



# ANNUAL REPORT

2018-2019



ब्रह्मपुत्र क्रैकर एंड पॉलिमर लिमिटेड  
(भारत सरकार का उपक्रम)

**Brahmaputra Cracker and Polymer Limited**  
(A Government of India Enterprise)



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



**Dr. Ashutosh Karnatak**  
*Chairman*  
(w.e.f. 01.08.2019)



**Shri B C Tripathi**  
*Chairman*  
(up to 31.07.2019)



**Shri A K Singh**  
*Managing Director*



**Shri O P Tailor**  
*Director (Finance)*  
(up to 30.06.2018)



**Shri Pruthiviraj Dash**  
*Director (Finance)*  
(w.e.f. 11.10.2018)



**Shri R K Dutta**



**Shri Ravi Capoor, IAS**



**Smt. Aparna S Sharma**



**Shri Subir Purkayastha**  
(up to 16.12.2018)



**Smt. R S Borah**  
(up to 28.02.2019)



**Shri S K Barua**



**Shri Manoj Jain**  
(w.e.f. 17.12.2018)



**Dr. Chitralekha Mahanta**  
(up to 08.06.2019)



**Shri Pranjit Deka**  
(w.e.f. 01.07.2019)



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**Corporate Identity No. (CIN)**

U11101AS2007GOI008290

**Bankers**

**State Bank of India**

- Corporate Accounts Group-II,  
4th & 5th Floor,  
Redfort Capital Parsvnath Towers,  
Bhai Veer Singh Marg,  
Gole Market, New Delhi- 110001
- Lepetkata Branch,  
PO- Barbaruah, Dibrugarh- 786007

**Statutory  
Auditors**

M/s Bhawani Sharma & Co.  
Chartered Accountants  
S S Road, Lakhtokia, Near Sahida  
Market, Guwahati-781001, Assam

**Internal  
Auditors**

M/s Batliboi & Purohit  
Chartered Accountants  
National Insurance Building  
204, Dadabhoy Naoroji Road  
Fort, Mumbai-400001

**Secretarial  
Auditors**

M/s Narayan Sharma & Associates  
Master Enclave, Udayachal Path  
Christian Basti, Guwahati-781005

**Cost  
Auditors**

M/s Subhadra Dutta & Associates  
House No. 29, Krishnanagar,  
Chandmari, Guwahati 781003

**Registered Office**

House No. 6, Bhuban Road,  
Uzanbazar, Guwahati,  
Assam- 781001

**Project Site Office**

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



## **NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of the Company will be held on Friday, the 20th day of September, 2019 at 3.00 p.m. at Hotel Vivanta by Taj, G. S. Road, Khanapara, Guwahati 781022 to transact the following business-

### **As Ordinary Business**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2019, the Profit and Loss Account for the year ended on that date, the Board's Report, the Statutory Auditors' Report and the comments of the Comptroller & Auditor General of India thereon.
2. To appoint a Director in place of Shri R K Dutta (DIN 00205669) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri S K Barua (DIN 06503943), who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt Aparna S Sharma (DIN 07798544) who retires by rotation, and being eligible, offers herself for re-appointment.
5. To authorise the Board of Directors of the Company to fix the remuneration of the Statutory Auditors for the financial year 2019-20 in terms of the provisions of Section 142 of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and to pass the following resolution, with or without modification, as an Ordinary Resolution:

***"RESOLVED THAT** the Board of Directors of the Company be and is hereby authorised to fix the remuneration of the Statutory Auditors as appointed by the Comptroller and Auditor General of India for the financial year 2019-20."*

### **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 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Pruthiviraj Dash (DIN 08253888), who was appointed as an Additional Director w.e.f. 11.10.2018 be and is hereby appointed as a Director of the Company, not liable to retire by rotation."*

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

***"RESOLVED THAT** in accordance with the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Manoj Jain (DIN 07556033), who was appointed as an Additional Director w.e.f. 17.12.2018 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** pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) remuneration amounting to Rs. 55,000/- (Rupees Fifty-five Thousand only) plus applicable tax & re-imbursment of travelling and out-of-pocket expenses at actual payable to M/s Subhadra Dutta & Associates, appointed by the Board of Directors for conduct of cost audit of the cost records of the Company for the financial year 2019-20, be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and take all such steps as may be necessary to give effect to this resolution.”

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

**“RESOLVED THAT** in accordance with the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Pranjit Deka (DIN 08497574), who was appointed as an Additional Director w.e.f. 01.07.2019 be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

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

**“RESOLVED THAT** in accordance with the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Dr Ashutosh Karnatak (DIN 03267102), who was appointed as an Additional Director w.e.f. 01.08.2019 be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

Dated : 19<sup>th</sup> August, 2019

Place : Guwahati

By Order of the Board

Sd/-

(Ruli Das Sen)

**Company Secretary**

## Notes

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.

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

In case of corporate shareholders proposing to participate at the meeting through their representative, necessary authorisation under Section 113 of the Act for such representation may be forwarded to the Company.



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

### ***Agenda No. 6***

Shri Pruthiviraj Dash was appointed as Director (Finance) of the Company vide Ministry of Chemicals and Fertilizers order No. 45012/5/2012-PC-I dated 09.10.2018 for a period of five years from the date of assumption of charge of the post or till the date of his superannuation or until further orders, whichever is earliest. Shri Pruthiviraj Dash (DIN 08253888) aged 51 years was inducted as an Additional Director w.e.f. 11.10.2018 till the conclusion of this Annual General Meeting and assumed charge as Director (Finance) and Chief Finance Officer of the Company w.e.f 11.10.2018.

A Commerce graduate and a Chartered Accountant, after a short stint with Radiant Electronics Ltd., Shri Pruthiviraj Dash made his foray into the public sector by joining Bharat Dynamics Limited (BDL), a CPSE under Ministry of Defence where he was involved in various functions of finance including foreign payments, capitalization of assets etc. After gaining significant experience in BDL he joined Bharat Earth Movers Ltd. (BEML) heading the team of Marketing Finance and looking after a broad range of assignments. After joining BCPL on 07.10.2011 he was entrusted with numerous challenging tasks including cost revision of project, financial closures, project financing and treasury management. He played a key role in arranging funds to meet the project expenses and gained huge experience in corporate finance in the Company and has also ensured implementation of several crucial systems and policies in the finance department.

He does not hold any shares in the Company and is eligible for remuneration as per terms and conditions of appointment issued by the Government of India. He does not hold any directorship/membership in the Board of any other Company and is not related to any Director or other key managerial personnel of the Company.

The Company has received a Notice under section 160 of the Companies Act, 2013, proposing the candidature of Shri Pruthiviraj Dash as a Director of the Company.

Your Directors recommend the resolution for his appointment as Director not liable to retire by rotation, for approval of the shareholders. None of the Directors, key managerial personnel or their relatives, except Shri Pruthiviraj Dash is interested in this resolution.

### ***Agenda No. 7***

Shri Manoj Jain, Director (Business Development), GAIL (India) Limited (GAIL), was nominated by GAIL vide letter no. ND/GAIL/SECTT/18 dated 17.12.2018 as Director on the Board of Directors of the Company in the vacancy caused by superannuation of Shri Subir Purkayastha. Shri Manoj Jain holding DIN 07556033 and aged 56 years, was inducted as an Additional Director w.e.f. 17.12.2018 till the conclusion of this Annual General Meeting.

A Mechanical Engineer with MBA in Operations Management, Shri Manoj Jain possesses rich and diverse experience encompassing more than 32 years with GAIL (India) Limited in the areas of Projects, O&M, Petrochemicals, Pipeline, Integrity Management and Marketing which has allowed him to gain insight and knowledge across multiple business units and functional areas. Before being appointed as Director (Business Development) of GAIL, he was responsible for Gas Marketing activities in his role as Executive Director (Marketing-Gas). He has also spearheaded the installation and commissioning of BCPL's petrochemical complex at Lepetkata, Assam as Chief Operating Officer. Shri Manoj Jain also worked in Operation and Maintenance at GAIL's corporate level for a number of years and his experience includes managing logistic of Gas business with the perspective of Operation and Management of all pipelines of company and in the process played a significant role in establishing the National Gas Management Centre (NGMC) and systems and procedures for transmission and marketing of comingled gases.

He does not hold any shares in the company and besides being on the GAIL Board is currently Chairman of



Konkan LNG Private Ltd., GAIL Global (USA) Inc and GAIL Global (USA) LNG LLC. He is not related to any Director or other key managerial personnel of the Company.

The Company has received a Notice from a member under section 160 of the Companies Act, 2013, proposing the candidature of Shri Manoj Jain as a Director of the Company.

Your Directors recommend the resolution for his appointment as Director liable to retire by rotation, for approval of the shareholders. None of the Directors, key managerial personnel or their relatives, except Shri Manoj Jain is interested in this resolution.

### ***Agenda No. 8***

Pursuant to section 148 and other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and as recommended by the Audit Committee of the Board, the Board of Directors of the Company has approved the appointment of M/s Subhadra Dutta & Associates, Cost Accountants (Registration No. 000223) as Cost Auditors to conduct audit of the cost records of the Company for the financial year 2019-20 for a professional fee of Rs. 55,000/- (excluding applicable tax). Travelling and out of pocket expenses will be reimbursed at actuals. Accommodation at guest house and local travelling will be provided by BCPL.

The firm has vast experience in cost audit including cost audit assignments in public sector enterprises.

Pursuant to Rule 14 of the Companies (Audit and Auditors) Rules, 2014 the remuneration of the Cost Auditors recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders and accordingly consent of the shareholders is sought for ratifying the remuneration of the Cost Auditors appointed by the Board of Directors for conduct of cost audit for the financial year 2019-20.

Your Directors recommend the resolution for approval of the shareholders. None of the Directors, key managerial personnel or their relatives is concerned /interested in terms of Section 184 of the Companies Act, 2013, in the proposed resolution.

### ***Agenda No. 9***

Shri Pranjit Deka, Resident Chief Executive, Oil India Limited (OIL), was nominated by OIL vide letter no. OIL/SEC/37/BCPL dated 18.06.2019 as Director on the Board of Directors of the Company in the vacancy caused by superannuation of Mrs Rupshikha Saikia Borah. Shri Pranjit Deka holding DIN 08497574 and aged 59 years, was inducted as an Additional Director w.e.f. 01.07.2019 till the conclusion of this Annual General Meeting.

A Civil Engineer by profession with a degree in Management (HR) and a Certified Petroleum Manager, Shri Pranjit Deka has been working in Oil India Limited since 1983. As Resident Chief Executive, Shri Deka is the overall in-charge of the main producing area, Oil India Ltd. in northeast India and accountable for all exploration and production and related activities. Shri Deka was conferred with the "Pride of Assam" award for his exemplary contribution and excellence in the field of human resource in 2018. He is also holding the position of Chairman, Assam chapter of NIPM.

He holds ten equity shares in the Company and does not hold any directorship/membership in the Board of any other Company and is not related to any Director or other key managerial personnel of the Company.

The Company has received a Notice under section 160 of the Companies Act, 2013, proposing the candidature of Shri Pranjit Deka as a Director of the Company.

Your Directors recommend the resolution for his appointment as Director liable to retire by rotation, for approval of the shareholders. None of the Directors, key managerial personnel or their relatives, except Shri Pranjit Deka is interested in this resolution.



### **Agenda No. 10**

Dr Ashutosh Karnatak, Chairman & Managing Director and Director (Projects) GAIL (India) Ltd. (GAIL), was nominated by GAIL vide letter No. ND/GAIL/SECTT/2019 dated 02.08.2019 as Chairman on the Board of Directors of the Company w.e.f. 01.08.2019 in the vacancy caused by the completion of tenure of Shri B C Tripathi. Dr Ashutosh Karnatak holding DIN 03267102 and aged 59 years, was inducted as an Additional Director and Chairman w.e.f. 01.08.2019 till the conclusion of this Annual General Meeting.

An Electrical Engineering alumni of HBTI, Kanpur Dr. Ashutosh Karnatak is a post graduate from IIT, Delhi and is also a Fellow Doctorate of UPES, Dehradun. He carries a rich experience of over 37 years in the hydrocarbon sector and assumed charge of C&MD, GAIL on 01.08.2019. He is also concurrently serving as Director (Projects), since March, 2014. A multi-talented personality and a keen academic, Dr. Karnatak has authored several books on a range of topics including project management, Oil & Gas and self-development. He is proponent of movement called PI-CI-PI (Positive India-Competitive India - Projectised India). A lifelong career dedicated to developing large scale infrastructure projects he has acquired hands-on expertise in Contract Negotiation & Management and Conflict resolution. He has also developed an innovative Project Monitoring and Controlling technique called 'Arjuna - (MC4E2)e and also a capability building model named 'BeDoPe'.

He is actively involved in spreading wellbeing in the society through sustainable and impactful actions in resources, energy, environment, education and health.

He does not hold any shares in the Company and besides being on the GAIL Board is currently Chairman of GAIL Gas Ltd. and Mahanagar Gas Ltd. and Director of Petronet LNG Ltd. He is not related to any Director or other key managerial personnel of the Company.

The Company has received a Notice under section 160 of the Companies Act, 2013, proposing the candidature of Dr Ashutosh Karnatak as a Director of the Company.

Your Directors recommend the resolution for his appointment as Director liable to retire by rotation, for approval of the shareholders. None of the Directors, key managerial personnel or their relatives, except Dr Ashutosh Karnatak is interested in this resolution.

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



## Chairman's Statement



### Dear Shareholder,

It gives me immense pleasure to share that your Company has made remarkable progress in the last fiscal, achieving its maiden profit and witnessing a consistent increase in its market share of Polymer. Your Company has made commendable inroads in the local market with a market share of about 65% in the north-eastern region where 10.29% of its products were sold. Brahma-Pol and Brahma-Lene product range has gained wide acceptance across the length and breadth of the country. The economics of the Plant is heavily dependent on the prices of Polymer, Naphtha and Natural Gas. Challenges of rising feedstock prices and dipping Polymer prices notwithstanding, your Company saw excellent operational performance with an average capacity utilisation of 107% and improvement in credit rating to AA.

The year under review has been a year of firsts. Supported by the strong marketing network of its holding company, GAIL (India) Limited, your Company earned a net profit of ₹69.37 crore from a turnover of ₹2676.93 crore marking the beginning of a promising innings. The first export consignment to neighbouring Bangladesh was flagged off on 8<sup>th</sup> May, 2018. In a major move to address concerns in

sourcing of co monomer Butene-1, your Company has for the first time lined up bulk import of the raw material on spot basis, with the first shipment arriving at the Pipavav port in July, 2018. In a praiseworthy achievement, your Company bagged some prestigious awards on the environment, safety and HR fronts. With developments such as these it can be safely said that your Company is well on its way on the growth curve producing over its rated capacity and heralding a profit regime. I congratulate Team BCPL for these achievements in the face of various challenges.

Due to constraints faced by the promoter-suppliers, your Company has been facing various challenges related to feedstock supply. However alternative measures have been taken for procurement of Naphtha, Butene-1 and Propylene and your Company is in active discussion with private natural gas producers like M/s Hindustan Oil Exploration Company (HOEC) and M/s Oilmax Energy Pvt. Ltd. for additional gas infusion. With your plant running at above 100% capacity, there has been sufficient generation of cash to meet the operations during the year. In another encouraging development, approval from the administrative ministry for the proposed investment in a Butene-1 and 2<sup>nd</sup> Stage



Hydrogenation of Pyrolysis Gasoline plant at Lepetkata, Assam at a project cost of ₹386 crore, is expected shortly. This new project once executed will yield value added products and by-products leading to realisation of better margins and product slate. The management has made commendable efforts in conjunction with the various stakeholders to ring in favorable changes and these efforts are gradually bearing fruit. Your Company has achieved targets across major parameters viz. production, sales, reduction in specific energy and HR as per internal evaluation of MoU performance for the financial year under review.

Investment made by Government of India in your Plant has provided a positive change in the business environment in the northeast region. Capital Subsidy of ₹200 crore was released during the year. Growth and development of this region will set the platform for implementation of Government's Act East Policy. The region shares its boundary with China, Myanmar, Bangladesh, Nepal and Bhutan and is the ideal gateway for India to penetrate the South East Asia market. Employing approximately 650 permanent employees and 2600 contractual manpower your Company has not only provided employment opportunities but also contributed to skill development of the local populace who have been working in the plant.

Having stepped into the profit regime, your Company is now preparing to explore possibilities for product diversification and expansion in the near future, which will increase its market hold and margins. The consignment stockist appointed at Guwahati has enabled maximising sale of BCPL products in the region. The focus is now on establishing a strong presence in the northeast region and to build a name and brand image to

reckon with in the petrochemical sector. The employees have joined hands with the management to overcome numerous odds and have successfully steered the organisation through rough patches towards growth and a promising future not only for your Company but the region as a whole.

Despite working capital constraints your Company has contributed to the welfare of the community, albeit in a humble way, with various development initiatives around its installation in coordination with the district administration with the aim of complementing the government initiatives and projects and to improve the lot of the general public. Special care has been taken to further the cause of the Government's ambitious Swachh Bharat Abhiyan for a cleaner nation. In the coming years, your Company has every intention of fulfilling its societal responsibilities under CSR in a befitting manner commensurate with resource generation.

The management of your Company has complied with the corporate governance standards in letter and in spirit and your Board of Directors stands firm on the objective of enhancing stakeholder value through transparent governing practices. A report on corporate governance forms part of this Annual Report.

On behalf of your Company, I extend my heartfelt thanks to the Government of India and Government of Assam as well as the promoter institutions - Oil India Limited, Numaligarh Refinery Limited and GAIL (India) Limited for their incessant and valuable support through the incredible journey that has brought your Company to its present juncture heralding success and growth and a myriad opportunities for the people of the north east region.

Sd/-

(B C Tripathi)  
**Chairman**

Dated : 31<sup>st</sup> July, 2019  
Place: New Delhi



## **Directors' Report**

### ***Dear Shareholders,***

On behalf of the Board of Directors, I am pleased to present the Twelfth Annual Report of the Company containing the audited financial statements for the year ended 31st March, 2019.

### ***Plant Operations and Status.***

I am pleased to share that the plant is now fully stabilised surpassing the design efficiency benchmarks and your Company has achieved targets across major parameters viz. production, sales, reduction in specific energy and HR as per internal evaluation of MoU performance for financial year 2018-19. Challenges related to feedstock supply affecting capacity utilisation continue and there has been a constant endeavour to overcome them through various alternative measures for procurement of Naphtha, Butene-1 and Propylene for ensuring stable and sustained operation of the plant. Overcoming a major concern regarding sourcing of co monomer Butene-1, your Company has for the first time lined up bulk import of the raw material on spot basis, with the first shipment arriving at the Pipava port in July, 2018. The process for setting up of a Butene-1 and 2nd Stage Hydrogenation of Pyrolysis Gasoline plant at Lepetkata, Assam at a cost of Rs. 386 Cr was initiated, the investment aiming at ensuring value added products and by-products leading to realisation of better margins and product slate in the times to come. Approval from the nodal administrative ministry for the proposed investment is expected shortly. A Coordination Committee of stakeholders formed to sort out the problems being faced by your Company has also reviewed the feedstock supply situation from time to time. The concerted efforts have resulted in improvement in feedstock supply situation in the current year as compared

to previous years. Additionally, to improve the viability of existing operations by way of additional gas infusion, your Company is in active discussion with private natural gas producers like M/s Hindustan Oil Exploration Company (HOEC) and M/s Oilmax Energy Pvt. Ltd. These challenges notwithstanding, your Company has started generating operating profits from FY 2017-18 onwards and witnessed remarkable improvement in capacity utilisation to 107% during the year under review from 78% during 2017-18 and 37 % during 2016-17. With your plant operating at more than 100% capacity, there has been sufficient generation of cash to meet its operation during the year.

Post commissioning and subsequent stabilisation of the plant, various measures have been taken to optimize energy consumption. Several schemes have been undertaken for reduction of losses, emission, blow down, etc. for hydrocarbon & utilities in different process units, utility & offsite facilities. Your Company has been enlisted as a designated consumer under PAT (The Perform Achieve Trade) scheme vide statutory notification 1409(E) (dated 28th March 2018) according to which target specific energy consumption (SEC) as per BEE norms are to be 1.34 tonne of oil equivalent (TOE)/ MT by 2020-21. Mandatory Energy Audit of the plant under PAT scheme has been carried out by PCRA (Petroleum Conservation Research Association) and HAZOP study of the plant has been also conducted for the first time post commissioning of the plant to ensure safe and sustained operation.

Approximately 2.9 lakh MT of Polymers and 61.7 thousand MT liquid hydrocarbon were produced during the year and the products were marketed to the downstream industries in accordance with the marketing arrangement with GAIL with



Polymer sales of 3.07 lakh MT. Your Company is also committed to prioritize Polypropylene sales in the northeast region to ensure that there is no dearth of raw materials in the region and also to increase its market share of Polymer sales in the northeast. To minimize the import bill of the country which is also an action plant under CPSE conclave, your Company has initiated action to develop indigenous vendors for procurement of chemicals/catalyst.

It is heartening that your Company has not only generated direct and indirect employment but more importantly the project has also brought a positive change in the industrial climate of Assam. Huge numbers of local population were employed in the project during construction stage and many of them are still working in the complex. There has been significant change in the commercial environment around the vicinity of the plant which has benefitted from a resultant and complete ecosystem of economic activities sustained by the project.

Some of the important milestones achieved during the financial year 2018-19 are as below:

- Excellent MOU target of total Polymer production (232,974 MT) was achieved on 28th January, 2019.
- Credit Rating of CRISIL improved from A+ to AA- and Acuite Ratings has assigned AA rating.



First export consignment of Polymer

- Export of Polymers to Bangladesh was started in May, 2018.
- Import of major raw material (Butene- 1) was initiated.



Unloading of Butene-1 at Pipava port

- BCPL Laboratory was accredited in accordance with latest NABL standard.
- Five additional battery operated Forklift Trucks were procured to facilitate timely delivery of final products to customers.
- A Mobile Hot Flare System was commissioned successfully at SV-2 on 23rd August 2018 for Lakwa-Lepetkata Pipeline. The system works as an emergency evacuation system with designed flaring capacity of 5MT/hr.
- Polymer Powder Bagging Machine has been installed and commissioned successfully in LLDPE/HDPE Unit.
- Your Company bagged some prestigious awards on the environment, safety and HR fronts.

### **Health Safety and Environment (HSE)**

Safety of man and machine is given paramount importance and your Company is steadfast in its resolve to ensure safe operation of the plant. A Committee of the Board on Health Safety &



Environment monitors the compliance of safety guidelines & statutory requirements and relevant issues are regularly being placed before it. The HSE Policy has been displayed at various locations in the plant and Safety Boards and Safety Posters have been installed in the plant premises. Onsite Emergency Plan, Safety Management System etc. are in place. Regular training on Fire & Safety is being conducted along with various awareness programmes for the employees and their family, CISF security personnel and contract workers. Monthly Safety Day is being observed in all units on the 10th of every month to promote awareness on HSE aspects across the organisation and to develop a mindset of safety consciousness at all times.

Internal Safety Audits are carried out on half yearly basis and External Safety Audits are conducted every year for all the installations of your Company. Onsite mock drills are being conducted once in a quarter to check effectiveness of emergency management system. Offsite mock drill is being conducted once in a year to assess the preparedness of emergency management system and coordination of BCPL, District Administration and Mutual Aid Member organizations to effectively control the emergency situation.

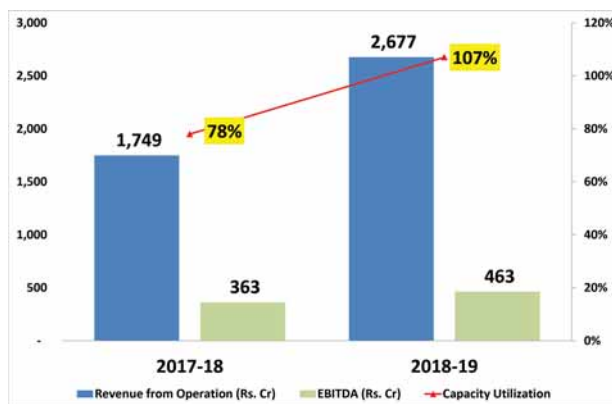
In a commendable achievement, your Company has bagged the prestigious *17<sup>th</sup> Annual Greentech Safety Award 2018 (Platinum Category)* in the Petrochemical Sector on 16th November 2018.

