance of conditions of Corporate Governance by **Brahmaputra Cracker & Polymer** (a Non-Listed PSU) for the year ended **31<sup>st</sup> March 2011**, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises (the Guidelines) issued by Department of Public Enterprises, 2010 (DPE) of Ministry of Heavy Industries and Public Enterprises, Government of India.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the requirements of Corporate Governance as stipulated in the Guidelines. However following discrepancies were noticed in compliance of the Guidelines:

**Clause 3.1** : The Company did not has the required number of Independent Directors on its Board.

**Clause 3.1.3:** The number of nominee directors appointed by Government/other CPSEs have exceeded the maximum permissible limit of Two.

**Clause 3.6** : The Company could not finalize an integrated policy of Risk Management.

**4.1.1** : The Audit Committee did not constitute of two thirds of its members as Independent Directors.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the Affairs of the Company.

Place: Guwahati

Date: 20<sup>th</sup> June 2011

For **Narayan Sharma & Associates**  
**Company Secretaries**  
Sd/-

**(NARAYAN SHARMA)**  
Proprietor  
C. P. No. 3844  
Membership No. FSC 5117

## Auditors' Report

### Auditors' Report to the Shareholders of Brahmaputra Cracker and Polymer Limited

We have audited the attached Balance Sheet of Brahmaputra Cracker and Polymer Limited as at 31<sup>st</sup> March, 2011, and Cash Flow Statement of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the statement on the Companies (Auditor's Report) order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, 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 purposes 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 and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e. As per the Companies Act, 1956 the provision of clause (g) of Sub-Section (1) of Section 274 is not applicable to the Company.



- f. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and notes thereon give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
- i. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011
- ii. in the case of the Cash Flow Statement, of the cash flow of the company for the year ended on that date.

FOR SANJOY K. DAS & CO  
CHARTERED ACCOUNTANT

*Sd/-*

(SANJOY KUMAR DAS)  
(Membership No. 050691)  
Proprietor  
F.R.N. 312143E

Date : 19-05-2011

## Annexure to the Auditor's Report (Referred to in paragraph 3 of our Report of even date)

The Annexure referred to in the auditor's report to the shareholders of BCPL for the year ended March 31, 2011. We report that:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. It has been represented to us that a physical verification of fixed assets has been carried out by the management at reasonable intervals during the year and such verification has not revealed any discrepancies.
3. No substantial part of Fixed Assets has been disposed during the year.
4. According to the information and explanations given to us, the Company has no inventory of store and spares but of construction materials. The Construction Materials were physically verified by the Management.
5. In our opinion and according to the information and explanations given to us, the procedures of physical verification of construction materials followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
6. According to the information and explanations given to us, no material discrepancies have been noticed on physical verification of stock of construction materials as compared to the books and records.
7. The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
8. In our opinion and according to information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
9. In our opinion, & as per the Information & Explanations given to us, the Company has not made transactions in respect of any party during the financial year under audit that needs to be entered in the register in pursuance of section 301 of the Companies Act 1956.
10. In our opinion and according to information and explanations given to us, the Company has not accepted any deposits from public. (Under section 58A & 58AA).
11. In our opinion, the company's internal audit system is commensurate with its size and nature of its activities.
12. The maintenance of cost records prescribed cost records under Section 209(1)(d) of the Companies Act, 1956 is not applicable to the company as the company is in construction phase of the project.
13. (a) According to the records of the company, the company is regular in depositing

undisputed statutory dues including provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Sales tax, Wealth tax, Service Tax, Custom duty, Excise duty, cess and any other statutory dues with the appropriate authorities.

(b) According to the information and explanation given to us, no undisputed amounts payable in respect of Sales tax, Service tax, Custom duty, Excise duty and other statutory dues were outstanding at the year end for a period of more than six months from the date they become payable.

14. As the Company is yet to start its operation, the question of accumulated losses does not arise.
15. Based on our Audit 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 any financial institution or bank. The Company has no debenture holders.
16. The Company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
17. The Provision of any special statute are not applicable to its Company.
18. The Company has not invested any amount in share of securities during the year.
19. The Company has not given any guarantee for loan taken by others from Banks or Financial Institution.
20. The Company has obtained term loan amounting to Rs. 28300 Lakhs for funding the activities of its project from Oil Industry Development Board, Ministry of Petroleum & Natural Gas, Govt. of India, during the year out of which Rs. 19350 Lakhs has been utilized till 31st March, 2011.
21. The Company has not used any funds raised on short term basis for long terms investment and vice verse.
22. The Company has not made any preferential allotment of shares during the year.
23. The Company is not having any debentures.
24. The Company has not raised any money by public issues.
25. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

