# ANNUAL REPORT
2016-2017

*Gathering momentum*

Brahmaputra Cracker and Polymer Limited

Brahmaputra Cracker and Polymer Limited

# Vision

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

# Mission

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

# BOARD OF DIRECTORS

**Shri B C Tripathi**
*Chairman*

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

**Shri O P Tailor**
*Director (Finance)*

**Shri Avinash Joshi, IAS**
*(up to 05-03-2017)*

**Ms. Aparna S Sharma**
*(w.e.f. 19-04-2017)*

**Shri R K Dutta**

**Shri Ravi Capoor, IAS**

**Shri P Padmanabhan**

**Shri Subir Purkayastha**

**Smt. R S Borah**

**Dr. Chitralekha Mahanta**

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## Corporate Identity No. (CIN)

U11101AS2007GOI008290

## Registered Office

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

## Project Site Office

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

## Project Execution Office

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

## 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
- Lepetkota 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

# NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Company will be held on Friday, the 15th day of September, 2017 at 2.30 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, 2017, 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 B C Tripathi (DIN 01657366), who retires by rotation, and being eligible, offers himself for re-appointment.
3. 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.
4. To appoint a Director in place of Smt R S Borah (DIN 06700534), 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 2017-18 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 decide and fix the remuneration of the Statutory Auditors as appointed by the Comptroller and Auditor General of India for the financial year 2017-2018."*

## 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), Ms Aparna S Sharma (DIN 07798544), who was appointed as an Additional Director w.e.f. 19.04.2017 be and is hereby appointed as a Director of the Company, liable to retire by rotation."*

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

   ***"RESOLVED THAT** pursuant to provisions of Sections 42 and 62 of the (Indian) Companies Act, 2013 ("Act") and other applicable provisions of the Act (including any statutory modifications or re-enactments thereof for the time being in force), the Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force) and other applicable laws, all relevant statutes, laws and regulations for the time being in force, the provisions of the Memorandum of Association and the Articles of Association of the Company, and subject to all*

*necessary approvals, consents, permissions and/or sanctions of all other concerned regulatory authorities, the consent of the Shareholders of the Company be and is hereby accorded to the Board of Directors of the Company including any Committee thereof ("Board") to offer, issue and allot up to 14866990 Equity Shares ("Equity Shares") at a face value of ₹ 10/- to Government of Assam (in the name of Governor of Assam), an existing shareholder of the Company.*

***RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do all such acts, matters, deeds and things and to take all such steps and to do all such things and give all such directions which may be considered necessary, expedient or desirable and also to settle any question or difficulties that may arise in such manner as the Board in its absolute discretion may deem fit and take all steps which are incidental and ancillary in this connection.*

***RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any other directors/executives of the Company to give effect to the aforesaid resolution."*

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 ₹ 50,000/-(Rupees Fifty Thousand Only) plus service tax and reimbursement 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 2017-18, 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."*

Dated : 17th August, 2017

Place : Guwahati

By Order of the Board

Sd/-

(Ruli Das Sen)
**Company Secretary**

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**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*

Ms Aparna S Sharma, Divisional Head and Joint Secretary, Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilisers (MoCF), Government of India was nominated by MoCF vide letter no. 45012/18/2006-PC-1 (FTS 4530) dated 12.04.2017 as Director on the Board of Directors of the Company. Ms Sharma holding DIN 07798544 and aged 50 years, was inducted as an Additional Director w.e.f. 19.04.2017 being the date of allotment of DIN till the conclusion of this Annual General Meeting. She joined the Department of Chemicals and Petrochemicals in March, 2017 and is a post graduate in English Literature from Delhi University and a 1990 batch CSS Officer. She has 25 years of work experience in various Ministries of Government of India including Department of Higher Education, Health and Family Welfare, Personnel and Training. Finance and Urban Development. She has handled a range of subjects while handling portfolios of varied nature relating to intellectual property rights, infrastructure development, policy formulation, scheme implementation, drafting legislation and work of regulatory nature. She has written several articles and made presentations at national and international workshops as part of official duties.

She does not hold any shares in the company or 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 from a member under section 160 of the Companies Act, 2013, proposing the candidature of Ms Aparna S Sharma as a Director of the Company.

Your Directors recommend the resolution for her appointment as Director liable to retire by rotation, for approval of the shareholders. None of the Directors, key managerial personnel or their relatives, except Ms Aparna S Sharma is interested in this resolution.

## *Agenda No. 7*

As envisaged in the CCEA approval and the JV Agreement, the project cost funding out of the promoters' contribution is to be maintained in the ratio of 70:10:10:10. After approval of the revised project cost of ₹ 9965 crore, the enhanced equity of 148669930 shares was offered to the existing shareholders (promoters) on proportional basis at face value of ₹ 10/- per share, in September, 2016. The offer was subscribed by and shares allotted to all promoters other than Government of Assam which could not then accept the offer pending completion of formalities of sanction.

Once formalities are completed by Government of Assam for release of the equity contribution, in view of the provisions of the Companies Act, 2013 and rules made thereunder the issue and allotment of the balance 14866990 equity shares to Government of Assam will have to be made as allotment on preferential basis requiring approval of shareholders by special resolution. Forming essentially a part of the promoters contribution to equity in terms of the JV Agreement, the shares will be issued

at face value of ₹ 10/- each as issued to all the promoters in the past to maintain the envisaged ratio of shareholding.

**Disclosures pursuant to Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014**

| Sl. No. | Particulars | Details |
|---|---|---|
| (i) | the objects of the issue; | Issue of shares to Government of Assam against equity shares contribution under Revised Cost Estimates-II (RCE-II). |
| (ii) | the total number of shares or other securities to be issued | 14866990 |
| (iii) | the price or price band at/within which the allotment is proposed; | At face value of ₹ 10/- |
| (iv) | basis on which the price has been arrived at along with report of the registered valuer; | Pursuant to the J V Agreement and against the envisaged equity contribution as per Revised Cost Estimate-II approved by the Government, the shares are being offered at face value. However, Valuation Report has been obtained from M/s M P Bagaria & Co., Chartered Accountants, having Membership No. 56188. |
| (v) | relevant date with reference to which the price has been arrived at; | N/A |
| (vi) | the class or classes of persons to whom the allotment is proposed to be made; | Existing shareholder: Government of Assam, through Governor of Assam. |
| (vii) | intention of promoters, directors or key managerial personnel to subscribe to the offer; | Shares are to be issued to only one shareholder /promoter i.e. Government of Assam. |
| (viii) | the proposed time within which the allotment shall be completed; | Within one year from the date of approval in AGM. |
| (ix) | the names of the proposed allottee(s) and the percentage of post preferential offer capital that may be held by them; | Government of Assam, through Governor of Assam.<br>Shareholding percentage post preferential offer- will be 10% |
| (x) | the change in control, if any, in the company that would occur consequent to the preferential offer; | None. |
| (xi) | the number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price; | Allotment of 95289957 equity shares at face value of ₹ 10/- each to GAIL on preferential basis on 16.09.2016 |
| (xii) | The pre issue and post issue shareholding pattern of the company in the following format- | |

| Sr. No. | Category | Pre issue | | Post issue | |
|---|---|---|---|---|---|
| | | No. of Share held | % of share-holding | No of shares held | % of share-holding |
| A | **Promoters' holding** | | | | |
| 1. | **Indian Promoters :** | | | | |
| | Individual | 60 | Negligible | 60 | Negligible |
| | Bodies Corporate | 1275902950 | 90.95% | 1275902950 | 90% |
| | Others (Government of Assam) | 126900000 | 09.04% | 141766990 | 10% |
| | Sub Total | **1402803010** | 100% | 1417670000 | 100% |
| 2. | **Foreign Promoters:** | - | | - | |
| | **Sub Total (A)** | **1402803010** | **100%** | 1417670000 | **100%** |
| B | **Non Promoters' holding** | NIL | NIL | NIL | NIL |
| 1. | Institutional Investors | | | | |
| 2. | Non-Institution: | | | | |
| | Private Corporate Bodies | | | | |
| | Directors and Relatives | | | | |
| | Indian Public | | | | |
| | Others ( including NRI) | | | | |
| | **Sub Total (B)** | NIL | | NIL | - |
| | **Grand Total** | **14028030100** | **100%** | 1417670000 | **100%** |

**Disclosure pursuant to Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014**

| Sl. No | Particulars | Details |
|---|---|---|
| 1. | Justification for the price at which the offer of securities is being made | Forming a part of the promoters' contribution to equity in terms of the JV Agreement, which was earlier offered on proportional basis, but could not be allotted pending completion of formalities by Government of Assam, the shares will be issued at face value of ₹ 10/- each as issued to all promoters in the past to maintain the envisaged ratio of shareholding. |

Consent of the shareholders is being sought for issuing Equity Shares to Government of Assam on preferential basis, pursuant to the provisions of Sections 42 and 62 of the Companies Act, 2013, the Companies (Prospectus and Allotment of Securities) Rules, 2014 and the Companies (Share Capital and Debentures) Rules, 2014 thereunder. Your Directors recommend the resolution for approval of 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. 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 2017-18 for a professional fees of ₹ 50,000/- plus applicable Service Tax/GST and actual travelling and out of pocket expenses within ₹ 20, 000/-. Guest

house accommodation and local conveyance shall be provided by the Company. 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 2017-18.

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.

***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 is a matter of immense pride that your Company has completed its first year in operations after being commissioned in January, 2016. During the last quarter of the year of review, average capacity utilisation of the plant has been 70%. Notably, your Company achieved a utilisation rate of more than 80% in March 2017. Performance stabilisation in fourth quarter of the last fiscal year generated a cash profit of Rs. 16 crore whereas the preceding quarters of the maiden operational year accumulated a cash loss of Rs. 474 crore.

Product evacuation and marketing are being undertaken by the primary promoter Company-GAIL (India) Limited through the marketing channels in north east and other locations for optimising value generated on demand-supply consideration.

Your Company in its initial stages of operations has been working on securing steady supplies of feed-gas and naphtha for maintaining high rate of capacity utilisation in addition to also mobilising & managing funds for sustaining commercial operations. A tie-up with M/s HPL is undertaken for ensuring Butene-1 availability for polyethylene production. Other options of securing the co-monomer are being actively explored.

The fiscal year has changed the orientation of your Company as it straddled through a maze of activities to stabilise plant operations that are distinctly different from project execution phase. Your Company is gearing its outlook by focussing on maximising production through safe operational practices for achieving commercial success as it holds an enviable reputation as a modern day industrial enterprise in North East India.

Your Company shall continue its efforts to produce quality products and being a preferred supplier to the end consumers. BCPL team has experienced one whole cycle of operations addressing various challenges by maintaining an environment of congenial industrial relations. Challenges faced during this phase are learning opportunities to strengthen operations and shall pave the way for ensuring future success of BCPL.

Given the decisive mandate for change in the leadership of the Assam State, I am confident that the efforts of establishing downstream industrial units for processing polymers shall be accelerated in the near future with setting up envisaged plastic parks at strategic locations in the State. Your Company is poised advantageously geared up to cater to the polymer requirements of the downstream processing units as a preferred supplier under the broader contours envisioned for the BCPL project. Your Company's focus continues towards maximising sales in the entire NE region.

A dedicated consignment stockist has also been appointed for Assam and the entire north eastern region. Opportunity of exporting PE/PP grades of demand in the adjoining countries is also being explored for expanding market footprints of your Company.

The strength of your Company lies in its manpower that has worked to surmount daunting challenges in successfully commissioning the lone petrochemicals manufacturing plant in North East of the country. I am sure with continued steely determination and dedication of the employees, your Company is poised to achieve many a milestone in the ensuing years.

Your Company has been focussed in instilling a sense of belonging amongst its employees by striving to provide various welfare measures. As a learning organisation, efforts towards nurturing a participative culture are continual. The fiscal year under review witnessed roll-out of the first HR Open Forum initiative to facilitate harmonious and free exchange of ideas amongst employees for directing performance improvement through a feedback loop mechanism.

Though unable to take up substantial CSR activities during the year, as a conscious and responsible citizen your Company worked to its utmost ability in undertaking community related initiatives towards supporting flood-relief measures, Swachh Bharat Abhiyan activities and health check-up camps in the home State even as it managed to cope with constraining working capital conditions. Your Company would strive to extend commensurate contribution to the community improvement efforts in the years to come as the resource generation grows.

Management of your Company has been relentless in its efforts to ensure compliance to corporate governance standards. Managing growth and shareholder value of your Company with transparent governing process shall continue to be the reaffirming objective for the Board of Directors. A report on corporate governance forms part of this Annual Report.

I express my gratitude and acknowledgement to the Government of India and the promoter institutions- Government of Assam, Oil India Ltd., Numaligarh Refinery Ltd. and GAIL (India) Ltd. for rendering their gracious support as BCPL takes baby steps towards a promising future of your Company and participate in the unfolding growth of NE region. I take the opportunity to solicit the continued patronage of the promoters and stakeholders in steering your Company towards an awaiting success.

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

# Directors' Report

***Dear Shareholders,***

I on behalf of the Board of Directors, have the pleasure of presenting the Tenth Annual Report of the Company containing the audited financial statements for the year ended 31st March, 2017.

***Plant Operations and Status.***

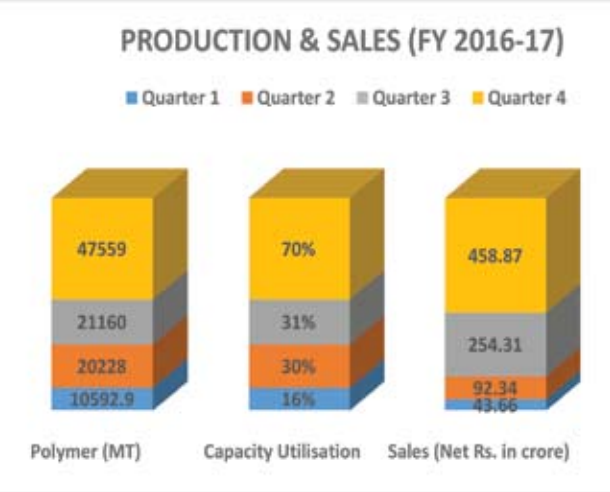
It gives me immense pleasure to share that all process units of your Company are largely stabilised. 100% capacity utilisation run of almost all processing units viz. both GSUs (Lepetkata & Lakwa), Ethylene Cracker Unit, LLDPE and Polypropylene have been achieved and in the year under review your Company has produced approximately 1 lakh MT of polymers. The products are being marketed to the downstream industries in accordance with the marketing arrangement with GAIL. It is heartening that the market share of your Company is increasing consistently and despite many challenges & difficulties your Company has achieved polymers sales of 86,880 MT in the financial year 2016-17, through GAIL India Ltd.

A few of the important milestones achieved during the fiscal are:

- Approval of Revised Project Cost of ₹ 9,965 crore by the Government of India in July, 2016.
- UB-II at Captive Power Plant was commissioned in November, 2016.
- The Gas Sweetening Cum $C_{2+}$ Liquid Recovery Plant at Lakwa was commissioned on 4th December, 2016.
- The 48 km $C_2$+ Liquid Transfer pipeline between Lakwa and Lepetkata was commissioned in January, 2017.
- The Quality Control Lab has been accorded NABL accreditation.
- With a view to ensure ease and transparency in procurement, E-tendering was introduced from January, 2017 onwards.
- A+ stable credit rating maintained by CRISIL.
- Publishing of E newsletter.
- Implementation of cashless transaction.
- Reduction in specific energy consumption.
- Marketing of liquid Nitrogen was started, with the first tanker being flagged off in the beginning of February, 2017.

It is a matter of concern that capacity utilisation has been affected by inadequate availability of feedstock. This has been taken up with the authorities concerned including the administrative ministry and significant

*Bird's eye view of the Plant at Lepetkata*




improvement in availability of feedstock has been observed. Efforts are on for effective & reasonable sourcing of feedstock Naphtha, Propylene & Butene-1 from all possible sources to cater to the shortfall in quantity on continual basis and your Company has set an internal goal to achieve an excellent MOU target in FY 2017-18. Further, to run the plant efficiently and to ensure sustainability, various energy saving measures have been adopted which has resulted in considerable reduction in specific energy consumption per ton of output.

As per assessment made by Central Institute of Plastic Engineering and Technology (CIPET), approximately one lakh people are expected to get employment through the upcoming downstream plastic manufacturing & ancillary units in the north-eastern region, which will take your Company's products as their raw material. The integrated plastic park being set up at Tinsukia (approximately 60 kms away from the BCPL Lepetkata complex) by the Assam Industrial Development Corporation under the aegis of the Government of Assam is expected to attract entrepreneurs to set up downstream plastic processing units to utilise the polymers produced by your Company, thereby creating substantial generation of employment.

## *Health Safety and Environment (HSE)*

Your Company gives utmost importance to safety of all concerned and is fully committed 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. Fire & Safety training is being regularly imparted along with organising of a number of awareness programmes for the employees, 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 develop a culture where all employees are committed to HSE.

## *Financial Summary*

Commissioning of the Lepetkata unit on 2nd January, 2016 was followed by a period of stabilisation with intermittent production and the plant was largely stabilised by October, 2016. The average capacity utilisation remained low during FY 2016-17 due to inadequate supply of feedstock and initial technical hiccups and the cash deficit in the initial year of operation is therefore largely due to reasons beyond the control of your Company. During the period under review, your Company incurred a net loss of ₹ 547.60 crore with a turnover of ₹ 778.49 crore .

The Revised Cost Estimate-II (RCE-II) of ₹ 9,965 crore has already been approved by the Government of India with funding by way of Capital subsidy of ₹ 549.45 crore, equity of ₹ 148.67 crore and debt of ₹ 346.88 crore. So far, Capital Subsidy of ₹ 4708.95 crore (including net

interest earned thereon) has been received from the Government of India and request has been made for release of the balance Capital Subsidy of ₹ 549.45 crore as per the revised cost. Out of this Government of India has released Capital Subsidy of ₹ 100 crore in the 1st quarter 2017. Out of the total equity component, only contribution from the Government of Assam amounting ₹ 14.86 crore is yet to be received. Secured loans of ₹ 270.12 crore were drawn during the year from OIDB and SBI and the total secured loan as on 31st March, 2017 was ₹ 3166.44 crore. The working capital loan has been used to fund the operations of the plant.

With a little improvement in feedstock supply, the production has improved in the period January to March, 2017 and at the end of the financial year the plant was running at an average 70% capacity utilisation (from January to March, 2017) with production of quality grades of polymers. This resulted in generation of cash profit in the last quarter of FY 2016-17. However, despite improvement in production, on account of losses incurred in previous months, the cash flow situation remained critical with huge outstanding liabilities and loan repayments with a cumulative cash loss of ₹ 820.14 crore up to the end of the financial year. To meet the cash deficit, incurred due to reasons beyond control of BCPL, a onetime revenue subsidy of ₹ 678.74 crore has been requested from the Government of India.

### *Marketing*

The products of your Company are being marketed not only in the north eastern region but also in West Bengal, Jharkhand, Bihar, Uttar Pradesh, Delhi, Orrisa, Andhra Pradesh, Telengana, Tamil Nadu, Karnataka and Kerala through the marketing arrangement with GAIL. During the year under review a total quantity of 86,880 MT of Polymer and 12,817 MT of Liquid Hydrocarbon was despatched to various locations in the country and sales of Nitrogen was initiated, generating a total revenue of ₹ 778.49 crores. Twenty-four consignment stockists were appointed across various locations in the country including the northeast, for marketing your Company's products.