## Financial Summary

During the financial year 2018-19, the Company has earned a net profit of ₹69.37 crore from a turnover of ₹2676.93 crore. The financial performance of the company in 2018-19 as compared to 2017-18 is summarized below:

₹ in crore

	2018-19	2017-18
Revenue from Operation	2,676.93	1,704.90
Other Income	43.80	57.22
Total Income	2,720.73	1,762.12
Total Expense	2,257.34	1,399.52
EBITDA	463.39	362.60
Less: Interest Cost	264.69	278.89
Less: Depreciation	386.65	387.83
Add: Deferred revenue from Capital Subsidy	197.51	172.88
PBT	9.56	-131.24
Tax Expense		
- Current Tax	-	0.45
- Deferred Tax	-59.81	-51.30
PAT	69.37	-80.39



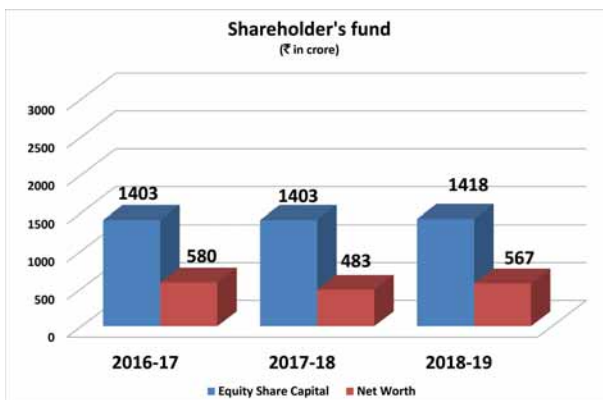
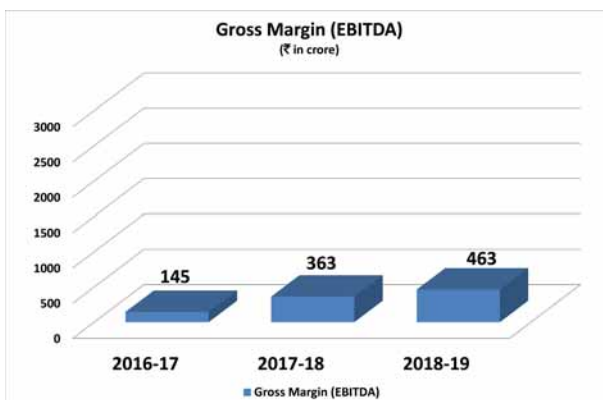
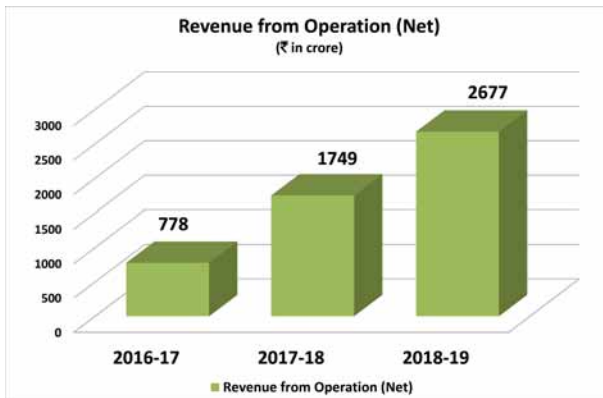
The financial position of the Company by end of the year under review is as under:

₹ in crore

	2018-19	2017-18
Net Fixed Asset	7,505.35	7,812.84
Borrowings (Long Term)		
- OIDB	1,204.50	1,321.88
- SBI	1,617.83	1,657.90
Borrowings (Short Term)		
- SBI	-	250.00
- Cash Credit (SBI)	134.95	217.30
Borrowings (Inter-Corporate Loan)		
- GAIL	200.00	-
Paid Up Equity	1,417.67	1,402.80
Reserves & Surplus	-850.72	-919.70
Net Worth	567.34	483.10



## Key Financial Highlights



The CCEA while approving the Assam Gas Cracker Project (AGCP) in 2006, inter alia, accorded approval for feedstock subsidy of ₹908.91 crore for the project spread over 15 years operation period. The CCEA in November, 2011 approved the revised cost estimate of ₹8920 crore for setting up of the AGCP and the gas price considered in the approval was ₹4100/TSCM which was equivalent to the North East

Concessional Price i.e. 60% of the NER market price. The requirement of feedstock subsidy for the project was also deliberated by an Inter-Ministerial Committee (IMC) in 2013 and 2016 and the Committee recommended for in-principle approval of feedstock subsidy.

Just after the commissioning the plant was beset with several newer challenges, not envisaged during approval stage, like inadequate feedstock supply by OIL and NRL. Despite the challenges, the plant operated above 100% capacity in 2018-19 ensuring highest level of operational efficiencies. Keeping in view the considerations of CCEA and problem faced by the plant just after commissioning regarding inadequate feedstock supply by OIL and NRL, the Department of Chemicals and Petrochemicals has not only set up a Coordination Committee to resolve feedstock issues but also moved a fresh CCEA proposal which among other things seeks financial support to ensure viability of the plant through feedstock subsidy. The proposal is under active consideration of the Government of India.

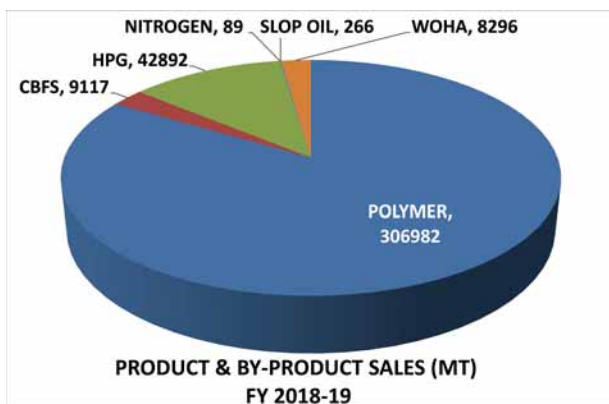
To meet the cash flow mismatch due to losses suffered in initial years, BCPL had availed short term unsecured loan of ₹250 crore from SBI in February, 2017 and the same was due for repayment in February, 2018. The loan was rolled over for one more year and the same was again due in February, 2019. The situation of cash gap was reviewed by all the promoters and GAIL sanctioned an Inter-Corporate Loan of ₹200 crore to BCPL with a tenure of 5 years. BCPL took drawal of loan on 20<sup>th</sup> February, 2019 and the loan of SBI was repaid. Further, Capital Subsidy of ₹200 crore was received during the year.

No material changes and commitments affecting the financial position of the Company have occurred since 31<sup>st</sup> March, 2019 till the date of this report.



## Marketing

With GAIL India Limited, the holding company as the sole marketer, the products & by-products of your Company are sold in the north eastern region and beyond to West Bengal, Jharkhand, Bihar, Uttar Pradesh, Delhi, Orissa, Andhra Pradesh, Telengana, Tamil Nadu. In accordance with the marketing arrangement with GAIL, the products are being marketed to the downstream industries and it is encouraging that the market share of your Company is steadily increasing.



During the year under review a total quantity of 306982 MT of Polymer, 42892 MT of HPG, 9117 MT of CBFS, , 8296 MT of WOHA, 266 MT of Slop Oil and 89 MT of Nitrogen was despatched to various locations in the country, generating a total sales turnover of ₹2676.93 crore. Polymer sales during the fiscal, was 1.49 times higher than in the financial year 2017-18. Total 31549 MT material was sold in the northeast region catering to the PE (film & roto) and PP (raffia, injection & TQ-film) consumers.

In all, 41 consignment stockists have been appointed across various locations in the country including the northeast, for marketing your Company's products which are competitive in terms of quality and price and well accepted in the market. With 65% market share of Polymer in the northeastern region, the consumption of your Company's products in the region has been steadily increasing. The percentage sale of

Polymers in the northeastern region was 10.29% during FY 2018-19.

Your Company's market share of Polymer in the northeast region is as below:

PP Raffia - 90% to 95%

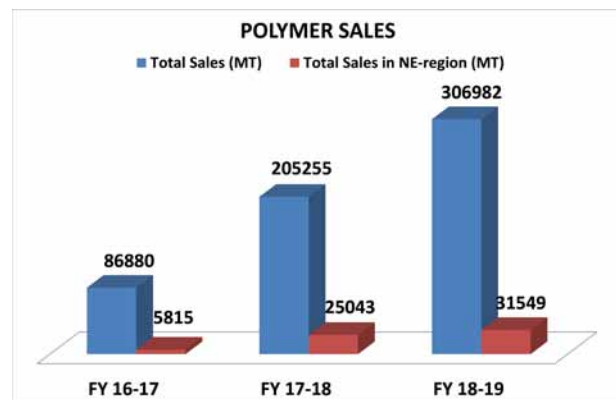
PP Injection Moulding - 90%

PP TQ Film - 95%

LL Film - 80% to 85%

LL Roto Moulding - 60% to 70%

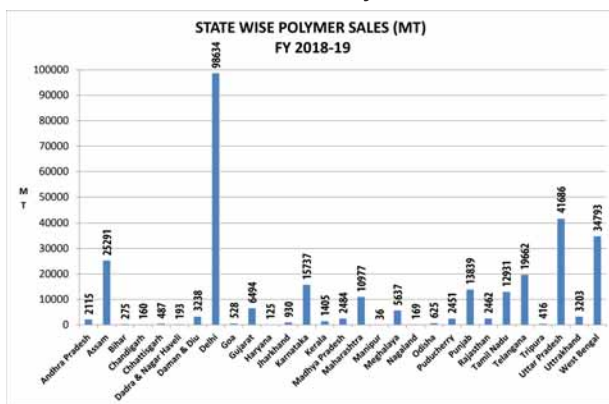
Your Company has entered some markets in Thermoforming sector, by encouraging the producer to use PP Raffia and PP injection in some quantity, currently, selling 70-80 MT Polymer per month in thermoforming sector.



The major highlights of marketing activities during the financial year 2018-19 are as below:

- 1st Export consignment was sent to neighbouring country Bangladesh on 8<sup>th</sup> May, 2018 with total 740MT Polymer exported to the Bangladesh market in FY 2018-19.
- Highest monthly sale of 32804 MT of Polymer was achieved during the month of August, 2018.
- Highest HPG sale of 5714.81 MT was achieved in a single month with highest revenue of ₹22 crore earned in a single month through HPG sale. Reliance India Limited has also associated with your Company as a key customer for purchase of HPG.

- An all India Consignment Stockist Meet was held on 8th & 9th February, 2019 at Dibrugarh.
- Dispatch of Polymer through railway rake was successfully carried out in the month of June, 2018 with about 490MT of Polymer dispatched to consignment stockist in Kolkata in collaboration with M/s Concor. This is an alternate route for dispatch of Polymer tried out in an effort to build high volume dispatch channel to earmarked locations in the future keeping in the view cost effectiveness and lead time.
- Although PP Raffia grade (WH034N) was being produced since inception, in order to cater to the widening customer base, a new PP raffia grade (WH040N) was introduced in the existing grade slate. This grade is positioned in the market to specifically cater to customers who have set up new manufacturing facilities with latest high line speed raffia tape manufacturing machines.
- Your Company was awarded The Economic Times Best Plastics & Polymer Brands 2019.



### Achievements against MSME target

The Public Procurement Policy for Micro and Small Enterprises is being implemented in your Company and consistently since FY 2014-15 your Company has been meeting the requisite procurement target from the Government of

India MSME sector. Annual procurement order (supplies & services) of the value of 36.21% were issued to MSE vendors in FY 2018-19 against the Government of India target of 25% as per Public Procurement Policy, 2012 as amended w.e.f. 9th November, 2018. 213 MSE vendors were benefitted from your Company during annual procurement (including supplies & services) made through tendering mode (both manual & e-tendering).

Your Company participated in eight Vendor Development Programs on SC/ST MSE vendors, across various locations in India organised by Central & State Govt. and leading industry associations. The events were fruitful and appreciated by stakeholders towards increasing the participation from local SC/ST entrepreneurs in tenders. Thirteen start-ups have participated in different tenders for procurement of goods and services, out of which 10 were awarded during the financial year. Additionally, entrepreneurs were taught about UAM registration and ways to utilize the portals like MSME Sambandh, MSME Samadhaan, and MSME Samveg etc.

**The conservation of energy, technology absorption, foreign exchange earnings and outgo:**

### (A) Conservation of energy-

i.	The steps taken or impact on conservation of energy	There is regular recording and monitoring of Fuel, Power, Steam, Nitrogen & other utilities consumption with respect to own benchmark & design values. Periodic in-house energy audit is also carried out which has resulted in significant reduction in specific energy consumption per ton of output
ii.	The steps taken by the Company for utilising alternate sources of energy	
iii.	The capital investment on energy conservation equipment	



**(B) Technology absorption-**

i.	The efforts made towards technology absorption.	Plant operations are sustained, quality products are produced and average capacity utilisation of 107% has been achieved during the financial year.
ii.	The benefits derived like product improvement, cost reduction, product development or import substitution	
iii.	In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	
	a. The details of technology imported	
The Company has entered into contracts with the following Licensors for import of technology for its different units:		
	UNIT	LICENSOR
	(i) Ethylene Cracker Unit -	Lummus Technology, USA
	(ii) LLDPE / HDPE Swing Unit -	INEOS, UK
	(iii) Polypropylene Unit -	Lummus Novolen, Germany
No new technologies have been imported during the last three years.		
	b. the year of import	
	(i) ECU – License Agreement signed on 14.05.2009.	
	(ii) LLDPE/HDPE – License Agreement signed on 18.03.2009.	
	(iii) PPU – Licence Agreement signed on 31.03.2009.	
No new technology has been imported during the last three years.		

	c. Whether the technology has been fully absorbed	Technologies adopted are largely absorbed as more than 100% capacity utilisation has been achieved.
	d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof	
iv	The expenditure incurred on Research and Development	NIL.

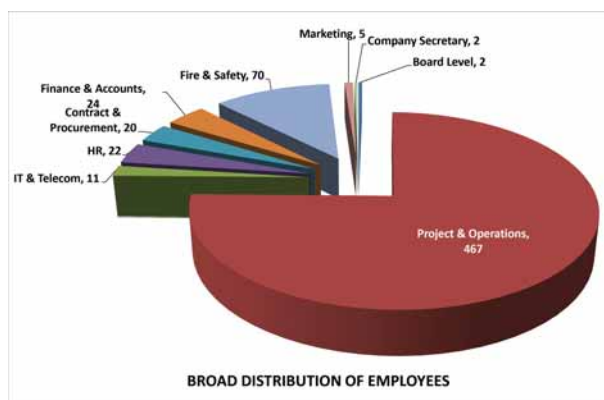
**(C) Foreign exchange earnings and outgo-**

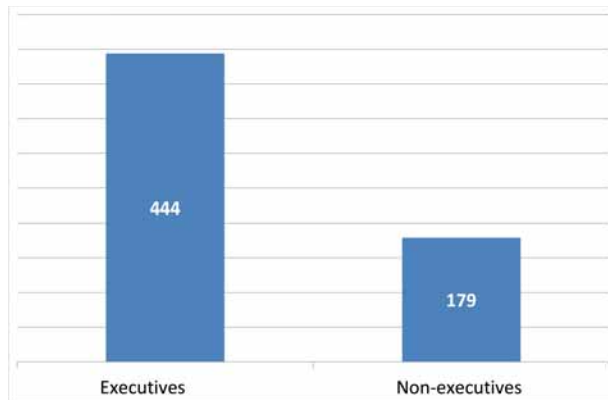
During the year, foreign exchange earned was ₹35,01,586 in terms of actual inflow and the foreign exchange outgo in terms of actual outflow was ₹186,02,85,312.

**Particulars of Employees**

Being a Government Company, the provisions of section 197 of the Companies Act, 2013 shall not apply in view of the gazette notification dated 5<sup>th</sup> June, 2015 issued by the Ministry of Corporate affairs, Government of India. Therefore particulars of employees drawing remuneration in excess of specified limits as envisaged by section 197 of the Act read with the relevant rules are not included in the Board’s Report.

**Human Resource:**





## DISTRIBUTION OF EMPLOYEES

### **Manpower**

The total sanctioned manpower in your Company is 700 (491 executives + 209 non-executives). The employee strength of your Company as on 31st March, 2019 was 623 including 444 executives and 179 non-executives. Further, 25 executives were on secondment/deputation from GAIL (India) Limited, the major equity holder. 65.16% of the employees were from the north-eastern region. The remaining manpower will be recruited based on need and care is being taken to ensure suitable representation of female employees and minorities. Further, representation of the OBC, SC and ST categories constitute 28.39%, 13.87% and 8.22% of the employees respectively. Recruitment of persons with disability has already been started and several special recruitment drives have been carried out to ensure proper representation in this regard.

### **Training**

In its endeavour to provide quality work environment to its employees your Company undertakes various activities to elevate the skills and expertise of its manpower. Training is provided in technical and non-technical areas to meet the requirement of plant operation and administrative affairs of the Company. In the year under review, training covering 604 man days was organised including foreign, external and internal training covering 346 numbers of participants.

### **Initiatives**

Your Company conducted the 1<sup>st</sup> Industrial Relations (IR) & Security Symposium on the Industrial Relations and Security Scenario prevailing in the Industries of the North East Region in September, 2018 at Lepetkata with the purpose of bringing synergy in the prevailing IR and security practices in the industries of the north-eastern region and to learn from the practices in vogue. Delegates from different organisations like ONGC, IOCL Guwahati, NRL, OIL, IOCL AOD, BVFCL, AGCL and HOEC participated in the symposium and shared their organisational practices.

Your Company successfully hosted an Orientation Programme for Capacity Building of non-official Directors of CSPEs in December, 2018. During the two day programme various topics including CSR, role & responsibilities of Independent Directors, functioning of Audit Committee and perspectives on procurement were discussed.

Your Company is extending support to various publications, academic, sports and cultural events through goodwill advertisements and sponsorship which have not only helped build cordial relations with the local populace but also enhanced its brand image. Your Company was recently associated with the Yonex-Sunrise 83<sup>rd</sup> Senior National Badminton Championship held at Guwahati from 10<sup>th</sup> to 16<sup>th</sup> February 2019. Your Company also sponsored the Girls Kabaddi Team of Vivekananda Kendra Vidyalaya, Dibrugarh to participate in CBSE Inter-School National Kabaddi Tournament, 2018.

Your Company is a life member of WIPS, a forum of women in public sector.

### **Policy**

A new Promotion Policy has been implemented for the executives beginning with departmental promotions in 2019. Promoting career advancement in your Company, Performance Management System and Promotion Policy



has been implemented for the non-executives from the year under review. Enhancement of perquisites and allowances in lieu of cafeteria approach was also introduced for non-executives. Schemes such as enhancement of financial assistance of executives in case of death/ total permanent disablement and coverage of non-executives under group personal accident insurance scheme have also been initiated. Leveraging career progress of the new entrants, stipend of executive trainees/ graduate executive trainees was also enhanced suitably. The practice of periodical review for ensuring probity and efficacy among employees under FR 56(j) has also been approved.

Your Company is keen to promote the official language and has introduced various policies to encourage usage of Hindi in official works including incentive for doing original work in Hindi, award scheme for articles published in Hindi Language in official publications, cash award on passing examinations of Central Training Hindi Institute/ Hindi Teaching & encouraging employees in obtaining proficiency in Hindi. Your Company has also taken the initiative to organise one Hindi seminar annually for Town Official Language Implementation Committee (TOLIC) members with a view to create conducive atmosphere for usage of the official language policy of the union of India and the first such seminar was inaugurated on 28th December, 2018 at Lepetkata. More than 35 participants from various central government offices participated in the seminar.



*Seminar for promotion of Hindi Language*

## **Awards**

Your Company has been recognised for its performance on the HR front amongst others and during the year, was the proud recipient of the Assam Best Employer Brand Awards 2018 during the 13th Employer Branding Awards 2018-19 and the HR Talent Management Leadership Award for Training and Development presented by World HRD Congress. Your Company participated in the 5th version of Managers Competition organised by Guwahati Management Association (GMA) and won second position.

## **Township**

At present there are more than 600 residents in BCPL Township at Barbaruah which is approximately 4 kilometres from the Lepetkata Petrochemical Complex, residing in various types of family quarters including A, B, C and D Type as well as in two Bachelors Hostel. Approximately 100 people including family members and employees are residing at various types of family quarters and Bachelors Hostel in Sivasagar Township, which is about 40 kilometres from the Lakwa Plant. 36 A Type and C Type quarters each will be constructed within a short span of time. Arrangement for accommodation for families and employees of the Duliajan plant, which does not have a township, is also under execution.

## **Staff Welfare Committee**

The Staff Welfare Committee of your Company has been organising various events to provide a platform to employees and their family members for interaction and recreation. Various cultural events and sports competitions were organized



*First aid training by St. Johns, Kolkata*



Celebration of Bohagi Utsav



Tribute to Dr. Bhupen Hazarika

in the year under review. Inter-departmental football and volleyball tournament were organised in BCPL Township. Cultural events organised include Rongali Bihu celebration, New Year Celebration, Shradhanjali to Dr. Bhupen Hazarika and a workshop on Bihu dance for the children of employees.

## Sexual Harassment of Women at Workplace

The company has complied with the provisions relating to the constitution of Internal Complaints

Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and a Policy with regard to prevention, prohibition and redressal of sexual harassment of women at work place is in place. No complaint of sexual harassment of women at workplace has been received during the year.

## Industrial Relations

Your Company maintained cordial industrial relations throughout the year and adopted a consultative approach with the collectives, establishing a harmonious relationship for industrial peace thereby leading to higher productivity. Adoption of pre-emptive and responsive IR policies resulted in a salutary effect on all statutory liabilities towards various social security schemes. Regular meetings are held with the representatives of the various Associations/ Unions to sort out the local issues as well as policy related matters and as a result of timely action there was zero loss of man days during the year under review.

## Meetings of the Board and changes in the Board of Directors & key managerial personnel

During the year under review, five meetings of the Board of Directors were held and the following

## International Women's Day, 2019



Interaction with Ms. Subashini Sankaran, SP Dibrugarh



Awareness programme for local women on sanitation and menstrual hygiene



changes occurred in the Board of Directors and key managerial personnel:

- i. Shri O P Tailor ceased to be a Director w.e.f. 01.07.2018 upon completion of his term as Director (Finance).
- ii. Shri Pruthiviraj Dash was appointed as Director (Finance) w.e.f. 11.10.2018.
- iii. Shri Subir Purkaystha, then Director (Finance), GAIL (India) Ltd. ceased to be a Director w.e.f. 17.12.2018.
- iv. Shri Manoj Jain, Director (Business Development), GAIL (India) Ltd., was appointed as Director w.e.f. 17.12.2018.
- v. Smt Rupshikha Saikia Borah, then Director (Finance) Oil India Ltd. ceased to be a Director w.e.f. 01.03.2019.

Details of composition and meetings of the Board including attendance have been provided in the Corporate Governance Report forming part of this report.

## **Corporate Social Responsibility**

Your Company had undertaken several initiatives towards development of the nearby areas during the project phase. Subsequently, although unable to take up substantial CSR projects, not having generated any net profit, your Company strives to improve the lives of the people residing in the vicinity of its plant. With an objective

to complement the government projects and initiatives as well as to improve the life of general populace your Company implemented development initiatives in areas adjoining the plant in coordination with the district administration of Dibrugarh, Sivasagar and Charideo including construction of Individual Household Latrine (IHHL) under the aegis of making Dibrugarh District open defecation free and installation of a Solid Waste Management ATM. An amount of ₹60 lac was sanctioned to undertake development initiatives in and around the BCPL installations through the district administration. A Committee of the Board on Sustainability & CSR is in place.

## **Initiatives under the aegis of Swachh Bharat Abhiyan.**

Your Company has undertaken different activities to promote awareness on swachhata and to accomplish the dream of the Hon'ble Prime Minister of India. Your Company has taken a step forward in Swachhata Kranti, the national level campaign, by organizing various awareness programmes with the help of digital and print media. Dustbins have been installed in various public places like Barbaruah local market and bus stands. Cleanliness drives are conducted in the Plant, Township and CISF Township in Lepetkata, Lakwa and Duliajan and in various schools and public places on a regular basis. To generate awareness on cleanliness, several programmes including Swachhata Marathon,

## **Swachh Bharat Abhiyan**



Mini Marathon during Swachhata Pakhwada



Street play on cleanliness at Dibrugarh



Swachhata Walk and drawing competitions were organized in various schools in Dibrugarh and Sivasagar district.

### ***Sustainable Development***

Your Company has been consistent in its efforts to improve sustainability activities to maintain balance with the three sustainability dimensions of economic, environmental and social impact at all times. The triple bottom line i.e. people, profit, planet approach is the cornerstone of all our social interventions which have been designed to schematically meet all three goals. For improving the quality of human life vis a vis the environment, your Company has undertaken and completed development of a Green Belt by planting additional 8500 trees & shrubs in and around the plant during the year and with these a total of 19200 trees & shrubs have been planted so far, which includes 5000 trees planted in and around your Company's premises during the year 2018-19 in association with the Dibrugarh district administration under the aegis of World Environment Day, 2018. Additionally, this year around 2000 agar trees have also been planted in the plant.