FOR SANJOY K. DAS & CO  
CHARTERED ACCOUNTANT

Sd/-

(SANJOY KUMAR DAS)  
(Membership No. 050691)  
Proprietor  
F.R.N. 312143E

Date : 19-05-2011



Balance Sheet as at 31<sup>st</sup> March 2011

**BALANCE SHEET**

	Schedule No.	As at 31 <sup>st</sup> March 2011		As at 31 <sup>st</sup> March 2010	
		Amount (₹)	Amount (₹)	Amount (₹)	Amount (₹)
<b>SOURCES OF FUNDS</b>					
<b>SHAREHOLDERS' FUND</b>					
- Share Capital	1	3,246,572,600		2,633,715,600	
- Advance against Equity	2	2,397,698,721		520,955,721	
- Capital Subsidy	3	12,625,633,494	18,269,904,815	4,537,369,000	7,692,040,321
<b>LOAN FUNDS</b>					
- Secured Loans	4	3,330,000,000		500,000,000	
- Unsecured Loans		—		—	
- Total Loan Funds		—	3,330,000,000	—	500,000,000
<b>TOTAL SOURCES OF FUNDS</b>			<b>21,599,904,815</b>		<b>8,192,040,321</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
- Gross Block	5	1,505,831,033		918,909,376	
- Less: Depreciation		149,782,286		50,324,528	
- Net Block		1,356,048,747	1,356,048,747		868,584,848
- Capital Work in Progress	6	19,404,726,786	19,404,726,786		6,043,227,631
- IEDC	7	986,175,489	986,175,489		433,878,976
<b>CURRENT ASSETS, LOANS AND ADVANCES</b>					
- Cash & Bank Balances	8	2,246,189,209		1,482,732,286	
- Other Current Assets	9	4,848,107		4,571,850	
- Loans and Advances	10	514,451,792		199,298,983	
		<b>2,765,489,108</b>		<b>1,686,603,119</b>	
<b>LESS: CURRENT LIABILITIES</b>					
-Current Liabilities	11	2,913,597,997		849,548,402	
-Provisions		29,037,032	(177,145,921)	16,277,493	820,777,224

	Schedule No.	As at 31 <sup>st</sup> March 2011		As at 31 <sup>st</sup> March 2010	
		Amount ( ` )	Amount ( ` )	Amount ( ` )	Amount ( ` )
Miscellaneous Expenditure	12	30,099,714	30,099,714	25,571,642	25,571,642
<b>TOTAL APPLICATION OF FUNDS</b>			<b>21,599,904,815</b>		<b>8,192,040,321</b>
Notes to Accounts	13				
Accounting Policies	14				

Schedules '1' to '14' form Integral part of Accounts.

*Sd/-*  
(S Venkatraman)  
Director

*Sd/-*  
(Rakesh Kumar)  
Director (Finance)

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

As per our separate Report of Even Date

For SANJOY K. DAS & CO.  
Chartered Accountants

*Sd/-*  
(Sanjoy K. Das)  
Proprietor  
Membership No 050691  
F.R.N. 312143E

Place: Guwahati  
Date: 19.05.2011

## Schedules forming part of the Balance Sheet

### SCHEDULE-1 SHARE CAPITAL

	As at 31 <sup>st</sup> March 2011 Amount ( ` )	As at 31 <sup>st</sup> March 2010 Amount ( ` )
A AUTHORISED		
1200000000 Equity Shares of ` .10/- each	<b>12,000,000,000</b>	12,000,000,000
<b>TOTAL</b>	<b><u>12,000,000,000</u></b>	<b><u>12,000,000,000</u></b>
B Issued, Subscribed and Paid Up		
324657260 (previous year 263371560)	<b>3,246,572,600</b>	2,633,715,600
Equity shares of ` .10/- each		—
fully paid-up		
<b>TOTAL</b>	<b><u>3,246,572,600</u></b>	<b><u>2,633,715,600</u></b>

### SCHEDULE-2

#### Advance Against Share Capital

A In form of consideration in cash from NRL, OIL & GAIL	<b>2,060,805,721</b>	122,777,020
B In the form of consideration of Land/Other adjustable amounts from Govt. of Assam	<b>336,893,000</b>	398,178,701
<b>TOTAL</b>	<b><u>2,397,698,721</u></b>	<b><u>520,955,721</u></b>

### SCHEDULE-3

#### Capital Reserve

A Capital Subsidy from Govt. of India (The above amount includes Interest earned (net of taxes) of ` .120964494/- out of parking of surplus capital subsidy)	<b>12,625,633,494</b>	4,537,369,000
<b>TOTAL</b>	<b><u>12,625,633,494</u></b>	<b><u>4,537,369,000</u></b>

### SCHEDULE-4

#### SECURED LOANS

##### Bankers

Allahabad Bank	<b>47,000,000</b>	47,000,000
Andhra Bank	<b>57,000,000</b>	57,000,000
Bank of Baroda	<b>74,000,000</b>	74,000,000

**SCHEDULE-4 Contd.**

	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010
	Amount ( ` )	Amount ( ` )
Bank of India	<b>74,000,000</b>	74,000,000
Corporation Bank	<b>37,000,000</b>	37,000,000
Jammu & Kashmir Bank	<b>37,000,000</b>	37,000,000
PNB	<b>143,000,000</b>	143,000,000
State Bank of Travancore	<b>31,000,000</b>	31,000,000
OIDB	<b>2,830,000,000</b>	—
<b>TOTAL</b>	<b><u>3,330,000,000</u></b>	<b><u>500,000,000</u></b>

**Note:** The term loans obtained from Banks are to be secured by mortgaging the Company's Project Land with the lenders, but the charge has not been created till 31.03.2011. Regarding the loan obtained from OIDB the same has been secured by corporate guarantee given by GAIL, OIL and NRL.