Keenly aware of the importance of enhancing its brand image for attracting customers as well as human resources, your Company has started taking initiatives in this regard beginning at Dibrugarh in a humble way by installation of LED display of time, temperature and humidity, dustbins at DTP Dyke and glow signage at the airport.

### *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. | All processing units are largely stabilised and capacity utilisation of more than 80% has been achieved in March, 2017. |
| 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<br>(i) Ethylene Cracker Unit -<br>(ii) LLDPE / HDPE Swing Unit -<br>(iii) Polypropylene Unit - | LICENSOR<br>Lummus Technology, USA<br>INEOS, UK<br>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.<br>(ii) LLDPE/HDPE – License Agreement signed on 18.03.2009.<br>(iii) PPU – Licence Agreement signed on 31.03.2009.<br>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 80% capacity utilisation has been achieved in March, 2017. |
| | 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, there was no foreign exchange earned in terms of actual inflow and the foreign exchange outgo in terms of actual outflow was ₹ 1.67 crore.

## *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 5th June, 2015 issue 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*:

The total sanctioned manpower in your Company is 700 (491 executives + 209 non-executives). The employee strength of your Company as on 31st March, 2017 was 576 including 389 executives and 187 non- executives. 65.8% of the employees were from the north-eastern region. Further, 66 executives were on secondment/ deputation from the holding company GAIL. The process of recruitment of balance manpower continues and care has been taken to ensure suitable representation of female employees and minorities who account for more than 9.03% and 5.73% respectively of the total workforce. Further, representation of the OBC, SC and ST categories constitute 27.08%, 12.15% and 8% of the employees respectively. Recruitment of persons with disability has already been started and several attempts in the past including special drive was carried out to ensure proper representation in this regard.

Industrial relations remained cordial during the year and your Company provided comprehensive welfare facilities to the employees. There has been a constant endeavour to foster a participative culture in the management by adopting a consultative approach with colleagues and to establish a harmonious relationship with all stakeholders. It has been a regular practice to have interactive sessions for information sharing and problem solving so as to ensure conduct of business with the support and cooperation of the human resource. A commendable effort in this regard was the HR Open Forum, the

first of its kind in your Company, conducted in March, 2017 to create a platform for exchange of information and ideas among the employees so that the feedback may be utilised for improving the functioning of the HR department. Your Company has also started publishing an E Newsletter circulated to the employees through Email and through the intranet, aimed at keeping the employees updated on various developments in the Company and to promoting internal public relations.

The BCPL Staff Welfare Committee, in place since 2013, was reconstituted and 05 positions of the executive committee were selected through online election. The newly constituted committee is working to provide a forum to the employees for recreation and social bonding by organising several social and cultural events and to make festivities during occasions like New Year, Diwali, Magh Bihu and Holi more inclusive and enjoyable. Sports events are also being regularly organised, which during the year under review included an inter- departmental volley ball tournament and a women's cricket match for female employees and spouses of employees on the occasion of International Women's Day, 2017.

Recruitment and retention of human resources continues to be one of the major challenges particularly due to the remote location though measures have been recently initiated to arrest attrition. In order to keep the employees motivated and to harness their true potential, your Company is regularly conducting technical training for different disciplines/ departments of the plant through the licensors and external agencies both in India and abroad and also through training on other aspects including induction, safety, motivational and behavioural, nutritional and stress management. In the year under review training covering 622 mandays was organised.

With an objective of strengthening industry-academia linkage and as a step towards achieving professional excellence a Memorandum of Understanding has been signed on 24th December, 2016 between your Company and Dibrugarh University to promote mutual interest by arranging joint events, sharing of knowledge and information and generating knowledge through research.

Policies with regard to prevention, prohibition and redressal of sexual harassment of women at work place, coverage of non-executives and enhancement of coverage in terms of group personal accident insurance scheme of employees etc. have been formulated. No complaint of sexual harassment of women at workplace has been received during the year. It is indeed commendable that as a matter of transparency, your Company has devised the Citizen Charter, which is hosted in its website for the public.

The employees and their families at Dibrugarh are accommodated at the township which is situated at Barbaruah at a distance of approximately 4 kms. from the plant site and spread over 400 bighas with 149 quarters of various categories. The township at Barbaruah boasts of gymnasium

*First HR Open Forum*

*Inauguration of E Newsletter by Shri A K Singh, Managing Director*

*International Women's Day celebrations*

facilities to promote fitness, a newly inaugurated doctors consultation centre, a mini shopping complex with outlets for fast food, grocery, laundry & saloon services to cater to the day to day needs of the employees, a community hall to facilitate conduct of meetings, music & dance classes besides a Table Tennis Room and Badminton Courts.

Further, after taking over the GAIL Lakwa Asset, the Company also has a township at Sivasagar which is located at a distance of about 40 kms from the Lakwa Plant with guest house, quarters and bachelors hostel facilities. This township is also well appointed with gymnasium, library, auditorium, Indoor Badminton Court, Billiards Room and football ground for the residents.

## *Industrial Relations*

Industrial relations were cordial and harmonious throughout FY 2016-17. Issues with various groups and agencies were amicably resolved facilitating smooth conduct of business during the year. Your Company has adopted pre-emptive and responsive IR policies which have a salutary effect on all statutory liabilities towards various social security schemes. The Employees Union and Contract Workers Union extended full co-operation and actively participated with the management in sorting out problems and grievances. Mutual trust and confidence created a very healthy industrial relations climate, contributing to the smooth functioning of the plant with zero loss of mandays due to internal industrial action.

*Inauguration of the doctors consultation centre in the Barbaruah township by Shri A K Singh, Managing Director*

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

During the year under review, seven meetings of the Board of Directors were held and the following changes occurred in the Board of Directors and key managerial personnel:

i. Shri H K Sharma, IAS, nominee from Government of Assam, ceased to be a Director w.e.f. 05.04.2016.

ii. Shri Mukti Gogoi, Commissioner & Secretary, Government of Assam, Industries & Commerce Department was appointed as a Nominee Director in place of Shri H K Sharma w.e.f. 21.04.2016 and he ceased to be a Director w.e.f. 07.09.2016.

iii. Dr Chitralekha Mahanta, Head of Electronics & Electrical Engineering Department, IIT,

Guwahati was appointed as an Independent Director w.e.f. 14.06.2016.

iv. Shri Ashok Kumar Singh was appointed as a Director w.e.f. 30.06.2016 and as the Managing Director w.e.f. 14.07.2016.

v. Shri Ravi Capoor, IAS, Additional Chief Secretary, Government of Assam, Industries & Commerce Department was appointed as a Nominee Director w.e.f. 07.09.2016.

vi. Shri Avinash Joshi, IAS nominee of Ministry of Chemicals & Fertilizers, Government of India ceased to be a Director of the company w.e.f. 06.03.2017.

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 is aware of the importance of inclusive growth and as a responsible corporate citizen it has been taking initiative since inception for development of the local areas and life of the local communities at large. It has been undertaking various CSR initiatives to the tune of ₹ 1 crore every year since FY 2010-11. Since commissioning of the project in January, 2016 your Company has been engaged in stabilisation of the plant operations. Being a new entrant in the business arena faced with multiple challenges to overcome an inevitable initial cash loss situation, your Company was unable to take up substantial CSR projects during the year. However, it is working continuously to develop the neighbouring areas and has undertaken initiatives in nearby villages including organising of free health check-ups to facilitate medical assistance to the villagers and distribution of essential commodities to flood affected people. A Committee of the Board on Sustainability & CSR is in place and the updation in the CSR Policy aligned to the requirement of new Companies Act is being firmed up.

*Cleanliness drive*

*Free health check-up*

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

Your Company has been enthusiastically participating in the endeavour of the Government to promote a clean and green environment and has undertaken several cleanliness drives in the vicinity of its installation. Dustbins have been installed in various public places like markets, bus stands in Dibrugarh district along with cleaning of historical monuments like Rang Ghar Park at Sivasagar district and Khanikar Park in Dibrugarh district. Cleanliness drives are regularly conducted in the Plant, Township and CISF Township in Lepetkata, Lakwa and Duliajan and in various schools and public places. To generate awareness on cleanliness in support of the Swachh Bharat Abhiyan, several quiz and drawing competitions were organised in various schools in Dibrugarh and Sivasagar district

besides Mini Marathon in Dibrugarh and Duliajan district for employees and members of the public and installation of display boards in various public places like in markets, bus stands, railway stations and hospitals in the nearby areas.

## *Sustainable Development*

An environmentally sustainable economic growth with a stable relationship between human activities and the natural world is the only way to preserve the prospects of the coming generations. With a view to 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 1000 trees & 500 shrubs around the plant during the year and with these a total of 9200 trees & 500 shrubs have been planted so far. An additional 1000 trees are planned to be planted during the year 2017-18. Proper disposal of hazardous waste, solid waste, bio-medical waste, E-waste and other wastes are being ensured in an environment friendly manner in line with various statutory requirements. Water Cess is being paid to the Pollution Control Board, Assam for ground and surface water consumption. Your Company is also committed to confirm ambient air qualities as well as point source emission qualities as per the Central Pollution Control Board and the State Pollution Control Board standards.

## *Vigil Mechanism*

The Company has a Whistle Blower Mechanism as per which the Public Interest Disclosure and Protection of Informer (PIDPI) Resolution No 89 of Government of India is being followed.

## *Right to Information Act, 2005*

The Company adheres to Government instructions issued in pursuance of the Right to Information Act, 2005, and has designated a Central Public Information Officer and First Appellate Authority under the Act. A total of 51 RTI queries were received during the financial year 2016-17, to which replies 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, 2017 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.

## *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*

Since inception, your Company has taken due care 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. Your Company has made good progress in 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. A risk management policy is in place. 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. 19 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 2016-17.

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

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 Corporate, Construction including Commissioning, Operations & Maintenance and Marketing. Risks identified are to be categorised into High, Medium and Low depending on risk probability and impact. With the project moving from commissioning to operations stage, the typical activities to be carried out by the Committee include identification and evaluation of the risks affecting business, operations and policies, implementation of risk mitigation strategies including appropriate internal controls to manage identified risks, monitoring the status of risk mitigation strategies and internal audits, and ensuring that all recommendations are acted upon, ensuring compliance with any laws and regulations affecting business and adequacy of insurance cover for loss to assets & loss of profits.

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, Internal Audit is involved in the review of internal controls thereby supporting the management in the risk management process.

### *Acknowledgement*

Your Directors remain indebted to the Ministry of Chemicals and Fertilizers, the Ministry of Petroleum and Natural Gas and the Ministry of Environment and Forests for the continued support and guidance. Your Directors gratefully acknowledge the assistance and support extended by the promoters, GAIL, OIL, NRL and Government of Assam and likewise by the lenders, Oil Industry Development Board and State Bank of India. Your Directors acknowledge the cooperation of the entire team of process licensors, the bankers, consultants, suppliers and the various intermediaries in expediting stabilisation of the plant post commissioning. Your Directors are thankful for the co-operation and advice extended by the Internal Auditors, the Statutory Auditors and the officials of the Comptroller & Auditor General of India. Last but not the least, your Directors acknowledge the untiring efforts of the employees who, post commissioning, are persevering to achieve the organisational goals and create brand BCPL amidst new challenges.

Sd/-

(B C Tripathi)
**Chairman**

Dated : 14th August, 2017
Place: New Delhi

# Management Discussion and Analysis Report

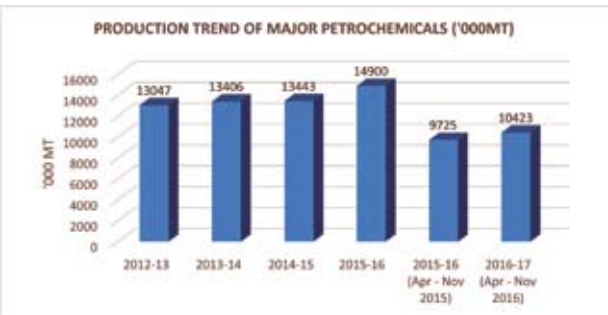
## *Industry Structure and Developments*

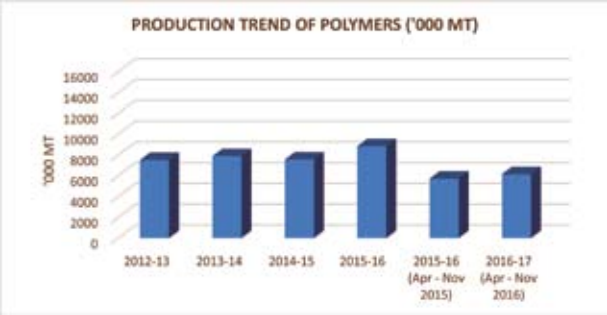
The chemical industry which includes petrochemicals, is a vital constituent of the burgeoning Indian industry and is one of its most diversified sectors encompassing a multitude of commercial products meeting basic needs and improving the quality of life. As the backbone of industrial and agricultural development in the country, the industry provides building blocks for several downstream industries in diverse fields including textiles, papers, paints, varnishes, soaps, detergents and pharmaceuticals. Petrochemicals constitute a very important segment of world chemicals market, with a share of nearly 40 per cent. Petrochemicals, comprising of plastic and numerous other chemicals, are downstream hydrocarbons derived primarily from crude oil and natural gas as feedstock. Among the various fractions produced by distillation of crude oil,- petroleum gases, naphtha, kerosene and gas oil are the main feedstocks for the petrochemical industry. Unconventional feedstocks are also gradually coming up like shale gas, coal, CBM and pet coke. Olefins including Ethylene & Propylene and Aromatics including Benzene & Xylene isomers constitute the two main classes of petrochemical raw materials.

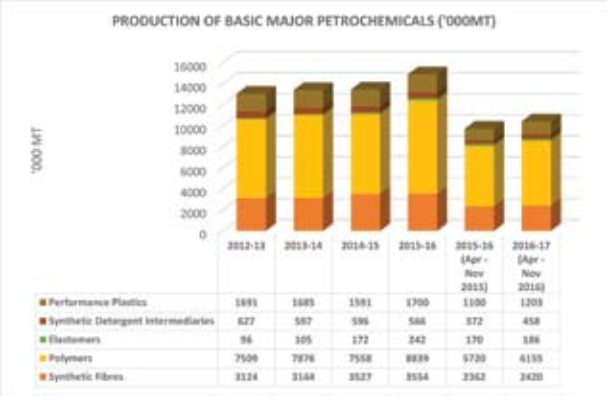
The use of synthetic polymers, commonly referred to as plastics is all-pervading, catering to myriad requirements of textiles and clothing, agriculture, packaging, infrastructure, healthcare, furniture, automobiles, information technology, power, electronics and telecommunication, irrigation, drinking water, construction and many others with barely any facet of everyday life remaining untouched.

Despite disadvantages of scale, the Indian petrochemical industry has evidenced significant growth and the total petrochemical market is valued at $ 28 Bn in FY 2014-15 and is expected to grow at a rate of 9% to reach $ 44 Bn by FY 2020. Within the industry, plastics and polymers evidenced maximum growth. 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). PP with a production growth of approximately 20% has undoubtedly been the fastest growing Polymer. The primary products of the Company, PP, LLDPE and HDPE are essentially used in the manufacture of plastic products. As an enabler industry, demand in this sector is essentially derived demand being dependent on the overall growth in the economy and its constituent sectors.

With the commissioning of the OPaL Dual Feed Cracker Unit, there are presently five naphtha and five gas based cracker complexes in the country with a combined annual ethylene capacity of 5.1 million MT. There are six aromatic complexes with a combined Xylene capacity of 4.45 million MT. Besides, there are six Petro Fluid Catalytic Cracking Units with a combined propylene capacity of 1.7 million MT.






*Source: DCPC Annual Report*

The production of major chemicals and petrochemicals in 2016-17 (up to November, 2016) was 17162 thousand MT as compared to 16255 thousand MT in 2015-16 (up to November 2015) indicating a growth of 5.6%. The production of basic major petrochemicals in 2016-17 (up to November, 2016) was 10423 thousand MT, compared to 9725 thousand MT in 2015-16 (up to November 2015) indicating a growth of 7.2%. The production of polymers account for around 59% of the total production of basic major petrochemicals.

The Chemical Industry in India provides employment to over two million people and comprises of both small scale and large scale units with the latter setting up capital intensive projects with long gestation periods. Fiscal incentives provided to small scale units earlier led on the other hand to the development of large number of small and medium enterprises (SMEs). India has a large talent pool to foster growth in the industry. This coupled with initiatives like the "Make in India" program is expected to result in significant thrust in investments, innovation and infrastructure in the industry. With an estimated per capita consumption of roughly 8 kg only for polymers as compared to the world average of 28 kg, India has huge demand potential, which combined with the strong outlook for the key end user industries, augurs well for the future of the sector.

## *Strengths and Weaknesses*

Since the dedication of the BCPL plant to the nation by the Hon'ble Prime Minister of India on 5th February, 2016, the performance of the Assam Gas Cracker Project as it is popularly known has progressed by leaps and bounds and is presently largely stabilised, fructifying the dreams of the local populace of using the hydrocarbons available in the region for its development, as envisaged in the Assam Accord of 1985. The combination of a persevering team, active public interest and healthy criticism, immense support and goodwill received from the promoters and all echelons of the state and central government has been instrumental in driving it to the present status.

The promotion of plastic parks in the north-eastern region by the government, more specifically in Tinsukia, Jagiroad, Agartala and Imphal is expected to provide the basic infrastructure and incentive to downstream industries which would generate a ready market for the Company's products. The plastic park in Tinsukia district at a distance of 60 kms from the BCPL plant site and spread over an area of 500 acres is now ready for use by prospective entrepreneurs. The Ministry of Chemicals and Fertilizers, 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 have been jointly and regularly making efforts for development of the downstream industries in the entire north-eastern region. Production in your Company having been largely stabilised is expected to generate desired confidence for enterprise in downstreams in the region and plastic manufacturing industries such as polybags, plastic containers, packaging, housewares, etc. can be developed using the products produced as feedstock.

The market prospects in the region are promising with around 136 plastic processing industries consuming approximately 1.1 lakhs TPA of polymer which so far has been sourced from outside the region. All efforts are being made to tap this potential to reduce and gradually stop polymer sourcing from outside the region. Coupled with local availability of raw material, campaigns like "Startup India" launched by the Government of India are expected to give a further boost to setting up of downstreams in the region.

The strongest point contributing to the success of the Company has been the unstinted support from the promoters with a proven track record in the hydrocarbons sector, be it in the form of equity contribution, skill & expertise sharing or supplementing skilled manpower needs through deputation/secondment. GAIL, the holding company with immense experience in marketing polymers has taken on the responsibility for 100% evacuation of the products and by-products of your Company by using its own marketing network, initially for ten years providing the much needed initial relief from arranging market of products from a remote area of the northeast. Arrangements also exist for ensuring adequate availability of feedstock from OIL, NRL and ONGC and periodic glitches in this regard are being ironed out mutually.

The Company is continuously producing prime grade products which are readily acceptable in the market. With a Polymer sales figure of more than 87000 MT in such a short span of time since commissioning, the Company has established its brand and is making its presence felt in the petrochemical sector of India.

As a result of local availability of raw material from the Company, environmental benefits are also expected to accrue from increase in use of Plastics in the furniture and construction sectors replacing Wood, thereby arresting deforestation and contributing indirectly to conservation of the fragile and fast degenerating ecosystem of the region.

