# ANNUAL REPORT 2019-20

ब्रह्मपुत्र क्रैकर एंड पॉलिमर लिमिटेड

(भारत सरकार का उपक्रम)

**Brahmaputra Cracker and Polymer Limited**

*(A Government of India Enterprise)*

Brahmaputra Cracker and Polymer Limited

Annual Report 2019-20

## 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 Manoj Jain**
*Chairman*
*(w.e.f. 23.03.2020)*

**Shri Reep Hazarika**
*Managing Director*
*(w.e.f. 01.02.2020)*

**Shri Pruthiviraj Dash**
*Director (Finance)*

**Dr. Ashutosh Karnatak**
*Chairman (up to 22.03.2020)*
*Director (up to 20.05.2020)*

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

**Shri A K Singh**
*Managing Director*
*(up to 26.01.2020)*

**Shri R K Dutta**

**Shri Kashi Nath Jha**
*(w.e.f. 20.09.2019)*

**Smt. Aparna S Sharma**
*(up to 18.08.2019)*

**Dr. K K Dwivedi, IAS**
*(w.e.f. 08.08.2019)*

**Shri Ravi Capoor, IAS**
*(up to 07.08.2019)*

**Shri S K Barua**

**Shri Harish Madhav**
*(w.e.f. 16.03.2020)*

**Shri Pranjit Deka**
*(up to 29.02.2020)*

**Shri M V Ravi Someswarudu**
*(w.e.f. 22.05.2020)*

**Shri Saumitra Sarkar**
*(w.e.f. 21.11.2019)*

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

Brahmaputra Cracker and Polymer Limited

Annual Report 2019-20

# CONTENTS


| | |
|---|---|
| *Notice* | *4* |
| *Chairman's Statement* | *11* |
| *Directors' Report* | *13* |
| *Management Discussion and Analysis Report* | *30* |
| *Report on Corporate Governance* | *43* |
| *Disclosure of particulars of contracts / arrangements with related parties* | *53* |
| *Extract of Annual Return* | *56* |
| *Annual Report on CSR activities* | *63* |
| *Secretarial Audit Report* | *64* |
| *Corporate Governance Compliance Certificate* | *69* |
| *Independent Auditors' Report* | *70* |
| *Balance Sheet* | *80* |
| *Statement of Profit & Loss* | *82* |
| *Statement of changes in Equity* | *83* |
| *Notes to the Financial Statements* | *84* |
| *Cash Flow Statement* | *126* |
| *Comments of Comptroller & Auditor General of India* | *127* |

## Corporate Identity No. (CIN)

U11101AS2007GOI008290

## Bankers

### State Bank of India

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

### Axis Bank Limited

4th Floor, Air Conditioned Market Building
1, Shakespeare Sarani
Kolkata - 700 071

### ICICI Bank Limited

Registered Office: ICICI Bank Tower
Near Chakli Circle, Old Padra Road
Vadodara - 390 007

## Statutory Auditors

M/s RKP Associates
Chartered Accountants
Sarwam - 1st Floor
Janiganj Bazar
Silchar 788001

## Internal Auditors

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

## Secretarial Auditors

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

## Cost Auditors

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

## Registered Office

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

## BCPL Petrochemical Complex

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

# NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held on Friday, the 25th day of September, 2020 at 3.00 p.m. through video conference (VC)/other audio visual means (OAVM) to transact the following business-

## As Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2020, 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 Dr K K Dwivedi (DIN 07632374) who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Manoj Jain (DIN 07556033), who retires by rotation, and being eligible, offers himself for re-appointment.
4. 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.
5. To authorise the Board of Directors of the Company to fix the remuneration of the Statutory Auditors for the financial year 2020-21 in terms of the provisions of Section 142 of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and to pass the following resolution, with or without modification, as an Ordinary Resolution:

   *"**RESOLVED THAT** the Board of Directors of the Company be and is hereby authorised to fix the remuneration of the Statutory Auditors as appointed by the Comptroller and Auditor General of India for the financial year 2020-21."*

## As Special Business

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

   *"**RESOLVED THAT** in accordance with the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Kashi Nath Jha (DIN 08568206), who was appointed as an Additional Director w.e.f. 20.09.2019 be and is hereby appointed as a Director of the Company, liable to retire by rotation."*