**SCHEDULE-5**
**FIXED ASSETS**
**Amount ( ` )**

Description	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at 01.04.2010	Additions during the year	Sales/adj during the year	Gross Block as at 31.03.2011	A/D as at 01.04.2010	Dep. for the year 2010-11	Sales/adj during the year	Total A/D as at 31.03.2011	Net Block as at 01.04.2010	Net Block as at 31.03.2011
Land	804,042,013	—	—	804,042,013	39,820,245	25,461,330	—	65,281,575	764,221,768	738,760,438
Land: Free Hold	—	2,568,747	—	2,568,747	—	—	—	—	—	2,568,747
Building - Other than factory building	85,333,664	200,441,380	—	285,775,045	3,488,231	10,138,341	—	13,626,572	81,845,434	272,149,123
F & F and Other Equip	18,666,121	24,843,329	—	43,509,450	3,642,904	7,650,809	—	11,293,713	15,023,217	32,215,737
Electrical	2,748,332	284,462,831	—	287,211,163	414,540	51,751,391	—	52,165,931	2,333,792	235,044,479
EDP	5,531,144	7,003,428	—	12,534,572	2,347,402	3,443,668	—	5,791,070	3,183,742	6,743,602
Transport Equipments/ Vehicles	1,232,869	—	—	1,232,869	319,190	236,552	—	555,741	913,679	677,128
<b>Total of (A)</b>	<b>917,554,143</b>	<b>519,319,715</b>	<b>—</b>	<b>1,436,873,856</b>	<b>50,032,512</b>	<b>98,682,090</b>	<b>—</b>	<b>148,714,602</b>	<b>867,521,632</b>	<b>1,288,159,254</b>
<b>Intangible Assets (B)</b>										
Software/Li-censes	1,355,233	1,098,535	—	2,453,768	292,017	687,895	—	979,912	1,063,216	1,473,856
Right of Use (Perpetual)	—	65,625,684	—	65,625,684	—	—	—	—	—	65,625,684
Right of Use (Limited useful life)	—	877,725	—	877,725	—	87,773	—	87,773	—	789,953
<b>Total of (B)</b>	<b>1,355,233</b>	<b>67,601,944</b>	<b>—</b>	<b>68,957,177</b>	<b>292,017</b>	<b>775,667</b>	<b>—</b>	<b>1,067,684</b>	<b>1,063,216</b>	<b>67,889,493</b>
<b>Current Year Total (A)+(B)</b>	<b>918,909,376</b>	<b>586,921,659</b>	<b>—</b>	<b>1,505,831,033</b>	<b>50,324,529</b>	<b>99,457,757</b>	<b>—</b>	<b>149,782,286</b>	<b>868,584,848</b>	<b>1,356,048,747</b>
<b>Previous Year Total(09-10)</b>	<b>769,058,547</b>	<b>149,880,212</b>	<b>29,383</b>	<b>918,909,376</b>	<b>18,155,151</b>	<b>32,178,346</b>	<b>8,968</b>	<b>50,324,528</b>	<b>750,903,397</b>	<b>868,584,848</b>



**SCHEDULE-6**  
**CAPITAL WORK IN PROGRESS**

	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010
	Amount ( ` )	Amount ( ` )
A CWIP: enabling assets	843,008,355	475,503,321
B CWIP: Intangible Assets pending amortization (Import of Technical Knowhow)	1,438,403,278	1,424,588,321
C CWIP - Capital Jobs	7,645,610,215	2,677,202,308
<b>D CWIP: Construction Stock</b>		
i) Material at Site-Inland Supplies	2,219,657,459	88,212,772
ii) Material at Site-Foreign Supplies	1,652,245	—
iii) Material in transit-Inland Supplies	191,771,429	65,532,347
iv) Material in transit- Foreign Supplies	2,110,658,365	—
v) Material Advances to Contractors	314,440,309	—
vi) Material Pending Inspection	671,870,699	—
E PMC Fees for projects related activities	2,417,646,629	947,920,383
F CWIP: Advances for Capital Jobs	1,801,970,953	481,055,133
G Charges paid for opening of Foreign Letter of Credit	4,601,130	508,202
H Interest on Mob Advance	(30,664,699)	(19,818,869)
I Entry tax recoverable from Govt of Assam	(1,339,054)	(1,339,054)
J WCT recoverable from Govt of Assam	(224,560,527)	(96,137,233)
<b>Total</b>	<b><u>19,404,726,786</u></b>	<b><u>6,043,227,631</u></b>