Remoteness of location in the overall national context and being tucked away in a land locked corner with limited infrastructure and limited connectivity to the rest of India, exposes the Company to numerous challenges, be it in attracting and retaining quality manpower or in marketing of its products and the Company has been witness to high attrition of manpower and has had to forego the freight advantage in despatch of products to distant markets. Introduction of better employee facilities and benefits coupled with improvement in communication services in the region is however expected to mitigate the difficulties on the recruitment front. The promoters have played an admirable role in supplementing manpower requirement from the initial stages and it is expected that manpower on secondment from GAIL will continue to the extent required till such time as the Company becomes self-reliant in this regard. Rising local demand and the appointment of a consignment stockist for the region by GAIL the sole marketer, also augurs well for local sale of the Company's products.

Further, location as a factor can be used to its advantage for export to nearby countries like Bangladesh, Myanmar and other members of ASEAN.

### *Opportunities and Threats*

Despite the growth witnessed in the Indian petrochemical market, domestic production lags far behind consumption, opening up a major market for imports. Domestic manufacturing is now being promoted through a new policy of the Government for setting up National Investment and Manufacturing Zones (NIMZs) which are a combination of production units, public utilities, logistics, residential areas and administrative services. The Indian Government has also recently increased import duty on polymers from 5% to 7.5% to encourage domestic production. As an 'enabler' industry providing critical inputs to all major sectors of the economy, these developments provide major impetus for the growth of the polymer industry in the country where the per capita consumption is as low as 8 kg compared to the global average of 28 kg. The presence of a huge young technology savvy and educated population is also a favourable factor for development of an industry which is knowledge intensive. The northeast with the lowest per capita consumption figures in the country at approximately 4 kg, is a virtual goldmine for Polymers and in the absence of any competitor of significance your Company by virtue of its location stands to gain from a promising market in all the eight states in the region, besides opportunity for export to neighbouring countries.

The Department of Chemicals and Petrochemicals under the Ministry of Chemicals and Fertilizers, Government of India is implementing three schemes under the National Policy on Petrochemicals, viz., (i) National Awards for Technology Innovation in Petrochemical and downstream Plastic Processing Industry, (ii) setting up Centres of Excellence in Polymer Technology and (iii) setting up Plastic Parks, which provide a major boost for development and integration of the polymer industry which is otherwise a fragmented sector, by way of incentives for meritorious innovations & inventions, promoting development of new applications of polymers and plastics, state-of-the-art infrastructure and enabling common facilities through cluster development approach, to consolidate and synergize the capacities of the domestic downstream Plastic Processing Industry.

With the Centre's vision of Hydrocarbon-2030, the environment is apt for investment. The state government has called upon entrepreneurs to invest in plastic industry. It is prudent to note that the government has passed the Ease of Doing Business Bill 2016 creating possibilities of a single window clearance system for fast-tracking business projects in the state. With your Company, the Government of Assam has put its focus on promoting and attracting plastic-based downstream industries which will not only bring in large amount of investments but also generate huge employment opportunities in the region. Growth of plastic industry, as expected, will have a far reaching impact on sectors critical for the region's growth.

The cost of feedstock, a major component of cost in the industry, is relatively high for producers in India as compared to competitors in the Middle East. Your Company has requested MoP&NG through its administrative ministry for the "First Right of Refusal" to it for future findings of natural gas in nearby region. There is an opportunity for tapping the additional gas finds by M/s HOEC in the nearby region for capacity augmentation of the BCPL Plant. The option of sourcing feedstock from the neighbouring countries like Myanmar and Bangladesh may also be considered in future depending on the economics, transportation

infrastructure and Government policy.

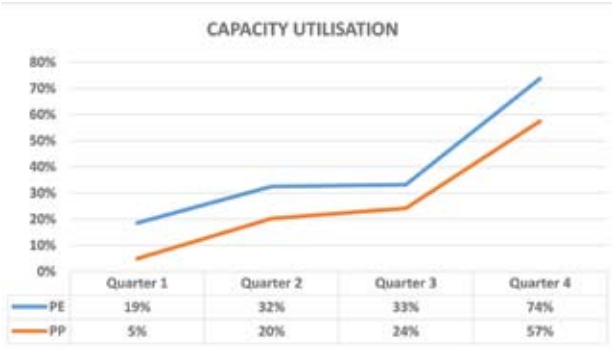
The petrochemical industry is cyclical in nature and normally passes through 6 to 8 year phases of highs and lows and prices cannot be predicted with accuracy despite sturdy demand. Most downstream industries in India are in the MSME sector. There are limitations in access to bank credit and the small and tiny sector enterprises in particular lack in confidence in this regard. Awareness on raw material sourcing, technology, product branding and quality standards, is also lacking. Recent initiatives by the Government including Ease of doing business, E Biz portal, Skill India and Smart Cities, introduction of Goods and Services Tax, however, are expected to encourage investments in industry as a whole. The new GST regime will have a salutary influence on the manufacturing sector as reduction in tax cascading will lead to a lower cost of production. The implementation of GST will significantly improve the competitiveness and performance of India's manufacturing sector. Your Company is strategically structuring its business process for GST advocacy ensuring no loss to business. Your Company has accumulated Cenvat Credit to the tune of ₹ 478.94 crore to meet the tax liability in future business operation although it has suffered accumulated loss prior to balancing & full load testing of the plant in the initial year of operation. The inevitable and increasing emphasis on the use of plastic money by the multitudes of the Indian populace bodes well for the Polymer industry.

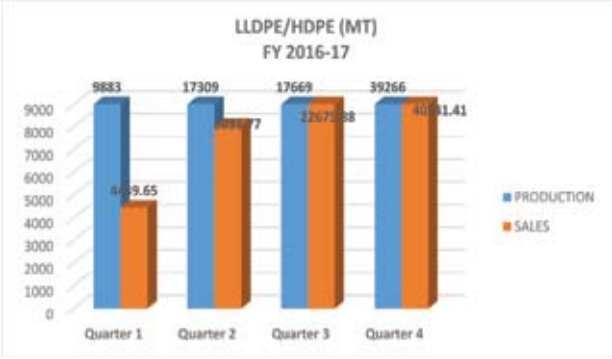
Your Company has for the first time participated in three national level Vendors' Meet held at Sivasagar, Guwahati & Jorhat, organised by MSME Development Institute, Guwahati besides organising its own Vendor's Meet at Lepetkata in association with MSME Development Institute, Guwahati.

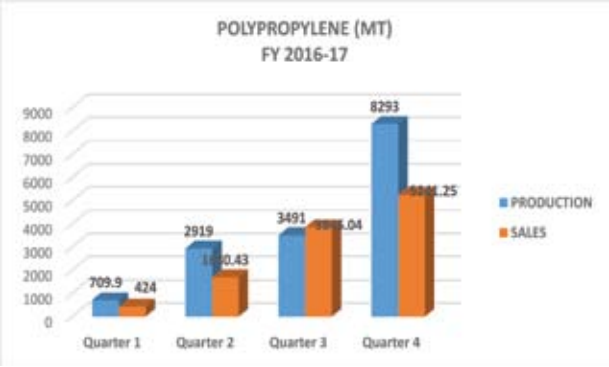
The adverse perception over the use and disposal of plastics *vis-a-vis* the environment, its conservation and health concerns, is a damper. Sensitisation on the benefits that would accrue to ecological conservation from replacing wood in construction and furniture with plastics is therefore necessary along with development in the field of biodegradable and photodegradable plastic and resultant improvement in product quality with reduced adverse effect on environment.

## *Segment wise or Product wise Performance*

Presently the operation of all the process units are largely stabilised. During the year under review, your Company has produced 99,540 MT of polymers and 14129 MT of liquid hydrocarbons with a sales turnover of ₹ 778.49 crores. Out of the total Polymer produced during






the year, production of LLDPE/HDPE was 84,127 MT and Polypropylene was 15,413 MT while the corresponding sales was 75,689 MT and 11,192 MT respectively. About 12,816 MT liquid hydrocarbons was sold.

## *Outlook*

The Indian economy continues to be one of the fastest growing market economies despite the temporary slowdown during the fiscal year due to disruptions in consumption and business activity as a result of the recent withdrawal of high-denomination bank notes from circulation. With the implementation of economic reforms, India's overall outlook remains positive with a GDP of approximately 7%. This is a positive indication for the Polymer sector, which as an enabler industry is dependent for growth on the overall economic development.

The outlook for the Indian chemical industry is promising over the long run in view of measures announced by the government for improving competitiveness in the sector. However, the industry is not without its share of challenges in a changing environment, including increased globalisation of markets, public expectations for improved environmental performance and the need for increased profitability and productivity. Nonetheless, considering the huge gap between per capita consumption of value added products in the sector and the world averages, there is vast potential for development in the industry.

Amongst promising developments in Polymers, Central Institute of Plastic Engineering & Technology (CIPET), under the Ministry of Chemicals & Fertilizers, Government of India has signed a Memorandum of Understanding (MoU) with the Karnataka Government to set up an Advanced Polymer Design and Development Research Laboratory cum High Learning Centre at Bengaluru. The Laboratory with state of the art equipment and machinery and an estimated investment of ₹ 87 crore would act as a multi-functional one-step facility with specialisation in product development in Polymer sector and will play a pivotal role in developing new plastics technologies, processes and products to enhance the use of plastics for promotion of industries and betterment of the people. The centre will meet the Government's drive on *Make in India* and *Skill India* through 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.

Though India's industry faces stiff competition due to its smaller capacities as compared to the plastic sectors in globally leading countries particularly neighbouring China, an underlying robust economy with use of plastics spreading to more and more sectors replacing conventional material, has ensured steady sustainability through the worst times. Long term drivers include the fast growing rural incomes and expanding annual car production. All polymers are expected to grow at approximately 10% CARG during the 12th plan period.

Post commissioning, the operations in your Company are now largely stabilised. The products

are being marketed to the downstream industries in accordance with the marketing arrangement with GAIL and the market share of your Company is increasing consistently. Considering an estimated annual consumption of polymer in Assam at 100 KTPA and overall in the northeast market at 112 KTPA, efforts are being made to target the units located in the region to maximise returns. A significant part of the 280 KT of the annual production is expected to be consumed in the region. Your Company has started selling polymer as well as liquid hydrocarbon products. Entrepreneur development activities have been conducted across the length and breadth of the region to create awareness regarding plastic downstream industries.

### *Risks and Concerns*

*First tanker of Liquid Nitrogen being flagged off by Shri O P Tailor, Director (Finance) and Shri Ajay Tripathi, Chief Operating Officer in the presence of other officials.*

*Vendor development programme organised by MSME Development Institute, Ministry of MSME and chaired by Shri A K Singh, Managing Director, at the BCPL administrative building, Lepetkata.*

Feedstock constraint leading to sub-optimal capacity of plants with relatively high project cost is a major concern in the country. With limited availability of Natural Gas and Naphtha in the north-eastern region, your plant is a case in point. On the flipside, Petrochemical plants by virtue of being highly capital intensive have difficulties in generating benefits from low economies of scale and have to go in for capacity expansion for optimal performance, which in turn depends on availability of adequate and quality hydrocarbons on sustainable basis besides other feasibility factors, resulting in a catch twenty-two situation.

With delay in project implementation it is only natural that your Company should witness significant cost escalation. As a corollary, despite firm arrangements by the Government of India for feedstock availability for 15 years of plant operation, there has been an increase in feedstock prices since the time of approval of the project and feedstock issues continue to plague its operations. In the absence of any captive generation facility, your Company is also facing considerable difficulty in sourcing its requirement of co-monomer Butene-1 required for the production of polyethylene. The modalities for setting up a captive Butene-1 plant are being explored and this without doubt is the only permanent solution as the product is generally produced by different plants in the country for internal consumption only, leaving very little material to spare for the market. Your Company is also at risk of withdrawal of government support in the form of feedstock and other subsidies in the future, which may negatively impact its viability.

The plant is now largely stabilised with 70% capacity utilisation on an average at the end of the year under review and its consistent performance is essential for generation of

income to sustain the organisation. To derive maximum benefits not only for your Company but also for the region, it is imperative that plastic processing units should come up locally as envisaged and it is a matter of concern that despite the Plastic Park in Tinsukia being ready, it is yet to generate the desired interest. Till the Plastic Park becomes fully operational or the region otherwise sees investment in manufacture of value added products, there will be difficulty in evacuation of polymers in the north-eastern states. It is believed that logistic disadvantages, lack of access to credit/technology and a negative perception on business environment pose a challenge unique to private investments in this region. The recent Government initiatives and economic reforms are however expected to encourage investments in the region and the state and the central governments have been conducting various programmes along with organisations promoting industry, for generation of awareness on downstream plastic processing units. Further, your Company has an advantage of being ideally located in relation to promising market in Myanmar, Bangladesh and other ASEAN countries.

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*

Since inception, your Company has taken due care 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. 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. A risk management policy is in place. 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 Internal Control System on financial reporting and found the systems in place to their satisfaction.

## *Financial Performance with respect to Operational Performance*

The average capacity utilisation of the plant remained low during the year due to inadequate supply of feedstock and initial technical hiccups resulting in a cash deficit in the initial year of operation largely therefore due to reasons beyond the control of your Company. During the period under review, your Company incurred a net loss of ₹ 547.60 crore . Accrual of losses and increase in liabilities was as under:

| | Description | Amount (₹ in crore) |
|---|---|---|
| 1 | Sales (net of excise duty and discounts) | 725.62 |
| 2 | Increase (+)/ Decrease (-) in Stock | 86.88 |
| 3= (1+2) | Total Value of Production | 812.50 |
| 4 | Total Expenses | 968.75 |
| 5= (3-4) | Operating Profit (+) / Loss ( - ) | (156.26) |
| 6 | Interest Cost | 302.10 |
| 7= (5-6) | Cash Profit (+) / Loss (-) | (458.35) |
| 8 | Increase in Trade payable | 262.74 |

It is pertinent to mention that any petrochemical project of this magnitude needs time for stabilisation. With some improvement in

feedstock supply, the production improved in the period January to March, 2017 and at the end of the financial year the plant was running at an average 70% capacity utilisation (during Q-4 of 2016-17) with production of quality grades of polymers. This resulted in generation of cash profit in the last quarter of FY 2016-17.

All units of the plant have been tested on full load at 100% rated capacity with integral testing. It is expected that the plant operation will be carried out with better capacity utilisation to achieve target production and desired revenue in the current year. Your Company is gearing up for production as per MOU target by overcoming the bottlenecks. Contribution Analysis of product is positive towards recovery of fixed cost & accumulated loss in the coming years based on cost-volume-profit -analysis focusing on the effects of differing levels of activity on the financial results. (Contribution for LLDPE/HDPE ₹ 32100 & for PP ₹ 25139 per MT)

The accumulated losses has cast an obligation on the company to revisit the business operation by making a reassessment of financial viability based on realistic feedstock supply, capacity utilisation, updating marketing plan & product, assessment of revised cash flow & designing suitable strategy for control on financial viability parameters, strategy on security package between OIDB & Lenders in banking arrangement for refinanced project loan.

To mitigate the feedstock shortage to some extent and to run the plant on consistent basis near to its capacity, Naphtha and Propylene have been arranged from other sources. Procurement of Butene-1 (which is used as co-monomer in LLDPE/HDPE Unit) is being arranged from multiple sources i.e. GAIL, RIL, HPL and OPaL. Efforts are also being made for procurement of Butene-1 from overseas sources on CFR basis by hiring storage tank on long term basis.

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

Recruitment and employee turnover has since the beginning been a major challenge faced by your Company and continuous efforts are being made to keep the employee morale high to strike a balance between optimal use of their strengths and an amiable employer - employee relationship to ensure quality performance aimed at achieving the organisational goals.

On the HR Policy front, your Company has been evolving and the year under review saw introduction of several benefits to the executives and non-executives including an enhancement in the perks and allowance under the cafeteria approach to the latter by 14%.

Efforts are made to ensure that all aspects of human resource development including training, leadership development, employee benefits and compensation, delegation, conflict resolution, discipline and a healthy work culture, are given due credence. Though quality recruitment, training, motivating and ensuring workplace safety has been the main areas of focus, initiative is also being taken to improve employee benefits with a view to arrest employee turnover and retain experienced manpower. There has been a conscious effort to increase the efficiency of the employees by conducting technical training for different disciplines/ departments of the plant through the licensors and external agencies both in India and abroad and also training on other aspects like induction, safety, motivation and behaviour, nutrition, stress management training etc. In the year 2016-17 the Company organised trainings to cover 622 man-days.

Residential quarters of various categories accommodate the employees and their families with 149 quarters in the township at Dibrugarh

*Tenth Foundation Day celebrations*

*Lighting of the ceremonial lamp by Sri A K Singh, Managing Director*

*Drawing competition for local school children.*

and 60 quarters in the township at Sivasagar. Both townships have adequate facilities for sports and recreational activities and for meeting basic needs.

The strength of human resources of the Company as on 31st March, 2017 was 576, comprising of 389 executives and 187 non- executives out of which 65.8% were from the north-eastern region. Further, there were 66 executives on secondment from the promoter Company i.e., GAIL. 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.

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

Your Company is aware of its obligations towards conservation of the environment. Being a responsible corporate citizen, pollution control and other environment protection norms are being fully complied with. A modern effluent treatment plants ensure proper effluent discharge within the prescribed limits and due clearance has already been taken from the Pollution Control Board, Assam for the plant. Action towards the development of renewable energy has been initiated with the installation of a 5.0 KVA grid connected solar power plant at SV Station-03. Towards conservation of foreign exchange, your Company has taken measures like indigenisation of spares and services wherever possible.

## *Corporate Social Responsibility*

Ever since the project implementation phase, your Company has contributed to society through its CSR initiatives in the areas of health care, hygiene, education, infrastructure development & environment, literacy enhancement to the extent possible. Despite its inability to take up substantial CSR projects during the financial year due to financial constraints, your Company has been working continuously to develop the nearby areas and has undertaken several humanitarian initiatives. The latest CSR Policy aligned to the requirement of new Companies Act has been finalised by the Committee of the Board on Sustainability & CSR.

***Data Source:*** *Annual Report 2016-17 DCPC, MoC&F,* ***Chemicals & Petrochemicals Statistics At A Glance: 2016, DCPC, MoC&F Handbook of Indian Chemical Industry 2016, FICCI.***

***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.*

*Educational plant visit by local school students*

*Students of Dibrugarh University visit the BCPL plant*

# Report on Corporate Governance

## *Company's Philosophy*

Your Company is committed to the adoption of effective corporate governance practices to ensure transparency in all corporate decisions and activities and to act ethically with emphasis on integrity and accountability in the conduct of business, to promote confidence of the stakeholders and the public and increase stakeholder value on a sustainable basis.