In line with various statutory requirements, proper disposal of hazardous waste, solid waste, bio-medical waste, E-waste and other wastes are being ensured in an environment friendly manner. Solid waste, E-waste, toners, fluorescent lamps, telephone sets, etc. are being recycled/sold to authorised agencies and hazardous wastes are being sold to authorised agencies of CPCB/



*Planting of sapling by Deputy Commissioner, Dibrugarh, Smti. Laya Maduri on World Environment Day.*

APCB. Further, a bio remediation facility has been constructed which reduces sludge by converting it into mud. In view of the future prospects, the construction of landfill is also under review. Your Company is also committed to conform to ambient air qualities as well as point source emission qualities as per the standards of Central Pollution Control Board and the State Pollution Control Board. For monitoring the same online, effluent & emission analyzers are installed. Apart from SO<sub>x</sub>, NO<sub>x</sub>, PM, and CO analyzers installed in Stacks, your Company is also going to install Benzene, Ozone, CO, and Ammonia analyzers for ambient air monitoring. Air and Water analysis data are being displayed in the public domain on 24x7 basis. As part of the bigger sustainability ambit, we remain conscious of sensitivities associated with natural habitats and ecosystems, restricting our activities to cause minimum damage to the surroundings.

### ***Vigil Mechanism***

The Company has a Whistle Blower Policy whereby employees can raise concerns to the competent authority in case they observe unethical and improper practices or any other wrongful conduct in the Company. The policy provides direct access to the Chairman, Audit Committee and necessary safeguards for protection of the whistle blower from reprisals or victimization.

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

Your Company adheres to Government instructions issued in pursuance of the Right to Information Act, 2005, and has designated a Central Public Information Officer and First Appellate Authority under the Act. A total of 29 RTI queries were received during the financial year 2018-19. Replies to all the queries were duly sent as per the provisions of the Act.

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

M/s Bhawani Sharma & 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, 2019 under Section 143 (5) of the Companies Act, 2013. The comments of the C&AG on the annual accounts of your Company for the year under review are also annexed hereto.

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

M/s Narayan Sharma & Associates, Practising Company Secretary was appointed as the Secretarial Auditor of your Company for the year under review and their report along with explanation of the Board to the observations therein pursuant to the provisions of Section 134 (3) (f) of the Companies Act, 2013, is annexed hereto.

All applicable secretarial standards have been complied with by the Company during the year.

### ***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 Practising 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.

### ***Adequacy of internal financial controls with reference to the Financial Statement***

Your Company has maintained adequate financial control system, commensurate with the size, scale and complexity of its operations and ensures compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations.

Since inception, due care has been taken to ensure that there are sufficient internal controls for safeguarding its assets and also that there is reliable financial reporting, timely feedback on the achievement of targets and compliance with applicable laws and regulations. In most areas, your Company now has its own systems, policies and procedures in place and in areas in which this is yet not achieved, those of its holding company are being followed. Your Company has a risk management policy and the existing policy is being reviewed to meet the requirement of operations phase. Quarterly internal audit has been conducted by the Internal Auditors, M/s Batliboi & Purohit, Chartered Accountants, Mumbai. The progress and activities of your Company is being continuously monitored and reviewed at all levels including the holding company, GAIL, the State and Central Government authorities.

### ***Audit and other Committees of the Board***

Details as to composition, meetings and attendance of the Committees of the Board including the Audit Committee and the Nomination & Remuneration Committee are provided in the Corporate Governance Report forming part of this report.

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

As required by Section 134 (3) (c) & 134(5) of the Companies Act, 2013 your Directors to the best



of their knowledge and explanation affirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. The Directors had selected such accounting policies and applied them consistently except changes as per the Companies Act, 2013 (Ref. Note No. 1 to Balance Sheet on “Significant Accounting Policies”) and 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 and of the profit and loss of the Company for that period;
- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The Directors had prepared the annual accounts on a going concern basis; and
- v. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively..

### ***Statement on Declaration of Independence by Independent Directors***

The Independent Director duly affirmed meeting the criteria of independence specified under section 149(6) of the Companies Act, 2013, for the year 2018-19.

### ***Particulars of contracts or arrangements with related parties***

As required, the particulars of contracts or arrangements with related parties pursuant to clause (h) of sub-section (3) of section 134 of the

Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed hereto in the specified format.

### ***Extract of the Annual Return***

An extract of the Annual Return pursuant to section 134(2)(a) of the Companies Act, 2013 is annexed hereto in the specified format.

### ***Particulars of loans, guarantees or investments under section 186***

The Company has not given any loan /provided any guarantee or security in connection with a loan to any person or other body corporate and acquired by way of subscription, purchase or otherwise, the securities of any other body corporate during the year under review.

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

Your Company has a Risk Management Policy for identification, evaluation and mitigation of risks. As per the policy, identification of risks is to be carried out by the Risk Management Committee on the basis of activities categorised into Financial, Marketing, Operational, HSE, Corporate and Statutory & Compliance. The Risk Management Committee shall evaluate significant risk exposures of the Company and assess management’s actions to mitigate the exposures in a timely manner, associated frameworks, processes and practices of the Company. Risks identified are to be categorised into High, Medium and Low depending on risk probability and impact.

As a part of risk mitigation/reduction during operational stage, a Comprehensive Mega Operational insurance cover has been taken covering – (i) Property damage with machinery breakdown (ii) Business interruption cover, loss due to fire & machinery breakdown and (iii) Terrorism risk for material damage with business interruption. Further, review of internal controls by Internal Audit has been a support for the management in the risk management process.

Recently, a risk management consultant has been



appointed to update the risk management policy and develop techniques and formats for risk evaluation in the Company along with periodic risk monitoring & review mechanism.

### ***Acknowledgement***

Your Directors gratefully acknowledge the support and guidance from the Ministry of Chemicals and Fertilizers, the Ministry of Petroleum and Natural Gas and the Ministry of Environment and Forests. Your Directors are grateful to the promoters, GAIL, OIL, NRL and Government of Assam and to the lenders, Oil Industry Development Board and State Bank of

India for their continued assistance and support. Your Directors acknowledge the cooperation of the entire team of process licensors, the bankers, consultants, suppliers and other intermediaries. Your Directors also acknowledge with gratitude the support and advice extended by the Internal Auditors, the Statutory Auditors, the Secretarial Auditors, the Cost Auditors and the officials of the Comptroller & Auditor General of India. Most importantly, your Directors appreciate the noteworthy contribution of the employees in taking your Company forward towards achieving its goals.

Dated : 31<sup>st</sup> July, 2019

Place: New Delhi

Sd/-  
(B C Tripathi)  
**Chairman**



*Shri P Raghavendra Rao, Secretary, Department of Chemicals & Petrochemicals with Shri A K Singh, Managing Director, Shri P Nagesh, Chief Operating Officer and other officials during a Plant visit.*



*Shri B C Tripathi, Chairman cutting the cake with the youngest and the senior most official during the 12<sup>th</sup> Foundation Day in the presence of other Directors and senior officials.*



# Awards and Accolades



18<sup>th</sup> Annual Greentech Environment Award, 2018 (Gold Category)



The Economic Times best Plastic and Polymer brands Award, 2019



17<sup>th</sup> Annual Greentech Safety Award, 2018 (Platinum Category)



HR Talent Management Leadership Award for Training and Development presented by World HRD Congress, 2019



Assam Best Employer Brand Awards, 2018 during the 13<sup>th</sup> Employer Branding Awards 2018-19



Second position in 15<sup>th</sup> version of Managers competition awarded to Ms Niharika Kakati, Manager (Mechanical) by Guwahati Management Association



## Management Discussion and Analysis Report

### *Industry Structure and Developments*

Petrochemicals are a prominent constituent of the Chemicals industry, a vital part of the vibrant Indian industry which has seen significant diversification. Petrochemicals, which convert oil, natural gas, naphtha into myriad products of daily use – such as plastics, fertilisers, packaging, clothing, digital devices, medical equipment, detergents, electronics and telecommunication, irrigation, drinking water, construction or tyres to name a few, – are integral to modern societies. Besides products essential in our day to day lives, Petrochemicals have permeated almost all conceivable spheres of the economy and are also found in many parts of the modern energy system, including solar panels, wind turbine blades, batteries, thermal insulation for buildings, and electric vehicle parts besides specialised usage in emerging areas. Besides the conventional hydrocarbons, alternate feedstock like shale gas, coal, CBM and pet coke are also gradually emerging. Feedstock cost is the largest constituent of cost of production of Petrochemicals, estimated at 40-60 per cent of total costs. Olefins including Ethylene & Propylene and Aromatics including Benzene & Xylene isomers constitute the two main classes of petrochemical raw materials. Demand for plastics – the most known and used of petrochemical products – has overtaken all other bulk materials like steel, aluminum or cement, nearly doubling since the start of the millennium.

The Middle East and the United States have a feedstock advantage in their access to low-cost ethane owing to abundant natural gas supplies. The largest petrochemical industry is currently in the USA and Western Europe, though in the long run Asia and Middle East are both expected to catch up, with these regions witnessing major

growth in new production capacity and demand. Despite increase in recycling and efforts to control single-use plastics led mostly by Europe, Japan and Korea, these efforts will be surpassed by the increasing consumption of plastics in developing countries.

According to Invest India, the National Investment Promotion and Facilitation Centre, the total production of chemicals and petrochemicals stood at 47,882,000 MT during 2017-18, a 2.62% increase over 2016-17. Production of polymers account for around 59% of total production of basic major petrochemicals. The petrochemical market in India is expected to grow at a CAGR of 10% over the next 5 years to reach \$ 100 bn by 2022.

Within the industry, Plastics and Polymers evidenced maximum growth with Polymers accounting for 59% of the total production of basic major petrochemicals. Commonly used Polymers include Polypropylene (PP), Poly vinyl chloride (PVC), Polystyrene (PS), Polyethylene (PE) and Acrylonitrile Butadiene Styrene (ABS). PE again is of three types - high density polyethylene (HDPE), low-density polyethylene (LDPE), linear low density polyethylene (LLDPE). Over the years PP has been the fastest growing Polymer. The primary products of the Company, PP, LLDPE and HDPE are essentially used in the manufacture of plastic products. A combination of factors including growing global economy, rising population and technological development will ensure increasing demand for petrochemical products.

In the domestic Polymer scenario, non-integrated players including GAIL, PATA, OPAL and your Company are present in production of PP & HDPE, LLDPE. The rest are refinery integrated plants, public sector oil refining companies which sell



their petroleum feedstock to other companies, which have been adding value, and converting the same to useful petrochemical products. Presently RIL, IOCL, HPL and GAIL are the major players in the domestic petrochemical industry.

India with an estimated per capita consumption of only 11kg for Polymers as compared to the world average of 28 kg, has immense demand potential which combined with the strong outlook for the key end user industries, indicates a promising future for the sector.

### ***Strengths and Weaknesses***

The plant is now fully stabilized with capacity utilization of over 100%, surpassing the design efficiency benchmarks and enabling your Company to achieved targets across major parameters. Besides creating opportunities for downstream industries, the plant itself employs over 600 permanent employees and additionally around 2600 manpower under contract, working in the petrochemical complex. Further, significant employment has been generated in the region for the vendors, transporters, suppliers etc. Regular efforts are being made by the nodal administrative ministry, the Department for Development of North-Eastern Region (DoNER), the Ministry of Micro, Small & Medium Enterprises (MSME), the Government of Assam, GAIL (India) Ltd and your Company for development of downstream industries in the north-eastern region.

The biggest strength of your Company lies in the continued support rendered by the promoters having an established track record in the industry, and the state and central government at all stages. The promoters have guided the project through the nascent stage, contributed equity and expertise and supplemented skilled manpower. GAIL(India) Limited, the holding company has provided your Company

the advantage of its immense experience in marketing Polymers and through an agreement with BCPL, initially for ten years, arranges 100% evacuation of the products and by-products by using its own marketing network. This provides considerable relief from arranging and establishing a market from a far-off corner of the northeast.

Team BCPL enjoys the enviable advantage of having a significant number of young employees who are educated, tech savvy and dynamic and who benefit the organization with their energy, newness of perspective and easy adaptability to process, technology and priorities in a constantly changing work environment.

With a Polymer sales figure of more than 3 lakh MT during the financial year under review, the products have gained wide acceptability in the market and your Company has established its brand in the petrochemical sector in the country over a remarkably short span of time.

The major challenge faced by the plant relates to feedstock constraint affecting capacity utilization. However, the constant efforts to overcome them through various alternative measures for procurement of Naphtha, Butene-1 and Propylene, have yielded results in ensuring stable and sustained operation of the plant. Supply level of natural gas from Oil India Limited has also improved through concerted efforts.

Other challenges accrue from high fixed cost, which is peculiar to all petrochemical plants, coupled with sub-optimal capacity of the plant, which in the case of your Company can be operated profitably only when the envisaged feedstock subsidy is provided. In line with the approval of CCEA, the Government of India has been requested for early release of the feedstock subsidy and the same has been recommended by Inter-Ministerial Committee for release.



The remote location in a corner of the northeastern part of the country is also a challenging factor resulting in logistic difficulties aggravated by infrastructure and connectivity issues and affecting both marketing of products and recruitment and retention of manpower. High attrition of manpower from the very beginning and lower realisation from having to sell in distant markets, can be attributed to these factors. The manpower situation is however expected to improve following the recent implementation of better benefits and facilities coupled with improvement in communication services. Your Company also endeavours to prioritize sales in the northeast. Favourable local demand and the appointment of a consignment stockist for the region by GAIL, the sole marketer are expected to have a positive impact on this front. With around 136 plastic processing industries consuming approximately 1.1 lakh TPA of Polymer which was being sourced from outside the region, market prospects are immensely favourable. Taking advantage of its proximity, your Company has also begun export of Polymer to neighbouring Bangladesh and is exploring export potential in Myanmar and other members of ASEAN.

The recent trend of using Plastics as a replacement for Wood, particularly in the furniture and construction sectors due to easy availability of raw material is an encouraging one for the rapidly depleting forest reserves of the north-eastern region, indirectly contributing to conservation of its fragile biodiversity.

### ***Opportunities and Threats***

The World Bank's Doing Business Report 2019 ranked India 77th in ease of doing business out of the 190 countries surveyed as compared to the previous year's ranking of 100. This 23 place leap forward is an indication of India's improvement in regulatory performance and is a heartening

respite after India's recent economic slowdown sparked off allegedly by the demonetisation drive and implementation of new Goods and Service Tax. As per Invest India, your country today is the world's third largest Polymer consumer owing to a growing automobile industry. Polymers account for around 70% of Petrochemicals and are the most important constituent of the Indian chemical industry. The plastic processing industry has huge potential for attracting foreign investments and thereby fructifying India's vision of becoming a manufacturing hub. The existing low levels of per capita consumption (11 Kg), improved growth in end use industries, increasing use of plastics in various existing and ever growing range of applications could further propel the growth of plastics in India. However, despite a promising growth potential, the plastic processing industry faces many challenges in terms of environmental myths, lack of advanced technology, limited infrastructure, & unpredictability of feedstock prices. The lack of proper infrastructure in the country has always been one of the major deterrents to foreign investments. Under these circumstances, the stakeholders would be required to put in significant efforts to overcome the challenges and realize the true potential of the industry. Increasing investment in sectors like water and sanitation management, irrigation, building & construction, power, transport and retail is an encouraging development which in turn will drive demand for Plastics required for various products like pipes, wires & cables, water proofing membranes, wood PVC composites.

Contending with high fixed costs, the cost of feedstock constitutes the single largest component in the production cost of Polymers and is relatively high in India as compared to manufactures in the Middle East. In January, 2019, the Government of India has approved expansion of the NRL plant from 3 MMTPA to 9 MMTPA. This



bodes well for your Company which has been striving to overcome constraints in sourcing of the feedstock, as additional Naphtha would become available on a large scale. Further, Indradhanush Gas Grid Limited (IGGL), a Joint Venture of IOCL, ONGC, GAIL, OIL and NRL. IGGL was incorporated in August, 2018 for implementing the Hydrocarbon Vision 2030 for North-East India released by the Ministry of Petroleum & Natural Gas in 2016. The natural gas grid in the northeast region is envisioned to connect with the upcoming Barauni-Guwahati natural gas pipeline as a part of Urja-Ganga scheme. The grid would also connect to sustainable and viable gas sources in the northeast and it is expected that this gas grid will make additional gas available to your Company which has for long been enduring hardships related to natural gas supply. With the additional naphtha and gas availability, your Company can chalk out a blueprint for future expansion. Further, for future capacity expansion or diversification, there is an opportunity for tapping the additional gas finds by M/s HOEC in the nearby region for which your Company has requested MoP&NG through its administrative ministry for the "First Right of Refusal". Your Company also has an option of sourcing feedstock from the neighbouring countries like Myanmar and Bangladesh in future provided it is viable and is supported by adequate transport infrastructure and Government policy.

In order to overcome the difficulties in sourcing of co-monomer Butene-1, the process for setting up of a Butene-1 and 2nd Stage Hydrogenation of Pyrolysis Gasoline plant at Lepetkata, Assam at a cost of ₹386 Cr was submitted for approval of the Government of India. To evaluate the projects, the Government of India had constituted a Delegated Investment Board (DIB) which met on 11.03.2019 and has recommended the proposal for setting up of the projects. The formal communication is expected from the Government shortly. The

investment will ensure value addition leading to realisation of better margins and product slate in future.

With a substantial gap between domestic production and consumption of Polymer which is being met through imports, there is huge potential for domestic manufacturing. The Government of India has been promoting domestic manufacturing through a policy for setting up National Investment and Manufacturing Zones (NIMZs) which are a combination of production units, public utilities, logistics, residential areas and administrative services. Major infrastructure projects have also been initiated by the Government to attract such investment. Recent economic reforms and introduction of measures facilitating ease of doing business have revived the investment appetite not only amongst domestic entrepreneurs but also foreign investors. According to Invest India, there are investments worth \$133.94 billion in the pipeline. The use of plastic money by the Indian masses has today become a necessity and is a welcome development for the Polymer industry. The upcoming Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIR) which are specifically delineated investment regions planned for the establishment of production facilities for petroleum, chemicals and petrochemicals & Plastic Parks will provide state-of-the-art infrastructure for the Chemical & Petrochemicals Sector and by 2020, the speciality chemical market in the country is expected to reach \$ 70 bn. At the state level, the Assam Ease of Doing Business Act, 2016 has enabled single window clearance system for speedy clearances and processing of business projects with a view to creating an investment friendly environment.

In a major threat to demand of Polymer products, India has taken recourse to ban of plastic products in the face of a glut of mismanaged plastic waste reaching the oceans each year. Major consuming



states including Maharashtra, Rajasthan, Tamil Nadu amongst others have imposed a ban on certain grades of plastic. The All India Plastic Manufacturers Association contends that the ban in Maharashtra has cost manufacturers millions of dollars and tens of thousands of workers their jobs, and the Tamil Nadu Plastics Manufacturing Association has challenged the Tamil Nadu ban in court. Generating awareness on developments in the field of biodegradable and photodegradable plastic resulting in improved product quality with reduced adverse effect on environment has become important.

The plastic processing industry in India is highly fragmented. Unreliable power and comparatively high energy costs in India are major constraints on optimal capacity utilization. Downstream industries in the petrochemical industry in India are mostly in the MSME sector and therefore face limitations in access to bank credit. The small and micro sector enterprises in particular face difficulties in this regard. Generation of awareness on raw material sourcing, technology, product branding and quality standards is insufficient and some amount of handholding is required in the initial stages to encourage small entrepreneurs to invest in downstreams.

Nonetheless, as an enabler industry providing critical inputs to all major sectors in the economy and with lack of any major competition in the northeastern region having the lowest per capita consumption (4 kg), in Polymers in the country, your Company is in an advantageous position with easy access to the untapped market in the region besides opportunity for export to neighbouring countries.

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

All operations in the process units have stabilised and are running on sustained basis with an

average capacity utilisation of 107% during the year under review. Your Company produced 290983 MT of Polymers, 53517 MT of Liquid Hydrocarbons, and 8383 MT of Wash Oil during the year, with a sales turnover of ₹2676.93 crore. The corresponding sales were 306982 MT of Polymer, 52275 MT of Liquid Hydrocarbons, 89 MT of Nitrogen and 8296 MT of Wash Oil.

### ***Outlook***

It is widely believed that India will remain the world's fastest-growing major economy in the medium to long term. As per the growth projections of several global agencies India ranks at the top among the G-20 economies. In the medium term, annual growth is projected at around 7.5 per cent by the IMF and the World Bank. Your country's growth trajectory is backed by strong domestic fundamentals. The Indian economy has witnessed a rapid pace of domestic reforms in recent times which include the flexible inflation-targeting monetary policy framework, the Insolvency and Bankruptcy Code (IBC), the Goods and Services Tax (GST) and steps for enhancing foreign investments by liberalising the FDI regime, other legal reforms in line with socio economic changes and undertaking efforts to provide a conducive business climate. Sectoral norms for Foreign Direct Investment have been eased steadily and presently, barring a few prohibited sectors, 100 per cent FDI is permitted in all sectors. It is expected that the full and positive impact of all these reforms will be felt in coming years.

It is expected that domestic demand for petrochemicals will grow at a compounded annual rate (CAGR) of 8-9% between fiscals 2018 and 2023. Demand grew at 8.5% on-year in fiscal 2018, owing to healthy consumption by end-use segments. Long term prospects are promising and demand will remain robust from major consumer segments such as packaging,



automobiles, consumer durables, construction, and irrigation. Demand is also expected to grow from sustained substitution of metal pipes with plastic pipes, and glass and metal containers with plastic containers. Plastics with its superior quality and cost effectiveness will find increased use in packaging. However, domestic petrochemicals capacity which is expected to expand at 4-5% CAGR between fiscals 2018 and 2023, may not be able to meet the growth in demand at 8-9%.

As a net importer of most polymers, India has huge opportunity for expansion of existing and adding of new capacities. The major constraint for capacity additions in Polymers, which is unavailability of feedstock olefins owing to lack of sufficient cracker capacity, is gradually easing due to adding of cracker capacities and flexibility in switching between alternative feedstock in dual feed crackers. From the perspective of your Company, with the upcoming natural gas grid in the northeastern region and expansion of NRL bringing in additional Naphtha to your Company, the feedstock constraints are expected to ease considerably in the near future. A new trend is the integration of refineries with downstream petrochemical units. With high severity fluid catalytic cracking (HS-FCC), refineries are increasing the proportion of propylene to address the downstream demand-supply mismatch. However as setting up of new projects takes some time, India is expected to continue as a net importer in the medium term with capacity additions lagging behind demand growth.

The centre's Make in India and Skill India drives promote indigenisation of technology for import substitution in the areas of defence material, bio-polymers & bio-nano composites for packaging, bio-sensors for healthcare applications, natural fiber reinforced composites for automobile applications, polymer adhesives and coating for

marine applications, fuel solar cells for solar energy and e-waste recycling.

The Indian Polymer industry, being fragmented with smaller capacities faces the disadvantages of scale and is as a result highly competitive compared to that in the global leaders, particularly China. Nonetheless a fundamentally strong economy and widespread use of plastics across all sectors, often replacing conventional material, has sustained the industry through difficult times.

With capacity utilization of 107% during the fiscal, plant operations in your Company are steady and sustained. With GAIL as the sole marketer, the products are sold to downstream industries and the market share of your Company in Polymer is increasing consistently and presently stands at around 65% in the north-eastern region where 10.29% of its products were sold in FY 2018-19.

Considering an estimated annual consumption of Polymer in Assam at 100 KTPA and overall in the northeast market at 112 KTPA, efforts are on to maximize realisation by targeting units located in the region. Entrepreneur development activities are being regularly conducted across the region to create awareness regarding plastic downstream industries.

### ***Risks and Concerns***

Feedstock cost constitutes the major component of cost of production in a Polymer industry and despite firm arrangements by the Government of India for feedstock availability for 15 years of plant operation, feedstock prices are increasing and is a matter of huge concern. Crude oil prices have seen a higher degree of volatility in the recent past. As Polymer prices are linked with crude oil price fluctuations in the global markets, rising polymer prices due to crude oil price rise, negatively affect the demand from domestic-



centric plastic, although the export oriented value added plastic manufacturers continue to perform well. Coupled with this, shortage of feedstock has added to the woes of the petrochemical industry in the country resulting in plants with suboptimal capacity. Your Company's plant has been facing constraints in both quantity and quality of natural gas and supply of naphtha. In order to sustain production levels, more naphtha at higher cost is being used to supplement the shortage of natural gas from OIL. Being highly capital intensive, petrochemical plants need an optimal size to generate benefits and feedstock constraints both in terms of quality and quantity hinder feasibility.

Due to higher demand of a particular grade of Polymer there has been higher requirement of Butene-1, a co-monomer required for the production of polyethylene. Lack of any captive generation facility presently requires sourcing of Butene-1 involving considerable difficulty. However, on the upside, process for approval of the Government to your Company's proposal for setting up a captive Butene 1 and 2nd Stage Hydrogenation of Pyrolysis Gasoline plant is at an advanced state and expected shortly.

Your Company is the beneficiary of governmental support in the form of feedstock and other subsidies. The risk of withdrawal of such support in the future and the consequent impact on viability cannot be refuted.

For generating significant financial benefits, it is imperative for the Company to have the benefit of a ready local market in sufficient plastic processing downstream units. Further efforts are required to generate the desired interest in the Plastic Park set up by the Government of Assam in Tinsukia, to encourage downstream industries. The hindering factors and concerns of local entrepreneurs need to be addressed to make the facility functional, without which the

evacuation of Polymers in the north-eastern states to the desired extent may remain a distant dream.