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

   ***"RESOLVED THAT** in accordance with the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Saumitra Sarkar (DIN 08401917), who was appointed as an Additional Director w.e.f. 21.11.2019 be and is hereby appointed as a Director of the Company, not liable to retire by rotation."*

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

***"RESOLVED THAT*** *in accordance with the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Reep Hazarika (DIN 08667195), who was appointed as an Additional Director w.e.f. 01.02.2020 be and is hereby appointed as a Director of the Company, not liable to retire by rotation."*

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

*"**RESOLVED THAT** in accordance with the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Harish Madhav (DIN 08489650), who was appointed as an Additional Director w.e.f. 16.03.2020 be and is hereby appointed as a Director of the Company, liable to retire by rotation."*

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

*"**RESOLVED THAT** in accordance with the provisions of Section 160 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri M V Ravi Someswarudu (DIN 07309877), who was appointed as an Additional Director w.e.f. 22.05.2020 be and is hereby appointed as a Director of the Company, liable to retire by rotation."*

*11.* 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 ₹55,000/-(Rupees Fifty-five Thousand only) plus applicable tax & re-imbursement 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 2020-21, 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."*

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

***"RESOLVED THAT*** *pursuant to the provisions of Section 13, 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force ) and to bring the existing Memorandum of Association and Articles of Association in conformity with the Companies Act, 2013, the existing Memorandum of Association and Articles of Association of the Company be and is hereby replaced with the new set of Memorandum of Association and Articles of Association and the said new Memorandum of Association and Articles of Association be and is hereby approved*

*and adopted as the Memorandum of Association and Articles of Association of the Company in place of, in substitution and to the entire exclusion of the existing Memorandum of Association and Articles of Association of the Company."*

Dated : 2nd September, 2020
Place : Guwahati

By Order of the Board

Sd/-

(Ruli Das Sen)
**Company Secretary**

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**Notes**

*(i)* *Due to the on-going COVID-19 pandemic and social distancing norms, and pursuant to MCA Circular No. 14/2020 dated April 08, 2020, Circular No. 17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020, the 13th Annual General Meeting will be conducted through VC/OAVM and members can attend and participate in the AGM through VC/OAVM only.*

*(ii)* *The venue of the meeting is deemed to be the registered office of the company at 6, Bhuban Road, Uzanbazar, Guwahati 781001.*

*(iii)* *Attendance of members through VC or OAVM shall be counted for quorum u/s 103 of the Act and the link for the meeting will be shared separately.*

*(iv)* *In line with the aforesaid MCA Circulars, the Notice of AGM along with Annual Report 2019-20 is being sent through electronic mode to the registered Email addresses of Members.*

*(v)* *In line with the aforesaid MCA Circulars, the facility of appointment of proxies by members u/s 105 of the Act is not available for the meeting held through VC/OAVM.*

*(vi)* *Representative of the members u/s 112 & 113 of the Act may be appointed for the purpose of participation in the meeting through VC or OAVM and necessary authorisation for such representation may be forwarded to the Company.*

*(vii)* *The explanatory statement as required under Section 102(1) of the Companies Act, 2013, is annexed and members who wish to inspect the relevant documents referred to therein can send an email to cs.department@bcplindia.co.in up to the date of the meeting.*

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

## *Agenda No. 6*

Shri Kashi Nath Jha, Joint Secretary, Department of Chemicals and Petrochemicals (DCPC) was nominated vide Ministry of Chemicals & Fertilizers letter No. 45012/18/2006-PC-I (FTS. 4530) dated 02.09.2019 as Director on the Board of Directors of the Company in the vacancy caused by cessation of directorship of Smt Aparna Sharma. Shri Kashi Nath Jha (DIN 08568206) aged 49 years was inducted as an Additional Director w.e.f. 20.09.2019 till the conclusion of this Annual General Meeting.

Shri Kashi Nath Jha is a 1994 batch IP &TA&FS officer and MBA (Finance), PGDFM and LLB. Presently Joint Secretary, Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, Government of India he has vast and varied experience in the areas of Human Resource Development, Training & Capacity Building, Project Management, Financial Management & Finance Advice, Administration, Establishment and IT, Revenue assessment, Collection and Subsidy disbursement, Budget, Accounts & Internal Audit, Banking and Insurance.