## *Board of Directors*

As on 31st March, 2017, 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 is 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 | Attendance in last AGM |
|---|---|---|---|---|---|---|---|---|
| | | | **Chairman** | **Director** | **Chairman** | **Member** | **Attended** | |
| Functional Directors | | | | | | | | |
| 1 | **Shri A K Singh** (DIN 07554762) (Appointed as Managing Director w.e.f. 14.07.2016) | Managing Director | - | - | - | - | 5 | Yes |
| 2 | **Shri O P Tailor** (DIN 00370355) | Director (Finance) | - | - | - | - | 7 | Yes |
| Promoter Directors | | | | | | | | |
| 3 | **Shri B.C. Tripathi** (DIN 01657366) Chairman & Managing Director GAIL (India) Ltd. | Chairman | **2** | - | - | - | **5** | No |
| 4 | **Shri R. K. Dutta** (DIN 00205669) Advisor to Government of Assam | Director | - | **2** | **2** | - | **5** | Yes |
| 5 | **Shri H. K. Sharma** (DIN 01569265) Commissioner & Secretary to Govt. of Assam, Industries & Commerce Department (Ceased to be Director w.e.f. 05.04.2016) | Director | 1 | 6 | - | - | - | N/A |

| 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** | |
| 5 | **Shri Mukti Gogoi** (DIN 07498748) Commissioner & Secretary to Govt. of Assam, Industries & Commerce Department (Ceased to be Director w.e.f. 07.09.2016) | Director | - | 1 | - | - | - | N/A |
| | **Shri Ravi Capoor** (DIN 00744987) Addl. Chief Secretary to Govt. of Assam, Industries & Commerce Department etc. (w.e.f. 07.09.2016) | Director | **4** | **2** | - | - | - | No |
| 6 | **Shri P Padmanabhan** (DIN 06807565) Managing Director Numaligarh Refinery Ltd. | Director | - | **1** | - | - | **3** | Yes |
| 7 | **Smt R S Borah** (DIN 06700534) Director (Finance), OIL India Ltd | Director | - | **4** | - | **2** | **3** | Yes |
| 8 | **Shri Subir Purkayastha** (DIN 06850526) Director (Finance) GAIL (India) Ltd. | Director | **1** | **4** | **1** | - | **7** | Yes |
| Government Directors | | | | | | | | |
| 9 | **Shri Avinash Joshi** (DIN 06723083) Joint Secretary, Ministry of Chemicals & Fertilizers, Department of Chemicals and Petrochemicals (Ceased to be a Director w.e.f. 06.03.2017) | Director | - | - | - | - | **6** | No |
| 10 | **Shri P S Lokhande** (DIN 06966587) Director Ministry of Petroleum & Natural Gas (Ceased to be a Director w.e.f. 25.08.2016) | Director | - | **1** | - | - | - | N/A |
| Independent Director | | | | | | | | |
| 11 | **Dr. Chitralekha Mahanta** (DIN 07543791) (Appointed as Independent Director w.e.f. 14.06.2016) | Independent Director | - | - | - | - | **4** | 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 2016-17.*

Seven 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 |
|---|---|---|---|
| 62nd | 24/05/2016 | 9 | 6 |
| 63rd | 08/06/2016 | 9 | 5 |
| 64th | 22/07/2016 | 11 | 7 |
| 65th | 12/08/2016 | 11 | 8 |
| 66th | 16/09/2016 | 10 | 8 |
| 67th | 05/10/2016 | 10 | 4 |
| 68th | 31/01/2017 | 10 | 7 |

### *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. Being Chairman & Managing Director of GAIL, he is the ex-offico Chairman of the Company w.e.f. 01.08.2019. He is a Mechanical Engineering Graduate from NIT Allahabad and graduated in 1982. He started 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. He has also published a case study on this project in Petromin Pipeliner. Over the past 29 years Shri Tripathi gained varied experience and competence in the areas related to Operations & Maintenance of Pipelines, Project Management, Contracts Management, Customer Relationship Management, Marketing etc.

***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 47 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.

***Smt Rupshikha Saikia Borah***, Director retires by rotation at the ensuing annual general meeting pursuant to section 152(6) of the Companies Act, 2013 and being eligible, offers herself for

reappointment. Smt. Rupshikha Saikia Borah, Director (Finance), Oil India Limited was appointed as Director on the Board w.e.f. 22.07.2015. She is a post graduate in Commerce from Delhi School of Economics and has the distinction of being the first lady Chartered Accountant from North-East India. Her laurels include the prestigious Fulbright Hubert Humphrey Fellowship, USA. She took over as Director (Finance) of Oil India Limited in October, 2013. She has to her credit over 27 years of rich experience in diverse fields of Financial Management, Audit and Strategic Planning. She had been honoured with the 'Best CA Professional Woman Achiever Award' by The Institute of Chartered Accountants of India and had also received a special commendation "Petrofed Woman Executive of Oil & Gas Industry Award" by Petrofed, India.

***Ms Aparna S Sharma***, Divisional Head and Joint Secretary, Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, Government of India was appointed as an Additional Director on the Board w.e.f. 19.04.2016 pursuant to Ministry of Chemicals & Fertilizers order no 45012/18/2006-PC-I (FTS: 4530) dated 12.04.2017 notifying her appointment as Director in the Company. She joined the Department of Chemicals and Petrochemicals in March, 2017. She is a post graduate in English Literature from Delhi University and a 1990 batch CSS Officer. She has 25 years of work experience in various Ministries of Government of India including Department of Higher Education, Health and Family Welfare, Personnel and Training. Finance and Urban Development. She has handled a range of subjects while handling portfolios of varied nature relating to intellectual property rights, infrastructure development, policy formulation, scheme implementation, drafting legislation and work of regulatory nature. She has written several articles and made presentations at national and international workshops as part of official duties.

## *Audit Committee*

During the year under review six meetings of the Committee were held on 06.04.2016, 11.05.2016, 24.05.2016, 22.07.2016, 05.10.2016 and 01.02.2017. 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. Chitralekha Mahanta, (Chairperson w.e.f. 14th June, 2016) | 3 | 3 |
| Shri Subir Purkayastha, (Chairman up to 13th June, 2016) | 6 | 6 |
| Shri P Padmanabhan, Member | 6 | 2 |
| Smt. R S Borah, Member | 6 | 2 |

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 three meetings of the Committee were held on 16.05.2016, 22.07.2016 and 09.01.2017. 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. Chitralekha Mahanta, (Chairperson 14th June, 2016) | 2 | 2 |
| Shri R K Dutta, (Chairman up to 13th June, 2016) | 3 | 2 |
| Shri P Padmanabhan, Member | 3 | 2 |
| Smt. R S Borah, Member | 3 | 1 |

All the members are non-executive Directors. The scope of the Committee is in consonance with the provisions of the Companies Act, 2013 and 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 for the project comprising of the following members as on 31st March, 2017:

1. Smt. R S Borah : Chairperson
2. Shri A K Singh : Member
3. Shri O P Tailor : Member

**A Committee on Sustainability & CSR** comprising of the following members as on 31st March, 2017:

1. Shri P Padmanabhan : Chairman
2. Dr. Chitralekha Mahanta : Member
3. Shri A K Singh : Member
4. Shri O P Tailor : 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 31st March, 2017:

1. Shri R K Dutta : Chairman
2. Shri P Padmanabhan : Member
3. Shri A K Singh : 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 2016-17 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 (w.e.f 14.07.2016) | 2167612.00 | 181122.00 | 121699.12 | - | 2470433.12 |
| Shri O P Tailor Director (Finance) | 2410062.00 | 220116.00 | 159604.65 | - | 2789782.65 |

The Part-time Non-official (Independent) Director is not being paid any remuneration other than the sitting fee, which amounted to ₹ 184000/- to Dr. Chitralekha 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 |
|---|---|---|---|---|
| 7th | 02.09.2014 | 3:00 pm | Hotel Brahmaputra Ashok, M.G. Road, Guwahati | Yes.<br>(i) Increase of borrowing powers of the Board pursuant to section 180 (i)(c)<br>(ii) Execution of Marketing Agreement with GAIL pursuant to section 188<br>(iii) Authorisation for further issue of shares pursuant to Section 62.<br>(iv) Appointment and remuneration of Shri P N Prasad, Managing Director pursuant to sections 196, 197, 198 and Schedule V.<br>(v) Appointment and remuneration of Shri O P Tailor, Director (Finance) pursuant to sections 196, 197, 198 and Schedule V. |
| 8th | 21.09.2015 | 3:00 pm | Hotel Brahmaputra Ashok, M.G. Road, Guwahati | Yes. Amendment in Article 7, 120 & 123 of the Articles of Association. |

| | | | | |
|---|---|---|---|---|
| 9th | 16.09.2016 | 3:00 pm | Hotel Brahmaputra Ashok, M.G. Road, Guwahati | Yes. Authorisation to the Board of Directors to sell, lease or otherwise dispose off 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. |

### 10th *Annual General Meeting*

Date : 15.09.2017

Time : 2.30 p.m.

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

*Members of the Board during the 9th annual general meeting Left to Right- Shri Ajay Tripathi, Shri O P Tailor, Shri A K Singh, Shri Avinash Joshi, Shri Subir Purkayastha, Shri R K Dutta, Smt R S Borah, Shri P Padmanaban & Dr Chitralekha Mahanta*

*9th annual general meeting in progress.*

### *Disclosures*

i. The related party transactions are disclosed in the notes to accounts forming part of the annual report and also in the extract of the annual return appended to the Board's Report.

ii. The Company has complied with the requirements of the DPE Guidelines on Corporate Governance, save and except the composition of the Board with respect to number of Nominee Directors and Independent Directors. The Board has requested for a special dispensation from the Government of India regarding reduction in the number of Nominee Directors appointed as per JV Agreement. Appointment of a second Independent Director is in process with the Government of India.

iii. The Company has a Whistle Blower Mechanism as per which the Public Interest Disclosure and Protection of Informer (PIDPI) Resolution No 89 of Government of India is being followed.

iv. A mechanism for Risk Management is in place to identify and mitigate, financial, operational and other risks.

v. The Public Procurement Policy for Micro and Small Enterprises is being implemented in the Company. Consistently since FY 2014-15 your Company is meeting the 20% procurement target from the Government of India MSME sector.

### *Audit Qualifications*

For the 10th successive year there is no audit qualification in the report of the Statutory Auditors on the accounts of the Company for the year ended 31st March 2017.

### *Means of Communication*

The Company has a website 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 31st March, 2017, the shares were held by the promoters in the proportion:

GAIL : 70.74%

OIL : 10.11%

NRL : 10.11%

Government of Assam : 9.04%

### *Corporate Governance Compliance Certificate*

A certificate from a Company Secretary in practice regarding compliance of conditions of corporate governance during 2016-17, 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 31st March, 2017.

**DECLARATION**

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

Sd/-

(A K Singh)

Date : 18th May, 2017

**Managing Director**

*Flag hoisting ceremony, Independence Day, 2016*

*Orientation visit of Dr. Chitralekha Mahanta, Independent Director at site.*

# 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 | **GAIL (India) Ltd., Holding Company.** |

| | | |
|---|---|---|
| b) | Nature of contracts/ arrangements/ transactions | (1) Procurement of Propylene<br>(2) Procurement of Butene – 1<br>(3) Marketing margin<br>(4) Lease of office premises at Noida<br>(5) Secondment of employees from GAIL |
| c) | Duration of the contracts / arrangements/transactions | (1) Procurement of 1500 MT Propylene per month for three months from GAIL, Pata.<br>(2) Procurement of 5000 MT Butene-1 per annum for three years from GAIL, Pata<br>(3) Marketing commission as per Marketing Agreement for ten years.<br>(4) Lease under ongoing contract for 2 years.<br>(5) Arrangement with holding company for secondment of employees based on requirement. |
| d) | Salient terms of the contracts or arrangements or transactions including the value, if any: | (1) Procurement of Propylene for continuous running of the PP Unit for a total value of ₹ 15.42 crore during FY 2016-17.<br>(2) Procurement of Butene-1 for a total value of ₹ 27.863 crore during FY 2016-17.<br>(3) Marketing margin @ 2.4% of net sales value of BCPL products& by-products amounting to ₹ 17.65 crore for FY 2016-17.<br>(4) Lease of premises at GAIL Training Institute, Noida for a license fee of ₹ 3,00,026/- p.m.<br>(5) CTC of ₹ 18.42 crore on account of employees on secondment from GAIL. |
| e) | Date(s) of approval by the Board, if any: | Not applicable. |
| f) | Amount paid as advances, if any: | - |

Sd/-

Dated : 14th August, 2017
Place: New Delhi

(B C Tripathi)
**Chairman**

*BCPL employees handing over the employees' contribution towards flood relief to Shri Sarbananda Sonowal, Hon'ble Chief Minister, Assam*

*Visit of Parliamentary Committee on welfare of SCs & STs.*

*Review taken at the plant by Shri B C Tripathi, Chairman in the presence of Shri A K Singh, Managing Director and other senior officials.*

# Extract of Annual Return

## As on the financial year ended on 31st March, 2017

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

| I. REGISTRATION AND OTHER DETAILS | | |
|---|---|---|
| (i) | CIN | **U11101AS2007GOI008290** |
| (ii) | Registration Date | **08.01.2007** |
| (iii) | Name of the Company | **Brahmaputra Cracker and Polymer Limited** |
| (iv) | Category / Sub-Category of the Company | **Government Company** |
| (v) | Address of the registered office and contact details | **Hotel Brahmaputra Ashok, M G Road, Guwahati-781001, Ph: 0361-2736910, Fax: 0361-2733556** |
| (vi) | Whether listed company Yes / No | **No** |
| (vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | **MCS Share Transfer Agent Limited, F- 65, Ist Floor, Okhla Industrial Area, Phase –I, New Delhi-110020** |

### 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 | 93.92 |

### 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 | **GAIL (India) Limited** | **L40200DL1984GOI018976** | **Holding Company** | **70.74%** | 2(87) read with 2(46) of the Companies Act, 2013 |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity

### (*i*) *Category-wise Share Holding*

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| (1) **Indian** | | | | | | | | | |
| a) Individual /HUF | NIL | 60 | 60 | Negligible | NIL | 60 | 60 | Negligible | NIL |
| b) Central Govt | | | NIL | | | | | | |
| c) State Govt (s) | NIL | 126900000 | 126900000 | 10.81% | NIL | 126900000 | 126900000 | 9.04% | (-) 1.77 |
| d) Bodies Corp. | NIL | 1046810053 | 1046810053 | 89.19 % | NIL | 1275902950 | 1275902950 | 90.95% | 1.77 |
| e) Banks / FI | | | NIL | | | | | | |
| f) Any Other... | | | NIL | | | | | | |
| **Sub-total (A) (1):-** | | **1173710113** | **1173710113** | 100% | | **1402803010** | **1402803010** | **100%** | 19.52% |
| (2) **Foreign** | NIL | | | | | | | | |
| a) NRIs - Individuals | | | | | | | | | |
| b) Other – Individuals | | | | | | | | | |
| c) Bodies Corp. | | | | | | | | | |
| d) Banks / FI | | | | | | | | | |
| e) Any Other.... | | | | | | | | | |
| **Sub-total (A) (2):-** | | | | | | | | | |
| **Total shareholding of Promoter (A) = (A)(1)+(A)(2)** | | **1173710113** | **1173710113** | | | **1402803010** | **1402803010** | 100% | 19.52% |
| **B. Public Shareholding** | NIL | | | | | | | | |
| 1. **Institutions**<br>a) Mutual Funds<br>b) Banks / FI<br>c) Central Govt<br>d) State Govt(s)<br>e) Venture Capital Funds<br>f) Insurance Companies<br>g) FIIs<br>h) Foreign Venture Capital Funds | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| i) Others (specify) | | | | | | | | | |
| **Sub-total (B)(1):-** | | | | NIL | | | | | |
| 2. **Non-Institutions** | NIL | | | | | | | | |
| a) Bodies Corp.<br>i) Indian<br>ii) Overseas<br>b) Individuals<br>i) Individual shareholders holding nominal share capital upto ₹1 lakh<br>ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh<br>c) Others (specify) | | | | | | | | | |
| **Sub-total (B)(2):-** | | NIL | | | | NIL | | NIL | NIL |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | | NIL | | | | NIL | | | NIL |
| **C. Shares held by Custodian for GDRs & ADRs** | | NIL | | | | NIL | | NIL | |
| Grand Total (A+B+C) | NIL | **1173710113** | **1173710113** | | | **1402803010** | **1402803010** | **100%** | 19.52% |

(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** | **793010083** | 67.57% | NIL | **992369000** | 70.74% | NIL | 3.17% |
| 2 | Oil India Limited | **126900010** | 10.81% | NIL | **141767000** | 10.11% | NIL | (-)0.7% |
| 3 | Numaligarh Refinery Limited | **126900010** | 10.81% | NIL | **141767000** | 10.11% | NIL | (-)0.7% |
| 4 | Government of Assam | **126900010** | 10.81% | NIL | **126900010** | 9.04% | NIL | (-)1.77% |
| | Total | **1173710113** | 100% | **NIL** | **1402803010** | 100% | **NIL** | 19.52% |

(iii) ***Change in Promoters' Shareholding (please specify, if there is 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 | 1173710113 | 100% | 1173710113 | 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): | 1. Date of issue of Share 16.09.2016 for 95289957 shares on preferential allotment basis. | - | 95289957 | |
| | 2. Date of issue of Share-05.10.2016 for 133802940 Shares on Right Issue. | - | 133802940 | |
| At the End of the year | **1402803010** | 100% | **1402803010** | 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 | |
|---|---|---|---|---|
| **For Each of the Top 10 Shareholders** | No. of shares | % of total Shares of the company | No. of shares | % of total shares of the company |
| 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 | |
|---|---|---|---|---|
| **For Each of the Directors and KMP** | No. of shares | % of total Shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | 50 | Negligible | 50 | Negligible |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | - | - | - | - |
| At the End of the year | 50 | | 50 | 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 |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** i) Principal Amount | 2989.63 | 150.00 | NIL | 3139.63 |
| ii) Interest due but not paid | NIL | NIL | NIL | NIL |
| iii) Interest accrued but not due | NIL | NIL | NIL | NIL |
| **Total (i+ii+iii)** | 2989.63 | 150.00 | NIL | 3139.63 |
| **Change in Indebtedness during the financial year** | 470.60 | 350.00 | NIL | 820.60 |
| • Addition | | | | |
| • Reduction | 239.62 | 250.00 | NIL | 489.62 |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 3220.61 | 250.00 | NIL | 3470.61 |
| ii) Interest due but not paid | NIL | | | |
| iii) Interest accrued but not due | NIL | NIL | NIL | |
| **Total(i+ii+iii)** | 3220.61 | 250.00 | NIL | 3470.61 |

## VI. REMUNERATION TO 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 | Managing Director Shri A K Singh (w.e.f. 14.07.2016) | Whole Time Director Director (Finance) Shri O P Tailor | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 2167612 | 2410062 | 4577674 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 121699 | 159604 | 281303 |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | NIL | NIL | NIL |
| 2. | Stock Option | NIL | NIL | NIL |
| 3. | Sweat Equity | NIL | NIL | NIL |
| 4. | Commission - as % of profit - others, specify... | NIL | NIL | NIL |
| 5. | Others, please specify | | | |
| | Total (A) | | | 4858977 |
| | Ceiling as per the Act | | | Not applicable |

***B. Remuneration to other directors:***

| Sl. No. | Particulars of Remuneration | Name of the Director | Total Amount (₹) |
|---|---|---|---|
| **1.** | **Independent Directors** | | |
| | | **Chitralekha Mahanta** (w.e.f.14.06.2016) | |
| | • Fee for attending Board / Committee meetings | 1,84,000/- | |
| | • Commission | NIL | NIL |
| | • Others, please specify | NIL | NIL |
| | Total (1) | 184000/- | |
| **2.** | **Other Non-Executive Directors** | | |
| | • Fee for attending board / committee meetings | NIL | NIL |
| | • Commission | NIL | NIL |
| | • Others, please specify | NIL | NIL |
| | Total (2) | NIL | NIL |
| | Total (B)=(1+2) | | |
| | Total Managerial Remuneration | | 50,42,977/- |
| | 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<br>(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | NA | 1571447 | Director (Finance) is the CFO and his remuneration in mentioned in table A above. | 1571447 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | NIL | | NIL |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | NIL | | NIL |
| 2. | Stock Option | | NIL | | NIL |
| 3. | Sweat Equity | | NIL | | NIL |
| 4. | Commission<br>- as % of profit<br>- **others, specify**... | | NIL | | NIL |
| 5. | Others, please specify | | | | |
| | Total | | 1571447 | | 1571447 |