**SCHEDULE-7  
INCIDENTAL EXPENSES DURING CONSTRUCTION**

Description	As at 31 <sup>st</sup> March 2011 Amount ( ` )	As at 31 <sup>st</sup> March 2010 Amount ( ` )
Advertisement & Publicity	1,846,606	—
CISF Expenses & Security	23,379,126	6,807,319
Communication Expenses	4,351,103	1,786,313
Depreciation & Amortisation	99,457,761	32,178,346
Insurance	43,138,315	31,293,660
Other Infrastructure Expenses	4,659,307	936,300
Others (Miscellaneous Expenses)	25,628,584	14,211,492
Payment to Auditors	82,443	82,725
Power, Fuel and Water Charges	5,325,277	—
Printing and Stationery	3,377,461	2,027,009
Professional and Consultancy Charges	21,470,339	106,346,986
Rates & Taxes	13,148,957	19,540,911
Recruitment & Training Expenses	6,240,899	8,920,231
Rent	14,207,513	12,538,334
Repairs- Buildings	—	124,472
Repairs- Others	346,110	—
Salary,Wages & Staff Costs/Manpower Cost	131,308,352	64,856,328
Survey and Investigation	4,234,210	4,275,455
Travelling Expenses	13,095,467	5,380,633
Vehicle Hiring & Running Expenses	23,930,822	13,567,318
Bank Charges	4,133	17,601
Incidental Expenses 07-08 Pending Adjustment	90,962,819	88,475,532
Incidental Expenses 08-09 Pending Adjustment	127,977,782	75,533,697
Incidental Expenses 09-10 Pending Adjustment	292,755,901	—
Coin Adjustment	1	3
Interest and Other Finance Charges	176,531,261	6,629,836
<b>GROSS</b>	<b><u>1,127,460,549</u></b>	<b><u>495,530,501</u></b>
Less:Interest from Banks	63,160,918	47,889,063
Less:Misc Inome	5,796,119	4,465,852
Less:IEDC Capitalised	72,328,021	9,296,608
<b>NET</b>	<b><u>986,175,489</u></b>	<b><u>433,878,976</u></b>

**CURRENT ASSETS, LOANS AND ADVANCES**
**SCHEDULE-8  
CASH AND BANK BALANCES**

	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010
	Amount ( ` )	Amount ( ` )
Bank balance with Scheduled Banks	345,986,082	17,732,286
Short Term Deposits	1,900,203,127	1,465,000,000
<b>TOTAL</b>	<b><u>2,246,189,209</u></b>	<b><u>1,482,732,286</u></b>

**SCHEDULE-9  
OTHER CURRENT ASSETS**

Interest Accrued on Bank Term Deposits	3,454,508	4,545,076
Interest Accrued on Mobilisation Adv.	1,393,599	26,774
<b>TOTAL</b>	<b><u>4,848,107</u></b>	<b><u>4,571,850</u></b>

**SCHEDULE-10  
LOANS AND ADVANCES-CONSIDERED GOOD**
**Unsecured considered Good**

Deposit with Authorities	281,500,866	115,846,104
Staff Advance	2,252,522	13,000
Other Advances	230,698,404	83,439,878
<b>TOTAL</b>	<b><u>514,451,792</u></b>	<b><u>199,298,983</u></b>

**Note: Advances given to suppliers and contractors for capital jobs are regrouped and shown under the head CWIP-Advance for capital jobs under Sch-6.**

**The previous year figures are also suitably regrouped.**

**CURRENT LIABILITIES & PROVISIONS**
**SCHEDULE-11**
**CURRENT LIABILITIES & PROVISIONS**

	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2010
	Amount ( ` )	Amount ( ` )
<b>A Current Liabilities</b>		
Sundry Creditors for Assets	2,199,333,176	571,081,372
Sundry Creditors for Expenses	98,354,417	189,338,352
Deposit Retention Money	615,910,404	89,128,678
<b>TOTAL</b>	<u>2,913,597,997</u>	<u>849,548,402</u>
<b>B Provisions</b>		
Provision for Income Tax (Inclusive of previous year figures of ` .16277493/-)	28,227,310	16,277,493
Provision for Gratuity	344,296	—
Provision for Leave Salary	465,426	—
<b>TOTAL</b>	<u>29,037,032</u>	<u>16,277,493</u>

**SCHEDULE-12**
**MISCELLANEOUS EXPENDITURE**

(To the extent not W/O or Adjusted)

**Deferred Revenue Expenditure**

CSR Expenses	2,752,292	—
Advertisement - Public Relation Expenses	7,230,012	5,497,242
Inaugural Expenses	43,010	—

**Preliminary Expenses**

ROC Registration Fees	20,005,600	20,005,600
Professional Fees For Formation of Company	35,000	35,000
Other Expenses	33,800	33,800
<b>TOTAL</b>	<u>30,099,714</u>	<u>25,571,642</u>