He does not hold any shares in the Company nor does he hold any directorship/membership in the Board of any other Company. He is not related to any Director or other key managerial personnel of the Company.

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

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

## *Agenda No. 7*

Shri Saumitra Sarkar, Chartered Accountant was appointed vide Ministry of Chemicals & Fertilizers order No. 45012/22/2010-PC.I(Part-II) FTS:9849 dated 21.11.2019 as Independent Director in the Company for three years with effect from the date of the notification or until further order, whichever is earlier. Shri Saumitra Sarkar holding DIN 08401917 and aged 60 years was inducted as an Additional Director w.e.f. 21.11.2019 till the conclusion of this Annual General Meeting

A member of the Institute of Chartered Accountants of India (ICAI) and an M Com from Calcutta University, Shri Saumitra Sarkar Chartered Accountant, M/s Saumitra Sarkar & Associates has over 31 years of professional experience in varied matters including accounting, auditing, income tax, financial services, company law matters, foreign collaborations, import-export consultancy, GST Registration, GST Returns, STPI and Transfer Pricing.

He does not hold any shares in the Company nor does he hold any directorship/membership in the Board of any Company. He is not related to any Director or other key managerial personnel of the Company.

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

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

## *Agenda No. 8*

Shri Reep Hazarika, was appointed as Managing Director of the Company vide Ministry of Chemicals & Fertilizers order No 45012/01/2019-PCl-FTS 14464 dated 08.11.2019 w.e.f. the date of assumption of charge of the post till 31.07.2023 being the date of his superannuation or till further orders whichever is earlier. Shri Reep Hazarika holding DIN 08667195 and aged 57 years was inducted as an Additional Director w.e.f. 01.02.2020 till the conclusion of this Annual General Meeting and assumed charge as Managing Director of the Company from the same date.

A Chemical Engineer with a Post Graduate Diploma in Personnel Management, Shri Reep Hazarika possesses more than 30 years of varied experience in the oil refining and petrochemical industry. Before being appointed as Managing Director, he was serving as the Chief General Manager in the Company heading the overall operation and maintenance of the plant since 2016. He has played a vital role in stabilization of the Petrochemical Complex at Dibrugarh. Prior to joining BCPL, Shri Hazarika has worked in Indian Oil Corporation Limited, Numaligarh Refinery Limited, Bharat Oman Refineries Limited and Saudi Aramco Shell Refinery Company in various capacities encompassing numerous fields - operations, technical services, projects, planning and programming, environment management, corporate affairs, IMS/ISRS protocol, etc.

He does not hold any shares in the company nor does he hold any directorship/membership in the Board of any other Company. He is not related to any Director or other key managerial personnel of the Company.

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

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

## *Agenda No. 9*

Shri Harish Madhav, Director (Finance), Oil India Limited was nominated vide Oil India Limited letter no OIL/SEC/37/BCPL dated 16.03.2020 as Director on the Board of Directors of the Company in the vacancy caused by superannuation of Shri Pranjit Deka. Shri Harish Madhav holding DIN 08489650 and aged 56 years was inducted as an Additional Director w.e.f. 16.03.2020 till the conclusion of this Annual General Meeting.

Shri Harish Madhav, a member of the Institute of Chartered Accountants of India (ICAI) took over as Director (Finance) on the Board of Oil India Limited on 02.08.2019 before which he served as Executive Director (Finance) at Oil India's Corporate office also functioning as the Chief Financial Officer (CFO) handling a diverse gamut of finance and accounting functions covering International Fund Raising, Treasury Management, Corporate Strategy, Risk Management, Corporate Accounts & Audit, and Budgeting. His tenure in various capacities during the last decade witnessed major events at OIL and included successful raising of foreign currency borrowing of over $4.5 Billion in the form of syndicated loans and bonds. He was also instrumental in first ever listing of foreign currency bonds by an Indian oil sector company on the International Securities Market of London Stock Exchange (LSE). Before joining OIL, he had also worked with Hindustan Petroleum Corporation Ltd. Shri Madhav has over 30 years of rich and varied experience in Oil & Gas industry in both Upstream and Downstream sectors.