## 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) |
|---|---|---|---|---|---|
| **A. COMPANY** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **B. DIRECTORS** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| **C. OTHER OFFICERS IN DEFAULT** | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

# Annual Report on CSR activities during FY 2016-17

| 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 CSR policy and projects or programs. | 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. The web-link is http://www.bcplonline.co.in/content.php?pageno=3&pageid=15&SubpageNo=1<br>BCPL has been spending on CSR activities to the tune of ₹ 1 crore each year during the project phase. However, during the FY 16-17 the company was unable to undertake any substantial CSR project as it was engaged in stabilisation of plant operations. |
| 2. | The composition of the CSR Committee | 1. Shri P Padmanabhan- Chairman<br>2. Dr. Chitralekha Mahanta-Member<br>3. Shri A.K.Singh- Member<br>4. Shri O P Tailor- Member |
| 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. | |
| | (a) Total amount to be spent for the financial year; | **Not applicable** |
| | (b) Amount unspent, if any | Not applicable |
| | (c) 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/-
(P Padmanabhan)
**Chairman**
**Committee on Sustainability & CSR**

*Narayan Sharma*
*B.Com (Hons.), F.C.S.*

**Narayan Sharma & Associates**
Master Enclave, Udayachal Path
Christian Basti, Guwahati-781005
Phone : +91 361 2343127, +91 94350 18319
E-mail : csnarayansharma@gmail.com

# FORM NO. MR-3

# Secretarial Audit Report

## For the financial year ended 31st March, 2017

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

**To,**

**The Members,**

**Brahmaputra Cracker and Polymer Ltd.**

**Hotel Brahmaputra Ashok,**

**M.G. Road, Guwahati – 781 001**

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

Based on our 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31 March 2017** ('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:

We 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, 2017 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Memorandum & Articles of Association,

iii. DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010

iv. Guidelines from the Ministry of Chemicals & Fertilisers,

v. 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 Directors of the Company:

   1. The Petroleum Act 1934;
   2. The Petroleum Rules 2002;
   3. The Gas Cylinder Rules 2004;

vi. We 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 lacks 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 exceeded the maximum number of nominee directors permitted under DPE guidelines.*

## We 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.

We 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: 20th June, 2017

For **Narayan Sharma & Associates**

**Company Secretaries**

Sd/-

(Narayan Sharma)

Proprietor

FCS-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 Members,**
**Brahmaputra Cracker and Polymer Ltd.**
**Hotel Brahmaputra Ashok,**
**M.G. Road, Guwahati – 781 001**

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 provided 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. Whereever 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: 20th June, 2017

For **Narayan Sharma & Associates**
**Company Secretaries**
Sd/-
(Narayan Sharma)
Proprietor
FCS-5117, C. P. No. 3844

# Explanation of the Board to the Observations in the Secretarial Audit Report 2016-17

| Observation of the Secretarial Auditor | Explanation of the Board |
|---|---|
| The composition of the Company's Board lack the required number of Independent Directors. | One Independent Director has been appointed in June, 2016 against vacancies caused due to expiry of term of two Independent Directors. Appointment of a second Independent Director is pending with the Government of India and the position remains vacant. |
| 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 is in process with the Government and therefore the company could not validly hold a separate meeting of the Independent Directors. |
| 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 is awaited. |
| The number of nominee directors in the Board of Company exceeded the maximum number of nominee directors permitted under DPE guidelines. | A special dispensation was requested from the Government for maintaining the present constitution of the Board in the interest of the company. |

*Narayan Sharma*
*B.Com (Hons.), F.C.S.*

**Narayan Sharma & Associates**
Master Enclave, Udayachal Path
Christian Basti, Guwahati-781005
Phone : +91 361 2343127, +91 94350 18319
E-mail : csnarayansharma@gmail.com

# Corporate Governance Compliance Certificate

**To,**
**The Members,**
**Brahmaputra Cracker and Polymer Ltd.,**
**Hotel Brahmaputra Ashok,**
**M.G. Road, Guwahati – 781 001**

We have examined the compliance of conditions of Corporate Governance by Brahmaputra Cracker & Polymer Limited (hereinafter referred as "the Company") for the year ended 31st March 2017, 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 Company being an unlisted Company, the conditions of Corporate Governance as mentioned in clause 49 of the listing agreement are not applicable to it.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that except for the matters referred to in (a), (b) and (c) below the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned DPE guidelines :

a) *The composition of the Company's Board did not have the required number of Independent Directors;*
b) *The number of nominee directors in the Board of Company exceeded the maximum number of nominee directors permitted under DPE guidelines;*
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: 20th June, 2017

For **Narayan Sharma & Associates**
**Company Secretaries**
Sd/-
(Narayan Sharma)
Proprietor
FCS-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 Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Brahmaputra Cracker and Polymer Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs(financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free

from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its profit/ loss (financial performance including other comprehensive income), its cash flows and the equity for the year ended on that date.

## Emphasis of Matters

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

a) We draw attention to para 20(D) of Note 2 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 attention to para 22 of Note 2 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.

c) We draw our 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 the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, 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, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the

books of account;

d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;

e) On the basis of the written representations received from the directors as on 31 March 2017,taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2)(g) 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 B";

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"; and

h) With respect to the other matters required to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 Ind AS financial statements – Refer Para 20 of Note 2 to the Ind AS financial statements;

ii. the Company did not have any long term contracts including derivatives contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company;

iv. the Company has provided requisite disclosures in its Ind As financial statement as to holding as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the company. Refer Para 24 of Note 2 to the Ind AS financial statements.

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

Sd/-
**Shailendra Sharma**
*Partner*
Membership Number: 058352

Place: Guwahati
Dated: 6th June, 2017

## ANNEXURE - A

The Annexure referred to in paragraph 1 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 2017, we report that:

(i) 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 and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the 131 bigha of land for which process of obtaining land ownership document from Government of Assam is still underway pending necessary approval from Governments Authorities and also 59 bighas of Private Land of Railway Siding and 1464 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, with respect to the loans and investments made.

(v) The Company has not accepted any deposits from the public.

(vi) We have been informed that, no cost records have been prescribed by the Central Government under section 148(1) of the Companies Act 2013 during the period under audit.

(vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in

respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, duty of excise, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there were no material dues of income tax, sales tax, duty of excise, duty of customs, service tax and value added tax which have not been deposited with the appropriate authorities on account of any dispute.

(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 did 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. However, during the construction phase, company had invested the surplus fund in short term deposit(STDR) with bank with a view to reduce the cost of capital. However, subsequently the same are utilised for the stated objective.

(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 95289957 shares to GAIL (India) Ltd ,one of its promoters during the year.

(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: Guwahati
Dated: 6th June, 2017

## ANNEXURE - B

The Annexure referred to in paragraph 2 (f) of Independent Auditor's Report to the members of the **Brahmaputra Cracker and Polymer Limited** on the financial statements for the year ended 31 March 2017,

**Report on the Internal Financial Controls 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 and Polymer Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management 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 ('ICAI'). 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 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 Company's

internal financial controls system over financial reporting.

## 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent 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, 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, 2017, 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: Guwahati
Dated: 6th June, 2017

## 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 2(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 2017, we report that:

| Sl. No. | Directions | Remarks |
|---|---|---|
| 1. | Whether the company has clear title/ lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available? | The transfer of lease deed in the name of Company for 959 bighas of leased hold land and transfer of title deed for 505 bighas of Freehold land belongs to GAIL's Lakwa unit is pending as on the date of reporting due to non-execution of Assets Transfer Agreement.<br>Further out of 3581 bighas acquired by company through Government of Assam, the periodic pattas were issued by concerned Authority of Govt of Assam except for Government land of 131 bighas and 59 bighas of private land (Railway siding) though entire land is in possession of Company. |
| 2. | Whether there are any cases of waiver/ write off of debts/loans/interest etc. if yes, the reasons there for and amount involved. | There are no cases of waiver/ write off of debts/ loans/interest etc during the Year. |
| 3. | Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from the Government or other authorities. | Proper records are maintained for inventories lying with third parties. However company has not received any assets as gift from Govt. or other authorities |

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

Sd/-
**Shailendra Sharma**
*Partner*
Membership Number: 058352

Place: Guwahati
Dated: 6th June, 2017

# Balance Sheet

## as at 31st March, 2017

₹ in lakh

| Particulars | Note | As at 31 March 2017 | As at 31 March 2016 | As at 01 April 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non Current Assets** | | | | |
| Property, Plant and Equipment | 3 | 814,496.83 | 799,163.75 | 19,756.72 |
| Capital work-in-progress | 3 | 5.58 | 38,612.91 | 566,079.01 |
| Other Intangible assets | 4 | 1,631.08 | 913.45 | 853.79 |
| Financial Assets | | | | |
| Loans | 5 | 2,046.52 | 761.97 | 676.11 |
| Deferred tax assets | 17 | 6,034.99 | -648.07 | - |
| Other Non Current Assets | 7 | 51,919.66 | 72,389.81 | 255,661.34 |
| **Subtotal (A)** | | **876,134.66** | **911,193.82** | **843,026.97** |
| **Current Assets** | | | | |
| Inventories | 9 | 37,774.29 | 25,238.11 | - |
| Financial Assets | | | | |
| Trade Receivables | 6 | 5,603.84 | 54.87 | - |
| Cash and Cash Equivalents | 8 | 3.93 | 2,611.10 | 11,477.69 |
| Loans | 5 | 95.32 | 123.39 | 409.94 |
| Other Current Assets | 7 | 29,980.67 | 23,368.31 | 18,390.09 |
| **Subtotal (B)** | | **73,458.05** | **51,395.78** | **30,277.72** |
| **Total Assets (A+B)** | | **949,592.71** | **962,589.60** | **873,304.69** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Equity Share Capital | 10 | 140,280.30 | 117,371.01 | 117,371.01 |
| Other Equity | 11 | -82,284.93 | -27,525.16 | -270.57 |
| **Subtotal (C)** | | **57,995.37** | **89,845.85** | **117,100.44** |
| **LIABILITIES** | | | | |
| **Non Current Liabilities** | | | | |
| Financial Liabilities | | | | |
| Borrowings | 12 | 282,149.72 | 280,496.82 | 211,428.31 |
| Other Financial Liabilities | 14 | - | - | - |
| Provisions | 15 | 430.50 | 270.55 | 189.65 |
| Other Non Current Liabilities | 16 | 426,790.00 | 445,550.00 | 464,310.00 |
| **Subtotal (D)** | | **709,370.22** | **726,317.37** | **675,927.96** |
| **Current Liabilities** | | | | |
| Financial Liabilities | | | | |
| Borrowings | 12 | 43,474.77 | 18,034.14 | 459.52 |

₹ in lakh

| Particulars | Note | As at 31 March 2017 | As at 31 March 2016 | As at 01 April 2015 |
|---|---|---|---|---|
| Trade payables | 13 | 38,958.95 | 12,685.33 | – |
| Other Current Financial Liabilities | 14 | 43,654.11 | 51,200.28 | 42,370.19 |
| Other Current Liabilities | 16 | 20,148.43 | 20,448.48 | 6,117.93 |
| Provisions | 15 | 35,990.86 | 44,058.15 | 31,328.65 |
| **Subtotal (E)** | | **182,227.12** | **146,426.38** | **80,276.29** |
| **Total Equity and Liabilities (C+D+E)** | | **949,592.71** | **962,589.60** | **873,304.69** |
| **Accounting Policy** | 1 | | | |
| **Notes to the financial statements** | 2 | | | |

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

*Sd/-*
(O P Tailor)
**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 : 6th June, 2017

# Statement of Profit and Loss

## for the year ended 31st March, 2017

₹ in lakh

| | Particulars | Note No. | As at 31st March, 2017 | As at 31st March, 2016 |
|---|---|---|---|---|
| I. | **Revenue from operations** | 18 | 77,849.11 | 192.44 |
| II. | Other income | 19 | 19,459.24 | 4,781.78 |
| III. | Total Revenue (I + II) | | 97,308.35 | 4,974.22 |
| IV. | **EXPENSES** | | | |
| | Excise Duty on sale of goods | | 9,110.46 | 22.99 |
| | Cost of raw material and components consumed | 20 | 60,316.80 | 10,477.91 |
| | **Employee benefits expenses** | 21 | 7,664.93 | 2,085.62 |
| | Depreciation and amortization expenses | 22 | 35,168.08 | 8,427.94 |
| | Finance costs | 23 | 30,276.87 | 6,860.83 |
| | Other expenses | 24 | 15,965.17 | 3,032.81 |
| | Amortization of Preliminary and Other Expenses | | - | 668.04 |
| | Total expenses (IV) | | 158,502.31 | 31,576.14 |
| V. | **Profit/(loss) before Tax (III-IV)** | | -61,193.96 | -26,601.92 |
| VI | **Tax expense:** | | | |
| | Current tax | | 221.38 | - |
| | Deferred Tax | | -6,674.56 | 649.50 |
| VII. | **Profit/(Loss) for the period (V - VI)** | | -54,740.78 | -27,251.42 |
| | **Other Comprehensive income** | | | |
| VIII. | **Items that maybe reclassified to profit or loss** | | | |
| | Exchange differences on translation of foreign operations | | - | - |
| | Changes in fair value of FVOCI debt instruments | | - | - |
| | Income tax relating to these items | | - | - |
| IX. | **Items that will not be reclassified to profit or loss** | | | |
| | Changes in fair value of FVOCI equity instruments | | - | - |
| | Remeasurement of post-employment benefit obligations | | -27.49 | -4.61 |
| | Income tax relating to these items | | 8.50 | 1.42 |
| | | | -18.99 | -3.19 |
| X | **Other comprehensive income net of tax (VIII + IX)** | | -18.99 | -3.19 |
| XI | **Total comprehensive income (VII + X)** | | -54,759.77 | -27,254.61 |
| XII. | **Earnings per equity share:( in ₹ )** | | | |
| | Basic | | 4.10 | 2.34 |
| | Diluted | | 4.10 | 2.34 |

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

*Sd/-*
(O P Tailor)
**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 : 6th June, 2017

# Statement of Changes in Equity

## for the period ended 31st March 2017

₹ in Lakh

| (a) Equity Share Capital | Amount Number (in lakh) | Amount ₹ in lakh |
|---|---|---|
| Equity shares of ₹ 10 each issued, subscribed and fully paid | | |
| **As at 1 April 2015** | **11,737.10** | **117,371.01** |
| Issue of share capital | - | - |
| **As at 31 March 2016** | **11,737.10** | **117,371.01** |
| Issue of share capital | 2,290.93 | 22,909.29 |
| **As at 31 March 2017** | **14,028.03** | **140,280.30** |

## For the year ended 31st March 2017:

₹ in Lakh

| **Attributable to the equity shareholders** | | | |
|---|---|---|---|
| | **Retained earnings** | **Other comprehensive income** | **Total** |
| | | | |
| As at 1 April 2015 | -270.56 | - | -270.56 |
| **Profit for the period** | -27,251.42 | -3.19 | -27,254.61 |
| As at 31 March 2016 | -27,521.98 | -3.19 | -27,525.17 |
| Profit for the period | -54,740.78 | -18.99 | -54,759.77 |
| **As at 31 March 2017** | -82,262.76 | -22.18 | -82,284.94 |

# Notes forming part of the Balance Sheet

## Note 3: Property, plant and equipment

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

₹ in Lakh

| 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 Equipment | EDP Equipment | Motor Cars/Jeeps | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **At 1 April 2015** | **7,109.34** | **-** | **16,137.12** | **-** | **-** | **1.96** | **-** | **890.77** | **2,194.79** | **238.57** | **293.51** | **566,988.55** | **26,866.06** |
| Additions | 19,923.91 | 387.47 | 5,391.90 | 27,820.09 | 28,109.34 | - | 716,209.40 | 8,978.05 | 842.07 | 12.91 | 50.24 | - | 807,725.38 |
| Transferred on Business purchase | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Exchange differences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | -92.63 | - | - | - | - | - | -1.71 | - | - | - | -94.34 |
| Other | - | - | - | - | - | - | - | - | - | - | - | -528,375.64 | - |
| At 31 March 2016 | 27,033.25 | 387.47 | 21,436.39 | 27,820.09 | 28,109.34 | 1.96 | 716,209.40 | 9,868.82 | 3,035.15 | 251.48 | 343.75 | 38,612.91 | 834,497.10 |
| Additions | - | - | 385.24 | 450.54 | - | - | 47,631.20 | 88.94 | 97.21 | 937.75 | 3.20 | - | 49,594.08 |
| Transferred on Business purchase | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Exchange differences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | -27,033.25 | - | - | - | - | - | - | - | - | - | - | -38,607.33 | -27,033.25 |
| At 31 March 2017 | - | 387.47 | 21,821.63 | 28,270.63 | 28,109.34 | 1.96 | 763,840.60 | 9,957.76 | 3,132.36 | 1,189.23 | 346.95 | 5.58 | 857,057.93 |
| **Depreciation and impairment** | **Leasehold Land** | **Freehold Land** | **Building - Other than factory building** | **Building -Plant** | **Roads, Bridges & Fences** | **Bunk Houses** | **Plant & Machinery** | **F& F and Other Equipment** | **Electrical Equipment** | **EDP Equipment** | **Motor Cars/Jeeps** | **Capital work-in-progress** | **Total** |
| At 1 April 2015 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation expense | 509.10 | - | 377.18 | 243.68 | 1,150.96 | 1.62 | 6,584.60 | 491.10 | 460.93 | 99.87 | 53.27 | - | 9,972.31 |
| Impairment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposal | - | - | -4.10 | - | - | - | - | - | - | - | - | - | -4.10 |
| Exchange differences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | -0.13 | - | - | - | -0.13 |
| At 31 March 2016 | 509.10 | - | 373.08 | 243.68 | 1,150.96 | 1.62 | 6,584.60 | 491.10 | 460.80 | 99.87 | 53.27 | - | 9,968.08 |
| Depreciation expense | - | - | 840.18 | 986.29 | 2,908.77 | - | 28,069.88 | 937.22 | 502.17 | 262.81 | 115.83 | - | 34,623.15 |
| Impairment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposal | | - | - | - | - | - | - | - | - | - | - | - | - |
| Exchange differences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | -509.10 | - | - | - | - | - | - | - | - | - | - | - | -509.10 |