Another area of concern is the continued high attrition of trained and experienced manpower attributed to several reasons including higher pay package in similar PSUs, non-implementation of pay revision, 2017 and geographical remoteness of the plant. Over a year on, the proposal for implementation of revised pay scales remains pending with the Government and needs to be considered expeditiously not only to retain manpower but also attract quality people especially at the senior level.

Although the utility and convenience of plastics cannot be refuted, it invariably bears the mark of a pollutant. This is more a result of mismanaged disposal. Plastics, made up of a long chain of carbon takes years to decompose completely and improper disposal results in ground water pollution, disturbance in soil microbial activity and health issues among people and other life forms. Sensitisation on the use and disposal of plastics is of paramount importance to combat this perception. Proper guidelines for use and disposal or recycling of plastics can easily address the problem of plastic waste. With wide scope for industries based on re-cycling of plastics waste, this will not only address the issue of environmental degradation but will also generate capital.

Various factors including logistic disadvantage, lack of access to credit / technology and a negative perception on business environment have through the years challenged private investment in the northeastern region of the country. Recent Government initiatives, programmes and economic reforms are however expected to alleviate the situation and bring in better investments. Although locationally challenged, your Company has the unique advantage of being



ideally located to Myanmar, Bangladesh and other ASEAN countries with promising market and has in fact begun marketing its products in Bangladesh.

Your Company has a risk management policy and various risks are being periodically reviewed to identify and mitigate financial, operational and other risks. An online legal compliance management system has been introduced in your Company and compliances are reviewed by the Board of Directors periodically.

### **Internal Control Systems and their adequacy**

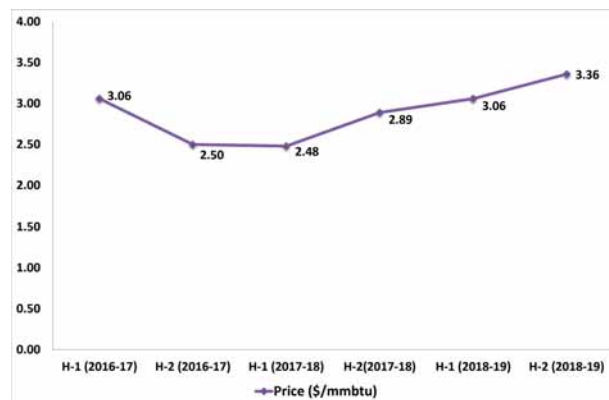
Due attention has been given since the beginning to having sufficient internal controls for safeguarding the assets of your Company and there has been reliable financial reporting, timely feedback on the achievement of targets and compliance with applicable laws and regulations. Your Company has been gradually introducing its own systems, policies and procedures and in areas in which this is yet not achieved, those of its holding company are being followed. The risk management policy is being reviewed. Quarterly internal audit is being conducted by the Internal Auditors, M/s Batliboi & Purohit, Chartered Accountants, Mumbai. The progress and activities of your Company is being continuously monitored and reviewed at all levels including the holding company, GAIL, the State and Central Government authorities. M/s Batliboi & Purohit, Chartered Accountants, Mumbai has also evaluated the efficacy of the Internal Control System on financial reporting and found the systems in place to their satisfaction.

### **Financial Performance with respect to Operational Performance**

The plant is designed to operate on feedstock which should comprise of 68% Natural Gas and 32% Naphtha, Natural Gas being the cheaper

option. The plant is suffering due to shortfall in gas supply by Oil India Limited and therefore to maintain the level of production, more Naphtha is required to be used leading to higher cost of production. In simple terms, cost of feed for production of Polymer using Naphtha is roughly 2.5 times the cost using Natural Gas. The best model for your Company would be to operate the plant with more Gas than Naphtha, which necessitates more quality gas to be made available for the plant. However, the same is currently not possible due to inadequate availability of gas.

The cost of natural gas is a major operating expense and any minor change in the gas pricing hugely impacts the profitability of the company. In last one year the gas price has increased by 10% eating into profits. The trend of gas price is last 3 years in given below:



On the other hand, the polymer prices (LLDPE) have taken a sharp dip in the month of November/December, 2018 leading to erosion of realization.





Despite all challenges, the operational performance of the company during the year remained excellent. The significant improvement in plant operations was noted by the lenders and credit rating agencies. As a result, CRISIL has upgraded the credit rating of the company from A+ to AA-. Another rating agency, M/s Acuite Ratings have also assigned their AA rating to BCPL.

### ***Material developments in Human Resources, Industrial Relations front including number of people employed***

With a total sanctioned manpower of 700 (491 executives + 209 non-executives), there were 623 (444 executives and 179 non-executives) employees in the Company as on 31st March, 2019 besides 25 executives on secondment/deputation from GAIL (India) Limited, the major equity holder. Recruitment and retention has since the beginning been a major challenge due to multiple factors including higher pay package in similar PSUs, non-implementation of pay revision, 2017 and geographical remoteness of the plant. There are constant efforts to keep employee morale high and to provide a congenial work atmosphere to inculcate a sense of belonging. Training, leadership development, workplace safety, employee benefits and compensation, delegation, conflict resolution and discipline have been the key areas of focus. Various programs are organized to elevate the skills and expertise of its manpower. In the year under review training covering 604 man-days was organised including

foreign, external and internal training covering 346 participants. Recruitment continues as an ongoing process to add/supplement human resources in different disciplines having various skills, knowledge, experiences and ability to meet the balance requirement of human resources in your Company. Most of the skilled / semi-skilled / unskilled workers engaged in the construction work are from the locality and the north-eastern region as a whole.

A new Promotion Policy has recently been implemented for the executives. Promoting career advancement in the Company, Performance Management System and Promotion Policy has been implemented for the non-executives from the year under review. Enhancement of perquisites and allowances in lieu of cafeteria approach is also introduced for non-executives. Schemes such as enhancement of financial assistance of executives in case of death/ total permanent disablement and coverage of non-executives under group personal accident insurance scheme are on the anvil and will be implemented shortly. Leveraging career progress of the new entrants, stipend of Executive Trainees/ Graduate Executive Trainees has been increased during the year. Periodical review for ensuring probity and efficacy among employees of BCPL under FR 56(j) is approved. Various policies and schemes have been introduced for promotion of Hindi, the official language.

Residential quarters of various categories are presently accommodating more than 600 residents including the employees and their



*Symposium on industrial relations*



*Drawing competition – Saksham, 2019*



*Offsite mock drill*

families in the BCPL Township at Barbaruah and more than 100 residents in Sivasagar Township. Both townships have adequate facilities for sports and recreational activities and for meeting basic needs. Additional quarters will be constructed in the BCPL Township within a short span of time along with construction of a recreation centre to promote extra-curricular activities for the children and refreshment of the employees and family members. Plans are afoot for accommodation arrangements for families and employees of Duliajan Plant, where presently there is no township.

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

Your Company has remained steadfast in its responsibility towards conservation of the environment. Pollution control and other environment protection norms are being fully complied with and there has been an endeavour to maintain high levels of safety and environmental standards along with operational efficiency. A modern effluent treatment plant ensures proper effluent discharge within the prescribed limits and it is fully functional. Action towards converting oil sludge into natural soil through a bioremediation facility has begun. Endeavour is being made for recycling of treated

effluent water of ETP in the Fire Water Network, which is expected to start soon. An online quality monitoring system is installed for COD, BOD, PH, TSS and effluent discharge flow which is connected to the Central Pollution Control Board (CPCB) server on 24x7 basis.

In a reflection of its commitment to the environment and excellent performance towards maintaining a healthy environment, your Company has won the prestigious 18th Annual Greentech Environment Award 2018 (Gold Category), in the Petrochemical Sector. Your Company celebrated World Environment Day (WED) on 5th June, 2018 with large scale tree plantation and various other programs, joining the worldwide campaign for creation of awareness for protection of our precious environment. Your Company also celebrated World Water Day on 22<sup>nd</sup> March, 2019 for creating awareness on water conservation, and Earth Hour on 30th March, 2019 by switching off all non-essential lights for minimum one hour and acknowledged its commitment as a responsible corporate citizen.

Towards conservation of foreign exchange, your Company has taken measures like indigenisation of spares and services wherever possible.



*Inauguration of bioremediation facility at ETP Unit by Shri A K Singh, Managing Director.*



### **Corporate Social Responsibility**

Since the project implementation phase, your Company has contributed to society through its CSR initiatives in the areas of healthcare, hygiene, education, infrastructure development & environment, literacy enhancement to the extent possible. Subsequently, not having generated any net profit, your Company has been unable to take up substantial CSR projects. However, your Company strives to improve the lives of the people residing in the vicinity of its plant. With an objective to complement the government projects and initiatives as well

as to improve the life of general populace your Company implemented development initiatives in areas adjoining the plant in coordination with the district administration of Dibrugarh, Sivasagar and Charideo including construction of Individual Household Latrine (IHHL) under the aegis of making Dibrugarh District open defecation free and installation of a Solid Waste Management ATM. An amount of ₹60 lac was sanctioned to undertake development initiatives in and around the BCPL installations through the district administration. A Committee of the Board on Sustainability & CSR is in place.

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**Data Source:** CRISIL Research, Reflections on Current Policy Issues facing the Indian Economy by Governor, Reserve Bank of India, GoI websites.

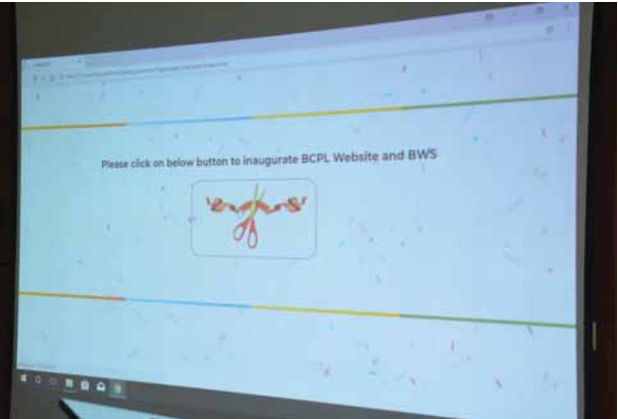
**Forward Looking Statement:** This document includes statements that are, or may be deemed to be, "forward-looking statements" which by their nature involve risk and uncertainty as they relate to future events and circumstances, a number of which are beyond the Company's control. As a result, actual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



Plantation drive in nearby school on World Environment Day, 5<sup>th</sup> June, 2018



Health checkup for drivers in collaboration with ONGC on World Drivers Day, 17<sup>th</sup> Sept, 2018



*Inauguration of new website of BCPL by Shri A K Singh, Managing Director*



*DPE Orientation Programme for capacity building of non-Official Directors of CSPEs on 17- 18 December 2018 hosted by BCPL*



*Shri Reep Hazarika, Chief General Manager and other senior officials interacting with the media during a site visit.*



*Interaction with stockists during the 1st Consignment Stockist Meet*



*Vehicle pollution check during Saksham, 2019*



## Report on Corporate Governance

### *Company's Philosophy*

Your Company is committed to ensuring best governance practices applying sound management systems and adhering to compliance of laws in a highly transparent and ethical manner with emphasis on integrity and accountability to foster confidence of the stakeholders and the public and to enhance long term stakeholder value.

### *Board of Directors*

As on 31<sup>st</sup> March, 2019, the Board of Directors of your Company consisted of nine Directors including the Chairman and Managing Director, GAIL being the ex-officio Chairman of the Company, two functional Directors, five promoter Directors and one Independent Director. The Nominee Directors are appointed in accordance with the Joint Venture Agreement and the Articles of Association of the Company. Appointment of another Independent Director against vacancy has been in process with the Government.

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

Sl. No.	Name of the Director	Designation	No. of Directorships / Chairmanship in other companies #		No. of Committee* Memberships / Chairmanship in other companies#		Number of Board meetings Attended	Attendance in last AGM
			Chairman	Director	Chairman	Member		
<b>Functional Directors</b>								
1	<b>Shri A K Singh</b> (DIN 07554762)	Managing Director	-	-	-	-	5	Yes
2	<b>Shri O P Tailor</b> (DIN 00370355) (up to 30.06.2018)	Director (Finance)	-	-	-	-	1	NA
	<b>Shri Pruthiviraj Dash</b> (DIN 08253888) (w.e.f. 11.10. 2018)	Director (Finance)	-	-	-	-	1	NA
<b>Promoter Directors</b>								
3	<b>Shri B.C. Tripathi</b> (DIN 01657366) Chairman & Managing Director GAIL (India) Ltd.	Chairman	3	1	-	-	4	No
4	<b>Shri R. K. Dutta</b> (DIN 00205669) Advisor to Government of Assam	Director	-	2	2	-	4	Yes
5	<b>Shri Ravi Capoor</b> (DIN 00744987) Addl. Chief Secretary to Govt. of Assam, Industries & Commerce Department etc.	Director	-	3	-	-	2	Yes



Sl. No.	Name of the Director	Designation	No. of Directorships / Chairmanship in other companies #		No. of Committee* Memberships / Chairmanship in other companies#		Number of Board meetings	Attendance in last AGM
			Chairman	Director	Chairman	Member	Attended	
6	<b>Shri S K Barua</b> (DIN 06503943) Managing Director Numaligarh Refinery Ltd.	Director	-	1	-	-	4	Yes
7	<b>Smt R S Borah</b> (DIN 06700534) Director (Finance), Oil India Ltd (up to 28.02.2019)	Director	-	4	1	1	2	Yes
8	<b>Shri Subir Purkayastha</b> (DIN 06850526) Director (Finance) GAIL (India) Ltd. (up to 16.12.2018)	Director	1	4	1	-	3	Yes
	<b>Shri Manoj Jain</b> (DIN 07556033) Director (BD) GAIL (India) Ltd. (w.e.f. 17.12.2018)	Director	3	1	-	-	1	NA
Government Directors								
9	<b>Ms Aparna S Sharma</b> (DIN 07798544) Joint Secretary, Department of Chemicals and Petrochemicals, Ministry of Chemicals & Fertilizers	Director	-	-	-	-	3	Yes
Independent Director								
10	<b>Dr. Chitralekha Mahanta</b> (DIN 07543791)	Independent Director	-	-	-	-	5	Yes
(*)	Committee positions refer only to Audit Committee and Stakeholders Relationship Committee.							
(#)	Other Company means public companies only.							

**Details of Board Meetings held during the year 2018-19**

Five meetings of the Board of Directors were held during the year as per the following details:

No. of the Board Meeting	Date	Board Strength	No. of Directors Present
75 <sup>th</sup>	21.05.2018	10	9
76 <sup>th</sup>	27.08.2018	9	6
77 <sup>th</sup>	28.09.2018	9	8
78 <sup>th</sup>	11.10.2018	9	4
79 <sup>th</sup>	10.01.2019	10	8



*Shri B C Tripathi, Chairman welcomes Shri Pruthiviraj Dash, Director (Finance) (left) and Shri Manoj Jain, Director (right), new entrants to the Board.*

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

**Shri B C Tripathi**, Director, retires by rotation at the ensuing annual general meeting pursuant to section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment. Chairman and Managing Director of GAIL since 01.08.2009, he has been the ex-officio Chairman of the Company w.e.f. 01.08.2009. A Mechanical Engineer from MNNIT, Allahabad, Shri Tripathi has been leading multi-billion dollar infrastructure projects and ardently supporting the Government and stakeholders based on his 35 years of rich experience and consensus-based decision making approach in shaping energy policies and regulations for the natural gas value chain. Under his leadership and sustained efforts, GAIL ranks amongst the top 10 international LNG portfolio players and also stands elevated to the stature of a 'Maharatna' public sector enterprise. He began his career in Oil and Natural Gas Corporation and subsequently joined Gas Authority of India Limited (now GAIL (India) Limited) in 1984 when the Gas Industry in India was at its infancy. He was the Project Manager for GAIL's prestigious Dahej-Vijaipur Pipeline project, which received Silver Medal for Excellence in Project Management in the Mega Project Category from International Project Management Association, Germany. In recognition of his pioneering initiatives for transforming GAIL into a significant player in the international LNG and NG markets, Shri Tripathi was awarded as "Best LNG Executive" at the 14th CWC Summit, Paris.

**Shri R K Dutta**, Director, retires by rotation at the ensuing annual general meeting pursuant to section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment. Shri R 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 Faculty of Management Studies, Delhi University. With over 48 years of rich experience in petroleum industry, he has also served as first Managing Director of Numaligarh Refinery Ltd and Chairman & Managing Director of Oil India Ltd.

**Shri S K Barua**, Director retires by rotation at the ensuing annual general meeting pursuant to section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment. Shri S K Barua, has been a Director on the Board of Directors of BCPL w.e.f. 01.02.2018. Shri Barua is a Cost and Management Accountant from ICWA and an LLB from Dibrugarh University by qualification. Taking over as Managing Director of Numaligarh Refinery Ltd. with effect from 31.01.2018, he has 35 years of rich and varied experience in the Indian Oil and Gas Industry. Prior to his appointment as Managing Director of NRL, he served as Director (Finance) in NRL. Over the last 25 years in NRL, he has garnered rich experience of setting up the grassroots mega project starting from its conceptualization, implementation, commissioning and operations thereafter. He has in-depth knowledge in areas of Finance, Treasury Management & Corporate Finance, Business Development, Commercial and Legal, JVs, Corporate Communication, Administration



and Liaison. Mr. Barua had been the Chairman of Confederation of Indian Industry (CII) Assam State Chapter since 2015 and has taken over as the Chairman, CII North East Council from May 2018. He was awarded Best CMA-CFO 2015 by Institute of Cost Accountants of India.

**Shri Pruthiviraj Dash** was appointed as Director (Finance) of the Company vide Ministry of Chemicals and Fertilizers order No. 45012/5/2012-PC-I dated 09.10.2018 for a period of five years from the date of assumption of charge of the post or till the date of his superannuation or until further orders, whichever is earliest. Shri Dash was inducted as an Additional Director w.e.f. 11.10.2018 till the conclusion of this Annual General Meeting and assumed charge as Director (Finance) and Chief Finance Officer of the Company w.e.f. 11.10.2018. Your Company has received a notice u/s 160 of the Companies Act, 2013 proposing his candidature for appointment as Director. A Commerce graduate and a Chartered Accountant, after a short stint with Radiant Electronics Ltd., Shri Pruthiviraj Dash made his foray into the public sector by joining Bharat Dynamics Limited (BDL), a CPSE under Ministry of Defence where he was involved in various functions of finance including foreign payments, capitalization of assets etc. After gaining significant experience in BDL he joined Bharat Earth Movers Ltd. (BEML) heading the team of Marketing Finance and looking after a broad range of assignments. After joining BCPL on 07.10.2011 he was entrusted with numerous challenging tasks including cost revision of project, financial closures, project financing and treasury management. He played a key role in arranging funds to meet the project expenses and gained huge experience in corporate finance in the Company and has also ensured implementation of several crucial systems and policies in the finance department.

**Shri Manoj Jain**, was nominated by GAIL (India) Limited as Director on the Board of Directors of the Company in the vacancy caused by superannuation of Shri Subir Purkayastha and was appointed as an Additional Director w.e.f. 17.12.2018 till the conclusion of this Annual General Meeting. Your Company has received a notice from a shareholder u/s 160 of the Companies Act, 2013 proposing his candidature for appointment as Director. Shri Manoj Jain is presently Director (Business Development), GAIL. A Mechanical Engineer with MBA in Operations Management, Shri Jain possesses rich and diverse experience encompassing more than 32 years with GAIL (India) Limited in the areas of Projects, O&M, Petrochemicals, Pipeline, Integrity Management and Marketing which has allowed him to gain insight and knowledge across multiple business units and functional areas. Before being appointed as Director (Business Development) of GAIL, he was responsible for Gas Marketing activities in his role as Executive Director (Marketing-Gas). He has also spearheaded the installation and commissioning of BCPL's petrochemical complex at Lepetkata, Assam as Chief Operating Officer. Shri Manoj Jain also worked in Operation and Maintenance at GAIL's corporate level for a number of years and his experience includes managing logistic of Gas business with the perspective of Operation and Management of all pipelines of company and in the process played a significant role in establishing the National Gas Management Centre (NGMC) and systems and procedures for transmission and marketing of comingled gases.

**Shri Pranjit Deka**, was nominated by Oil India Limited as Director on the Board of Directors of the Company in the vacancy caused by superannuation of Smt. Rupshikha Saikia Borah and was appointed as an Additional Director w.e.f. 01.07.2019 till the conclusion of this Annual General Meeting. Your Company has received a notice from a shareholder u/s 160 of the Companies Act, 2013 proposing his candidature for appointment as Director. A Civil Engineer by profession with a degree in Management (HR) and a Certified Petroleum Manager, Shri Pranjit Deka has been working in Oil India Limited since 1983. As Resident Chief Executive, Shri Deka is the overall in-charge of the main producing area, Oil India Ltd. in northeast India and accountable for all exploration and production and related activities. Shri Deka was conferred with the "Pride of Assam" award for his exemplary contribution and excellence in the field of human resource in 2018. He is also holding the position of Chairman, Assam chapter of NIPM.



## **Audit Committee**

During the year under review four meetings of the Committee were held on 21.05.2018, 27.07.2018, 20.09.2018 and 10.01.2019. Details of composition and attendance during the year under review are as below:

	No of meetings	
	held during the tenure of the member	attended by the member
Dr. Chitrlekha Mahanta, Chairperson	4	4
Shri Subir Purkayastha, Member (up to 16.12.2018)	3	1
Shri Manoj Jain, Member (w.e.f 17.12.2018)	1	1
Smt. R S Borah, Member ( up to 28.02.2019)	4	2
Shri S K Barua, Member	4	4

The terms of reference of the Audit Committee are in line with the DPE Guidelines on Corporate Governance and the Companies Act, 2013 and the recommendations of the Committee during the year have been accepted by the Board.

## **Nomination and Remuneration Committee**

During the year under review five meetings of the Committee were held on 04.05.2018, 18.07.2018, 20.09.2018, 30.11.2018 and 15.02.2019. Details of composition and attendance during the year are as below:

	No of meetings	
	held during the tenure of the member	attended by the member
Dr. Chitrlekha Mahanta, Chairperson	5	5
Shri R K Dutta, Member	5	4
Shri S K Barua Member	5	4
Smt. R S Borah, Member ( up to 28.02.2019)	5	4

All the members are non-executive Directors. The scope of the Committee is in consonance with the provisions of the Companies Act, 2013 and the DPE Guidelines on Corporate Governance. It also reviews and recommends the formulation of HR policy in the Company.

## **Other Committees**

An empowered **Committee of the Board on Contracts and Procurement** for expeditious clearance of approvals, comprising of the following members as on 31<sup>st</sup> March, 2019:

1. Shri Manoj Jain : Member
2. Shri A K Singh : Member
3. Shri P R Dash : Member



**A Committee on Sustainability & CSR** comprising of the following members as on 31<sup>st</sup> March, 2019:

1. Shri S K Barua : Chairman
2. Dr. Chitralkha Mahanta : Member
3. Shri A K Singh : Member
4. Shri P R Dash : Member

The terms of reference of the Committee are in line with the scope prescribed under the Companies Act, 2013 and DPE/Government Guidelines.

**A Committee on Health, Safety and Environment** to oversee the HSE performance of the Company and comprising of the following members as on 31<sup>st</sup> March, 2019:

1. Shri R K Dutta : Chairman
2. Shri S K Barua : Member
3. Shri A K Singh : Member

**A Share Transfer committee** comprising of the following Members as on 31<sup>st</sup> March, 2019:

1. Shri A K Singh : Chairman
2. Shri S K Barua : Member
3. Shri P R Dash : Member

## **Remuneration to Directors**

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

The details of remuneration paid to the Whole-time Directors of the Company during the financial year 2018-19 are as below:

Amount in ₹

Name	Salary & Allowances	Contribution to PF, Gratuity and other funds	Other benefits and perquisites	Performance linked Incentives	Total
Shri A K Singh Managing Director	3351073.00	285234.00	245768.00	0.00	3882075.00
Shri O P Tailor Director (Finance) (up to 30.06.2018)	640308.00	59847.00	43478.00	0.00	743633.00
Shri P R Dash Director (Finance) (w.e.f. 11.10.2018)	1171103.00	109412.00	72602.00	0.00	1353117.00

The Part-time Non-official (Independent) Director is not being paid any remuneration other than the sitting fee, which amounted to ₹2,16,000/- to Dr. Chitralkha Mahanta during the year. The Nominee Directors do not receive any pecuniary benefits including sitting fee from the Company.



## General Meetings

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

No of the AGM	Date	Time	Venue	Any Special Resolution passed
9 <sup>th</sup>	16.09.2016	3:00 pm	Hotel Brahma Putra Ashok, M.G. Road, Guwahati	Yes. Authorisation to the Board of Directors to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking(s) of the Company in accordance with Section 180(1)(a) of the Companies Act, 2013.
10 <sup>th</sup>	22.09.2017	3:00 pm	Hotel Vivanta by Taj G.S. Road, Khanapara, Guwahati, Assam 781022	None.
11 <sup>th</sup>	28.09.2018	3.00 pm	Hotel Vivanta by Taj G.S. Road, Khanapara, Guwahati, Assam 781022	None.