He does not hold any shares in the company. Besides Oil India Limited, he is Director in Oil India

International Limited (under liquidation) and Oil India USA (Inc). He is not related to any Director or other key managerial personnel of the Company.

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

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

## *Agenda No. 10*

Shri M V Ravi Someswarudu, Executive Director (PC-O&M) & OIC–GAIL Pata was nominated vide GAIL letter No ND/GAIL/SECTT dated 22.05.2020 as Director on the Board of Directors of the Company in place of Dr Ashutosh Karnatak who resigned and was relieved from services in GAIL on 21.05.2020. Shri M V Ravi Someswarudu holding DIN 07309877 and aged 57 years was inducted as an Additional Director w.e.f. 22.05.2020 till the conclusion of this Annual General Meeting.

A post-graduate in Chemical Engineering, an MBA with specialization in Marketing and a Certified Energy Auditor, Shri M V Ravi Someswarudu has rich and diverse experience encompassing more than 34 years in the Oil & Gas, Petrochemical Sectors covering diverse functions like Project Development, Operations and Maintenance, Technical Services, Process Design and Engineering, Technology Selection, R&D, Exploration and Production, Design of Pipelines & Gas processing plants etc. In his present position he is Chief Executive Officer of the GAIL Gas Ltd., before which he was in-charge of the Petrochemical project of GAIL-Pata since May 2017. Earlier, he was responsible for Exploration & Production department and PC group at Corporate Office and also held additional charge of Project Development Department. He played a significant role in establishing the Policies and Procedures in R&D and E&P Divisions of the company and in conceptualizing and taking up LNG Terminal projects in India.

He does not hold any shares in the Company. He is director in Goa Natural Gas Pvt. Ltd. He is not related to any Director or other key managerial personnel of the Company.

The Company has received a Notice under section 160 of the Companies Act, 2013, proposing the candidature of Shri M V Ravi Someswarudu as a Director of the Company.

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

## *Agenda No. 11*

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 2020-21 for a professional fee of ₹ 55,000/- (excluding applicable tax). Travelling and out of pocket expenses will be reimbursed at actuals. Accommodation at guest house and local travelling will be provided by BCPL.

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

Pursuant to Rule 14 of the Companies (Audit and Auditors) Rules, 2014 the remuneration of the Cost Auditors recommended by the Audit Committee shall be considered and approved by the Board of Directors and ratified subsequently by the shareholders and accordingly consent of the shareholders

is sought for ratifying the remuneration of the Cost Auditors appointed by the Board of Directors for conduct of cost audit for the financial year 2020-21.

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

## *Agenda No. 12*

The present set of Memorandum of Association (MOA) and Articles of Association (AOA) of the Company was drafted in accordance with the Companies Act, 1956, which has since been repealed. It is therefore proposed to adopt a new set of Memorandum of Association and Articles of Association which is in conformity with the Companies Act, 2013.

As per the requirements of Section 14 of the Companies Act, 2013, approval of members by way of a special resolution is required for the same. The proposed new set of MOA and AOA will be made available for inspection on sending an e-mail to cs.department@bcplindia.co.in, up to the date of the meeting.

Your Directors recommend the resolution for adoption of new set of Memorandum of Association and Articles of Association of the Company, for approval of the shareholders. None of the Directors, key managerial personnel or their relatives is interested in this resolution.

# Chairman's Statement

**Dear Shareholder,**

I am pleased to share that after achieving its maiden profit in the FY 2018-19, your Company has forged ahead with confidence making significant progress in the last fiscal. In many ways the last financial year has been a turning point- with plant capacity utilisation reaching 108% and growing credibility in the market. The market share of your Company is steadily increasing. The CCEA approval of feedstock subsidy for 15 years of plant operation, estimated at ₹4,600 crore, comes as a huge relief at an opportune time for your Company, as our financial performance is greatly dependent on the prices of feed naphtha and natural gas. During the fiscal, your Company earned a turnover of ₹2,085.60 crore and a net profit of ₹1,507.60 crore after accounting for the feedstock subsidy.