## Note 3: Property, plant and equipment (Contd.)

₹ in Lakh

| At 31 March 2017 | - | - | 1,213.25 | 1,229.98 | 4,059.73 | 1.62 | 34,654.48 | 1,428.32 | 962.97 | 362.69 | 169.09 | - | 44,082.13 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Net Book value** | **Leasehold Land** | **Freehold Land** | **Building - Other than factory building** | **Building -Plant** | **Roads, Bridges & Fences** | **Bunk Houses** | **Plant & Machinery** | **F& F and Other Equipment** | **Electrical Equipment** | **EDP Equipment** | **Motor Cars/Jeeps** | **Capital work-in-progress** | **Total** |
| At 1 April 2015 ( As per Indian GAAP) | 7,109.34 | - | 16,137.12 | - | - | 1.96 | - | 890.77 | 2,194.79 | 238.57 | 293.51 | 566,988.55 | 26,866.06 |
| Ind AS Adjustments ( as at 1 April 2015) | -7,109.34 | - | - | - | - | - | - | - | - | - | - | -909.54 | -7,109.34 |
| At 1 April 2015 ( As per Ind AS) | - | - | 16,137.12 | - | - | 1.96 | - | 890.77 | 2,194.79 | 238.57 | 293.51 | 566,079.01 | 19,756.72 |
| At 31 March 2016 ( As per Indian GAAP) | 26,524.15 | 387.47 | 21,063.31 | 27,576.40 | 26,958.38 | 0.34 | 709,624.80 | 9,377.72 | 2,574.35 | 151.62 | 290.48 | 38,612.91 | 824,529.01 |
| Ind AS Adjustments ( as at 31 March 2016 ) | -26,524.15 | - | -20.26 | - | - | - | 1,181.60 | -0.08 | -0.21 | -2.16 | - | - | -25,365.26 |
| At 31 March 2016 ( As per Ind AS) | - | 387.47 | 21,043.05 | 27,576.40 | 26,958.38 | 0.34 | 710,806.40 | 9,377.64 | 2,574.14 | 149.45 | 290.48 | 38,612.91 | 799,163.75 |
| At 31 March 2017 ( As per Indian GAAP) | - | 387.47 | 20,608.37 | 27,040.65 | 24,049.61 | 0.34 | 729,186.12 | 8,529.44 | 2,169.39 | 826.55 | 177.85 | 5.58 | 812,975.80 |
| Ind AS Adjustments ( as at 31 March 2017 ) | - | - | -20.26 | - | - | - | 1,543.75 | -0.08 | -0.21 | -2.16 | - | - | 1,521.03 |
| At 31 March 2017 ( As per Ind AS) | - | 387.47 | 20,588.11 | 27,040.65 | 24,049.61 | 0.34 | 730,729.87 | 8,529.36 | 2,169.18 | 824.38 | 177.85 | 5.58 | 814,496.83 |

## Note 4: Intangible Assets

(₹ in lakh)

| Cost | Software / Licenses | Right of Use (Perpetual) | Right of Use (Limited useful life) | Total |
|---|---|---|---|---|
| **At 1 April 2015** | 27.76 | 821.64 | 4.39 | **853.79** |
| Additions | 21.69 | 55.43 | - | **77.12** |
| Capitalised internal development costs | - | - | - | - |
| Acquisitions through business combinations | - | - | - | - |
| Transfer to held for sale | - | - | - | - |
| Disposals | -2.40 | - | - | **-2.40** |
| Exchange adjustments | - | - | - | - |
| Others | - | - | - | - |
| **At 31 March 2016** | **47.05** | **877.07** | **4.39** | **928.51** |
| Additions | 912.81 | - | - | **912.81** |
| Capitalised internal development costs | - | - | - | - |
| Acquisitions through business combinations | - | - | - | - |
| Transfer to held for sale | - | - | - | - |
| Disposals | - | - | - | - |
| Exchange adjustments | - | - | - | - |
| Others | - | - | - | - |
| **At 31 March 2017** | **959.86** | **877.07** | **4.39** | **1,841.32** |

(₹ in lakh)

| Accumulated amortization and impairment | Software / Licenses | Right of Use (Perpetual) | Right of Use (Limited useful life) | Total |
|---|---|---|---|---|
| **At 1 April 2015** | - | - | - | - |
| Amortization expense | 16.58 | 9.19 | 0.88 | **26.65** |
| Impairment losses | - | - | - | - |
| Reversals of Impairment losses | - | - | - | - |
| Transfer to held for sale | - | - | - | - |
| Disposals | -2.40 | - | - | **-2.40** |
| Exchange adjustments | - | - | - | - |
| Others | - | - | - | - |
| **At 31 March 2016** | **14.18** | **9.19** | **0.88** | **24.25** |
| Additions | 194.30 | - | **0.88** | **195.18** |
| Capitalised internal development costs | - | - | - | - |
| Acquisitions through business combinations | - | - | - | - |
| Transfer to held for sale | - | - | - | - |
| Disposals | - | - | - | - |
| Exchange adjustments | - | - | - | - |
| Others | - | - | - | - |
| **At 31 March 2017** | **208.48** | **9.19** | **1.76** | **219.43** |

## Note 4: Intangible Assets (Contd.)

(₹ in lakh)

| Net book value | Software / Licenses | Right of Use (Perpetual) | Right of Use (Limited useful life) | Total |
|---|---|---|---|---|
| **At 1 April 2015 ( As per Indian GAAP)** | **27.76** | **821.64** | **4.39** | **853.79** |
| **Ind AS Adjustments ( as at 1 April 2015)** | **-** | **-** | **-** | **-** |
| **At 1 April 2015 ( As per Ind AS)** | **27.76** | **821.64** | **4.39** | **853.79** |
| **At 31 March 2016 ( As per Indian GAAP)** | **32.87** | **867.88** | **3.51** | **904.26** |
| **Ind AS Adjustments ( as at 31 March 2016 )** | | **9.19** | | **9.19** |
| **At 31 March 2016 ( As per Ind AS)** | **32.87** | **877.07** | **3.51** | **913.45** |
| **At 31 March 2017 ( As per Indian GAAP)** | **751.38** | **867.88** | **2.63** | **1,621.89** |
| **Ind AS Adjustments ( as at 31 March 2017 )** | | **9.19** | | **9.19** |
| **At 31 March 2017 ( As per Ind AS)** | **751.38** | **877.07** | **2.63** | **1,631.08** |

## Note 5: Financial assets

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| **Loans** | | | |
| Security Deposit Paid | 2,046.52 | 761.97 | 679.72 |
| Interest accrued but not due | 79.89 | 112.03 | 393.75 |
| Loans and advances to employees | 15.43 | 9.33 | 10.55 |
| Term deposits exceeding 12 months | - | 2.03 | 2.03 |
| **Total loans** | **2,141.84** | **885.36** | **1,086.05** |
| **Current** | 95.32 | 123.39 | 409.94 |
| **Non-Current** | 2,046.52 | 761.97 | 676.11 |
| | **2,141.84** | **885.36** | **1,086.05** |

## Note 6: Trade receivables

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| Trade receivables | 5,603.84 | 54.87 | - |
| **Total Trade receivable** | **5,603.84** | **54.87** | **-** |
| **Current** | **5,603.84** | **54.87** | **-** |
| **Non-current** | **-** | **-** | **-** |
| | **5,603.84** | **54.87** | **-** |

## Note 7: Other non financial assets

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| **Unsecured (Considered good):** | | | |
| Advance income tax | 2.86 | 2.86 | 808.02 |
| | | - | - |
| Balance with Government Authorities | | - | - |
| CENVAT Credit Receivable | 48,452.40 | 18,311.25 | 12,264.00 |
| TDS | 548.97 | 527.99 | 929.77 |
| Vat credit receivable | - | 34,751.50 | 38,928.60 |
| Advance Entry Tax | - | - | 6.01 |
| | | - | - |
| Claims recoverables | | - | - |
| Contractors | - | 20.04 | 21.95 |
| Insurance | 1,016.24 | 1,636.46 | 234.33 |
| Suppliers | - | - | - |
| Employees | - | - | - |
| | | - | - |
| Other advances recoverable in cash or in kind | 722.96 | 1,045.44 | 1,917.47 |
| | | - | - |
| Capital advances: | - | 11,322.22 | 209,406.23 |
| | | - | - |
| Advances to suppliers/contractors: | 4,954.37 | 940.14 | 1,030.95 |
| | | - | - |
| Prepayments | | - | - |
| Pre-paid expenses | 602.52 | 676.07 | 1,394.76 |
| Pre-paid Lease Rent | 25,600.02 | 26,524.15 | 7,109.34 |
| | | | |
| **Total** | **81,900.33** | **95,758.12** | **274,051.43** |
| Current | 29,980.67 | 23,368.31 | 18,390.09 |
| Non current | 51,919.66 | 72,389.81 | 255,661.34 |
| | **81,900.33** | **95,758.12** | **274,051.43** |

## Note 8: Cash and Cash Equivalents

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| **Balances with banks:** | | | |
| — On current accounts | 3.93 | 1,384.72 | 8,377.69 |
| — Deposits with original maturity of less than three months | - | 1,226.38 | 3,100.00 |
| Cash on hand | - | - | - |
| Cheques/drafts on hand | - | - | - |
| | **3.93** | **2,611.10** | **11,477.69** |

## Note 9: Inventories

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| (a) Raw materials , Stores , Spares and others | | - | - |
| Raw Materials & other Consumables | 576.44 | 565.71 | - |
| Stores & Spares | 21,245.19 | 18,449.89 | - |
| (b) Semi Finished Goods/By products | - | - | - |
| Semi Process Stock | 2,290.99 | 3,466.52 | - |
| By Products | 305.99 | 306.50 | - |
| (c) Finished Goods | - | - | - |
| LLDPE | 7,041.44 | 2,160.03 | - |
| HDPE | 2,024.50 | 0.06 | - |
| PP | 2,620.79 | 0.03 | - |
| Excise duty on Finished Goods | 1,668.95 | 289.37 | - |
| **Total** | **37,774.29** | **25,238.11** | **-** |

## Note 10: Equity share capital

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| **Share capital** | | | |
| **Authorised** | | | |
| 2,00,00,00,000 Equity Shares of ₹ 10 each | 200,000.00 | 200,000.00 | 200,000.00 |
| (Previous year 2,00,00,00,000 Equity shares of ₹ 10 each) | | | |
| | **200,000.00** | **200,000.00** | **200,000.00** |
| **Issued, subscribed and fully paid up** | | | |
| 1,40,28,03,010 Equity shares of ₹ 10 each | 140,280.30 | 117,371.01 | 117,371.01 |
| (Previous year 1,17,37,10,113 Equity shares of ₹ 10 each) | | | |
| | **140,280.30** | **117,371.01** | **117,371.01** |

## Note 11: Other equity

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| **Other equity:** | | | |
| Retained earnings | -82,284.93 | -27,525.16 | -270.57 |
| Other reserves: | | - | - |
| - Capital reserves | - | - | - |
| Less: Transfer to statement of profit and loss | | | |
| **Total** | **-82,284.93** | **-27,525.16** | **-270.57** |

## Note 12: Borrowings

(₹ in lakh)

| Particulars | Effective Interest Rate | Maturity | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|---|---|
| **Secured** | | | | | |
| **Term loans:** | | | | | |
| - Loan from State Bank of India | SBI 1yr MCLR plus 0.45% | 31/05/2024 | 165,719.85 | 166,353.95 | 103,190.81 |
| - Axis Bank Term Loan | | | - | 7,500.00 | - |
| - Tata Capital FSL Term Loan | | | - | 7,500.00 | - |
| - Cash Credit from State Bank of India | SBI 1yr MCLR plus 0.25% | | 18,444.70 | 3,033.33 | - |
| - SBI Short term loan | SBI 1yr MCLR plus 0.15% | | 25,000.00 | - | - |
| - SBI CAG Branch | | | 30.07 | - | - |
| - Bank overdrafts | | | - | 0.81 | 459.52 |
| | | | | - | - |
| **From Other Parties :** | | | | - | - |
| - Oil Industry Development Board | | 31/12/2022 | 116,429.88 | 104,767.87 | 86,362.50 |
| Oil India Limited | SBI rate plus 0.50% | 21/02/2017 | - | 9,375.00 | 21,875.00 |
| **Total** | | | **325,624.50** | **298,530.96** | **211,887.83** |
| **Total Non Current Borrowings** | | | **282,149.73** | **280,496.82** | **211,428.31** |
| **Total Current Borrowings** | | | **43,474.77** | **18,034.14** | **459.52** |

## Note 13 - Trade Payables

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| Trade payables | | | |
| Due to others: | 38,848.61 | 12,674.84 | - |
| Transporters | 110.35 | 10.49 | - |
| | | - | - |
| **Total** | **38,958.96** | **12,685.33** | - |
| **Current** | 38,958.96 | 12,685.33 | - |
| **Non-current** | - | - | - |
| **Total** | **38,958.96** | **12,685.33** | - |

## Note 14: Financial Liabilities

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| **Financial liabilities at amortised cost** | | | |
| Deposits/Retention Money from Contractors and others | 9,607.58 | 7,345.48 | 6,635.50 |
| Price reduction schedule | 9,955.16 | 11,294.70 | 12,430.52 |
| Earnest money deposit | 141.66 | 203.85 | 142.39 |
| Security Deposit | 2,353.52 | 1,087.35 | 563.77 |
| Payable to Employees | 41.40 | 7.27 | 27.08 |
| Other payables- Money due from Assam Govt | - | 14.97 | 14.97 |
| Payable to GAIL for Lakwa Assets | - | 9,631.55 | - |
| Payable for Capital Expenditure | 5,504.79 | 7,027.48 | 12,218.46 |
| Current maturities of long term debt: | | - | - |
| - Oil Industry Development Board | 12,650.00 | 11,394.63 | 7,212.50 |
| - Oil India Limited | - | 3,193.00 | 3,125.00 |
| - State Bank of India | 3,400.00 | - | - |
| **Total other financial liabilities at amortised cost** | **43,654.11** | **51,200.28** | **42,370.19** |
| **Total other financial liabilities** | **43,654.11** | **51,200.28** | **42,370.19** |
| **Current** | **43,654.11** | **51,200.28** | **42,370.19** |
| **Non current** | **-** | **-** | **-** |

## Note 15: Provisions

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| **Provisions** | | | |
| Provision for employee benefits | 420.10 | 273.48 | 194.16 |
| Provision for gratuity | 14.50 | - | - |
| Provision for Income Tax | 1,299.88 | 1,214.01 | 2,678.43 |
| Provision for Liability (Contractors) | 30,891.35 | 35,406.27 | 26,456.93 |
| Provision for Custom duty | - | - | 20.33 |
| Provision for Excise duty | 1,668.95 | 289.37 | - |
| Provision for Suppliers | - | 2,015.11 | 1,067.46 |
| Others | 2,126.58 | 5,130.46 | 1,100.99 |
| **Total** | **36,421.36** | **44,328.70** | **31,518.30** |
| **Current** | 35,990.86 | 44,058.15 | 31,328.65 |
| **Non- Current** | 430.50 | 270.55 | 189.65 |
| | **36,421.36** | **44,328.70** | **31,518.30** |

## Note 16: Non Financial Liabilities

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| Other non financial liabilities | | | |
| Government Grants | 445,550.00 | 464,310.00 | 469,000.00 |
| Tax (VAT, ST, TDS & WCT) | 536.64 | 1,460.37 | 1,394.26 |
| Others | 298.34 | 227.90 | 33.67 |
| Advance from customers | 553.45 | 0.21 | - |
| **Total** | **446,938.43** | **465,998.48** | **470,427.93** |
| **Current** | 20,148.43 | 20,448.48 | 6,117.93 |
| **Non current** | 426,790.00 | 445,550.00 | 464,310.00 |
| | **446,938.43** | **465,998.48** | **470,427.93** |

## Note 17: Deferred taxation

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 | As at 01-Apr-15 |
|---|---|---|---|
| Deferred tax asset/ liability | 6,034.99 | -648.07 | - |
| **Deferred tax assets/liabilities-net** | **6,034.99** | **-648.07** | **-** |

## Note 18: Revenue from operations

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 |
|---|---|---|
| Sale of products (including excise duty) | | |
| (a) Sale of HDPE/LLDPE | 69,474.76 | 176.31 |
| (b) Sale of Polypropelene | 9,427.97 | 9.21 |
| (c) Sale of HPG ,CBFS,Slop Oil,etc. | 2,769.32 | 6.92 |
| **Total sale of products** | **81,672.05** | **192.44** |
| Sale/ rendering of services | - | - |
| Less: Discount on Sales | 3,822.94 | - |
| **Total** | **77,849.11** | **192.44** |

## Note 19: Other Income

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 |
|---|---|---|
| **Other non-operating Income:** | | |
| Interest on FDR's | 122.37 | 74.83 |
| Other Interest | 84.05 | - |
| Government grants | 18,760.00 | 4,690.00 |
| Recoveries from Vendors/Customers | - | 2.47 |
| Recoveries from Employees | 57.34 | 14.48 |
| Misc.Receipts | 435.48 | - |
| | **19,459.24** | **4,781.78** |

## Note 20: Cost of raw material and components consumed

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 |
|---|---|---|
| Raw materials consumed | 69,222.68 | 13,574.52 |
| Inventory at the beginning of the year | - | 3,125.90 |
| Add: Purchases of Stock-in-Trade | - | - |
| Less: Inventory at the end of the year | -8,905.88 | -6,222.51 |
| | **60,316.80** | **10,477.91** |

## Note 21: Employee Benefit Expenses

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 |
|---|---|---|
| Salary, Wages and Allowances | 4,447.43 | 1,248.09 |
| Contribution to Provident and other Funds | 511.90 | 206.87 |
| Welfare Expenses | 863.22 | 76.83 |
| Secondment charges | 1,842.38 | 553.83 |
| | **7,664.93** | **2,085.62** |

## Note 22: Depreciation and amortization expense

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 |
|---|---|---|
| Depreciation and Amortization Expenses | 35,168.08 | 10,049.21 |
| Less: Transferred to IEDC | - | -1,621.27 |
| | **35,168.08** | **8,427.94** |

## Note 23: Finance cost

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 |
|---|---|---|
| Interest on Term Loans from Banks | 16,228.45 | 4,098.25 |
| Interest on Loans from Other Institutions | 9,518.80 | 2,320.14 |
| Interest on Loans from Promoters | 819.99 | 315.85 |
| Recoveries from Vendors/Customers | - | - |
| Other Borrowing Costs(Commitment and other Finance Charges) | 3,709.63 | 126.59 |
| | **30,276.87** | **6,860.83** |

## Note 24: Other Expenses

(₹ in lakh)

| Particulars | As at 31-Mar-17 | As at 31-Mar-16 |
|---|---|---|
| Power, Fuel and Water Charges: | - | - |
| Power and Water charges | 1,060.08 | 220.57 |
| Gas used as fuel | - | - |
| Repairs and Maintenance: | - | - |
| Plant and Machinery | 2,124.34 | 654.58 |
| Building | 215.53 | 211.61 |
| Others | 597.73 | 171.32 |
| Insurance | 1,887.98 | 3.08 |
| Communication expenses | 46.55 | 15.86 |
| Printing and Stationery | 20.69 | 1.17 |
| Travelling Expenses | 156.77 | 33.68 |
| Books and Periodicals | 3.62 | - |
| Advertisenement and Publicity | 76.88 | 118.95 |
| Payment to Auditors: | - | - |
| Audit Fess | 4.00 | 2.00 |
| Tax audit fees | 0.45 | - |
| Company Law Matters | - | - |
| Management services | 1.13 | - |
| Travelling and Out of Pocket Expenses | 1.44 | 0.35 |
| Entertainment Exp | 24.85 | 9.87 |
| Recruitment and Trainning Expenses | 48.52 | 139.70 |
| Vehicle Hire and running Expenses | 329.64 | 118.69 |
| Rent Rates &Taxes | 1,011.11 | 26.17 |
| Lease charges | - | - |
| Survey Charges | - | - |
| Consultancy Charges | 42.39 | 4.68 |
| Legal and Professional Charges | 121.23 | 0.69 |
| Dataprocessing expenses | 95.93 | 0.46 |
| Donations | 6.00 | - |
| R&D Expenses | - | - |
| Directors sitting fees | 1.62 | - |
| Loss on Sale/Writeoff of assets | - | - |
| Bad debt/Claims/Advances/Inventories written off | - | - |
| Provision for Bad debt/Claims/Advances and obsolesenecs of Stores and capital items | - | - |
| Excise duty on Stocks(Net) | 1,668.95 | 289.37 |
| Expenses on enabling Facilities | - | - |
| Selling and Distribution Expenses | 104.64 | 5.37 |
| Commission on Sales | 1,983.22 | - |
| Dealers Commission | - | - |
| Security Expenses | 2,373.60 | 462.29 |
| CSR expenses | 42.74 | 31.21 |
| Net loss on Foreign currency Transaction and Translation | 167.50 | 140.27 |
| Other Expenses | 1,746.04 | 370.87 |
| | **15,965.17** | **3,032.81** |

# NOTE 1: Significant Accounting Policies

## 1. 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 Project, AGCP, was approved by the Government of India on 18 April 2006 at a cost of ₹ 5460 crore, however, the project witnessed cost and time overrun and the Revised Cost Estimate-I (RCE-I) of ₹ 8920 crore was approved by CCEA in November, 2011 which has been further revised to ₹ 9965 Crore and approval of the same been received from its Administrative Ministry (MoCF) by Government of India. The Company has commissioned its project at all location and started its commercial operation with production of around 1 lakh MTs of Polymer in its very first year of operation.