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

Date : Friday, 20<sup>th</sup> September, 2019

Time : 3:00 p.m.

Venue : Hotel Vivanta by Taj, G. S. Road, Khanapara, Guwahati-781022



11<sup>th</sup> Annual General Meeting held on 28.09.2018 in progress

### Disclosures

- The related party transactions are disclosed in the notes to accounts forming part of the annual report.
- The Company has complied with the requirements of the DPE Guidelines on Corporate Governance, save and except the composition of the Board with respect to number of Nominee Directors and Independent Directors. The Board has requested for a special dispensation from the Government of India regarding reduction in the number of Nominee Directors appointed as per JV Agreement. Appointment of a second Independent Director has been in process with the Government of India.
- The Company has a Whistle Blower Policy whereby employees can raise concerns to the competent authority in case they observe unethical and improper practices or any other wrongful conduct in the Company. The policy provides direct access to the Chairman, Audit Committee and necessary safeguards for protection of the whistle blower from reprisals or victimization.
- A mechanism for Risk Management is in place to identify and mitigate, financial, operational and other risks and the same is being reviewed in view of the Company having entered the operations phase.
- The Public Procurement Policy for Micro and Small Enterprises is being implemented in the Company and consistently since FY 2014-15 your Company has been meeting the requisite procurement target from the Government of India MSME sector. Annual procurement order (supplies & services) of the value of 36.21% were issued to MSE vendors in the FY 2018-19 against



the Government of India target of 25% as per Public Procurement Policy, 2012 as amended w.e.f. 9th November, 2018.

- vi. Environmental compensation charges of ₹61.20 lakh was paid to Central Pollution Control Board for delay in compliance of few of the directions, viz. regarding connectivity for emission & effluent monitoring system to CPCB server, installation of flow meter & storage for hazardous sludge, within the stipulated time. All directions were subsequently complied with.

### ***Audit Qualifications***

For the 12<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 31<sup>st</sup> March 2019.

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

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

### ***Shareholding Pattern***

As on 31<sup>st</sup> March, 2019, the shares were held by the promoters in the proportion:

GAIL : 70%

OIL : 10%

NRL : 10%

Government of Assam : 10%

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

A certificate from a Company Secretary in practice regarding compliance of conditions of corporate governance during 2018-19, as per clause 8.2.1 of the DPE Guidelines is annexed.

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

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

### ***Code of Conduct***

The Company has a Code of Conduct for the Board members and the senior management personnel and all the members of the Board and the senior management personnel have affirmed compliance of the Code of Conduct for the financial year ended on 31<sup>st</sup> March, 2019.

## **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.

Date : 29<sup>th</sup> July, 2019

*Sd/-*  
(A K Singh)  
**Managing Director**



## Form No. AOC-2

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

1		Details of contracts or arrangements or transactions not at arm's length basis - NIL
a)	Name(s) of the related party and nature of relationship	-
b)	Nature of contracts/arrangements/transactions	-
c)	Duration of the contracts / arrangements/transactions	-
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	-
e)	Justification for entering into such contracts or arrangements or transactions.	-
f)	Date(s) of approval by the Board	-
g)	Amount paid as advances, if any:	-
h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	-
2		Details of material contracts or arrangement or transactions at arm's length basis
a)	Name(s) of the related party and nature of relationship	<b>GAIL (India) Ltd., Holding Company.</b>



b)	Nature of contracts/ arrangements/ transactions	<ol style="list-style-type: none"> <li>(1) Procurement of Propylene</li> <li>(2) Procurement of Butene - 1</li> <li>(3) Marketing margin</li> <li>(4) Lease of office premises at Noida</li> <li>(5) Secondment of employees from GAIL</li> <li>(6) Charges for Disaster Recovery (DR) Server being set up in GAIL Noida Premises</li> </ol>
c)	Duration of the contracts / arrangements/transactions	<ol style="list-style-type: none"> <li>(1) Procurement of Propylene with GAIL, Pata as per requirement and on best endeavour basis</li> <li>(2) Procurement of Butene-1 as per requirement and on best endeavour basis</li> <li>(3) Marketing margin @ 2.4% of net sales value of BCPL products&amp; by-products for 10 years.</li> <li>(4) Lease agreement for office space at GTI, Noida under ongoing Contract.</li> <li>(5) Arrangement with holding company for secondment of employees.</li> <li>(6) Setting up of Disaster Recovery Data Centre in GAIL Noida Premises.</li> </ol>
d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	<ol style="list-style-type: none"> <li>(1) Procurement of total 2345.96 MT Propylene from GAIL, Pata amounting to ₹16.91 Crore.</li> <li>(2) Procurement of 3171.16 MT Butene-1 from GAIL, Pata amounting to ₹36.20 Cr.</li> <li>(3) Marketing commission as per Marketing Agreement totaling to ₹66.57 Crore.</li> <li>(4) Lease charges under ongoing contract ₹7.4 Lakh (till May 2018)</li> <li>(5) Arrangement with holding company for secondment of employees amounting to ₹16.13 Crore.</li> <li>(6) Total maximum estimated charges of ₹79.52 lakh for setting up of Disaster Recovery Data Centre in GAIL Noida Premises.</li> </ol>
e)	Date(s) of approval by the Board, if any:	Not applicable.
f)	Amount paid as advances, if any:	-

Dated : 31<sup>st</sup> July, 2019  
Place: New Delhi

Sd/-  
(B C Tripathi)  
**Chairman**



## Extract of Annual Return

As on the financial year ended on 31<sup>st</sup> March, 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

<b>I. REGISTRATION AND OTHER DETAILS</b>		
(i)	CIN	<b>U11101AS2007GOI008290</b>
(ii)	Registration Date	<b>08.01.2007</b>
(iii)	Name of the Company	<b>Brahmaputra Cracker and Polymer Limited</b>
(iv)	Category / Sub-Category of the Company	<b>Government Company</b>
(v)	Address of the registered office and contact details	<b>House No. 6, Bhuban Road, Uzanbazar, Guwahati-781001, Ph: 0361-2733554, Fax: 0361-2733556</b>
(vi)	Whether listed company Yes / No	<b>No</b>
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>MCS Share Transfer Agent Limited, F- 65, 1st Floor, Okhla Industrial Area, Phase -I, New Delhi-110020</b>

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of Plastic in primary forms - HDPE / LLDPE, PP	20131	91.92%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	<b>GAIL (India) Limited</b>	<b>L40200DL1984GOI018976</b>	<b>Holding Company</b>	<b>70.0%</b>	2(87) read with 2(46) of the Companies Act, 2013





i) Others (specify)										
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>	NIL									
a) Bodies Corp.										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹1 lakh										
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh										
c) Others (specify)										
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>										
<b>Grand Total (A+B+C)</b>	992368970	410434040	1402803010	1402803010	100%	1134135960	283534040	1417670000	100%	1.06%

(ii) *Shareholding of Promoters*

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year				Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year	
1	GAIL( India) Limited	992369000	70.74%	-	<b>992369000</b>	70.00%	-	-	
2	Oil India Limited	141767000	10.11%	-	141767000	10.00%	-	-	
3	Numaligarh Refinery Limited	141767000	10.11%	-	141767000	10.00%	-	-	
4	Government of Assam	126900010	9.04%	-	141767000	10.00%	-	11.71%	
	<b>Total</b>	<b>1402803010</b>	<b>100%</b>	-	<b>1417670000</b>	<b>100%</b>	-	<b>1.06%</b>	



**(iii) Change in Promoters' Shareholding (please specify, if there is no change):- No Change**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total Shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	<b>1402803010</b>	100%	<b>1417670000</b>	100%
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	<b>Allotment of 14866990 equity shares to Government of Assam on 10.04.2018</b>			
At the End of the year	<b>1402803010</b>	100%	<b>1417670000</b>	100%

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL**

	Shareholding at the beginning of the year		Cumulative Share holding during the year	
	No. of shares	% of total Shares of the company	No. of shares	% of total shares of the company
<b>For Each of the Top 10 Shareholders</b>				
At the beginning of the year				
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
At the End of the year (or on the date of separation, if separated during the year)				

**(v) Shareholding of Directors and Key Managerial Personnel:**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total Shares of the company	No. of shares	% of total shares of the company
<b>For Each of the Directors and KMP</b>				
At the beginning of the year	50	Negligible	30	Negligible
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	Transfer of 20 shares w.e.f. 29.09.2018	-
At the End of the year	50		30	Negligible



**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment  
(₹in crore)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3197.08	250.00	NIL	3447.08
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	1.72	NIL	1.72
<b>Total (i+ii+iii)</b>	3197.08	251.72	NIL	3448.80
<b>Change in Indebtedness during the financial year</b>				
• Addition	46.37	200.00	NIL	246.37
• Reduction	286.17	250.00	NIL	536.17
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2957.28	200.00	NIL	3157.28
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	1.72	NIL	1.72
<b>Total(i+ii+iii)</b>	2957.28	201.72	NIL	3159.00

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (₹)
1.	Gross salary	Shri A K Singh Managing Director	Shri O P Tailor Director (Finance) (upto 30.06.2018)	Shri P R Dash Director (Finance) (w.e.f. 11.10.2018)	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3636307	700155	1280515	5616977
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	245768	43478	72602	361848
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total (A)</b>	3802075	743633	1353117	5978825
	Ceiling as per the Act				Not applicable



**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of the Director	Total Amount (₹)
<b>1.</b>	<b>Independent Directors</b>		
		<b>Chitralkha Mahanta</b>	
	• Fee for attending Board / Committee meetings	216000	216000
	• Commission	-	-
	• Others, please specify	-	-
	Total (1)	216000	216000
<b>2.</b>	<b>Other Non-Executive Directors</b>		
	• Fee for attending Board / Committee meetings	-	-
	• Commission	-	-
	• Others, please specify	-	-
	Total (2)	-	-
	Total (B)=(1+2)		216000
	Total Managerial Remuneration		6194825
	Overall Ceiling as per the Act		Not applicable

**C. Remuneration to KMP:**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO (there is no CEO separately designated)	Company Secretary	CFO (Director Finance)	TOTAL in ₹
	Gross salary	NA	2264721	Director (Finance) is the CFO and his remuneration in mentioned in table A above.	2264721
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-		-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		-		-
2.	Stock Option		-		-
3.	Sweat Equity		-		-
4.	Commission - as % of profit - others, specify...		-		-
5.	Others, please specify				
	<b>Total</b>		<b>2264721</b>		<b>2264721</b>



**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					



## Annual Report on CSR activities during FY 2018-19

Sl. No	Particulars	Details
1.	A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the GSR policy and projects or programs.	<p>BCPL has a Policy with an objective of taking up socially relevant projects and initiatives that will promote wholesome growth of the society and improve the quality of life of people living in and around BCPL installations.</p> <p>The web-link is : <a href="https://www.bcplonline.co.in/CSR/Index">https://www.bcplonline.co.in/CSR/Index</a></p> <p>BCPL has been spending on CSR activities to the tune of ₹1 Crore each year during the project phase. Since PAT of the Company is negative, the company has been unable to undertake any substantial CSR project during the FY 2018-19. However, as goodwill gesture an amount of ₹60 lac was approved by the BCPL Board for FY 2018-19 to undertake development initiatives in and around BCPL installations through District Administration.</p>
2.	The composition of the CSR Committee	<p>1. Shri S K Barua- Chairman                  2. Dr. Chitralekha Mahanta-Member                  3. Shri A K Singh- Member                  4. Shri Pruthiviraj Dash- Member</p>
3.	Average Net Profit of the company for the last three financial years	Not applicable
4.	Prescribed CSR Expenditure (2% of the amount as in item 3 above)	Not applicable
5.	Details of CSR spent during the financial year.	
	Total amount to be spent for the financial year;	Not applicable
	Amount unspent, if any	Not applicable
	Manner in which the amount spent during the financial year is detailed below	Not Applicable

1	2	3	4	5	6	7	8
Sl. No.	CSR Project or Activity identified.	Sector in which the Project is covered	Projects or programs 1) Local area or 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) Project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads:	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
6.	In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.			Not applicable			
7.	The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company						

Sd/-  
(A K Singh)  
Managing Director

Sd/-  
(S K Barua)  
Chairman of the Committee on Sustainability & CSR



**FORM NO. MR-3**  
**Secretarial Audit Report**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

**To,**

**The Members,**

**M/s Brahmputra Cracker & Polymer Limited**

**CIN: U11101AS2007GOI008290**

**1st Floor, House No 6, Bhuban Road,  
Uzanbazar, Guwahati-781001, Assam**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Brahmputra Cracker and Polymer Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31 March 2019** ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Memorandum & Articles of the Association;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;
- v. Guidelines from the Ministry of Chemical & Fertilisers;
- vi. Compliances/processes/systems under other specific applicable laws (as applicable to the industry), as listed below, to the Company are being verified on the basis of periodic certificate/internal compliance system submitted to the Board of the Company;
- vii. The Company has identified the following laws as specifically applicable to the Company :
  1. The Petroleum Act 1934;
  2. Petroleum and Minerals Pipelines(Acquisition of Rights of User Inland) Act 1962;
  3. The Oil Industry (Development) Act 1974;
  4. Explosives Act 1884;
  5. The Oil Fields (Regulation & Development) Act 1948;
  6. Petroleum and Natural Gas Regulatory Board Act 2006;
- viii. I have also examined compliance with the applicable clauses of the following:
  - a. Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board & General Meetings.



We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- a) *The composition of Company's Board lack the required number of Independent Directors.*
- b) *The Company could not hold any separate meeting of Independent Directors during the year. The Company represented that it did not have enough number of independent directors to validly hold a separate meeting of Independent Directors.*
- c) *The composition of the Audit Committee did not have two- third of members as independent Directors.*
- d) *The number of nominee directors in the Board of Company is not as per the DPE guidelines of the Dept. of Public Enterprises, Govt. of India.*

### **I further report that:**

The Board of Directors of the Company was not properly constituted because required number of Independent Directors were not there in the Board, however the Company represented that being a Government Company, the Directors are nominated/appointed by Govt. of India and the Company had written many times to the Government of India for appointment of required number of Independent Director. Further the Company had requested for a special dispensation from the Government of India to maintain the existing composition of the Board without reducing the nominee directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings as represented by the management were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Guwahati  
Date: 12<sup>th</sup> July 2019

**For Narayan Sharma & Associates  
Company Secretaries**

Sd/-  
(Narayan Sharma)  
Proprietor  
FCS No.: 5117, C P No.: 3844

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.



**Annexure A**

**(TO THE SECRETARIAL AUDIT REPORT OF M/S BRAHMAPUTRA CRACKER AND POLYMER LIMITED FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2019)**

**To,  
The Members,  
M/s Brahma Putra Cracker & Polymer Limited  
CIN: U11101AS2007GOI008290  
1st Floor, House No 6, Bhuban Road,  
Uzanbazar, Guwahati-781001, Assam**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Guwahati  
Date: 12<sup>th</sup> July 2019

**For Narayan Sharma & Associates  
Company Secretaries**

Sd/-  
(Narayan Sharma)  
Proprietor  
FCS No.: 5117, C P No.: 3844



## Explanation of the Board to the Observation in the Secretarial Audit Report 2018-19

Observation of the Secretarial Auditor	Explanation of the Board
a. The composition of Company's Board lacks the required number of Independent Directors.	During the year, there was only one Independent Director on the Board of Directors. Appointment of a second Independent Director remained pending with the Government of India and the position was vacant
b. The Company could not hold any separate meeting of Independent Directors during the year. The Company represented that it did not have enough number of Independent Directors to validly hold a separate meeting of Independent Directors.	There was only one Independent Director in the Company during the year, as appointment of second Independent Director has been in process with the Government and therefore the company could not validly hold a separate meeting of the Independent Directors.
c. The composition of the Audit Committee did not have two- third of members as Independent Directors.	There was only one Independent Director in the Company during the year and appointment of second Independent Director by the Government of India was awaited.



## **Corporate Governance Compliance Certificate**

**To,**  
**The Members,**  
**M/s Brahma Putra Cracker & Polymer Limited**  
**CIN: U11101AS2007GOI008290**  
**1st Floor, House No 6, Bhuban Road,**  
**Uzanbazar, Guwahati-781001, Assam**

We have examined the compliance of conditions of Corporate Governance by **Brahmaputra Cracker and Polymer Limited** (hereinafter referred as “the Company”) for the year ended **31<sup>st</sup> March 2019**, as stipulated in the Guidelines on Corporate Governance for the Central Public Sector Enterprises issued by the Department of Public Enterprises (DPE), Government of India in May 2010.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned DPE guidelines except:

- a. The composition of Company’s Board lack the required number of Independent Directors.*
- b. The number of nominee directors in the Board of Company is not as per the DPE guidelines of the Dept. of Public Enterprises, Govt. of India.*
- c. The composition of the Audit Committee did not have two- third of 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: 12<sup>th</sup> July, 2019

**For Narayan Sharma & Associates**  
**Company Secretaries**

Sd/-  
(Narayan Sharma)  
Proprietor  
FCS No.: 5117  
C P No.: 3844



**BHAWANI SHARMA & CO. (CHARTERED ACCOUNTANTS)**

Head Office : Near Sahida Market, S.S. Road, Lakhtokia, Guwahati-1

Ph. : 0361-2514362

E-mail : bsco.srp@gmail.com

## **Independent Auditor's Report**

**To**  
**The Members**  
**Brahmaputra Cracker and Polymer Limited**

### **REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the accompanying standalone financial statements of Brahmaputra Cracker & Polymer Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the standalone financial

statements in accordance with the Standards on Auditing specified under section 143(10) of the Company's Act 2013, (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Company's Act 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **Information Other than the Standalone Financial Statements and Auditor's Report thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Company's Act 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the

Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Emphasis of Matters

We draw your attention to the following observations. Our opinion is not qualified in respect of these matters.

- a) We draw your attention to Note No. 22 to the Ind AS financial statements regarding the status of claims made against the Company, and that no claims has been acknowledged there against.**
- b) We draw your attention to Note No. 28 to the Ind AS financial statements regarding the subsidies under various scheme of NEIIP(North East Industrial Policy), the company has accounted subsidies amounting to Rs. 4680.02 lakh on accrual basis, however, claims for subsidies amounting to 3485.53 lakh is yet to be submitted/in the process of submission.**
- c) We draw your attention to Note No. 43 to the Ind AS financial statements relating to balance confirmations being sought from vendors, contractors and other authorities where balances were booked under loans and advances, debtors and creditors. Only 4 confirmations out of those requested by the management have been received by us.**
- d) We draw your attention to point (vii)(a) of Annexure-A to this report indicating that the company has not yet registered itself for ESI purpose.**

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and 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 it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) The matters to be reported on as per the directions of the Comptroller and Auditor

General of India have been reported on in “Annexure C”.

- h) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- i) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements in Note No. 22.
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which are required to be transferred, to the Investor Education and Protection Fund by the Company

2. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.  
Firm’s registration number: 314006E

Sd/-

(Shailendra Sharma)

Partner

Membership Number: 058352

Place: New Delhi  
Dated: 22<sup>nd</sup> May, 2019



## ANNEXURE -A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **Brahmaputra Cracker & Polymer Limited** of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **BRAHMAPUTRA CRACKER & POLYMER LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the

Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.



### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

*For Bhawani Sharma & Co.  
Chartered Accountants*

Firm's registration number: 314006E

Sd/-

(Shailendra Sharma)

*Partner*

Membership Number: 058352

Place: New Delhi  
Dated: 22<sup>nd</sup> May, 2019



## **ANNEXURE - B TO THE INDEPENDENT AUDITOR'S REPORT**

Referred to in paragraph 2 of Independent Auditors' Report to the members of the **Brahmaputra Cracker and Polymer Limited** on the Ind AS financial statements for the year ended 31 March 2019, we report that:

- (i) In respect of the Company's fixed assets:
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified by the management in regular interval. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
  - c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that the title deeds, comprising all the immovable properties of land & building which are freehold, are held in the name of Company, except for the 131 bigha of land for which process of obtaining land ownership document from Government of Assam is still under way pending necessary approval from Governments Authorities and also 59 bighas of Private Land of Railway Siding and 520 bighas of Land of Lakwa unit, though they are in possession of the company but title deed is yet to be transferred.
- (ii) As explained to us, physical verification of inventory has been conducted by the management of the company. In our opinion, the frequency of verification is reasonable. There were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- (iii) According to the information & explanation given to us and on the basis of our examination of books of Accounts, the company has not granted any loans, secured or unsecured, to companies, firms or other parties covered by clause (76) of Section 2 of the Companies Act, 2013. Consequently, the provisions of (iii)(a) to (iii)(c) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of grant of loans, making investment and providing guarantees and securities, as applicable.
- (v) The Company has not accepted any deposits during the year and does not have any unclaimed deposits as at 31st March, 2019 and therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The Company has maintained the books of accounts relating to utilization of materials, labour and other items, pursuant to the Rules made by the Central Government for the maintenance of cost records prescribed under section 148(1) of the Companies Act 2013 during the period under audit.
- (vii) According to the information and explanations given to us, in respect of statutory dues;



- a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Goods & Service Tax, Custom Duty, cess and any other material statutory dues applicable to with the appropriate authorities. As explained to us, the Company did not have any dues on account of Employees' State Insurance and Excise Duty.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Service Tax, Goods and Service tax. Custom Duty, Cess and other material statutory dues were in arrears as at 31 March, 2019 for a period of more than six months from the date they became payable.
- c) According to the information and explanations given to us, there were no material dues of Income Tax, Sales Tax, Excise duty, Customs Duty, Service Tax and Value Added Tax, Goods and service Tax which have not been deposited with the appropriate authorities on account of any dispute except the following;

Nature of the Statute	Nature of dues	Forum where dues is Pending	Period to which Amount relates	Amount (₹In Lacs)
The Income Tax Act, 1961	Income Tax	ITAT	A.Y.2015-16	58.83

- (viii) Based on our audit procedure and according to the information & explanation given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
- (ix) The Company has not raise any money by way of initial public offer or further public offer (including debt instruments). According to information & explanations given to us, the Company had utilized the Term Loan obtained and loans were applied for the purpose for which it was taken.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards and the Act.



- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has made preferential allotment of 14866990 shares to Government of Assam ,one of its promoters during the year & the requirement under Section 42 of the Companies Act,2013 have been complied with & the amount raised have been used for the purposes for which the fund were raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

*For Bhawani Sharma & Co.  
Chartered Accountants*

Firm's registration number: 314006E

Sd/-

(Shailendra Sharma)  
*Partner*

Membership Number: 058352

Place: New Delhi  
Dated: 22<sup>nd</sup> May, 2019



**ANNEXURE - C**

**REPORT PURSUANT TO DIRECTIONS ISSUED BY THE OFFICE OF C & AG U/S 143(5) OF THE COMPANIES ACT, 2013**

The Annexure referred to in paragraph 1(g) in Independent Auditors' Report to the members of the **Brahmaputra Cracker and Polymer Limited** on the financial statements for the year ended 31 March 2019, we report that:

Sl. No.	Directions	Remarks
1.	Whether the company has system in place to process all the accounting transactions through IT System ? If Yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the company has system in place to process all the accounting transactions through IT System. During the year under audit, there is no accounting transactions processed outside IT system.
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	There are no cases of restructuring of existing loan/ waiver/ write off of debts/loans/interest etc during the Year.
3.	Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its term and conditions ? List the cases of deviation.	Funds received/receivable for specific schemes from Central/State agencies were properly accounted for/ utilized as per its term and conditions. No deviation as such have been noticed during the year.