The financial year witnessed a sharp decline in polymer prices and short supply of natural gas. This led to additional consumption of naphtha, which is a costlier feed, resulting in lower realisation. The disruption caused by the ongoing COVID-19 pandemic also took a toll on the performance in March, 2020. The CCEA while approving the feedstock subsidy also approved the administrative transfer of BCPL from the Ministry of Chemicals and Fertilizers to the Ministry of Petroleum and Natural Gas. The transfer of administrative control of your Company to the Ministry of Petroleum and Natural Gas is expected to improve synergy with its stakeholders. The Government of Assam has also approved the VAT exemption envisaged under the JV agreement. All the challenges notwithstanding, your Company has performed exceptionally well and its credit rating has improved from AA to AA+ and the net worth has increased to ₹2,073 crore. For the year 2019, The Economic Times has recognized BCPL as the Best Brand in the Plastics & Polymer Industry.

In yet another promising development, the administrative ministry has approved the proposed investment in a Butene-1 and 2$^{nd}$ Stage Hydrogenation of Pyrolysis Gasoline plant at Dibrugarh, Assam at a project cost of ₹386 crore. The foundation stone for HPG 2$^{nd}$ Stage Plant at Dibrugarh was laid by Shri D. V. Sadananda Gowda, Hon'ble Union Minister of Chemicals and Fertilizers on 19$^{th}$ September, 2019. M/s EIL has been appointed as EPMC for the project and the process for selection of licensors is in progress. This new project once executed will yield value added products and by-products leading to realisation of better margins and product slate.

Your Company is also evaluating possibilities for debottlenecking and the maximum capacity of Ethylene Cracker Unit (ECU) achieved during the push test was 117 % with estimated achievable maximum production capacity of 127%. To enhance the plant capacity to 27% over the nameplate capacity of ECU, modifications in limiting equipment involving significant investment would be required and discussions are going on with vendors for a way forward. To increase market foothold and margins, product diversification and expansion are envisaged in the near future. Located in a region sharing its boundary with China, Myanmar, Bangladesh, Nepal and Bhutan, your Company is most ideally placed to tap into the South East Asian markets. Your Company is already exporting polymers to Bangladesh and is exploring export potential in other neighbouring countries as well.

Safety of man and machine and preservation of environment have been points of focus since the beginning. Safety audits are regularly conducted to ensure the implementation of the HSE standards, guidelines and emergency preparedness. In a commendable initiative towards achieving zero discharge plant, a chemical treatment facility for part reuse of treated effluent water in fire water network was installed and commissioned. Your Company has also bagged some prestigious awards in the operations and safety front.

Employing over 600 permanent employees and around 2,600 contractual manpower, your Company has created opportunities for downstream industries and generated significant employment in the region for the vendors, transporters, suppliers etc. heralding an encouraging change in the business environment in the north-eastern region. The Government of India has released capital subsidy of ₹200 crore during the financial year. The investment made by the Government and promoters has borne fruit and Team BCPL has set a fine example by maintaining plant performance over the rated capacity during the past few years despite various odds.

As a responsible corporate citizen, despite working capital constraints your Company has contributed towards development initiatives in nearby areas to encourage community involvement and support government facilities. Preventive health care and flood relief activities were carried out in coordination with district administration. Your Company made humble contributions to the Assam Arogya Nidhi, the Assam Chief Minister's Relief Fund and to the PM CARES Fund towards combating COVID-19. Different activities were also taken up to promote awareness on *swachhta* to further the Government's dream for a Swachch Bharat. In the years to come, your Company will be better placed to fulfil its social obligations under CSR.

It has been the endeavour of the management of your Company to comply with the corporate governance standards in true spirit and your Board of Directors is resolute on maintaining transparent business practices with the objective of enhancing stakeholder value. A report on corporate governance forms part of this Annual Report.

It gives me immense satisfaction to share that in a more recent development, your Company has received the prestigious "India's best company of the year award 2020" from Berkshire Media LLC. USA, in the petrochemical products manufacturing company segment. With accomplishments such as this, it can be said that your Company is in safe hands. The focus now should be on strengthening its presence in the northeast region, further enhancing its credibility and brand image as a major player in the petrochemical sector.