The financial statements of the company for the year ended 31st March 2017 were authorized for issue in accordance with a resolution of the directors on 06.06.2017.

## 2. 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). These financial statements for the year ended 31 March 2017 are the first the Company has prepared in accordance with 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 lakhs, except otherwise indicated.

## 3. Significant accounting policies

### 3.1 Property, plant and equipments

#### (a) Tangible Assets

Property, plant and equipments 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.

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. Likewise, when a major inspection/overhaul/repair is performed, its cost 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.

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.

Property, plant and equipments 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.

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 pro-rata basis (monthly pro-rata for bought out assets).

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.

The asset's residual values, useful lives and methods of depreciation/amortization are reviewed at each reporting period and adjusted prospectively, if appropriate.

**(b) Capital Work in Progress**

Capital work in progress includes construction stores including material in transit/ equipment / services, etc. received at site for use in the projects.

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.

### 3.2 Intangible Assets

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.

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.

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.

***Research and development costs***

Development costs that are expected to generate probable future economic benefits are capitalized as intangible assets. All other research and development expenditure is recognized in profit and loss account as incurred.

### 3.3 Impairment of assets

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipments and intangible assets with finite life may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any.

### 3.4 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Stores & Spares which meet the definition of property plant and equipment and satisfy the recognition criteria are capitalized as property, plant and equipment.

Net realizable value is determined based on estimated selling price, less further costs expected to be incurred for completion and disposal.

### 3.5 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.

### 3.6 Foreign currency transactions

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

At each balance sheet date, foreign currency monetary items (such as receivables, payables, etc.) are reported using the closing exchange rate.

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.

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.

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 non-monetary 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).

### 3.7 Revenue and other income

The Company derives revenues primarily from sale of petrochemicals, which comprises of LLDPE- HDPE, Polypropylene, Pyro-gasoline and fuel oil.

**(a) Sale of goods**

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 include excise duty but exclude value added tax. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Any retrospective revision in prices is accounted for in the year of such revision.

**(b) Interest income**

Interest income is recognized on a time proportion basis.

### 3.8 Employee benefits

**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.

**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.

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. Re-measurements 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.

**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. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

### 3.9 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.

### 3.10 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 fulfillment 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.

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 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.

### 3.11 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.

### 3.12 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.

### 3.13 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.

### 3.14 Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an asset, the cost of the asset is shown at gross value and grant

thereon is treated as capital grant which is recognized as income in statement of profit and loss over the period and in proportion in which depreciation is charged.

### 3.15 Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current 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.

### 3.16 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

## 4. Significant accounting judgements, 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.

### 4.1 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:

**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.

### 4.2 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.

**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.

**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.

## 5. Standards Issued but not yet effective

**Ind - AS 115 "Revenue from Contract with Customers**

Ind AS 115 was issued in February, 2015. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further, the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

This standard will come into force from accounting period commencing on or after 1st April, 2018. 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 115 upon initial application, which is subject to changes arising from a more detailed ongoing analysis.

**Amendments to Ind AS 7 "Statement of cash flows"**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in

the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

This amendment is effective for accounting period commencing on or after 1st April, 2017. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

| | | |
|---|---|---|
| *Sd/-* | *Sd/-* | *Sd/-* |
| (A K Singh) | (O P Tailor) | (Ruli Das Sen) |
| **Managing Director** | **Director (Finance) & CFO** | **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 : 6th June, 2017

# Note 2: Notes to the Financial Statements

1. As per notification issued by Ministry of Company Affairs, Government of India, the Company is covered in Phase I of roadmap for financial reporting under Ind-As. Accordingly, the financial statements for the year ended 31 March 2017 are the first, the Company has prepared in accordance with Ind-AS. For all the years since inception 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).

2. During the year the Company has received approval for its revised project cost of ₹996,500.00 lakh along with funding pattern for the enhanced cost of ₹104,500.00 Lakh. Based on the approved funding pattern from Government of India (GOI), the Company has received equity contribution from its promoters except from Govt. of Assam to the tune of ₹1,486.70 lakh. The Company has submitted its requirement to Administrative Ministry for release of entire Capital Subsidy as part of funding pattern approved, however, Government of India has sanctioned ₹10,000.00 lakh in the budget allocation which will be released in the FY 2017-18 and balance is expected to be allocated in the RE for FY 2017-18 or BE 2018-19. The debt component of the approved funding pattern will be drawn only either after complete drawl of equity and capital subsidy or based on the requirement. The proposal has also been submitted for revenue subsidy of ₹67,878.00 lakh (provisional) for the initial period since 2nd January, 2016 till 31st March, 2017 to meet the cash losses incurred on account of reasons beyond control of the Company viz. stabilization period after commissioning and feed stock constraints.

3. The Company has commissioned its GSU and C2+recovery Unit at Lakwa, Dist.: Shivsagar,Assam on 4thDecember, 2016 and accordingly, the expenditure on modification and acquisition cost of plant assets from GAIL, total amounting to ₹34,419.31 lakh (Previous year ₹21,653.51 lakh considered under capital work-in-progress) has been capitalized.

4. The infrastructure cost reimbursable to M/s. ONGC amounting to ₹10,715.47 lakh (Previous year ₹10,715.47 lakh accounted as Capital work in Progress) has been allocated to respective plant & machinery of GSU and C2+ recovery unit at Lakwa proportionately.

5. Incidental Expenditure during construction period (IEDC) amounting to ₹ 17,471.83 lakh (Previous year ₹ 6,346.28 lakh) to the extent related to the assets of Lakwa Unit has been allocated proportionately to those assets.

6. 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 resulting credit of ₹18,760.00 lakh to Statement of Profit and Loss for the FY 2016-17 (previous year ₹4,690.00 lakh considering three months operation period in FY 2015-16).

7. The process and offsite stock at the year end has been valued at lower of weighted average cost or net realizable price based on percentage completion method as per technical assessment.

8. As per long term agreement with M/s. Oil India Limited (one of the promoter) for supply

of Natural Gas (feedstock) for 15 years, the Company is in process of ascertaining the amount adjustable towards short supply of Natural Gas in quantity and quality through a Joint Committee of both Companies. On finalization of the amount, the Company will carry out necessary adjustment in the accounts in subsequent year.

**9. Insurance.**

Insurance claim of ₹ 149.02 Lakh (Previous year ₹ 1,443.98 Lakh) has been recognized in the books. Insurance claims are being recognized when the amount thereof can be measured reliably and ultimate collection is reasonably certain by reducing from the respective CWIPs/assets/expenses.

10. In view of recommendation of 3rd Pay Revision Committee for revision of pay & other benefits for Board and below Board level officers of Central Public Sector enterprises, which, on approval of Government of India, will be retrospectively effective from 01.01.2017, an amount of ₹ 241.30 Lakh has been estimated for such revision considering three months impact and provided in the accounts.

**11. 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. In compliance to the Board's approval in 41st meeting, the Company has created Employees Superannuation Benefit Trust and adopted Employees group Superannuation benefit scheme of Life Insurance Corporation of India Limited (LIC) in the financial year 2013-14. An amount of ₹ 339.34 lakh contributed towards the scheme and has been accounted as "Deposit with LIC" and shown as other advances recoverable under "Other non-financial Assets". The proposal in this respect submitted to Administrative Ministry for approval of the scheme in line with the DPE guideline. After approval necessary accounting shall be done including providing contribution to 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 31st March, 2017.

₹ in Lakh

| Particulars | Gratuity | | Leave encashment | |
|---|---|---|---|---|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| **Current Service Cost** | **90.31** | **65.62** | **66.75** | **92.72** |
| **Net Interest Cost** | **-2.55** | **-6.12** | **16.25** | **11.90** |
| **Actuarial Gain/loss** | **-** | **-** | **177.07** | **65.43** |
| **Total expenses included in employee benefit expense** | **87.76** | **59.50** | **260.07** | **170.05** |

b. Amount recognized in Other Comprehensive Income for the year ended 31st March, 2017

₹ in Lakh

| Particulars | Gratuity | |
|---|---|---|
| | 2016-17 | 2015-16 |
| Actuarial (gain)/ loss on obligations | 24.68 | 2.44 |
| Return on plan assets (excluding amounts included in net interest expense) | -2.80 | -2.18 |
| Experience adjustments | 5.61 | 4.35 |
| Recognized in other comprehensive income | 27.49 | 4.61 |

c. Changes in the present value of the defined benefit obligation for the year ended 31st March, 2017 and 31st March, 2016 are as follows:

₹ in Lakh

| Particulars | Gratuity | | Leave encashment | |
|---|---|---|---|---|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| Current service cost | 90.31 | 65.63 | 66.75 | 92.72 |
| Interest cost | 16.39 | 11.39 | 16.26 | 11.90 |
| Transfer In | 0 | 0 | 0 | 0 |
| Benefits paid | 6.62 | 0 | 13.94 | 90.73 |
| Actuarial (gain)/ loss on obligations | 24.69 | 2.43 | 177.07 | 65.43 |
| **Defined benefit obligation** | 346.65 | 221.88 | 399.46 | 260.79 |

d. Changes in the fair value of plan assets for the year ended 31st March, 2017 and 31st March, 2016 are as follows:

₹ in Lakh

| Particulars | Gratuity | | Leave encashment | |
|---|---|---|---|---|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| Interest income | 18.94 | 17.51 | 0 | 0 |
| Return on plan assets (excluding amounts included in net interest expense) – OCI | -2.80 | -2.18 | 0 | 0 |
| Contribution by Employer | 0 | 17.51 | 0 | 0 |
| Benefits paid | 6.62 | 0 | 0 | 0 |
| Service cost (Transfer in) | 0 | 0 | 0 | 0 |
| **Closing fair value of plan assets** | 346.65 | 221.88 | 0 | 0 |

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

₹ in Lakh

| Particulars | Gratuity | | Leave encashment | |
|---|---|---|---|---|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| LIC Fund | 262.07 | 252.56 | - | - |
| Insurer managed funds | - | - | - | - |

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

| **Particulars** | **Gratuity** | | **Leave encashment** | |
|---|---|---|---|---|
| | **2016-17** | **2015-16** | **2016-17** | **2015-16** |
| Discount rate (in %) | 7.50 | 8.00 | 7.50 | 8.00 |
| Salary Escalation(in %) | 6.00 | 6.00 | 6.00 | 6.00 |
| Rate of employee turnover (in %) | 4.47 | 3.03 | 4.47 | 3.03 |
| 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 ULTI-MATE | IALM 2006-2008 ULTI-MATE | IALM 2006-2008 ULTI-MATE |

g. A quantitative sensitivity analysis for significant assumptions as at 31st March 2017 are as shown below:

₹ in Lakh

| **Gratuity Plan** | **31-Mar-17** | | **31-Mar-17** | |
|---|---|---|---|---|
| Assumptions | Discount rate | | Future salary increases | |
| Sensitivity Level (%) | 0.50 increase | 0.50 decrease | 0.50 increase | 0.50 decrease |
| Impact on defined benefit obligation-(Amount) | 313.70 | 383.90 | 374.21 | 319.96 |

₹ in Lakh

| **Gratuity Plan** | **31-Mar-16** | | **31-Mar-16** | |
|---|---|---|---|---|
| Assumptions | Discount rate | | Future salary increases | |
| Sensitivity Level (%) | 0.50 increase | 0.50 decrease | 0.50 increase | 0.50 decrease |
| Impact on defined benefit obligation – (Amount) | 200.35 | 246.29 | 240.75 | 202.32 |

₹ in Lakh

| **Leave encashment** | **31-Mar-17** | | **31-Mar-17** | |
|---|---|---|---|---|
| **Assumptions** | **Discount rate** | | **Future salary increases** | |
| Sensitivity Level (%) | 0.50 increase | 0.50 decrease | 0.50 increase | 0.50 decrease |
| Impact on defined benefit obligation- (Amount) | 381.37 | 463.88 | 464.09 | 380.91 |

₹ in Lakh

| Leave encashment | 31-Mar-16 | | 31-Mar-16 | |
|---|---|---|---|---|
| **Assumptions** | **Discount rate** | | **Future salary increases** | |
| Sensitivity Level (%) | 0.50 increase | 0.50 decrease | 0.50 increase | 0.50 decrease |
| Impact on defined benefit obligation - (Amount) | 247.95 | 302.38 | 302.64 | 247.54 |

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

₹ in Lakh

| Particulars | Gratuity | | Leave encashment | |
|---|---|---|---|---|
| | 2016-17 | 2015-16 | 2016-17 | 2015-16 |
| Within the next 12 months (next annual reporting period) | 3.25 | 2.19 | 4.19 | 3.05 |
| Between 2 and 5 years | 20.39 | 13.60 | 38.59 | 23.91 |
| Between 5 and 10 years | 60.18 | 27.48 | 70.60 | 40.06 |
| Beyond 10 years | 1,818.45 | 1,477.11 | 2,101.84 | 1,730.60 |
| Total expected payments | 1,902.27 | 1,520.38 | 2,215.22 | 1,797.62 |

i. The average duration of the defined benefit plan obligation at the end of the reporting period is 27 years (31 March 2016: 29 years).

j. History of experience adjustment is as follows:

₹ in Lakh

| Particulars | Gratuity | | | | |
|---|---|---|---|---|---|
| | 31-Mar-17 | 31-Mar-16 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 |
| Present value of obligation | 346.65 | 221.88 | 142.43 | NA | NA |
| Plan assets | 262.07 | 252.56 | 218.93 | NA | NA |
| Experience adjustments | -8.26 | 2.43 | NA | NA | NA |

₹ in Lakh

| Particulars | Leave encashment | | | | |
|---|---|---|---|---|---|
| | 31-Mar-17 | 31-Mar-16 | 31-Mar-15 | 31-Mar-14 | 31-Mar-13 |
| Present value of obligation | 420.10 | 273.48 | 194.16 | NA | NA |
| Plan assets | 0 | 0 | 0 | 0 | 0 |
| Experience adjustments | 73.82 | 65.43 | NA | NA | NA |

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

₹ in Lakh

| Details of claim as under | Current Year | Previous Year |
|---|---|---|
| Opening Claim as on 01.04.2016 | 993.94 | 1,875.77 |
| Claim lodged for the financial year 2016-17 | 300.23 | 993.94 |
| Total Claim Lodged: | 1,294.17 | 2,869.71 |
| Less: Received during the year | 994.00 | 1,876.00 |
| (Add) / Less: Claim adjusted/reversed | (0.06) | (0.23) |
| **Receivable as at 31.03.2017** | 300.23 | 993.94 |

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

During the period from inception till 02.01.2016, the company was in construction stage. Accordingly, the interest income earned by parking of funds in short term deposits (STDRs) are inextricably linked with setting up of the project and not taxable as per legal opinion obtained by Company. The banks were, however, deducting TDS. An application under section 264 of Income Tax Act 1961 has been filed with CIT (TDS), Guwahati against rejection of application in Form No. 13 for issue of No-Deduction Certificate.

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

The Company has filed refund claim against the TDS deducted by banks and tax deposited earlier. The cases are pending with CIT (Appeal), Shillong and ITAT, Kolkata.

The year wise tax provision and refund claimed pending are furnished hereunder.

₹ in Lakh

| F Yr | Adv. Tax | Provision | Refund Claimed | Refund Allowed | Demand | Adjusted | Net Paid | O/S As on 31.03.2017 |
|---|---|---|---|---|---|---|---|---|
| 2008-09 | 90.64 | 317.53 | 277.13 | 317.61 | 319.23 | 129.34 | 189.89 | - |
| 2009-10 | 123.67 | 162.77 | 185.09 | 129.34 | 194.49 | - | 194.49 | - |
| 2010-11 | 120.60 | 180.32 | 109.91 | 117.74 | 183.95 | 160.00 | 22.95 | - |
| 2011-12 | 32.37 | 404.23 | 142.86 | 160.00 | 463.31 | 247.01 | 216.30 | - |
| 2012-13 | 2.86 | 717.09 | 221.53 | 247.01 | 834.12 | - | 834.12 | - |
| 2013-14 | - | 1,211.82 | 295.95 | - | 922.41 | - | 138.36 | 784.05 |
| 2014-15 | - | 223.58 | 99.00 | - | - | - | - | - |
| 2015-16 | - | - | 477.48 | - | - | - | - | - |

**14. Income Tax**

a) Income tax related to items charged or credited directly to profit or loss during the year:

₹ in Lakh

| Statement of profit or loss | 31-Mar-17 | 31-Mar-16 |
|---|---|---|
| Current income tax: | | |
| Current income tax charge | 221.38 | - |
| Adjustments in respect of current income tax of previous year | - | - |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | -6674.57 | 649.50 |
| Tax expense | -6453.19 | 649.50 |

b) Income tax related recognized in other comprehensive income:

₹ in Lakh

| Other Comprehensive Income | 31-Mar-17 | 31-Mar-16 |
|---|---|---|
| Net loss/ (gain) on re-measurements of defined benefit plans | -8.49 | -1.42 |
| Income tax charged to OCI | -8.49 | -1.42 |

Deferred tax liability/assets have been recognized after considering the adjustment of capital subsidy against gross assets as per Income tax Act and Rules, regulations applicable there under and in respect of unabsorbed depreciation as they may be used to offset taxable profits in future of the Company. The Company has considered all available positive and negative evidences, including future reversals of existing taxable temporary differences, tax-planning strategies, and results of recent operations.

**15. Recognition of Cenvat Benefit**

CENVAT credit up to 31.03.2017 as per return filed with Excise Department comes to ₹47,894.07 lakh (Previous year ₹50,522.01 lakh) which has been reconciled with the CENVAT credit Account reflected in books of accounts. The difference of ₹558.33 lakh is deferred credit portion of CENVAT, (previous year ₹1,287.88 lakh) which will be recognized during next FY 2017-18. During the FY 2016-17, ₹9,703.16 lakh (Previous year ₹22.99 lakh) has been utilized out of available credit.