**For Bhawani Sharma & Co.**  
**Chartered Accountants**  
Firm's registration number: 314006E

Sd/-  
(Shailendra Sharma)  
Partner  
Membership Number: 058352

Place: New Delhi  
Dated: 22<sup>nd</sup> May, 2019



## Balance Sheet

as at 31<sup>st</sup> March, 2019

₹ in lakh

Particulars	Note	As at 31 March 2019	As at 31 March 2018
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, Plant and Equipment	2	750,534.70	781,283.97
Capital work-in-progress	2	995.28	529.00
Intangible assets	3	1,240.68	1,430.60
Financial Assets			
- Others	4(e)	1,580.70	1,767.75
Deferred Tax Assets (Net)	14	17,164.56	11,165.46
Other Non Current Assets (Non Financial)	5	22,856.83	27,271.51
<b>Subtotal (A)</b>		<b>794,372.75</b>	<b>823,448.29</b>
<b>Current Assets</b>			
Inventories	6	36,886.61	41,268.50
Financial Assets			
- Trade receivables	4 (b)	13,077.07	18,222.24
- Loans	4 (c)	41.07	35.16
- Cash and Cash Equivalents	4 (d)	140.12	1,504.08
- Others	4 (e)	1,348.61	741.37
Other Current Assets (Non Financial)	5	34,308.17	46,439.94
<b>Subtotal (B)</b>		<b>85,801.65</b>	<b>108,211.29</b>
<b>Total Assets (A+B)</b>		<b>880,174.40</b>	<b>931,659.58</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share Capital	7	141,767.00	140,280.30
Other Equity	8	-85,072.51	-90,483.09
<b>Subtotal (C)</b>		<b>56,694.49</b>	<b>49,797.21</b>
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>			
Financial Liabilities			
- Borrowings	9	273,135.23	277,522.23
- Provisions	12	768.87	345.23



₹ in lakh

Particulars	Note	As at 31 March 2019	As at 31 March 2018
- Other Non Current Liabilities	13	419,399.67	419,468.15
<b>Subtotal (D)</b>		<b>693,303.77</b>	<b>697,335.61</b>
<b>Current Liabilities</b>			
Financial Liabilities			
- Borrowings	9	13,494.65	46,730.37
- Trade payables			
- Due to MSME Vendors	10(a)	632.61	555.54
- Due to Others	10(b)	15,798.11	37,935.95
- Other Financial Liabilities	11	47,093.19	43,105.42
- Provisions	12	30,590.40	35,547.37
- Other Current Liabilities	13	22,567.18	20,652.11
<b>Subtotal (E)</b>		<b>130,176.14</b>	<b>184,526.76</b>
<b>Total Equity and Liabilities (C+D+E)</b>		<b>880,174.40</b>	<b>931,659.58</b>
<b>Accounting Policy</b>	<b>1</b>		

**Note No: 1 to 48 forms integral part of Financial Statements.**

*Sd/-*  
(A K Singh)  
**Managing Director**

*Sd/-*  
(Pruthiviraj Dash)  
**Director (Finance) & CFO**

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

As per our separate report on Even Date  
For **Bhawani Sharma & Co.**  
**Chartered Accountants,**  
FRN No. 314006E

*Sd/-*  
(Shailendra Sharma)  
Partner  
Membership No. 058352

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2019



## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019

₹ in lakh

Particulars	Note No.	Year ended 31 <sup>st</sup> March, 2019	Year ended 31 <sup>st</sup> March, 2018
I. <b>Revenue from operations</b>	15	267,693.09	174,867.82
II. Other income	16	24,131.13	23,009.53
III. Total Revenue (I + II)		291,824.22	197,877.35
IV. <b>EXPENSES</b>			
Excise Duty on sale of goods		-	4,377.74
Cost of raw material and components consumed	17	179,859.41	114,839.94
Change in Inventory of Finished Goods & WIP		10,247.71	-2,020.32
Employee benefits expenses	18	9,823.69	8,087.48
Depreciation and Amortization expense	19	38,665.09	38,783.04
Finance costs	20	26,468.55	27,889.47
Other expenses	21	25,803.65	19,044.06
<b>Total expenses (IV)</b>		<b>290,868.10</b>	<b>211,001.41</b>
V. <b>Profit/(loss) before Tax (III-IV)</b>		956.12	-13,124.06
VI. <b>Tax expense:</b>			
Current tax		-	45.63
Deferred Tax		-5,981.03	-5,130.46
VII. <b>Profit/(Loss) for the period (V - VI)</b>		<b>6,937.15</b>	<b>-8,039.23</b>
<b>Other Comprehensive income</b>			
VIII. <b>Items that maybe reclassified to profit or loss</b>			
Exchange differences on translation of foreign operations		-	-
Changes in fair value of FVOCI debt instruments		-	-
Income tax relating to these items		-	-
IX. <b>Items that will not be reclassified to profit or loss</b>			
Changes in fair value of FVOCI equity instruments		-	-
Remeasurement of post-employment benefit obligations		-57.94	-0.03
Income tax relating to these items		18.08	0.01
		-39.86	-0.02
X. <b>Other comprehensive income net of tax (VIII + IX)</b>		<b>-39.86</b>	<b>-0.02</b>
XI. <b>Total comprehensive income (VII + X)</b>		<b>6,897.29</b>	<b>-8,039.25</b>
XII. <b>Earnings per equity share:( in ₹ )</b>			
Basic		0.49	-0.57
Diluted		0.49	-0.57

**Note No: 1 to 48 forms integral part of Financial Statements.**

*Sd/-*  
(A K Singh)  
**Managing Director**

*Sd/-*  
(Pruthiviraj Dash)  
**Director (Finance) & CFO**

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

As per our separate report on Even Date  
For **Bhawani Sharma & Co.**  
**Chartered Accountants,**  
FRN No. 314006E

*Sd/-*  
(Shailendra Sharma)  
Partner  
Membership No. 058352

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2019



## Statement of Changes in Equity for the period ended 31<sup>st</sup> March 2019

(a) Equity Share Capital	Number (in lakh)	Amount ₹ in lakh
Equity Shares of ₹ 10 each issued, subscribed and fully paid		
<b>As at March 2018</b>	<b>14,028.03</b>	<b>140,280.30</b>
Issue of Share Capital	148.67	1,486.70
<b>As at March 2019</b>	<b>14,176.70</b>	<b>141,767.00</b>

### For the year ended 31<sup>st</sup> March 2019:

₹ in Lakh

Attributable To The Equity Shareholders			
Particulars	Retained Earnings	Other Comprehensive Income	Total
<b>As at 31 March 2018</b>	<b>-91,969.77</b>	<b>-0.02</b>	<b>-91,969.79</b>
Opening Retained Earning	-91,969.79		
Profit for the period	6,937.15	-39.86	6,897.29
<b>As at 31 March 2019</b>	<b>-85,032.65</b>	<b>-39.86</b>	<b>-85,072.51</b>

Number (in lakh)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Shares Held by Holding/ Parent Company</b>		
GAIL( India) Limited	9,923.69	9,923.69
Oil India Limited	1,417.67	1,417.67
Numaligarh Refinery Limited	1,417.67	1,417.67
Government of Assam	1,417.67	1,269.00
<b>Total No. Of Equity Shares of Rs. 10 Each</b>	<b>14,176.70</b>	<b>14,028.03</b>

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Shareholders holding more than 5% of Equity Shares</b>		
GAIL( India) Limited	70.00%	70.74%
Oil India Limited	10.00%	10.11%
Numaligarh Refinery Limited	10.00%	10.11%
Government of Assam	10.00%	9.05%



## **Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019**

### **Corporate information**

Brahmaputra Cracker and Polymer Limited ("BCPL") was incorporated on 8th January 2007 under the Companies Act, 1956 with authorized capital of ₹2,000 crore. This company was set up to implement the Assam Gas Cracker Project (AGCP) and formed through an agreement between GAIL, NRL, OIL and Govt. of Assam with equity participation of 70%, 10%, 10% and 10% respectively. The project is configured to use both Natural gas and Naphtha as the feed stock. Natural gas is supplied by OIL & ONGC and Naphtha is sourced from NRL. The site for main plant is located at Lepetkata; district Dibrugarh, Assam. Further, other Project facilities viz. C2+ recovery plant and Gas Dehydration Plant are located at Lakwa & Duliajan in Assam. The total Production Capacity is 220,000 TPA of Ethylene and 60,000 TPA Propylene with the main end products being High Density Polyethylene (HDPE) / Linear Low Density Polyethylene (LLDPE) and Polypropylene (PP).

The financial statements of the company for the year ended 31<sup>st</sup> March 2019 were authorized for issue in accordance with a resolution of the directors on 22<sup>nd</sup> May, 2019.

### **Basis of preparation**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP). With effect from year ending

31<sup>st</sup> March 2017, the Company is preparing its financial statements in accordance with Ind-AS and the year ended 31<sup>st</sup> March 2019 is third year the financial statements are prepared in compliance to Ind-AS.

The financial statements have been prepared on a historical cost basis. Where there are assets and liabilities calculated on a different basis, this fact is disclosed in the relevant accounting policy.

The Company does not have any subsidiary, associates and joint ventures, hence these financial statements are standalone financial statements and does not require any consolidated financial statements.

The financial statements are presented in Indian Rupees ('INR') and the values are presented in lakh, except otherwise indicated.

### **1. Significant accounting policies**

#### **1.1 Property, Plant and Equipment (PPE)**

##### **A. Tangible Assets**

- i. Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. In the case of commissioned assets where final payment to the Contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of competent authority, subject to necessary adjustment in cost and depreciation in the year of settlement.
- ii. Stores & Spares which meets the definition of PPE (whether as components or otherwise) and satisfied recognition criteria, are capitalized.



Major inspection/overhaul/repair is recognized in the carrying amount of respective assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred. Similarly, when significant parts of property, plant and equipment (identified individually as component) are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

iii. Technical knowhow /license fee incurred at the time of procurement of PPE are capitalized as part of the underlying assets.

iv. Property, plant and equipment are eliminated from financial statements, either on disposal or when retired from active use. Losses/gains arising in case retirement/disposals of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

- v. Depreciation is provided in accordance with the useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on prorata basis (monthly pro-rata for bought out assets).
- vi. Leasehold lands are amortized over the lease period. Leasehold improvements are amortized over the remaining period of the primary lease or expected useful economic lives, whichever is shorter.
- vii. The asset's residual values, useful lives and methods of depreciation/amortization are reviewed at each

reporting period and adjusted prospectively, if appropriate.

### **B. Intangible Assets**

- i. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.
- ii. Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.
- iii. Intangible assets with indefinite useful lives (principally comprise those 'right of use' for which there is no foreseeable limit to the period over which they are expected to generate net cash flows given the fact that these rights can be used even after the life of respective pipelines) are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

### **1.2 Capital Work in Progress**

- i. Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects.
- ii. All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.



**1.3 Research and development costs**

Revenue expenditure on Research and Development is charged to Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on Research and Development is capitalized in case the same qualifies as an asset.

**1.4 Depreciation /Amortisation**

**A. Tangible Assets**

Depreciation on Tangible PPE (including enabling assets) is provided in accordance with the manner and useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on pro-rata basis (monthly pro-rata for bought out assets), except for the assets as mentioned below where different useful life has been taken on the basis of external / internal technical evaluation:

i.

Particulars	Useful life
Mobile Phones provided for the use of employees	3 Years
Capital Stores/Spares recognized as PPE	3/5/10 Years

- ii. Cost of the leasehold land is amortised over the lease period except perpetual leases.
- iii. Depreciation due to price adjustment in the original cost of fixed assets is charged prospectively.

**B. Intangible Assets**

- (i) Intangible assets comprising software and licenses are amortised on Straight Line Method (SLM) over the useful life from the date of capitalization which is considered not exceeding five years. Right of use (ROU) having indefinite life (for which there is no foreseeable limit to the period over which they are expected to generate net cash flows given the fact

that these rights can be used even after the life of respective pipelines) are not amortized, but are tested for impairment annually.

- (ii) After impairment of assets, if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

**C. Capital assets facilities installed at other premises / land**

Capital assets facilities installed at the other's premises on the land whose ownership is not with the company, has been depreciated on SLM basis in accordance with the useful life as specified in Schedule II of the Companies Act, 2013.

**1.5 Impairment of non-financial assets**

The Carrying amount of cash generating unit are reviewed at each reporting date. In case there is any indication of impairment based on Internal/External factors, impairment loss is recognized wherever the carrying amount of asset exceeds its recoverable amount.

**1.6 Inventories**

- i. Raw materials and finished goods are valued at weighted average cost or net realizable value, whichever is lower.
- ii. Stock in process is valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished goods in which these are to be incorporated are expected to be sold at or above the weighted average cost.
- iii. Stores and spares and other material for use in production of inventories are valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished goods in which they will be incorporated are expected to be sold at/ or above cost.



- iv. Surplus / Obsolete Stores and Spares are valued at cost or net realisable value, whichever is lower. Surplus/Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realisable value.
- v. Renewable Energy Certificates (RECs) are valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.

### 1.7 Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### 1.8 Foreign currency transactions

- i. The Company's financial statements are presented in INR, which is also the Company's functional currency.
- ii. Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.
- iii. At each balance sheet date, foreign currency monetary items (such as receivables, payables, etc.) are reported using the closing exchange rate (BC Selling Rate for Payables and TT Buying Rate for Receivables). Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are

recognized as income or expenses in the period in which they arise.

- iv. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.
- v. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of nonmonetary items is recognized in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognized in other comprehensive income or the statement of profit and loss is also recognized in other comprehensive income or the statement of profit and loss respectively).

### 1.9 Revenue and other income

- (a) Sales are recognized on transfer of significant risks and rewards of ownership to the buyer as per the terms of the contracts and no significant uncertainty exists regarding the amount of consideration that will be derived from sale of goods. Generally this coincides with the delivery of goods to customers. Sales exclude Goods and Service Taxes. It is measured at fair value of consideration received or receivable, net of returns, allowances, trade discounts and volume rebates. Any retrospective revision in prices is accounted for in the year of such revision.
- (b) Claims on Customers (including interest on delayed realization from customers) are accounted for when there is significant certainty that the claims are realizable.
- (c) Other Interest income (e.g. on deposits



with bank etc.) is recognized on a time proportion basis.

- (d) The company is eligible to receive various subsidies under North-East Industrial Policy of the Central Government schemes announced from time to time. Accordingly the Company has preferred certain claims through Government of Assam, Department of Industries and Commerce. The subsidies are recognized on accrual basis when there exists significant certainty of its realization. The same is accounted for as income/reduction of corresponding expenses of the Company as appropriate.

## 1.10 Employee benefits

### i. Short term benefits:

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee render the related services are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. are recognized during the period in which the employee renders related service.

### ii. Post-employment benefits:

The cost of providing benefits under the defined benefit plan (i.e. gratuity) is determined using the projected unit credit method with actuarial valuations being carried out annually, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measure each unit separately to build up the final obligation.

- iii. Re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net

defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognized in the statement of profit and loss in the period of plan amendment. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

### iv. Other long-term employee benefit obligations:

Compensated absences and other benefits which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the obligation at the balance sheet date using the projected unit credit method. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

## 1.11 Borrowing costs

Borrowing costs that are attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale, after netting off any income earned on temporary investment of such funds. A qualifying asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.

All other borrowing costs are recognized



as expense in the period in which they are incurred.

### 1.12 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use of the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

#### (A) Company as a lessee

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on straight line basis. However, rent expenses shall not be straight-lined, if escalation in rentals is in line with expected inflationary cost.

Finance leases are capitalized at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.

#### (B) Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Leases are classified as finance leases when substantially all of the risks and rewards incidental to ownership is transferred by the Company to the lessee.

### 1.13 Liquidated damages/ Price Reduction Schedule

Amount recovered towards Liquidated Damages/Price Reduction Schedule are accounted for as and when the matter is settled. Liquidation damage if settled after capitalization of the PPE are charged to revenue, if below ₹50.00 lakh in each case otherwise adjusted in the cost of the relevant PPE.

### 1.14 Taxation

Tax expense represents the sum of tax currently payable and deferred tax.

#### (a) Current Tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**(b) Deferred Tax**

Deferred tax is provided using the balance sheet method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Tax relating to items recognized directly in equity is recognized in equity and not in the income statement.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**1.15 Earnings per share**

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

**1.16 Provisions, Contingent liabilities, Contingent assets and Commitments**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is disclosed in the case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- a present obligation arising from past events, when no reliable estimate is possible;
- a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

**1.17 Government grants**

- In case of depreciable assets, the cost of the assets is shown at gross value and grant thereon is taken to deferred income which is recognized as income in the Statement of Profit and Loss over the useful life of the asset.



- In case of Government grant received against expenses incurred are considered as income in the year in which it becomes receivable. These are reduced from the respective expenses and the balance is recognized in the statement of Profit & Loss as income of that year.

### **1.18 Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ noncurrent classification.

#### **An asset as current when it is:**

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

#### **A liability is current when:**

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### **1.19 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **(a) Financial assets**

##### **Classification**

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

##### **Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### **Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in below categories:

- **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through other comprehensive income**



A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- **Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

#### **Derecognition**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

#### **Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables.

#### **(b) Financial liabilities**

##### **Classification**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

##### **Initial recognition and measurement**

All financial liabilities are recognized

initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings etc.

##### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

##### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms,



or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### **(c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **1.20 Significant accounting judgments, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In particular, the Company has identified the following areas where significant judgments, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial

statements. Changes in estimates are accounted for prospectively.

#### **1.20.1 Judgments**

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements:

#### **1.20.2 Contingencies**

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, contractor, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgment and the use of estimates regarding the outcome of future events.

#### **1.20.3 Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### **1.20.4 Prior Period adjustments**

As per Ind AS 8, material errors refers



to those errors that relate to one or more prior periods for which financial statements have already been issued. If this happens, such material errors are corrected by adjusting the comparative information for the periods affected that are included in the current period's financial statements. If the error occurred before the earliest prior period presented, it will restate the opening balances of assets, liabilities and equity for the earliest prior period presented. However, where an error arising in a prior period is not material to prior period financial statements, it might be acceptable to correct the error in the current period rather than retrospectively considering, the materiality threshold limit of 1 % of turnover or 5% of profit before taxes whichever is higher.

#### 1.20.5 Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific

to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

#### 1.20.6 Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### 1.21 Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model



to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The impact on the Company's retained earnings as at 1 April 2018 is Nil.

The reasons for which there are no significant impact on account of application of IND AS 115 on the statement of profit or loss for the year ended 31 March 2019 are described below:

### **a. Petrochemicals:**

*Sd/-*  
(A K Singh)  
**Managing Director**

*Sd/-*  
(Pruthviraj Dash)  
**Director (Finance)**

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

The Company after dispatching goods from warehouse, does not have the ability to redirect the goods to any other customer and control of the goods transfers at the time of dispatch from warehouse. As such the revenue in this segment considered as at the point.

### **b. Other Liquid Hydro Carbon:**

In this segment the control of goods is transferred on dispatch of goods from factory, the company shall continue with current practice of recognizing revenue on dispatch from factory. Revenue from the sales Liquid hydrocarbons is recognized at the time of dispatch from the factory.

### **1.22 Standards Issued but not yet Effective**

Ind - AS 116 "Leases"

This standard will come into force from accounting period commencing on or after 1st April, 2019. The company will adopt the new standard on the required effective date. The Company is in the process of making an assessment of the impact of Ind - AS 116 upon initial application, which is subject to changes arising from a more detailed ongoing analysis.

As per our separate report on Even Date  
For **Bhawani Sharma & Co.**  
**Chartered Accountants,**  
FRN No. 314006E

*Sd/-*  
(Shailendra Sharma)  
Partner  
Membership No. 058352

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2019



## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2019

### Note 2: Property, plant and equipment

Components of Property, plant and equipment (including assets held under finance leases) are as follows:

Cost/Valuation	Leasehold Land	Freehold Land	Building - Other than factory building	Building -Plant	Roads, Bridges & Fences	Bunk Houses	Plant & Machinery	F&F and Other Equipment	Electrical	EDP	Motor Cars/Jeeps	Capital work-in-progress	Total
<b>At 1st April 2018</b>	-	387.47	21,839.72	28,447.80	28,247.74	3.63	767,489.82	10,039.24	4,869.69	748.80	362.31	529.00	862,436.22
Additions	-	-	0.64	-	48.64	-	7,961.25	40.31	2,123.22	361.16	54.45	466.28	10,589.67
Transferred on Business purchase	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-2,863.77	-	-	-	-	-	-2,863.77
<b>At 31st March 2019</b>	-	387.47	21,840.36	28,447.80	28,296.38	3.63	772,587.30	10,079.55	6,992.91	1,109.96	416.76	995.28	870,162.12
<b>Depreciation and impairment</b>													
<b>At 31 March 2018</b>	-	-	1,364.11	2,654.03	7,236.94	2.19	61,530.32	5,666.56	1,958.47	522.86	216.77	-	81,152.25
Depreciation expense	-	-	269.92	1,458.42	2,931.61	0.56	29,063.42	3,063.91	1,551.16	82.39	53.78	-	38,475.17
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>At 31st March 2019</b>	-	-	1,634.03	4,112.45	10,168.55	2.75	90,593.74	8,730.47	3,509.63	605.25	270.55	-	119,627.42
<b>Net Book value</b>													
<b>At 31 March 2018</b>	-	387.47	20,475.61	25,793.77	21,010.80	1.44	705,959.50	4,372.68	2,911.22	225.94	145.54	529.00	781,283.97
<b>At 31 March 2019</b>	-	387.47	20,206.33	24,335.35	18,127.83	0.88	681,993.56	1,349.08	3,483.28	504.71	146.21	995.28	750,534.70

Foot Note:

Refer to Note 9 with respect to PPE pledged as security



**Note 3: Intangible Assets**

(₹ in lakh)

Cost	Software / Licenses	Right of Use (Perpetual)	Right of Use (Limited useful life)	Total
<b>At 1<sup>st</sup> April 2018</b>	959.86	877.07	4.39	<b>1,841.32</b>
Additions	-	-	-	-
Capitalised internal development costs	-	-	-	-
Acquisitions through business combinations	-	-	-	-
Transfer to held for sale	-	-	-	-
Disposals	-	-	-	-
Exchange adjustments	-	-	-	-
Others	-	-	-	-
<b>At 31<sup>st</sup> March 2019</b>	<b>959.86</b>	<b>877.07</b>	<b>4.39</b>	<b>1,841.32</b>

(₹ in lakh)

Accumulated amortisation and impairment	Software / Licenses	Right of Use (Perpetual)	Right of Use (Limited useful life)	Total
<b>At 1<sup>st</sup> April 2018</b>	398.90	9.19	2.63	<b>410.72</b>
Additions	189.04	-	0.88	189.92
Capitalised internal development costs	-	-	-	-
Acquisitions through business combinations	-	-	-	-
Transfer to held for sale	-	-	-	-
Disposals	-	-	-	-
Exchange adjustments	-	-	-	-
Others	-	-	-	-
<b>At 31<sup>st</sup> March 2019</b>	<b>587.94</b>	<b>9.19</b>	<b>3.51</b>	<b>600.64</b>

Net book value	Software / Licenses	Right of Use (Perpetual)	Right of Use (Limited useful life)	Total
<b>At 31 March 2018</b>	<b>560.96</b>	<b>867.88</b>	<b>1.76</b>	<b>1,430.60</b>
<b>At 31 March 2019</b>	<b>371.92</b>	<b>867.88</b>	<b>0.88</b>	<b>1,240.68</b>

**Note 4: Financial assets**

(₹ in lakh)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>4(a) Investments</b>	-	-
<b>4(b) Trade receivables</b>	<b>13,077.07</b>	<b>18,222.24</b>
Considered good - Secured	6458.37	8,999.42
Considered good - Unsecured	6618.70	9,222.82
Which have significant increase in Credit Risk	-	-
Credit impaired	-	-
<b>4(c) Loans</b>	<b>41.07</b>	<b>35.16</b>
Loans and advances to employees	41.07	35.16
(Considered Good & Unsecured ₹41.07, P F Yr ₹35.16)		



<b>4(d) Cash and Cash Equivalents</b>	<b>140.12</b>	<b>1,504.08</b>
<b>Balances with banks:</b>		
— On current accounts	140.12	17.08
— Deposits with original maturity of less than three months	-	1,487.00
<b>4(e) Others</b>	<b>2,929.31</b>	<b>2,509.12</b>
Interest accrued but not due	42.14	75.72
Term deposits exceeding 12 months	-	-
Security Deposit Paid	1,580.70	1,767.75
Claims recoverables		
Insurance	1,306.47	665.65
<b>Total</b>	<b>16,187.57</b>	<b>22,270.61</b>
Current	14,606.87	20,502.86
Non current	1,580.70	1,767.75
<b>Total</b>	<b>16,187.57</b>	<b>22,270.61</b>

\* Other than Security Deposit all other Assets are treated as Current

## Note 5: Other non financial assets

(₹ in lakh)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Unsecured (Considered good):</b>		
Advance income tax	2.86	2.86
Income Tax Paid on Demand	172.40	172.40
<b>Balance with Government Authorities</b>		
GST Credit Receivable	15,896.97	36,965.78
- Current	15,896.97	33,447.42
- Non Current	-	3,518.35
TDS	316.58	559.91
<b>Other advances</b>	<b>339.64</b>	<b>339.64</b>
<b>Recievable Against Subsidy Claims</b>	<b>9,689.33</b>	<b>6451.42</b>
<b>Capital Advances to suppliers/contractors:</b>	<b>764.50</b>	<b>2,476.54</b>
<b>Advances to suppliers/contractors:</b>	<b>5,615.21</b>	<b>1,572.74</b>
<b>Prepayments</b>		
Pre-paid expenses	633.91	530.12
- Current	623.41	530.12
- Non Current	10.50	-
Pre-paid Lease Rent	23,733.60	24,640.03
- Current	887.27	886.88
- Non Current	22,846.33	23,753.16
<b>Total</b>	<b>57,165.00</b>	<b>73,711.45</b>
Current	34,308.17	46,439.94
Non Current	22,856.83	27,271.51
<b>Total</b>	<b>57,165.00</b>	<b>73,711.45</b>



## Note 6: Inventories

(₹ in lakh)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>(a) Raw materials, Stores, Spares and others</b>		
Raw Materials & other Consumables	2,252.84	1,152.61
Stores & Spares	26,799.54	22,142.91
<b>(b) Semi Finished Goods/By products</b>		
Semi Process Stock	1,674.47	2,461.14
By Products	808.34	530.65
<b>(c) Finished Goods</b>		
LLDPE	3,877.31	12,867.91
HDPE	21.97	298.07
PP	1,452.14	1,815.21
<b>Total</b>	<b>36,886.61</b>	<b>41,268.50</b>

## Note 7: Equity share capital

(₹ in lakh)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Share capital</b>		
<b>Authorised</b>		
2,00,00,00,000 Equity Shares of Rs. 10 each	200,000.00	200,000.00
(Previous year 2,00,00,00,000 Equity shares of Rs. 10 each)		
	<b>200,000.00</b>	<b>200,000.00</b>
<b>Issued, subscribed and fully paid up</b>	<b>141,767.00</b>	<b>140,280.30</b>

## Note 8: Other equity

(₹ in lakh)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Other equity:</b>		
Retained earnings	-90,483.09	-82,284.93
Add: Adjustment Pertaining to F Yr 2016-17	-	-1,645.61
Adjusted Opening Retained Earning	-90,483.09	-83,930.54
Add: Total comprehensive Income for Qtr	6,897.29	-8,039.25
Less: Transfer to statement of profit and loss	-	-
Transferred to Share Capital	-1,486.70	-
Share Application Money Pending Allotment	-	1,486.70
<b>Total</b>	<b>-85,072.51</b>	<b>-90,483.09</b>



## Note 9: Borrowings

(₹ in lakh)

Particulars	Effective Interest Rate	Maturity	As at 31-Mar-19	As at 31-Mar-18
<b>Secured</b>				
<b>Term loans:</b>				
- Loan from State Bank of India	SBI 1yr MCLR plus 0.45%	31/05/2025	152,099.35	161,709.36
- Cash Credit from State Bank of India	SBI 1yr MCLR plus 0.25%		13,494.65	21,730.40
- SBI Short term loan	SBI 1yr MCLR plus 0.15%		-	24,999.96
<b>Inter Corporate Loan</b>				
- GAIL	SBI 1yr MCLR plus 0.20%		20,000.00	-
<b>From Other Parties :</b>				
- Oil Industry Development Board		04/10/2027	101,035.88	115,812.88
<b>Total</b>			<b>286,629.88</b>	<b>324,252.60</b>
<b>Less Current Borrowings</b>			<b>13,494.65</b>	<b>46,730.37</b>
<b>Total Non Current Borrowings</b>			<b>273,135.23</b>	<b>277,522.23</b>

### Schedule of Current Borrowings

Particulars	Effective Interest Rate	Maturity	As at 31-Mar-19	As at 31-Mar-18
<i>From Other Party</i>			-	-
Loan From Related Party				
Gail India Ltd			-	-
Deposits			-	-
Other Loans			13,494.65	46,730.36
			<b>13,494.65</b>	<b>46,730.36</b>

#### - Oil Industry Development Board

The long term loans are secured by way of 1<sup>st</sup> charge on all fixed assets both movable and immovable, present and future including tangible and intangible assets, ranking pari pasu, among SBI and OIBD. As per requirement of OIBD, an exercise has been carried out to identify and segregate the Assets of the Company which has been funded out of OIBD loan. OIBD informed that their Competent Authority has accorded approval for acceptance of the Assets earmarked for loan against OIBD for creation of first charge in favour of OIBD and accordingly, the charge in favour of OIBD was modified.