On behalf of your Company, I extend my heartfelt thanks to the Government of India and Government of Assam and the promoter institutions - Oil India Limited, Numaligarh Refinery Limited and GAIL (India) Limited for their gracious support in guiding BCPL towards success. I take this opportunity to solicit the continued patronage of the promoters and stakeholders in steering your Company in achieving its dreams and creating opportunities for the people of North East India.

Sd/-

(Manoj Jain)
**Chairman**

Dated : 1st September, 2020
Place: New Delhi

# Directors' Report

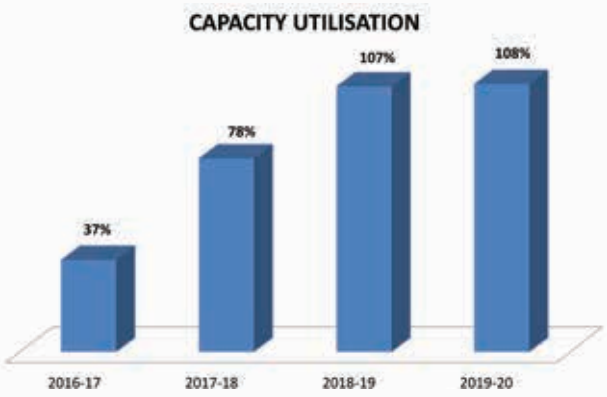
## *Dear Shareholders,*

On behalf of the Board of Directors, I am pleased to present the Thirteenth Annual Report of the Company containing the audited financial statements for the year ended 31st March, 2020.

## *Plant Operations and Status.*

It gives me immense pleasure to share that surpassing the design efficiency benchmarks the plant has operated at 108% capacity utilization during the year under review. Your Company has constantly endeavoured to overcome challenges related to feedstock supply affecting capacity utilisation through various alternative measures for procurement of Naphtha, Butene-1 and Propylene and has been successful in ensuring stable and sustained operation of the plant. Joint efforts have resulted in improvement in feedstock supply situation. For further improving the viability of existing operations by way of additional gas infusion, your Company is in active discussion with private natural gas producers like M/s Hindustan Oil Exploration Company (HOEC) and M/s Oilmax Energy Pvt. Ltd. Your Company is working towards de-bottlenecking of the plant which shall further improve the production capacity and will further increase its market hold and margins. For that, push test of Ethylene Cracker Plant was carried out in presence of the Licensor and recommendations of the Licensor will be implemented in a phased manner. In a heartening development, the proposal for setting up a Butene-1 and 2nd Stage Hydrogenation of Pyrolysis Gasoline (HPG) plant at Dibrugarh at a cost of ₹386 crore, has been approved by the Government of India, which will help produce value added products and by-products leading to realisation of better margins and product slate in the times to come. The Butene-1 plant shall be a 10 KPTA plant producing Butene-1 using ethylene. The plant will provide a consistent supply of Butene-1 reducing the dependence on external source. The HPG (2nd stage) plant shall be a 52 KTPA plant. Second stage of hydrogenation of HPG will yield more value added product to meet a benzene specification of 1 Vol % (max) and Sulphur less than 10 ppm wt, so as to blend in gasoline pool. EIL has been appointed as EPMC for implementation of the projects and licensor selection is in progress. Environment clearances are being obtained for the projects.

Despite various challenges your Company has been steadily and consistently improving performance generating operating profits from FY 2017-18 onwards and enhancing capacity utilisation. Since the initial stages of plant operation, various measures have been taken to optimize energy consumption and several schemes undertaken for reduction of losses, emission, blow down, etc. for hydrocarbon & utilities in different process units and utility & offsite facilities.




During the year, 2.9 lakh MT of Polymers and 64,236 MT liquid hydrocarbon were produced and the products were marketed to the

**Foundation stone laying ceremony for the HPG 2nd Stage plant at Dibrugarh**

*Foundation Stone laid by Shri D. V. Sadananda Gowda, Hon'ble Union Minister of Chemicals and Fertilizers.*

*Cross section of employees during the ceremony*

downstream industries in accordance with the marketing arrangement with GAIL with Polymer sales of 2.7 lakh MT. It has been your Company's endeavour to prioritize sales in the northeastern region to ensure there is no dearth of raw materials and to enhance market share in the region.