## Notes to Accounts

### As at 31-03-2011

**SCHEDULE-13**
**NOTES TO ACCOUNTS**

1. The Estimated amounts of contracts valuing ` .47,93,69,00,000.00 (Previous Year ` .27,90,69,20,638.00) are remaining to be executed on Capital Accounts and not provided for.
2. Contingent Liabilities: The company has issued Foreign Letter of Credits amounting to ` .247,63,62,875.00 (Previous Year ` .26,59,74,699.60) during the year.
3. Free hold land of ` .25,68,747.00 and Leasehold land of ` .80,40,42,013.00 has been acquired up to 31.03.2011 as per awards under relevant Land Acquisition Act. The valuation of land has been done provisionally on the basis of declaration received from the Government of Assam. The title deed of the land is yet to be registered in the name of the Company.
4. Income tax provision to the tune of ` .1,19,49,817.00 (Previous Year ` .1,62,77,493.00) has been recognized in the book of accounts during the year. The provision for Income Tax is on account of interest earned on STDRs kept by investing surplus funds.
5. During the year company has provided for gratuity liability of ` .3,44,296.00 for regular employees. The assumptions methodology used in actuarial valuations are consistent with the requirements of Accounting Standard AS-15.
6. 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 unveiled leave liability amount on the basis of actuarial valuation and charged to the accounts. Such liability for Leave encashment amounting to ` .4,65,426.00 (Previous year Nil) has been provided in the Accounts during the year.
7. No deferred tax liability has been recognized since the project is in the construction stage.
8. BCPL has been granted the exemption on account of WCT, Entry Tax and VAT from Govt. of Assam. Giving effect to the notifications, total WCT of ` .23,98,24,950.00 till 31.03.2011 stands recoverable from GOA. The claim of ` .9,77,18,669.00 ( ` .1,14,60,672.00 for 2008-09, ` .8,62,57,997.00 for 2009-10) has been lodged with the Sales Tax Authority of Assam for refund to BCPL. Claim of WCT of ` .14,21,06,281.00 for 2010-11 is being lodged. Further necessary clarification/modification to notification no FTX58/2008/71 Dated 20.10.2009 with a retrospective effect has been sought from GOA for availing the exemption from the payment of entry tax for including all capital goods under AVAT Act'2003.
9. The expenses of ` .6,61,23,114.00 incurred on employees deputed on secondment basis from GAIL (India) Limited and NRL have been accounted under IEDC head on the basis of debit advices raised from the respective companies. The expenses of ` .2,17,383.00 incurred on employees deputed from GOA has been directly paid by company.
10. To the extent information available with the company, amount of ` .2,76,171.00 (Previous Year Nil) was due to Micro, Small and Medium Enterprises).
11. Balances grouped under Loans and Advances, Deposits and Sundry Creditors are subject to confirmation.
12. During the year the company has paid an amount of ` .1,38,14,957.00 (net of exchange fluctuations)

(Previous Year ₹.1,42,45,88,321.00) on account of import of Technical Knowhow. Gain on foreign currency fluctuation of ₹.50,63,332.00 has been credited to CWIP-Intangible Assets (license fees) during 2010-11.

13. In accordance with the approval of the Board of Directors in the 24th Board Meeting held on 16th July'2010, the Company has allotted 61,285,700 equity shares of ₹.10.00 each for cash as fully paid-up aggregating ₹.61,28,57,000.00. In the agreed proportion of 70:10:10:10 in accordance with JV Agreement dated 18.10.2006 to the below mentioned applicants in the following manner:

Name of allottees	No. of Equity Shares of ₹. 10 each.
GAIL (India) Limited	42899990
Numaligarh Refinery Limited	6128570
Oil India Limited	6128570
Govt. of Assam	6128570
<b>Total</b>	<b>61285700</b>

14. During the year, two equity calls amounting to ₹.317,08,00,000.00 have been issued to the promoters in the line with approved business plan against in the following manner:

Source	Equity calls raised on 06.05.2010	Equity calls raised on 15.02.2011	Amount received against equity call of 2010-11	Balance amount to be received
GAIL	160,30,00,000	81,73,00,000	160,30,00,000	81,73,00,000
OIL	22,88,00,000	11,70,00,000	22,88,00,000	11,70,00,000
NRL	22,88,00,000	11,70,00,000	22,88,00,000	11,70,00,000
GOA	0	5,89,00,000	0	5,89,00,000
<b>TOTAL</b>	<b>206,06,00,000</b>	<b>111,02,00,000</b>	<b>206,06,00,000</b>	<b>111,02,00,000</b>