**16. 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 |
|---|---|---|
| **31 March 2017** | | |
| SBI Loan | +100 | -2,133.45 |
| | -100 | +2,133.45 |
| **31 March 2016** | | |
| SBI Loan | +100 | -1,702.33 |
| | -100 | +1,702.33 |
| Axis Loan | +100 | -75.00 |
| | -100 | +75.00 |
| Tata Capital | +100 | -75.00 |
| | -100 | +75.00 |

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 equipments 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 |
|---|---|---|
| **For the year ended March 31, 2017** | | |
| US Dollar | +3% | -28.99 |
| | -3% | +28.99 |
| EURO | +6% | -2.07 |
| | -6% | +2.07 |
| Japanese yen | +7% | -44.72 |

| | | |
|---|---|---|
| | -7% | +44.72 |
| **For the year ended March 31, 2016** | | |
| US Dollar | +1% | -14.75 |
| | -1% | +14.75 |
| EURO | +4% | -47.19 |
| | -4% | +47.19 |
| Japanese yen | +8% | Nil |
| | -8% | Nil |

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 2017 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | 18,445 | 3,470 | 37,580 | 150,592 | 132,338 | 342,425 |
| Interest payable | - | 6,925 | 20,203 | 82,434 | 25,898 | 134,260 |
| Trade and other payables | 38,959 | - | - | - | - | 38,959 |
| Other financial liabilities | 5,688 | 2,192 | 19,725 | - | - | 27,605 |
| Other specify | - | - | - | - | - | - |

₹ in Lakh

| As at 31 March 2016 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | 3,033 | 1,875 | 27,713 | 103,086 | 178,257 | 313,964 |
| Interest Payable | - | 7,036 | 20,789 | 86,215 | 39,208 | 153,249 |
| Trade and other payables | 12,686 | - | - | - | - | 12,686 |
| Other financial liabilities | 734 | 1,651 | 6,946 | 27,282 | - | 36,613 |
| Other – specify | - | - | - | - | - | - |

₹ in Lakh

| As at 1 April 2015 | On demand | Less than 3 months | 3 to 12 months | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | - | 1,875 | 8,463 | 72,186 | 140,151 | 222,675 |
| Interest Payable | - | 5,280 | 15,714 | 65,636 | 36,670 | 123,300 |
| Trade and other payables | - | - | - | - | - | - |
| Other financial liabilities | 1,391 | 2,500 | 8,609 | 19,532 | - | 32,032 |
| 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 2017 | 5,603.84 | 5,603.84 | - | - | - | 5,603.84 |
| Trade receivables as of 31 March 2016 | 54.87 | 54.87 | - | - | - | 54.87 |
| Trade receivables as of 01 April 2015 | - | - | - | - | - | - |

**17. 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$^{st}$March 2017 and 31$^{st}$ March 2016.

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 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Interest-bearing loans and borrowings including payables | 544,986 | 516,512 | 378,008 |
| Less: cash and cash equivalents | 78,334 | 67,396 | 70,100 |
| Net debt | 466,652 | 449,115 | 307,908 |
| | | | |
| Equity | 1402.80 | 1173.71 | 1173.71 |
| Total capital | 57,995 | 89,846 | 117,100 |
| Capital and net debt | 524,648 | 538,961 | 425,009 |
| Gearing ratio | 0.89 | 0.83 | 0.72 |

## 18. 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 2017 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 March 2017** | **Level 1** | **Level 2** | **Level 3** |
| **Financial assets at amortised cost:** | | | | |
| **Non current** | | | | |
| Loans and receivables | 2,046.52 | - | - | - |
| **Current** | | | | |
| Trade receivables | 5,603.84 | - | - | - |
| Cash and cash equivalents | 3.93 | - | - | - |
| Loans | 95.31 | - | - | - |
| **Total** | **7,749.60** | **-** | **-** | **-** |
| **Financial liabilities at amortised cost:** | | | | |
| **Non current** | | | | |
| Borrowings | 2,82,149.73 | - | - | - |
| **Current** | | | | |
| Borrowings | 43,474.76 | - | - | - |

| | | | | |
|---|---|---|---|---|
| Other financial liabilities | 43,654.11 | - | - | - |
| Trade payables | 38,958.96 | - | - | - |
| **Total** | **4,08,237.56** | - | - | - |

As at 31 March 2016 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 March 2016 | Level 1 | Level 2 | Level 3 |
| **Financial assets at amortised cost:** | | | | |
| **Non current** | | | | |
| Loans and receivables | 761.97 | - | - | - |
| **Current** | | | | |
| Trade receivables | 54.87 | - | - | - |
| Cash and cash equivalents | 2,611.10 | - | - | - |
| Loans | 123.39 | - | - | - |
| **Total** | **3,551.32** | **-** | **-** | **-** |
| **Financial liabilities at amortised cost:** | | | | |
| **Non current** | | | | |
| Borrowings | 2,80,496.82 | - | - | - |
| **Current** | | | | |
| Borrowings | 18,034.14 | - | - | - |
| Other financial liabilities | 51,200 | - | - | - |
| Trade payables | 12,685 | - | - | - |
| **Total** | **362,417** | **-** | **-** | **-** |

As at 01 April 2015 the company held the following financial instruments carried at fair value on the statement of financial position:

₹ in Lakh

| Particulars | Carrying amount | Fair value | | |
|---|---|---|---|---|
| | 01 April 2015 | Level 1 | Level 2 | Level 3 |
| **Financial assets at amortised cost:** | | | | |
| **Non current** | | | | |
| Loans and receivables | 676.10 | - | - | - |
| **Current** | | | | |
| Trade receivables | - | - | - | - |
| Cash and cash equivalents | 11,477.69 | - | - | - |
| Loans | 409.94 | - | - | - |
| **Total** | **12,563.73** | **-** | **-** | **-** |
| **Financial liabilities at amortised cost:** | | | | |
| **Non current** | | | | |
| Borrowings | 2,11,428.31 | - | - | - |

| | | | | |
|---|---|---|---|---|
| **Current** | | | | |
| Borrowings | 459.52 | - | - | - |
| Other financial liabilities | 42,370.19 | - | - | - |
| Trade payables | - | - | - | - |
| **Total** | **2,54,258.02** | **-** | **-** | **-** |

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.

**19. First time adoption - Ind AS 101**

**A. Transition to Ind AS**

These financial statements, for the year ended 31 March 2017, are the first, the company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the company's opening balance sheet was prepared as at 1 April 2015, the company's date of transition to Ind AS.

**B. Exemptions applied:-**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

**i. Ind AS Optional exemptions:**

**(a) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)**

Ind AS 101, permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment and intangible assets as recognised in its Indian GAAP financial as deemed cost at the transition date.

**(b) Leases**

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at

the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of conditions prevailing as at the date of transition, except where the effect is expected to be not material. The company has elected to apply this exemption for such arrangements.

**ii. Ind AS Mandatory exemptions:**

**a. Estimates**

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies), unless there is an objective evidence that those estimates were in error.

**b. Derecognition of financial assets and financial liabilities:**

Company has elected to apply the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

**c. Classification and measurement of financial assets:**

The company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

**d. Reconciliation of Equity between previous GAAP and Ind AS:**

₹ in Lakh

| Particulars | Notes to first time adoption | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| **Equity as per Previous GAAP (Indian GAAP)** | | 5,54,387.30 | 5,86,100.45 |
| **Add:** | | | |
| Interest earned on STDR's made out of capital subsidy need to be reclassified to Other Income | a | - | 1,895.02 |
| Reversal of depreciation on transaction cost capitalised | b | 9.19 | - |
| Reversal of depreciation on right to use | c | 8.87 | - |
| Deferred Tax Asset on Ind AS adjustments | f | 101.44 | - |
| **Less:** | | | |
| Reclassification of capital reserve into government grant | a | -4,66,205.02 | -4,70,895.02 |
| Amortisation of transaction cost incurred on SBI Loan | b | -63.14 | - |
| Reversal of administration and general overheads capitalised | d | -212.87 | - |
| Depreciation on stores and spares classified as PPE | e | -74.94 | - |
| **Total adjustments** | | -4,66,436.47 | -4,69,000.00 |

| Particulars | Notes to first time adoption | 31 March 2016 | 01 April 2015 |
|---|---|---|---|
| Ind AS adjustments as at transition date | | 1,895.02 | |
| | | | |
| **Equity as per Ind AS** | | 89,845.85 | 1,17,100.44 |
| **Reconciliation of Total comprehensive income** | | | |
| **Net Profit after tax as per previous GAAP (Indian GAAP)** | | | -27,023.15 |
| **Add:** | | | |
| Reclassification of re-measurement gains/ losses on defined benefit plans on gratuity | g | | 4.61 |
| Reversal of depreciation on right to use | c | | 9.19 |
| Reversal of depreciation on transaction cost capitalised | b | | 8.87 |
| Deferred Tax Asset on Ind AS adjustments | f | | 100.01 |
| **Less:** | | | |
| Amortisation of transaction cost incurred on SBI Loan | b | | -63.14 |
| Reversal of administration and general over-heads capitalised | d | | -212.87 |
| Depreciation on stores and spares classified as PPE in retained earnings | e | | -74.94 |
| **Total adjustments** | | | -228.26 |
| **Profit after taxes as per Ind AS** | | | -27,251.41 |
| Other comprehensive income (net of taxes) | | | -3.19 |
| **Total comprehensive income under Ind AS** | | | -27,254.60 |

**iii. Notes to first time adoptions:**

a) Under previous GAAP, Capital Subsidy received from the Government of India by way of contribution towards the capital outlay is credited to Capital Reserve. Capital Reserve also includes interest on Short Term Deposit Receipts (STDR's) made out of capital subsidy. As per Ind-AS 20, Government grants are receipts from a source other than shareholders. Accordingly, capital reserve balance has been reclassified by setting up grant as deferred income in the balance sheet. Likewise, interest earned on STDR's has been adjusted from reserves and recorded as "Other non-operating income" under head "Other Income".

b) Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss/ CWIP using the effective interest method.

c) Under previous GAAP, the useful life of an intangible asset may not be indefinite. Under Ind AS, useful life of an intangible asset may be finite or indefinite. Ind AS 38 does not allow amortization of an intangible asset with indefinite life. Accordingly, depreciation

on intangible asset - 'right to use' of ₹9.2 lakhs has been reversed in financial year 2015-16 as the useful life of the said asset is indefinite.

d) Under previous GAAP, Company capitalised all the costs incurred as a part of capital work in progress. However under Ind AS, costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are included in cost of assets. Therefore, administration and general overhead costs included in the cost of property, plant and equipment amounting to ₹2.13 crores is adjusted from Statement of profit and loss.

e) Under previous GAAP, machinery spares are usually charged to the profit and loss statement as and when consumed. Under Ind AS, spare parts are, retrospectively, recognized in accordance with Ind AS 16 when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory. Depreciation of an asset begins when it is available for use. Spare parts are generally available for use from the date of its purchase.

f) Previous GAAP required recognition of deferred tax using the income statement approach; however, Ind-AS requires the Company to recognise deferred tax using the balance sheet approach. The effect on account of application of Ind-AS has been duly accounted.

g) Under previous GAAP, the Company has not presented Other Comprehensive Income (OCI) separately. Hence, the Statement of Profit and Loss under previous GAAP has been reconciled with profit and loss statement and total other comprehensive income as per Ind - AS.

h) In the preparation of these Ind-AS Financial Statements, the Company has made several presentation differences between previous GAAP and Ind-AS. These differences have no impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under Ind-AS at the date of transition. Further, in these Financial Statements, some line items are described differently under Ind-AS compared to previous GAAP, although the assets and liabilities included in these line items are unaffected.

**20. Contingent liabilities and Commitments (To the extent not Provided for):**

**A. 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.

**B. Contingent Liabilities :**

**Commitments :**

₹ in Lakh

| | 31-Mar-17 | 31-Mar-16 | 01-Apr-15 |
|---|---|---|---|
| a. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (Net of Advances) | - | 4,313.00 | 72,289.00 |

**C. Proposed dividend and tax :**

i. As the Company has recently started its operations and incurred losses during the year under reporting, no dividend payout has been considered.

ii. The Company is covered under Income tax exemption for 10 yars of operation. However, deferred tax assets/liabilities as applicable has been provided in the account.

**D. Other monies for which the Company is contingently liable :**

(a) Court cases: ₹4,093.57 lakh (previous year ₹5,025.00 lakh)

Arbitration cases:₹48,707.00 lakh (previous year ₹ 48,081.00 lakh)

(b) Other contingent liability:

(i) Bank Guarantees issued:₹924.26 lakh (previous year ₹250.32 lakh)

(ii) Letter of Credits issued: ₹1,639.80 lakh (Previous year ₹2,668.29 lakh)

(iii) VAT and registration charges towards transfer of GAIL's Lakwa unit: ₹ 680 lakh (Previous year ₹ 680 lakh).

(iv) M/s. NRL has claimed ₹ 117 lakh (previous year Nil) towards delayed payment of dues against supply of Naphtha which has not been accepted at BCPL. Further BCPL has also lodged claim of ₹368 lakh against M/s. NRL towards difference in price of NRL and outsourced Naphtha as per agreement. However, the matter is yet to be resolved mutually. Subsequently on settlement of claim and counter claim, the necessary accounting shall be done.

Note : a. The Company does not expect any reimbursement in respect of the above contingent liabilities.

b. 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.

**21. 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 :**

Mr. A K Singh- Managing Director.

Mr. O.P. Tailor- Director (Finance) and CFO.

Mrs. Ruli Das Sen- Company Secretary

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

d. The following table provides the total amount of transactions due to or due from the related parties as on March 31, 2017, March 31, 2016 and April 1, 2015.

₹ in Lakh

| Particulars | 31 March, 2017 | 31 March, 2016 | 1 April, 2015 |
|---|---|---|---|
| **GAIL (India) Limited** | | | |
| Manpower cost | 1,842.38 | 2,515.39 | 2,290.14 |
| Purchase of goods (Butene-1, propylene, NG etc.) | 4,958.44 | 1,201.55 | 21.71 |
| Lease arrangements | 40.71 | 43.67 | 42.93 |
| Equity Contribution | 1,9833.34 | - | - |
| Other(Marketing Commission) | 1,765.62 | - | - |
| Balance payable | 883.13 | 209.42 | 201.84 |
| **Numaligarh Refinery Limited** | | | |
| Sale/ Purchase of goods | 10,808.06 | 7,662.63 | - |
| Equity Contribution | 1,486.70 | - | - |
| Balance payable | 1,875.44 | 1,051.03 | |
| **Oil India Limited** | | | |
| Sale/ Purchase of goods | 38768.71 | 26,824.87 | 856.27 |
| Equity Contribution | 1,486.70 | - | - |
| Other (Interest on Inter-Corporate Loan) | 799.74 | 2,224.58 | 2,624.99 |
| Balance payable (NG supply) | 35787.28 | 14,452.57 | 138.43 |
| Outstanding (infrastructure cost) | 14,534.85 | 14,534.85 | 14,534.85 |

**22. 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.

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

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

₹ in Lakh

| Particulars | | 2016-17 | 2015-16 |
|---|---|---|---|
| i) | The principal amount and the interest thereon remaining unpaid to any supplier as at the end of each accounting year; | 83.35 | 13.00 |
| 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.

**24. DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)**

During the year the Company has not dealt with any Cash/Bank notes and there was no cash/bank notes at the beginning and end of the FY 2016-17.Therefore the disclosure under MCA notification no. G.S.R. 308(E) dated March 31, 2017 is not applicable.

**25. 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, 2017.

(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 Informations:

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 2017, three major Customers contributed around 15% of the revenue amounting to ₹ 12,972.83 lakh. As the Company's commercial operation commenced in January, 2016 and only three months operation was there during the year ended 31st March, 2016, the Company's sales was not comparable, therefore, the information for previous year has not been provided.

## 26. Earnings per Share (EPS)

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

₹ in Lakh

| | 31-Mar-17 | 31-Mar-16 |
|---|---|---|
| Loss attributable to equity holders of the Company: | | |
| Continuing operations | -54,740.77 | -27,251.42 |
| Discontinued operation | - | - |
| **Loss attributable to equity holders of the Company for basic earnings** | -54,740.77 | -27,251.42 |
| **Loss attributable to equity holders of the Company adjusted for the effect of dilution** | -54,740.77 | -27,251.42 |
| Weighted average number of Equity shares for basic EPS * (in No.) | 1335607295 | 1166885040 |
| Effect of dilution: | - | - |
| **Weighted average number of Equity shares adjusted for the effect of dilution *** | - | - |
| **Earnings per equity share: in ₹** | | |
| **-Basic** | -4.10 | -2.34 |
| **-Diluted** | -4.10 | -2.34 |

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

*Sd/-*
(O P Tailor)
**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 : 6th June, 2017

# Cash Flow Statement for the period ended 31st March 2017

(₹ in lakh)

| | PARTICULARS | 2016-2017 | 2015-2016 |
|---|---|---|---|
| A | **Cash flow from Operating Activities:** | | |
| | Net Profit before Tax and Extra ordinary items | (61,193.96) | (26,601.92) |
| | **Adjustment for:** | | |
| | Depreciation/Amortisation | 35,168.08 | 8,427.94 |
| | Amortisation of Preliminary Expenditure | - | 668.04 |
| | Items not classified in Profit & Loss | (18.99) | (3.19) |
| | Transfer from capital reserve | (18,760.00) | (4,690.00) |
| | Interest Paid | 30,276.87 | 6,860.83 |
| | **Cash Flow from operating activity Before Working Capital Change** | **(14,528.00)** | **(15,338.30)** |
| | Adjustment for: | | |
| | Changes in Financial Assets(Non-Current) | 12,502.54 | 183,165.70 |
| | Changes in Financial Assets(Current) | (24,669.47) | (29,984.62) |
| | Changes in Financial Liabilities(Non-Current) | (18,600.05) | (18,679.08) |
| | Changes in Financial Liabilities(Current) | 8,897.74 | 44,325.34 |
| | **Cash generated from operations** | **(36,397.24)** | **163,489.04** |
| | Current Tax | (221.38) | - |
| | Deferred Tax | 6,674.57 | (649.50) |
| | **Cash before Extraordinary Items** | **(29,944.05)** | **162,839.54** |
| | Extra ordinary Items | - | - |
| | **Net cash from operating activities** | **(29,944.05)** | **162,839.54** |
| B | **Cash outflow from investing activities:** | | |
| | Additions/purchases of fixed assets | (51,218.77) | (787,894.65) |
| | Capital work-in-progress | 38,607.33 | 527,466.09 |
| | **Net cash outflow from investing activities** | **(12,611.44)** | **(260,428.56)** |
| C | **Cash flow from financing activities:** | | |
| | Proceeds from issue share capital | 22,909.29 | - |
| | Changes in Borrowings | 28,555.90 | 90,893.26 |
| | Interest Paid | (30,276.87) | (6,860.83) |
| | Transfer from capital reserve | 18,760.00 | 4,690.00 |
| | **Net cash inflow from financing activities** | **39,948.32** | **88,722.43** |
| | Net increase in cash & cash equivalents (A+B+C) | (2,607.17) | (8,866.59) |
| | Opening cash and cash equivalents | 2,611.10 | 11,477.69 |
| | **Closing cash and cash equivalents:** | **3.93** | **2,611.10** |

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

*Sd/-*
(O P Tailor)
**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 : 6th June, 2017

# 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 2017.**

The preparation of financial statement of Brahmaputra Cracker and polymer Limited, Guwahati for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 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 responsibility for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with 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 06.06.2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Brahmaputra Cracker and Polymer Limited, Guwahati for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplementary to statutory auditor's report.

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

Sd/-
(Praveer Kumar)
**Principal Director of Commercial Audit**
**& Ex-officio Member, Audit Board-I, Kolkata**

Place: Kolkata
Date: 04-08-2017

# Brahmaputra Cracker and Polymer Limited

*Registered Office: Hotel Brahmaputra Ashok, M G Road, Guwahati, Assam-781001 CIN: U11101AS2007GOI008290*

## FORM OF PROXY

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

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

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 10th Annual General Meeting of the Company, to be held on the 15th day of September, 2017 at 2.30 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..... 2017.

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

Design & production : Exclusive Advertising Pvt. Ltd., Guwahati