The highlights of achievements during the financial year 2019- 20 are as below:

- Capacity utilization of 108 %.
- Foundation stone laid for HPG 2nd Stage Plant at the plant site in Dibrugarh by Shri D. V. Sadananda Gowda, Hon'ble Union Minister of Chemicals and Fertilizers on 19th September, 2019.
- The Cabinet Committee on Economic Affairs on 24th December, 2019 approved the feedstock subsidy for 15 years of plant operation at an estimated cost of ₹4600 crore and also approved the transfer of administrative control of BCPL from the Department of Chemicals & Petrochemicals to the Ministry of Petroleum & Natural Gas.
- Highest ever Liquid Nitrogen sale (116.23 MT) in February, 2020.
- Highest ever Liquid Nitrogen produced in January, 2020 (586.92 MT).
- Highest monthly production of C2+ in September, 2019.
- First ever production of five different grades of LLDPE in a single month in May, 2019.
- Cracking of Propane as alternative feed to ECU
- Foundation stone laid for construction of 2nd Phase of BCPL Residential Quarters at BCPL Township, Barbaruah by Shri A K Singh, then Managing Director on 3rd December, 2019.
- Recycling/disposal of hazardous waste started in 2019 by co-processing in Calcom Cement India Limited, Umrangso.
- Dispatch of first batch of E-Waste on 15th October, 2019 to Chandan Nagar, West Bengal for recycling.
- Capital Subsidy of ₹200 crore received from the Government of India.
- Upward revision of the Credit Rating seen from AA to AA+.
- Approval by the Cabinet of Government of Assam to exemption of VAT in line with the JV agreement.

  Implementation of BCPL IT Emergency Response Plan (ERP)/ Crisis Management Plan (CMP) to address and respond to cyber attacks and cyber terrorism on BCPL IT systems.

- Installation and commissioning of a chemical treatment facility for part reuse of treated effluent water in Fire water network on 26th September, 2019- an initiative towards zero discharge plant.
- Your Company received IMS certificates from 3 Management Systems Standard for Quality (ISO 9001:2015), Environment (ISO14001:2015) and Occupational Health & Safety (OHSAS 18001:2007)
- Your Company received several awards on the operations and safety fronts.

*Foundation stone laid by Shri A K Singh, Managing Director for 2nd Phase of BCPL Residential Quarters at BCPL Township, Barbaruah*

## *Health Safety and Environment (HSE)*

Your Company is resolute on respect for the natural environment and is committed to work to achieve the goals of no accidents, no harm to people and no damage to the environment, in all its endeavours. 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 Best Practices in your Company are primarily driven through the HSE Policy in place which is a statement of commitment of the management of your Company. Your Company is committed to Environment Protection, Occupational Health, Safety of Plants and Pipelines & Personnel. The HSE Policy has been displayed at various locations in the plant. Employees and contract workers are encouraged to adopt safe working habits and behaviour to ensure an effective implementation of the HSE Policy and are empowered to notify and stop any unsafe work/act, as may so arise. Onsite Emergency Plan, Safety Management System etc. are in place.

Training is a key to the safety of people and premises. Your Company imparts regular and structured HSE training including Emergency Management, Fire Fighting, Environment, Health & Safety to its employees to upgrade their skills, knowledge and competence, in order to perform their HSE functions effectively and develop an effective safety culture. Regular training is also imparted to security personnel, contract workers, tanker drivers and other personnel to create awareness of the probable hazards in their work area so as to avoid and safeguard against unsafe actions or conditions. Monthly Safety Day is being observed in all units on the 10th of every month to promote awareness on HSE aspects across the organisation and to develop a mind-set of safety consciousness at all times.

*Inauguration of a chemical treatment facility for part reuse of treated effluent water in fire water network.*

Your Company has implemented medical surveillance programs through periodic medical examination at work centers to monitor the occupational health of employees. Safety audits are regularly conducted to ensure the implementation of the HSE Standards, Guidelines and Emergency Preparedness. These audits are performed by both external safety auditors and experienced in-house auditors.