15. The Capital Subsidy of ₹.7,96,73,00,000.00 (Previous Year ₹.3,16,31,00,000.00) has been received from the Government of India during the year by way of contribution towards the total capital outlay. Capital Subsidy is received for the project during construction and as such the same is utilized for making regular payments till the execution of the project. As no repayment are ordinarily expected, the same is recognized in the financial statement as Capital Reserve. As per directives from MOCF interest earned from parking of fund from the capital subsidy after netting of tax thereon is to be reduced from the Capital Subsidy sought from GOI. As such interest income of ₹.12,09,64,494.00 (interest of ₹.4,01,25,616.00 for 2010-11 and ₹.8,08,38,878.00 for the period from 2007-08 to 2009-10) has been treated in consonance with Capital Subsidy. An amount of ₹.5,02,42,054.00 of capital subsidy remains unutilized as on 31.03.2011.
16. As the interest income from parking of capital subsidy will be a capital receipt & hence not taxable in the hands of BCPL. So revised return for refund of income tax of ₹.2,77,12,793.00 and ₹.1,85,09,419.00 for the Financial Year 2008-09 and 2009-10 respectively has been filed with Tax Authority. In view of contingencies, a policy to account for the interest income by way of refund on receipt basis is being adopted as a disclosure. As the Assessing Officer is yet to pass the final Assessment Order, necessary adjustment in the books has not been carried out.
17. During the year an amount of ₹.2,83,00,00,000.00 was drawn from OIIB as loan as per the agreement entered into with the lenders.
18. The Company has received show cause notices from Sales tax authority on 07.01.2011 for levy of tax and penalty under Assam Entry Tax ACT 2008 towards nonpayment of entry tax on electrical cables and optical

fibre cable amounting to ` .1,15,06,097.00, which attracts penal action U/S 90 of Assam Value Added ACT 2003. The amount has been deposited under protest as this is contrary to the Exemption notification granted to BCPL. Necessary amendment to the exemption notification is being sought with retrospective effects as well as waiver of penalty. Penalty amount cannot be quantified at this stage.

19. Company has received intimation from Punjab National Bank that 4 No of STDRs of ` .50,00,00,000.00 (Denomination of ` .12,50,00,000.00 each) has been made inadvertently in current account, for which necessary reconciliation has been made as on 31.03.2011.
20. The expenditure ` .3,83,51,547.00 on leveling, clearing and grading of the land has been added to the cost of the particular buildings or other structures which stand on the particular land.
21. 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 ` .6,56,25,684.00 acquired by the company, but does not bestow upon the company the ownership of land and thus no amortization has been provided on the same. However cost of Right of use for ` .8,77,725.00 having useful life of 10 years is being amortized over the life of ROU. This is in the line of policy followed by GAIL.
22. An amount of ` .3,00,99,714.00 upto 31.03.2011 has been recognized as deferred revenue expenditure towards Incorporation expenses, CSR activities, Advertisement for development of public relation etc. of the Company to be amortized equally over period of five years from the year the plant is ready for commercial production.
23. The fees for the statutory auditors for the financial year 2010-11 has been fixed at ` .75,000.00 plus out of pocket expenses. (Previous Year ` .75,000.00 plus out of pocket expenses.)
24. STDRs amounting to ` .72,00,00,000.00 is kept as lien with PNB as on 31.03.2011 has been vacated with effect from 20.04.2011.
25. Term deposit amounting to ` .2,03,127.00 have been kept as security deposit (Refundable) for permission for laying pipelines with Public Works Department.
26. (a) Value of import calculated on CIF basis by company during financial year in respect of capital goods is ` .2,11,23,10,610.00 (previous year nil).  
(b) Expenditure in foreign currency includes the followings:
 

- Fess for Licensors (Net of TDS)	` .1,38,14,958.00
- Others (Net of tax where applicable)	` .1,88,28,29,191.00
27. During the year Gain on foreign currency fluctuation of ` .75,37,163.00 and ` .3,78,98,585.00 has been credited to CWIP - Capital Jobs and CWIP-Construction Stock (Material in Transit-Foreign) respectively. Loss on foreign currency fluctuation of ` .1,39,35,246.00 has been debited to CWIP - Construction Stock (Material in Transit-Foreign) during 2010-11.
28. Insurance claim of ` .1,98,517.00 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.
29. During the year Assets of ` .58,69,21,656.00 (Previous year ` .14,98,80,212.00) has been capitalized in books.
30. During the year position of material in transit & inspection are as follows :-
 

(a) Material in Transit - inland	` .19,17,71,429.00
(b) Material in Transit - imported	` .211,06,58,365.00
(c) Material under inspection	` .67,18,70,699.00

31. "Cash and Bank" balance as on 31.03.2011 includes "Cheque in Transit" of ₹ 4,99,00,000.00 on account of capital subsidy released by Govt. of India for 2010-11, which is received by BCPL on 02.04.2011.
32. The company has been incorporated and no commercial activity has been started from the date of incorporation 08.01.2007 to 31.03. 2011. Accordingly, no profit and loss account has been prepared. However, the necessary information as per Part-II of schedule VI to Companies Act' 1956 has been disclosed to the extent applicable in the statement of "Incidental Expenditure during Construction" forming part of financial statements.
33. Information as per Accounting Standard 18 as prescribed under Accounting Standard Rules, 2006 on Related Party Disclosures is given below:

**1. Name of related parties and description of relationship :**

<b>a) Holding Company :</b>	
Sl. No.	Name of the Related Party
1	GAIL (India) Ltd.
<b>b) Joint Owners :</b>	
1	Numaligarh Refinery Limited
2	Oil India Limited
3	Government of Assam
<b>c) Fellow Subsidiary Company :</b>	
1	GAIL Global (Singapore) Pte Ltd
2	GAIL Gas Ltd
<b>d) Associate Company :</b>	
1	Mahanagar Gas Limited
2	Indraprastha Gas Limited
3	Petronet LNG Limited
4	Bhagyanagar Gas Limited
5	Tripura Natural Gas Corporation Limited
6	Central UP Gas Limited
7	Green Gas Limited
8	Maharastra Natural Gas Limited
9	Ratnagiri Gas & Power Pvt. Ltd
10	Avantika Gas Limited
11	Shell Compressed Natural Gas
12	Gujarat State Electricity Generation Ltd
13	National Gas Company "Nat Gas"
14	Fayum Gas Company
15	China gas Holding Ltd
16	GAIL China Gas Global Energy Holding Ltd.



e) Key Management Personnel		
1	Mr. J.K. Singh Teotia	Managing Director
2	Mr. Rakesh Kumar	Finance Director
3	Mr. P.N. Prasad	COO

**2. Details of Transactions :**

Details	2010-11	2009-10
<b>a) Holding Company :</b>		
Expenditure incurred on Salary of employees on Deputation	645,77,983.00	6,39,73,132.00
Amount Paid towards purchase of assets	Nil	8,83,580.00
Equity Share Contribution	4289,99,900.00	1,84,32,50,430.00
Amount paid towards rental charges	42,09,653.00	54,04,292.00
Amount Outstanding in Current Liabilities & Provisions during the year	162,09,689.00	50,43,956.00
<b>b) Joint Owners :</b>		
Amount paid for infrastructure development for gas supply	432,09,000.00	8,11,89,162.00
Amount outstanding for infrastructure development for gas supply	23,94,89,034.00	4,32,09,000.00
Expenditure incurred on Salary of employees on Deputation	23,62,514.00	1,47,374.00
Equity Share Contribution	18,38,57,100.00	78,99,64,470.00
<b>c) Key Management Personnel</b>		
Remuneration to Directors	41,37,900.00	9,45,565.00
Amount Outstanding (Payable)	36210.00	198,851.00

34. During the year, the Company has recognized `60,28,127.00 in respect of "Employee Benefits" as Contribution to Provident Fund.
35. The Company is under construction stage and hence Accounting Standards-17 "Segment Reporting" of the Companies (Accounting Standard) Rules, 2006 is not applicable.
36. Previous year figures have been regrouped and rearranged wherever considered necessary to facilitate

*Sd/-*  
(S Venkatraman)  
Director

*Sd/-*  
(Rakesh Kumar)  
Director (Finance)

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

As per our separate Report of Even Date

For SANJOY K. DAS & CO.  
Chartered Accountants

*Sd/-*  
(Sanjoy K. Das)  
Proprietor  
Membership No 050691  
F.R.N. 312143E

Place: Guwahati  
Date: 19.05.2011

## Significant Accounting Policies

As at 31-03-2011

### SCHEDULE-14

#### 1. Basis for preparation of Financial Statements

##### a) Accounting Convention

The financial statements are prepared under the historical cost convention, ongoing concern concept, in accordance with the Generally Accepted Accounting Principles, the Provisions of the Companies Act, 1956 and in compliance with the Accounting Standards issued by the Institute of Chartered Accountants of India. Accounting policies not specifically referred to otherwise, are consistent and in consonance with the generally accepted accounting principles.

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

##### 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.

Intangible assets are recognized on the basis of recognition criteria as set out in Accounting Standard (AS) 26- 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**

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 Written Down Value (WDV) on pro-rata basis (Monthly pro-rata for bought out assets).

- i. Assets costing upto ` .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 not exceeding 99 years is amortized over the lease period.
- 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 will be amortized equally over period of 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 treated as deferred revenue expenditure and written off to revenue within a period of five years after the commencement of production.

### **3. Borrowing Costs**

Borrowing cost of the funds that are attributable to the acquisition or construction of qualifying assets are 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.

### **4. Foreign Currency Transaction**

- a) Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction.
- b) All exchange differences are dealt as per Accounting Standard 11 and schedule VI requirements of the Companies Act' 1956.
- c) 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 year end.
- d) 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).
- e) Any gains or loss arising on account of exchange difference either on settlement or on translation is accounted for.

## 5. 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.

## 6. Capital Grants

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

## 7. 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.

## 8. Employees 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.

## 9. Preliminary Expenses

The qualifying preliminary expenditure incurred in connection with the setting up of the business and the new industrial unit are amortized equally over period of five years after plant is ready for commercial production.

## 10. Provisions, Contingent Liabilities and 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 ` .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.

### 11. Taxes on Income

- a) Provision for Tax during the construction period is made on interest earned on investments during the construction period, which, is treated for tax purposes as " Income from other Sources". Such provision has been debited under the head IEDC-Interest on STDRs.
- 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.