Terms of Repayment & Interest Rate : Total period of loan is 10 years from the date of drawal which includes 2 years moratorium. The repayment shall be in 8 yearly equal instalments. The first instalment become due at the end of 3<sup>rd</sup> year from the date of drawal. Rate of interest on loan depends on the month in which loan instalment is drawn by BCPL.

#### - Loan from State Bank of India

The long term loans are secured by way of 1<sup>st</sup> charge on all fixed assets both movable and immovable, present and future including tangible and intangible assets, ranking pari pasu, among SBI and OIBD. Now after creation of exclusive charge in favour of OIBD against assets funded by them, on the balance Fixed Assets, First charge on the fixed assets (moveable and immovable) of the Company at Lepatkata, both present (Gross Block: ₹6,950 Crore) shall be created in favour of SBI shortly after satisfaction/modification of the pari passu charge created earlier.



The working capital loan is secured by 1st charge on current assets and 2<sup>nd</sup> Charge on the Fixed Assets (movable and immovable) of the BCPL, both present and future, in favour of SBI.

Terms of Repayment & Interest Rate : Repayment of loan is in 96 monthly instalments commencing from June 2017. The interest rate is SBI one year MCLR rate plus a spread of 0.45 % i.e 8.95 % as on 31<sup>st</sup> March'19.

### - Inter Corporate Loan from GAIL

The loan is unsecured.

Terms of Repayment & Interest Rate : Repayment shall be in 8 (Eight) equated half yearly instalments starting from 01.09.2020. Interest rate is SBI one year MCLR rate plus a spread of 0.20 % i.e 8.75 % as on 31<sup>st</sup> March'19.

**Note: An amount of ₹290.98 Crore payable within next 12 months, has been transferred to "Financial liabilities" at Note no.11.**

## Note 10 - Trade Payables

(₹ in lakh)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Trade payables</b>		
10 (a) Due to MSME Vendors	632.61	555.54
10 (b) (i) Due to Other Vendors	1,071.71	1,089.00
10 (b) (ii) Due to Related Party	14,726.40	36,846.95
<b>Total</b>	<b>16,430.72</b>	<b>38,491.49</b>
Current	16,430.72	38,491.49
Non current	-	-
<b>Total</b>	<b>16,430.72</b>	<b>38,491.49</b>

## Note 11: Other Financial Liabilities

(₹ in lakh)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Current maturities of long term debt:</b>		
- Oil Industry Development Board	19,414.00	16,375.00
- State Bank of India	9,684.00	4,080.00
Interest Accrued On Borrowings	172.60	-
Share Application Money(Refundable)	-	0.30
<b>Others :</b>		
Deposits/Retention Money from Contractors and others	7,272.89	8,136.71
Price reduction schedule	7,288.24	9,081.62
Security Deposit	1,435.44	595.69
Earnest money deposit	133.80	248.59
Payable to Employees	62.74	54.07
Payable for Capital Expenditure	1,629.48	4,533.43
<b>Total other financial liabilities at amortised cost</b>	<b>47,093.19</b>	<b>43,105.42</b>
Current	47,093.19	43,105.42
Non current	-	-
<b>Total</b>	<b>47,093.19</b>	<b>43,105.42</b>



## Note 12: Provisions

(₹ in lakh)

Particulars	As at 31-Mar-19	As at 31-Mar-18
<b>Provisions</b>		
Provision for employee benefits	480.32	317.20
Provision for gratuity	-	28.03
Provision for Income Tax	272.06	1,483.87
Pro. for Employees Benefits -Superannua	288.54	-
Provision for Liability (Contractors)	22,468.80	29,177.97
Others	7,849.55	4,885.53
<b>Total</b>	<b>31,359.27</b>	<b>35,892.60</b>
Current	30,590.40	35,547.37
Non current	768.87	345.23
<b>Total</b>	<b>31,359.27</b>	<b>35,892.60</b>

## Note 13: Non Financial Liabilities

(₹ in lakh)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Other non financial liabilities		
Government Grants	439,611.60	438,754.04
- Current	20,211.93	19,285.89
- Non Current	419,399.67	419,468.15
Statutory Liability Payables	711.46	955.73
Others	337.96	279.12
Advance from customers	1,305.83	131.38
<b>Total</b>	<b>441,966.85</b>	<b>440,120.26</b>
Current	22,567.18	20,652.11
Non current	419,399.67	419,468.15
<b>Total</b>	<b>441,966.85</b>	<b>440,120.26</b>

## Note 14: Deferred taxation

(₹ in lakh)

Particulars	As at 31-Mar-19	As at 31-Mar-18
Deferred tax asset/ liability	17,146.48	11,165.46
Deferred Tax Asset on OCI	18.08	
<b>Deferred tax assets/(liabilities)-net</b>	<b>17,164.56</b>	<b>11,165.46</b>

**Note 15: Revenue from operations**

(₹ in lakh)

Particulars	Year Ended 31-Mar-19	Year Ended 31-Mar-18
Sale of products (including excise duty/GST)		
(a) Sale of HDPE/LLDPE	246,899.94	155,291.03
(b) Sale of Polypropelene	61,011.11	41,944.21
(c) Sale of HPG ,CBFS,Slop Oil,etc.	25,524.08	12,060.31
<b>Total sale of products</b>	<b>333,435.13</b>	<b>209,295.55</b>
Less: GST on Sales	51,835.39	24,506.91
Less: Discount on Sales	13,906.65	9,920.81
<b>Total</b>	<b>267,693.09</b>	<b>174,867.82</b>

**Note 16: Other Income**

(₹ in lakh)

Particulars	Year Ended 31-Mar-19	Year Ended 31-Mar-18
<b>Other non-operating Income:</b>		
Interest on FDR's	180.78	108.48
Other Interest	258.31	224.68
Government grants	19,751.48	17,288.13
NEIIP Subsidy	-	4,001.25
Recoveries from Employees	86.83	69.80
Excess Provision Written Back	282.74	-
Misc.Receipts	3,570.99	1,317.18
<b>Total</b>	<b>24,131.13</b>	<b>23,009.53</b>

**Note 17: Cost of raw material and components consumed**

(₹ in lakh)

Particulars	Year Ended 31-Mar-19	Year Ended 31-Mar-18
Raw materials consumed	167,726.74	103,895.58
Chemical & Catalyst	7,081.27	5,654.58
Stores & Spares Consumed	5,051.40	5,289.79
<b>Total</b>	<b>179,859.41</b>	<b>114,839.94</b>



**Note 18: Employee Benefit Expenses**

(₹ in lakh)

Particulars	Year Ended 31-Mar-19	Year Ended 31-Mar-18
Salary, Wages and Allowances	6,458.98	4,878.89
Contribution to Provident and other Funds	1,002.65	593.37
Welfare Expenses	996.36	1,005.98
Secondment charges	1,365.70	1,609.25
<b>Total</b>	<b>9,823.69</b>	<b>8,087.48</b>

**Note 19: Depreciation and amortization expense**

(₹ in lakh)

Particulars	Year Ended 31-Mar-19	Year Ended 31-Mar-18
Depreciation and Amortization Expenses	38,665.09	38,783.04
<b>Total</b>	<b>38,665.09</b>	<b>38,783.04</b>

**Note 20: Finance cost**

(₹ in lakh)

Particulars	Year Ended 31-Mar-19	Year Ended 31-Mar-18
Interest on Term Loans from Banks	14,193.71	15,109.87
Interest on Short Term Loans from Banks	2,423.97	3,555.80
Interest on Loans from Other Institutions	9,750.88	9,596.55
Interest on Loans from Promoters	191.78	-
Other Borrowing Costs(Commitment and other Finance Charges)	181.62	180.17
Less: NEIIP Interest Subsidy	-273.41	-552.92
<b>Total</b>	<b>26,468.55</b>	<b>27,889.47</b>

**Note 21: Other Expenses**

(₹ in lakh)

Particulars	Year Ended 31-Mar-19	Year Ended 31-Mar-18
Power, Fuel and Water Charges:		
Power and Water charges	969.19	1,432.96
Repairs and Maintenance:		
Plant and Machinery	2,181.24	1,970.79
Building	512.98	407.75
Others	181.00	84.37
Insurance	216.42	437.42
Communication expenses	12.74	16.51



Printing and Stationery	17.97	22.09
Travelling Expenses	309.00	272.78
Books and Periodicals	6.19	5.10
Advertisement and Publicity	68.69	100.04
Payment to Auditors:		
Audit Fees	6.00	4.00
Tax audit fees	0.45	0.45
Company Law Matters	-	0.46
Management services	0.14	-
Entertainment Exp	38.53	30.58
Recruitment and Training Expenses	65.72	59.29
Vehicle Hire and running Expenses	420.28	336.05
Rent Rates & Taxes	1,972.94	1,217.49
Consultancy Charges	15.88	4.77
Legal and Professional Charges	115.11	121.39
Directors sitting fees	2.40	2.21
Selling and Distribution Expenses	3,808.32	335.02
Commission on Sales	7,726.11	5,130.01
Security Expenses	3,078.76	2,943.86
CSR expenses	-	42.50
Net loss on Foreign currency Transaction and Translation	242.25	-104.56
Other Expenses	3,835.34	4,170.73
<b>Total</b>	<b>25,803.65</b>	<b>19,044.06</b>



**22. Contingent Liabilities and Commitments:**

₹ in lakh

31-Mar-19

31-Mar-18

**(a) Contingent Liabilities:**

Claims against the Company not acknowledged as debts:		
Excise matters	-	-
Service Tax matters *	790.00	-
Sales tax matters	-	-
Entry Tax Matters	-	-
Court cases:		
Land Acquisition cases for Higher Compensation	1,295.63	1,295.63
Others (includes contingent liability for pay revision amounting to ₹3,739.63 Lakh)	4379.34	639.71
Claim by contractors Arbitration cases/other extra claims on capital account	50,680.10	48,381.10

\* Details at note 36(b).

**(b) Capital Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for	1105.48	5204.46
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**(c) Guarantees & other Commitment:**

Bank Guarantees in favour of Suppliers	3,757.44	2784.95
Letter of Credits issued:	1,969.80	4288.33

**(d) Registration charges towards transfer of GAIL's Lakwa unit: ₹501 lakh (Previous year ₹680 lakh).**

Note :

- The Company does not expect any reimbursement in respect of the above contingent liabilities.
- It is not practicable to estimate the timing of cash outflows, if any, in respect of matters above, pending resolution of the arbitration/ appellate proceedings.
- The Company currently does not have any Contingent Assets.

**23. In compliance of INDAS 37 on "Provisions, Contingent Liabilities and Contingent Assets", the required information of provisions is as under:**

Nature	Opening Balance	Additions during the year	Utilisation during the year	Reversals during the year	Closing balance
Excise	-	-	-	-	-
Service Tax	-	-	-	-	-
VAT/ Sales Tax	-	-	-	-	-
Goods & Service Tax	-	-	-	-	-
Legal Cases	-	-	-	-	-
Total	-	-	-	-	-



The above provisions are made based on estimates and the expected timing of outflows is not ascertainable at this stage.

24. During the current financial year the Company has allotted equity shares of ₹10 each in favour of Government of Assam (GoA) against advance received in the previous financial year i.e. on 31.03.2018 as part of the balance equity contribution of ₹1,486.70 lakh against revised project cost (₹9,96,500.00 Lakh) of Assam Gas Cracker Project. With this contribution, the equity portion of the approved funding for enhanced cost of ₹1,04,500.00 Lakh has been completed. During the year the Company has received ₹20,000.00 lakh in FY 2018-19 and cumulatively ₹5,01,102 lakh (including interest earned) against the total Capital Subsidy of ₹5,23,945 lakh against approved cost of Assam Gas Cracker Project. The balance Capital Subsidy is expected to be allocated in the RE for FY 2019-20.
25. **Feed Stock Subsidy:** Based on the initial condition of approval of the project and recommendation of the Inter-Ministerial Committee (IMC) of the Government of India (GoI), the Company has submitted its proposal for sanction of Feed Stock subsidy to BCPL for 15 years of plant operation. The note is under active consideration by the Government. The estimated financial implication for 15 years of plant operation is ₹4,600 crore as against the amount of ₹4,614.54 crore considered by CCEA in 2011. The budgetary support would be sought after CCEA approval by the administrative Ministry/ department. Out of the above total subsidy requirement, an amount of ₹930 crore is estimated towards subsidy requirement from commissioning date till FY 2017-18. The necessary accounting to this effect shall be done once the approval of Government is obtained.
26. As per JV agreement signed among the promoters of the Company, Government of Assam (GoA) should extend exemption from Sales Tax/VAT on feedstock/raw material (input) for a period of 15 years from the date of commissioning of the plant. Accordingly, a proposal has been submitted for exemption of VAT on Natural Gas (one of the major Raw-Material for the Company) which is under active consideration of the GoA. Once the approval is obtained amount of ₹19586.48 Lakh (approx.) will be claimed for re-imburement through budgetary support for the period from date of Commissioning of the plant till FY 2018-19 and to be accounted in the year of claim.
27. **Land & Building**
  - i. The Company is in possession of total 3904 bigha (Previous year 3912 bigha) of lease hold land and 190 bigha of free hold land of ₹9464.82 lakh and ₹387.47 lakh (Previous Year: ₹9489.48 lakh and ₹387.47 lakh) respectively. Out of which, title deeds for freehold (190 bigha) and leasehold (520 bigha) land amounting to ₹387.47 lakh and ₹1538.11lakh (Previous Year: ₹387.47 lakh and ₹1538.11 lakh) respectively are pending execution for transfer in the name of the Company. Although the Company enjoys complete ownership of the lease hold land which has been handed over by the Government of Assam (GoA) after acquisition of land from private owners under Land Acquisition Rule, but periodic patta for 3392 bigha of lease hold land for 30years has been issued in the name of the Company as per Land Registration Act of Assam, accordingly the lease hold land has been treated as operating lease under Ind-AS 17. Full payment has been settled on possession of the land and no lease amount is payable. The amount has been accounted as “Pre-paid Lease Rental” with amortisation over the lease period.



- ii. Under the compulsory acquisition scheme in public interest Government of Assam has taken possession of 6 (Six bigha) (previous year 2 [Two bigha]) of Company's lease hold land with payment of compensation of ₹251.60 lakh (previous year ₹80.64 lakh) received and accounted for during the year.
- 28.** The Company is registered under NEIP (North-East Industrial Policy) and eligible for various subsidy schemes. Accordingly, the Company has accounted the following eligible subsidies under various schemes on accrual basis.

₹ in lakh

Sl. No	Particulars of Subsidy	Opening Claim pending	Claim Submitted	Claim in Process of submission	Total Amount	Amount Received, if any.
1.	Interest On working Capital loan fund	0.00	552.92	273.41	826.33	0.00
2	Freight Subsidy	1845.78	2285.93	1405.87	5537.58	0.00
3	Insurance Subsidy	957.39	1354.53	1806.25	4118.17	942.50

The above subsidies relating to current year amounting to ₹4,680.02 lakh have been adjusted with respective expenditure.

- 29.** Capital Subsidy received from Government of India has been considered as deferred income in terms of Ind-As 20 and is recognized as income in the Statement of Profit and Loss over the useful life of the assets. In the current financial year an amount of ₹19,751.48 lakh has been credited (Previous year ₹19,183.15 lakh) to Statement of Profit and Loss.
- 30.** Trade payables (shown in Note No 10) include outstanding gas bills amounting to ₹17,278.82 Lakh payable to M/s. Oil India Ltd (OIL) after adjustment of claim for ₹1,715.80 Lakh towards NG shortfall for FY 2018-19.
- 31.** The proposal for revision of pay & other benefits for Board and below Board level officer duly recommended by Board has been submitted to Government, but the same has not been approved so far by the Government based on the conditions for implementation of Pay Revision as notified by Department of Public Enterprise, Government of India, with reference to 3rd Pay Revision Committee's recommendation. In view of the matter no liability has been provided till current financial year. However, ₹3,739.63 Lakh being estimated amount of liability for the previous years including current financial year has been shown under contingent liability (Others) and if approval of Government is obtained with retrospective implementation, the same will be accounted in the year of approval.
- 32. Disclosure as per requirements of Ind-AS 19 - "Employees Benefit".**
- i. The Company's contribution to provident fund is remitted to Employees Provident Fund maintained with Regional Provident Commissioner, Tinsukia, Assam, on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss.



- ii. **Gratuity:** The Company has a defined benefit gratuity plan fund invested with LIC and the fund is managed by a trust. Gratuity is paid to the staff member who has put in a minimum qualifying period of 5 years of continuous service on superannuation, resignation, termination or to the nominee on death.
- iii. **Leave Encashment:** The Employees are entitled to accumulate Earned leave and half pay leave which can be availed during service period. Employees are also allowed to en-cash the accumulated Earned Leave during the service period and on resignation. Further, the accumulated Earned leave and Half Pay Leave can be en-cashed by the employees on superannuation or by nominee on death. The valuation of liability on leave salary at the year end has been estimated based on actuarial valuation and differential liability over the previous year has been provided in the Statement of Profit and Loss.
- iv. During the year the Company has received the approval to its proposal of “Defined Employees Superannuation Benefit and Post-Retirement Medical benefit” scheme from its Administrative Ministry, Government of India, effective from the date of issue of approval (February 06, 2018). However, in view of detailed scheme is under preparation, a provision of ₹288.54 Lakh has been provided @ 6% of basic plus DA of Board level and below Board level officers as approved, in the current financial year covering a period from 08.02.2018 till 31.03.2019. Further as against the said provision, “Deposit with LIC” of ₹485.84 lakh (previous year ₹339.34 lakh) already exist and continuing with LIC till a suitable fund manager is appointed to manage the fund.
- v. The reconciliation and disclosure of funded and non-funded defined benefit schemes in compliance to the Ind-As 19 are detailed hereunder.
  - a. Net employee benefit expense (recognized in employee cost) for the year ended 31<sup>st</sup> March, 2019 & 31<sup>st</sup> March, 2018.

₹ in Lakh

Particulars	Gratuity		Leave encashment	
	2018-19	2017-18	2018-19	2017-18
Current Service Cost	135.95	106.11	97.06	75.18
Past Service Cost	-	40.99	-	-
Net Interest Cost	0.68	6.22	17.89	12.07
Actuarial Gain/loss	-	-	219.00	336.49
<b>Total expenses included in employee benefit expense</b>	<b>136.62</b>	<b>153.32</b>	<b>333.96</b>	<b>423.74</b>

- b. Amount recognized in Other Comprehensive Income for the year ended 31<sup>st</sup> March, 2019

₹ in Lakh

Particulars	Gratuity	
	2018-19	2017-18
Actuarial (gain)/ loss on obligations	51.22	(4.91)
Return on plan assets (excluding amounts included in net interest expense)	(6.72)	(4.94)
Experience adjustments	53.96	15.50
Recognized in other comprehensive income	57.94	0.03



- c. Changes in the present value of the defined benefit obligation for the year ended 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018 are as follows:

₹ in Lakh

Particulars	Gratuity		Leave encashment	
	2018-19	2017-18	2018-19	2017-18
Current service cost	135.95	106.11	97.06	75.18
Interest cost	38.84	26.41	17.89	12.07
Transfer In	0.00	0.00	0.00	0.00
Benefits paid	9.51	7.44	170.83	526.65
Actuarial (gain)/ loss on obligations	51.22	(4.91)	219.00	336.49
<b>Defined benefit obligation</b>	<b>724.30</b>	<b>507.81</b>	<b>480.32</b>	<b>317.20</b>

- d. Changes in the fair value of plan assets for the year ended 31<sup>st</sup> March, 2019 and 31<sup>st</sup> March, 2018 are as follows:

₹ in Lakh

Particulars	Gratuity		Leave encashment	
	2018-19	2017-18	2018-19	2017-18
Interest income	38.16	20.18	0.00	0.00
Return on plan assets (excluding amounts included in net interest expense) – OCI	-6.72	-4.94	0.00	0.00
Contribution by Employer	258.86	224.40	0.00	0.00
Benefits paid	9.51	7.44	0.00	0.00
Service cost (Transfer in)	0.00	0.00	0.00	0.00
<b>Closing fair value of plan assets</b>	<b>775.06</b>	<b>494.27</b>	<b>0.00</b>	<b>0.00</b>

- e. Details of the investment pattern for the above-mentioned funded obligations is as under:

₹ in Lakh

Particulars	Gratuity		Leave encashment	
	2018-19	2017-18	2018-19	2017-18
LIC Fund	775.06	494.27	0.00	0.00
Insurer managed funds	0.00	0.00	0.00	0.00

- f. The principal assumptions used in determining above-mentioned obligations for the Company's plans are shown below:

₹ in Lakh

Particulars	Gratuity		Leave encashment	
	2018-19	2017-18	2018-19	2017-18
Discount rate (in %)	7.72	7.70	7.72	7.70
Salary Escalation (in %)	6.00	6.00	6.00	6.00
Rate of employee turnover (in %)	-	-	-	-
Attrition Rate (in %)	1.00	1.00	1.00	1.00
Inflation (in %)	6.00	6.00	6.00	6.00
Medical cost trend rate (in %)	NA	NA	NA	NA
Life expectation for (in years):	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE	IALM 2006-2008 ULTIMATE



- g. A quantitative sensitivity analysis for significant assumption as at 31st March 2019 is as shown below:

₹ in Lakh

Gratuity Plan	31-Mar-19		31-Mar-19	
	Discount rate		Future salary increases	
Assumptions				
Sensitivity Level (%)	0.50 increase	0.50 decrease	0.50 increase	0.50 decrease
Impact on defined benefit obligation-(Amount)	659.85	796.80	787.21	661.11

₹ in Lakh

Gratuity Plan	31-Mar-18		31-Mar-18	
	Discount rate		Future salary increases	
Assumptions				
Sensitivity Level (%)	0.50 increase	0.50 decrease	0.50 increase	0.50 decrease
Impact on defined benefit obligation - (Amount)	460.87	560.72	559.41	460.20

₹ in Lakh

Leave encashment	31-Mar-19		31-Mar-19	
	Discount rate		Future salary increases	
Assumptions				
Sensitivity Level (%)	0.50 increase	0.50 decrease	0.50 increase	0.50 decrease
Impact on defined benefit obligation- (Amount)	439.70	525.93	526.23	439.12

₹ in Lakh

Leave encashment	31-Mar-18		31-Mar-18	
	Discount rate		Future salary increases	
Assumptions				
Sensitivity Level (%)	0.50 increase	0.50 decrease	0.50 increase	0.50 decrease
Impact on defined benefit obligation - (Amount)	289.74	348.10	348.30	289.36

- h. The following payments are expected contributions to the defined benefit plan in future years:

₹ in Lakh

Particulars	Gratuity		Leave encashment	
	2018-19	2017-18	2018-19	2017-18
Within the next 12 months (next annual reporting period)	24.48	10.03	27.53	15.86
Between 2 and 5 years	37.63	26.37	29.68	20.39
Between 5 and 10 years	148.87	93.85	110.42	62.05
Beyond 10 years	3781.13	2795.14	2327.72	1613.50
Total expected payments	3992.11	2925.38	2495.36	1711.80

- i. The average duration of the defined benefit plan obligation at the end of the reporting period is 26 years (31 March 2018: 26 years).



j. History of experience adjustment is as follows:

₹ in Lakh

Particulars	Gratuity				
	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Present value of obligation	724.30	507.81	346.65	221.88	142.43
Plan assets	775.06	494.27	262.07	252.56	218.93
Experience adjustments	53.96	15.50	-8.26	2.43	NA

₹ in Lakh

Particulars	Leave encashment				
	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
Present value of obligation	480.32	317.20	420.10	273.48	194.16
Plan assets	0.00	0.00	0.00	0.00	0.00
Experience adjustments	220.72	348.41	73.82	65.43	NA

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

₹ in Lakh

Details of claim as under	Current Year	Previous Year
Opening Claim as on 01.04.2018	250.58	300.23
Claim lodged for the financial year 2018-19	2.10	250.58
Total Claim Lodged:	252.68	550.81
Less: Received during the year	0.00	300.23
(Add) / Less: Claim adjusted/reversed	0.00	0.00
<b>Receivable as at 31.03.2019</b>	<b>252.68</b>	<b>250.58</b>

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

During construction period (from inception to 02.1.2016), interest income earned from parking of fund in short term deposits arising out of parking of fund from Capital subsidy, Loan & Equity which is linked to the project cost was treated as taxable income by Tax Authority. BCPL had preferred an appeal with ITAT, Guwahati. Subsequently, appeal effect order was passed on 14.06.2017 by the ITAT upholding that the aforesaid income will not be taxable for the A. Yr. 2009-10 and 2010-11 and against this order a refund amount of ₹776.92 Lakh was in the F Yr. 2017-18. Further, on request for rectification order, an amount of ₹3.24 lakh and ₹35.01 lakh was allowed by tax authority for A Yr. 2009-10 & A Yr. 2010-11 during the F Yr. 2018-19 towards short interest refunded.