### 12. 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.

### 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/-*  
(S Venkatraman)  
Director

*Sd/-*  
(Rakesh Kumar)  
Director (Finance)

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

As per our separate Report of Even Date

For SANJOY K. DAS & CO.  
Chartered Accountants

*Sd/-*  
(Sanjoy K. Das)  
Proprietor  
Membership No 050691  
F.R.N. 312143E

Place: Guwahati  
Date: 19.05.2011

## Cash Flow Statement for the period ended 31-03-2011

	` in Lakhs 2010-11	` in Lakhs 2009-10
<b>A. CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASES OF FIXED ASSETS	(5,869.22)	(116.54)
CAPITAL WORK-IN-PROGRESS	(133,614.99)	(45,359.79)
INCIDENTAL EXPENSES DURING CONSTRUCTION	(5,032.40)	(2,763.42)
DEFERRED REVENUE EXPENDITURE	(45.28)	
CURRENT ASSETS LOANS AND ADVANCES	(3,154.29)	(4,243.68)
INTEREST RECEIVED	631.61	523.55
CURRENT LIABILITIES & PROVISIONS	20,640.50	3,283.65
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(126,444.07)</b>	<b>(48,676.23)</b>
<b>B. CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM ISSUE SHARE CAPITAL	—	—
PROCEEDS FROM LOANS	28,300.00	5,000.00
PROCEEDS FROM ADVANCE AGAINST SHARE CAPITAL FROM NRL , OIL , GAIL(INDIA) LTD & GOVT OF ASSAM	24,896.00	14,500.00
PROCEEDS FROM CAPITAL SUBSIDY FROM GOVT OF INDIA	80,882.64	31,631.00
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>134,078.64</b>	<b>51,131.00</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A+B)</b>	<b>7,634.57</b>	<b>2,454.77</b>
<b>OPENING CASH AND CASH EQUIVALENTS</b>	<b>14,827.32</b>	<b>12,372.55</b>
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>22,461.89</b>	<b>14,827.32</b>
Notes :		
Cash and cash equivalent include		
Bank Balances as per Balance Sheet	3,459.86	177.32
STDs as per Balance Sheet	19,002.03	14,650.00
Total cash and cash equivalents	22,461.89	14,827.32

Sd/-  
(S Venkatraman)  
Director

Sd/-  
(Rakesh Kumar)  
Director (Finance)

Sd/-  
(Ruli Das Sen)  
Company Secretary

As per our separate Report of Even Date

For SANJOY K. DAS & CO.  
Chartered Accountants

Sd/-  
(Sanjoy K. Das)  
Proprietor  
Membership No 050691  
F.R.N. 312143E

Place: Guwahati  
Date: 19.05.2011

## Balance Sheet Abstract and Company's General Business Profile For the year ended 31-03-2011

**I Registration Details**

Registration No.	008290
Balance Sheet Date	31.03.2011

State Code	02
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**II Capital Raised During the year (` In lakhs)**

Public Issue	Nil
Bonus issue	Nil

Right issue	Nil
Private Placement	24,896.00

**III Position of Mobilization and Deployment of Funds (` in lakhs)**

Total Liabilities	215,999.05
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Total assets	215,999.05
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**Sources of funds**

Paid-up capital	32,465.73
Advance against share capital	23,976.99
Secured Loans	33,300.00
Deferred tax Liability	Nil

Reserves and surplus	126,256.33
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Unsecured Loans	Nil
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**Application of funds**

Net Fixed assets	217,469.51
Net current assets	(1,771.46)
Accumulated Loss	Nil

Investment/advance for investment	
Misc. Expenditure	301.00

**IV Performance of the Company**

Turnover	Nil
Profit/Loss before tax	Nil
Earnings per Share (`)	Nil

Total Expenditure	Nil
Profit/Loss after tax	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/-*  
(S Venkatraman)  
Director

*Sd/-*  
(Rakesh Kumar)  
Director (Finance)

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

As per our separate Report of Even Date

For SANJOY K. DAS & CO.  
Chartered Accountants

*Sd/-*  
(Sanjoy K. Das)  
Proprietor  
Membership No 050691  
F.R.N. 312143E

Place: Guwahati  
Date: 19.05.2011

## 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 Brahmaputra Cracker & Polymer Limited, Guwahati for the year Ended 31 March 2011.

The preparation of financial statement of Brahmaputra Cracker & Polymer Limited, Guwahati for the year ended 31 March 2011 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 Auditing and Assurance Standards 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 19-05-2011.

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 Brahmaputra Cracker & Polymer Limited, Guwahati for the year ended 31 March 2011. This Supplementary audit has been carried out independently 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 Auditors' Report under Section 619(4) of the Companies Act, 1956.

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

Sd/-

(Nandana Munshi)

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

Date: 7<sup>th</sup> June 2011

Place: Kolkata





### FORM OF PROXY

I/We \_\_\_\_\_ of  
 \_\_\_\_\_ in the district of  
 \_\_\_\_\_ being a member/members of the above named  
 Company, hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_ or failing him / her \_\_\_\_\_ of  
 \_\_\_\_\_ as my /our proxy to vote for me /us on  
 my /our behalf at the fourth Annual General Meeting of the Company to be held  
 on the \_\_\_\_\_ at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Affix Revenue Stamp Re.1/-
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