Subsequent to the ITAT order for A. Yr. 2009-10 and A. Yr. 2010-11, submission was made to CIT (Appeal) to consider the matter pertaining to subsequent A. Yr. 2011-12 to 2014-15 in line with the ITAT judgment since matter for subsequent years was similar in nature. However, the final judgment was passed by the CIT (Appeal) on dated 12.03.2018 by holding interest income received against investments out of borrowed funds as taxable. Against this order a sum of ₹1430.12 Lakh was received during F Yr. 2018-19 after adjustment of Income Tax on interest income generated out of investment of borrowed fund. Considering the decision of the CIT (Appeal) as unjust and deviating the ITAT decision for preceding A. Yr.'s, BCPL has preferred to file an appeal with the ITAT.



The current status of Income Tax appeals pending with different authority is as follows:

Assessment Year	Debt Income Considered Taxable	Tax Deposited on Debt Income	Status of Appeal
2011-12	383.21	127.29	Pending With ITAT
2012-13	53.87	16.65	Pending With ITAT
2013-14	183.76	59.62	Pending With ITAT
2014-15	1679.16	663.59	Pending With ITAT
2015-16	190.39	-	Pending With ITAT

## 35. Income Tax

Current Tax provision has been kept as 'Nil' considering that BCPL is eligible for exemption under Section 80 IE of the Income Tax Act. However since the provisions of this section does not disallow levy of MAT provisions under Section 115 JB as such computation of Minimum Alternate Tax (MAT) payable has been made for the A. Yr. 2019-20. The taxable income under MAT is 'Nil' on account of adjustment of "Brought forward loss / unabsorbed Depreciation".

Particulars	₹ in Lakh
Profit After Tax as shown in the Profit and Loss Account	6,937.15
Less: Amount of Deferred Tax	5,981.03
Net Taxable Income	956.12
Less: Loss brought forward or unabsorbed depreciation whichever is less*	956.12
Net Taxable Income	Nil
Tax Rate: MAT @ 18.50 %	Nil
Net Current Tax Payable	Nil

\*Balance of unabsorbed 'Business Loss' and 'Unabsorbed Depreciation' stands as follows:

₹ in Lakh

Nature	Period	Balance B/f	Adjusted During the F Yr.	Balance C/f
Business Loss	2016-2017	17,902.59	956.12	16,946.47
	2017-2018	26,025.88	-	6,025.88
Unabsorbed Depreciation	2016-2017	8,371.05	956.12	7,414.93
	2017-2018	35,168.08	-	35,168.08

## 36. GST Credit and Utilisation:

a) Following is the details of GST credit and utilisation for the period 2018-19:

₹ in Lakh

Location	Assam			Uttar Pradesh		
	IGST	CGST	SGST	IGST	CGST	SGST
Opening	0.00	36555.33	229.09	66.14	1.77	1.77
Credit Availed	19966.83	4471.26	4471.26	0.31	2.14	2.14
Credit Utilized	45078.08	2451.49	2451.49	0.00	0.00	0.00
IGST liability adjusted with CGST Credit	25111.25	25111.25	0.00	0.00	0.00	0.00
SGST paid in Cash	0.00	0.00	46.05	0.00	0.00	0.00
Closing	Nil	13463.85*	2294.92	66.45	3.91	3.91

\*CGST credit includes input credit relating to Duliajan of ₹3,010.09 Lakh which is under litigation with the CESTAT.

**b) Service tax /Goods & Service Tax on Liquidated Damages /Price Retention Schedule( PRS)**

Commissioner, GST has passed an order for recovery of certain amount against Service Tax on Liquidated Damages /Price Retention Schedule (PRS) for the period from 1.7.2012 to 30.6.2016. The aforesaid order was passed with reference to provisions of the Finance Act 1994 in service tax regime read with Section 174 of Central Goods & Service Tax (CGST) Act 2017.

BCPL has deposited ₹790 lakh to exchequer account towards service tax demand & preferred an appeal before CESTAT which is yet to be disposed. The above amount has been shown under Contingent Liability under note no 22 above.

**37. Financial risk management :**

- i. The Company's financial risk management is an integral part of how to plan and execute its business strategies. This note explains the sources of risk which the entity is exposed to and how the company manages the risk.

The Company's Board of Directors have overall responsibility for the establishment and oversight of the company's risk management framework.

- ii. The Company's principal financial liabilities comprise of loans, trade and other payables. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

- iii. The Company is exposed to market risk, credit risk and liquidity risk.

The Company reviews its financial risk and take appropriate mitigation plan based on the requirement.

**Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. It is a risk of changes in market prices such as foreign exchange rates and interest rates that will affect Company's income or the value of its holding of financial instruments.

- iv. **Market Risk - Interest rate risk**

- a. The company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company's objective is to maximize low interest rate borrowings.

- b. Interest rate sensitivity

With all other variables held constant, the following table demonstrates the sensitivity to a reasonably possible change in interest rates on floating rate portion of loans and borrowings



₹ in Lakh

Particulars	Increase/decrease in basis points	Effect on profit before tax
<b>31 March 2019</b>		
SBI Loan	+100	+1646.35
	-100	-1646.35
<b>31 March 2018</b>		
SBI Loan	+100	+1918.40
	-100	-1918.40

## v. Market risk - Foreign currency risk

The Company transacts business in local currency and in foreign currency, primarily U.S. dollars, Euros & Japanese Yen mainly for import of catalysts & chemicals and spares for its imported equipment's through LCs. The Company does not have foreign currency loans, however, has foreign currency liabilities and outstanding foreign Letter of Credits. The exposure to foreign exchange risk of the Company is not substantial. The Company manages its foreign currency risk by keeping foreign currency exposure at minimum.

### Foreign currency sensitivity:

The following table demonstrates the sensitivity in the USD, Euro, and other currencies, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities in foreign currency. The Company does not have monetary items that form part of net investment in foreign operation and therefore no impact on equity on this account.

₹ in Lakh

Particulars	Change in currency exchange rates	Effect on profit before tax
<b>For the year ended March 31, 2019</b>		
US Dollar	3%	-39.58
	-3%	39.58
EURO	6%	-21.23
	-6%	21.23
Japanese yen	7%	-20.77
	-7%	20.77
<b>For the year ended March 31, 2018</b>		
US Dollar	3%	-69.66
	-3%	69.66
EURO	6%	-53.62
	-6%	53.62
Japanese yen	7%	-79.53
	-7%	79.53

## vi. Equity price risk

The Company does not have any equity risk.



**vii. Liquidity risk:**

The Company’s objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys an appropriate cash management system.

Liquidity risk - Maturity profile

₹ in Lakh

As at 31 March 2019	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Interest-bearing loans and borrowings	13,495	4,150	24,948	1,84,303	89,469	3,16,365
Interest Payable	1,174	6,206	18,021	61,500	5,633	92,533
Trade and other payables	16,430	-	-	-	-	16,430
Other financial liabilities	9417.15	4238.37	33437.67	-	-	47,093.19
Other – specify	-	-	-	-	-	-

₹ in Lakh

As at 31 March 2018	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
Interest-bearing loans and borrowings	21,587	4,150	41,304	1,51,372	1,26,860	3,45,275
Interest payable	1,781	6,472	18,744	67,902	12,692	1,07,593
Trade and other payables	38,491	-	-	-	-	38,491
Other financial liabilities	5,077	2,285	18,027	-	-	25,389
Other specify	-	-	-	-	-	-

**viii. Credit risk**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities primarily for trade receivables, including deposits with banks.

**Trade receivables**

Customer credit risk is managed by the Company’s established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored.

**Financial Instruments and Cash Deposits**

Credit risk from balances with banks and financial institutions is managed in accordance with the Company’s policy. Investments of surplus funds are made as per approved methodology. Credit limits of all authorities are reviewed by the Management on regular basis.



The aging analysis of trade receivables as of the reporting date is as follows:

₹ in Lakh

Particulars	Neither past due nor impaired	Past due but not impaired				Total
		Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days	
Trade receivables as of 31 March 2019	13,077	11,921	-	-	1,156	13,077
Trade receivables as of 31 March 2018	18,222	18,171	51	-	-	18,222

### 38. Capital Management

For the purpose of the Company's capital management, capital includes issued capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value.

The Company maintains its capital structure as per approved funding pattern of the project cost of the Company by Government of India ensuring viability of the project. No changes were made in the objectives, policies or processes during the years ended 31<sup>st</sup> March 2019 and 31<sup>st</sup> March 2018.

However, the Company's gearing ratio, which is net debt divided by total capital plus net debt is furnished in the table below. The Company includes within net debt, interest-bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

₹ in Lakh

Particulars	As at 31 March 2019	As at 31 March 2018
Interest-bearing loans and borrowings including payables	3,03,061	4,26,501
Less: Cash and Cash Equivalents	140	86,683
Net debt	3,02,920	3,39,818
Equity	1,41,767	1,40,280
Total capital	56,675	49,798
Capital and net debt	3,59,595	3,89,616
Gearing ratio	0.84	0.87

### 39. Accounting classifications and fair value measurements

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data



Set out below is a comparison by class of the carrying amounts and fair values of the Company's financial instruments that are carried in the financial statements:

As at 31 March 2019 the company held the following financial instruments carried at fair value on the statement of financial position:

₹ in Lakh

Particulars	Carrying amount	Fair value		
	31.03.2019	Level 1	Level 2	Level 3
<b>Financial assets at amortised cost:</b>				
<b>Non-current</b>				
Loans and receivables	1,580.70	-	-	-
<b>Current</b>				
Trade receivables	13,077.07	-	-	-
Cash and cash equivalents	140.12	-	-	-
Loans	83.21	-	-	-
<b>Total</b>	<b>14,881.10</b>	-	-	-
<b>Financial liabilities at amortised cost:</b>				
<b>Non-current</b>				
Borrowings	2,73,135.23	-	-	-
<b>Current</b>				
Borrowings	13,494.65	-	-	-
Other financial liabilities	47,093.19	-	-	-
Trade payables	16,430.72	-	-	-
<b>Total</b>	<b>3,50,153.79</b>	-	-	-

As at 31 March 2018 the Company held the following financial instruments carried at fair value on the statement of financial position:

₹ in Lakh

Particulars	Carrying Amount	Fair value		
	31.03.2018	Level 1	Level 2	Level 3
<b>Financial assets at amortised cost:</b>				
<b>Non-current</b>				
Loans and receivables	1,767.75	-	-	-
<b>Current</b>				
Trade receivables	18,222.25	-	-	-
Cash and cash equivalents	1504.08	-	-	-
Loans	110.88	-	-	-
<b>Total</b>	<b>21,604.96</b>	-	-	-
<b>Financial liabilities at amortised cost:</b>				
<b>Non-current</b>				
Borrowings	2,77,522.23	-	-	-
<b>Current</b>				
Borrowings	46,730.37	-	-	-
Other financial liabilities	43,105.42	-	-	-
Trade payables	38,491.49	-	-	-
<b>Total</b>	<b>4,05,849.51</b>	-	-	-



Cash and short-term receivables, trade receivables, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of non-current financial assets (such as security deposits) and long-term variable-rate borrowings are considered to be same as their carrying values, as the impact of fair valuation is not material.

#### 40. Leases

##### **Non-cancellable Operating lease: Company as lessee**

The Company does not have any non-cancellable Operating Lease.

##### **Non-cancellable Operating lease: Company as lessor:**

The company has not entered into non-cancellable lease arrangements to provide any Plant, Property and Equipment.

#### 41. Proposed dividend and tax :

- i. During the year the Company has earned an operational profit of Rs. 928.09 Lakh, however considering past bought forward losses, no dividend pay-out has been considered.
- ii. As per section 115-O, domestic companies declaring dividends are liable to pay dividend distribution tax before crediting the dividend in the account of its shareholders. Since there is no dividend pay-out during the F. Yr. 2018-19 the said section is not applicable.

#### 42. Related Party Disclosures

##### **A. Names of Related parties and nature of related party relationships:**

##### **a. Entities which exercise control/ joint-control/ significant influence over the company :**

Gail (India) Limited  
Numaligarh Refinery Limited  
Oil India Limited  
Government of Assam

##### **b. Key management personnel :**

Sh. A K Singh- Managing Director.  
Sh. Pruthiviraj Dash- Director (Finance).  
Mrs. Ruli Das Sen- Company Secretary



**c. Entities where Key Management Personnel and their relatives control/ joint control or exercise significant influence : NIL**

₹ in Lakh

Particulars	31 March, 2019	31 March, 2018
<b>GAIL (India) Limited</b>		
Manpower cost	1,365.65	1,609.25
Purchase of goods (Butene-1, propylene, NG etc.)	5348.50	7,248.85
Lease arrangements	4.14	40.63
Marketing Commission	6,558.90	4,312.50
Interest on Borrowing	191.78	0.00
Borrowing from Holding Company	20,000.00	0.00
Balance payable	1511.75	2,454.65
<b>Numaligarh Refinery Limited</b>		
Sale/ Purchase of goods	41320.02	18,327
Claims towards Freight and Price difference on out sourced Naptha	1055.29	3589.56
Balance payable	4072.47	0
<b>Oil India Limited</b>		
Sale/ Purchase of goods	51,865.65	36,710.07
Balance payable (NG supply)	17,278.82	34,119.06
Outstanding (infrastructure cost)	8,534.85	14,534.85
<b>Key management personnel</b>		
Remuneration to Sh. A K Singh- Managing Director	38,82,075/-	42,11,891/-
Remuneration to Sh. O.P. Tailor- Director (Finance) and CFO [Up To 30.06.2018]	7,43,633/-	27,46,708/-
Remuneration to Sh. Pruthiviraj Dash - Director (Finance) and CFO [From 11.10.2018 To 31.03.2019]	13,53,117/-	-
Remuneration to Mrs. Ruli Das Sen- Company Secretary	22,64,721/-	20,98,360/-

**43. Balance Confirmation**

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

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

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 (“MSMED Act, 2006”):

₹ in Lakh

Particulars	2018-19	2017-18
i) The principal amount and the interest thereon remaining unpaid to any supplier as at the end of each accounting year;	632.61	555.54
ii) The amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year ended ) but without adding the interest specified under this Act;	Nil	Nil
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	Nil	Nil

The above information regarding micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

**45. Segment Reporting**

(a) The Company has a single operating segment that is “Production and sales of polymers to downstream plastic industries”. Accordingly, the segment revenue, segment results, segment assets and segment liabilities are reflected by the financial statements themselves as at and for the financial year ended March 31, 2019.

(b) Entity wise disclosures:

i. Information about products and services:

The Company is in a single line of business of “Production and sales of polymers to downstream plastic industries”.

ii. Geographic Information’s:

The company operates presently in the business of production and sale of polymers in India. Accordingly, revenue from customers and all assets are located in India only.

iii. Information about major customers:

During the year ended 31st March 2019, three major Customers contributed around 13.21% of the revenue amounting to ₹34,278.54 lakh (previous year ₹28,561.84 lakh).



**46. Earnings per Share (EPS)**

The following reflects the income and share data used in the basic and diluted EPS computations:

₹ in Lakh

Particulars	31-Mar-19	31-Mar-18
Gain/(-Loss) attributable to equity holders of the Company:		
Continuing operations	6897.29	-8039.25
Discontinued operation	-	-
Gain/(-Loss) attributable to equity holders of the Company for basic earnings	6897.29	-8039.25
Gain/(-Loss) attributable to equity holders of the Company adjusted for the effect of dilution	6897.29	-8039.25
<b>Weighted Avg. No's of Equity shares for basic EPS * (in No.)</b>	1417670000	1402803010
<b>Effect of dilution:</b>	-	-
Weighted Avg. No's of Equity shares adjusted for the effect of dilution *	-	-
<b>Earnings per equity share: in ₹</b>		
<b>-Basic</b>	0.49	-0.57
<b>-Diluted</b>	0.49	-0.57

47. Impairment: The project was commissioned recently and the plant is now fully stabilized and maintaining upward trend of capacity utilization. Accordingly, no impairment losses has been estimated and recognised in statement of Profit and Losses.

48. CSR Expenditure: At present the Company is incurring losses and has no obligation towards CSR expenditure. However, as a measure of social welfare activities for development of areas in proximity of the plant, an amount of ₹10.63 lakh (previous year ₹42.50 lakh) has been spent during the year through District Administration.

Sd/-  
(A K Singh)  
**Managing Director**

Sd/-  
(Pruthiviraj Dash)  
**Director (Finance)**

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

As per our separate report on Even Date  
For **Bhawani Sharma & Co.**  
**Chartered Accountants,**  
FRN No. 314006E

Sd/-  
(Shailendra Sharma)  
Partner  
Membership No. 058352

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2019



## Cash Flow Statement for the period ended 31<sup>st</sup> March 2019

(₹ in lakh)

PARTICULARS		2018-19	2017-18
<b>A</b>	<b>Cash flow from Operating Activities:</b>		
	Net Profit before Tax and Extra ordinary items	956.12	(13,124.06)
	<b>Adjustment for:</b>		
	Depreciation/ Amortisation	38,665.09	38,783.04
	Amortisation of Lease Rent	886.88	890.44
	Profit on Sale of Land	(232.04)	(76.83)
	Items Not Classified in Profit & Loss	(57.94)	(0.03)
	Other Adjustments in Retained Earnings	-	(1,645.60)
	Transfer From Capital Reserves (Govt Grant)	(19,751.48)	(17,288.13)
	Interest Paid	26,468.55	27,889.47
	<b>Cash Flow from operating activity Before Working Capital Change</b>	<b>46,935.18</b>	<b>35,428.29</b>
	<b>Adjustment for:</b>		
	Changes in Financial Assets (Current)	21,045.68	(33,253.09)
	Changes in Financial Assets (Non- Current)	3,695.29	24,032.64
	Changes in Financial Liability (Current)	(30,610.19)	(5,817.09)
	Changes in Financial Liability (Non-Current)	423.64	(85.27)
	<b>Cash Generated From Operating Activity</b>	<b>41,489.60</b>	<b>20,305.49</b>
	Current Tax	-	(45.63)
	<b>Cash Before Extra Ordinary Items</b>	<b>41,489.60</b>	<b>20,259.85</b>
	Extra-Ordinary Items	-	-
	<b>Net Cash From Operating Activity</b>	<b>41,489.60</b>	<b>20,259.85</b>
<b>B</b>	<b>Cash outflow from investing activities:</b>		
	Addition/ Purchase of Fixed Assets	(7,725.89)	(5,369.70)
	Capital Work In Progress	(466.28)	(523.42)
	Sale of Land	251.60	80.64
	<b>Net Cash Flow From Investing Activity</b>	<b>(7,940.58)</b>	<b>(5,812.48)</b>
<b>C</b>	<b>Cash flow from financing activities:</b>		
	Proceeds From Issue of Share Capital	-	1,486.70
	Proceeds From Government Grant	20,609.03	10,492.17
	Repayments of Borrowings	(53,690.46)	(16,080.32)
	Borrowing From Related Party	20,000.00	-
	Borrowing From Others	4,637.00	19,043.70
	Interest paid	(26,468.55)	(27,889.47)
	<b>Net Cash Flow From Financing Activity</b>	<b>(34,912.98)</b>	<b>(12,947.22)</b>
	Net Increase/(Decrease) In Cash & Cash Equivalent	-1,363.96	1,500.15
	Opening Cash & Cash Equivalent	1,504.08	3.93
	<b>Closing Cash &amp; Cash Equivalent</b>	<b>140.12</b>	<b>1,504.08</b>

Sd/-  
(A K Singh)  
Managing Director

Sd/-  
(Pruthiviraj Dash)  
Director (Finance) & CFO

Sd/-  
(Ruli Das Sen)  
Company Secretary

As per our separate report on Even Date  
For **Bhawani Sharma & Co.**  
**Chartered Accountants,**  
FRN No.314006E

Sd/-  
(Shailendra Sharma)  
Partner  
Membership No. 058352

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2019



## **Comments of the Comptroller and Auditor General of India**

### **COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF BRAHMAPUTRA CRACKER AND POLYMER LIMITED, GUWAHATI FOR THE YEAR ENDED 31 MARCH 2019**

The preparation of financial statements of Brahmaputra Cracker and Polymer Limited, Guwahati for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 22 May 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Brahmaputra Cracker and Polymer Limited, Guwahati for the year ended 31 March 2019 under Section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143 (6) (b) of the Act.

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

Sd/-

(Suparna Deb)

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

Place: Kolkata  
Date: 02<sup>nd</sup> July, 2019



# Brahmaputra Cracker and Polymer Limited

Registered Office: House No 6, Bhuban Road, Uzanbazar, Guwahati 781001, Assam; CIN: U11101AS2007GOI008290

## FORM OF PROXY

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

Name of the member (s): \_\_\_\_\_  
Registered address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Folio No/Client Id: \_\_\_\_\_  
DP ID: \_\_\_\_\_  
I/We, being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him
2. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_, or failing him
3. Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_  
Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 12th Annual General Meeting of the Company, to be held on the 20<sup>th</sup> day of September, 2019 at 3.00 p.m. at Hotel Vivanta by Taj, G. S. Road, Khanapara, Guwahati 781022 and at any adjournment thereof in respect of such resolutions as are indicated.

Below:

Resolution No.

_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Affix  
Revenue  
Stamp ₹1/-

Signed this..... day of..... 2019.

Signature of Shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

# Brahmaputra Cracker and Polymer Limited

Registered Office: House No 6, Bhuban Road, Uzanbazar, Guwahati 781001, Assam; CIN: U11101AS2007GOI008290

## ATTENDANCE SLIP

I / We hereby record my/our presence at the 12th Annual General Meeting of the Company on the 20<sup>th</sup> day of September, 2019 at 3.00 p.m. at Hotel Vivanta by Taj, G. S. Road, Khanapara, Guwahati 781022

Name of the member(s)/proxy: \_\_\_\_\_

Folio No/Client Id: \_\_\_\_\_

No of shares. \_\_\_\_\_

Registered address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Member's/Proxy's signature

*Note: The Attendance Slip duly filled and signed is to be handed over at the venue for verification.*





**Brahmaputra Cracker and Polymer Limited**

Registered Office  
House No 6, Bhuban Road,  
Uzanbazar, Guwahati 781001, Assam