*Mock drill on disaster management in association with 12th battalion of NDRF*

Audit recommendations are being complied in a time bound manner. Onsite and offsite emergency mock drills are being conducted periodically to check effectiveness of emergency management system. Off-site emergency mock drill was conducted in association with NDRF, district administration, Mutual Aid member group on 19th June, 2019. Apart from these, meeting of Mutual Aid Member organizations was conducted at BCPL on 13th February, 2020 and recommendations of incidents/accidents which occurred in member organizations and best HSE practices followed were discussed during the meeting. T4S audit was conducted for all the pipelines and associated installations by PNGRB approved agency. In a commendable achievement, your Company has won the prestigious '18th Annual Greentech Safety Award 2019' in Petrochemical Sector on 08th December, 2019 consecutively for the second time.

*Receiving the 18th Annual Greentech Safety Award 2020*

## *Financial Summary*

During the financial year 2019-20, the Company has earned a net profit of ₹1507.60 crore from Revenue from Operation of ₹2731.39 crore. During the year feedstock subsidy of ₹1705.35 till 31.03.2019 has been claimed and accounted for as Exceptional Items in the Statement of Profit & Loss. Further, feedstock subsidy of ₹645.79 crore for the year 2019-20 has been accounted for as other operating income under Revenue from Operation.

The financial performance of the company in 2019-20 as compared to 2018-19 is summarized below:

*₹ in crore*

| | **2019-20** | **2018-19** |
|---|---|---|
| Revenue from Operation | **2731.39** | 2,676.93 |
| Other Income | **10.316** | 43.80 |
| Total Income | **2,741.70** | 2,720.73 |
| Total Expense | **2162.33** | 2,257.34 |
| EBITDA | **579.37** | 463.39 |
| Less: Interest Cost | **252.43** | 264.69 |
| Less: Depreciation | **390.85** | 386.65 |
| Add: Deferred revenue from Capital Subsidy | **205.95** | 197.51 |
| Profit Before Exceptional Item & Taxes | **142.04** | 9.56 |
| Exceptional Item | **1705.35** | |
| PBT | **1847.39** | 9.56 |
| Tax Expense | | |
| -Current Tax | | |
| -Deferred Tax | **339.791** | -59.81 |
| PAT | **1507.60** | 69.37 |

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

*₹ in crore*

| | **2019-20** | **2018-19** |
|---|---|---|
| Net Fixed Asset | **7,221.00** | 7,505.35 |
| Borrowings (Long Term) | | |
| -OIDB | **1,010.36** | 1,204.50 |

| | | |
|---|---|---|
| -SBI | **1,548.36** | 1,617.83 |
| Borrowings (Short Term) | | |
| -Cash Credit (SBI) | **218.12** | 134.95 |
| -ICICI (WCL) | **105.00** | 0.00 |
| -AXIS (WCL) | **100.00** | 0.00 |
| Borrowings (Inter-Corporate Loan | | |
| -GAIL | **200.00** | 200.00 |
| Paid Up Equity | **1,417.67** | 1,417.67 |
| Reserves & Surplus | **655.39** | -850.72 |
| Net Worth | **2,073.06** | 567.34 |

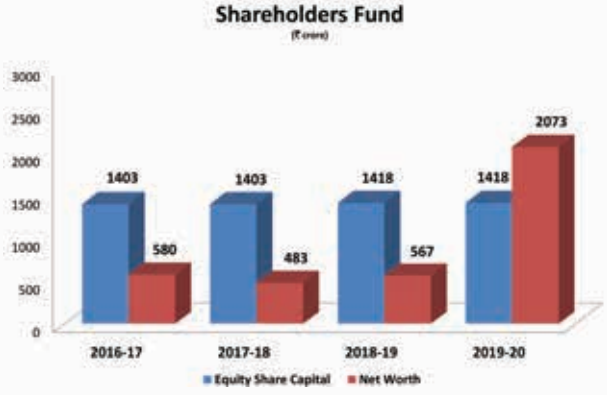
## *Key Financial Highlights*

The plant has operated at 108% capacity in 2019-20. BCPL has been able to maintain the trend of capacity utilization by using additional naphtha to compensate for short supply of natural gas. This has led to increase in value of feedstock consumption as naphtha is a costlier feed as compared to gas. The greater worry, however, has been the sharp decline in polymer prices in recent time. Due to decrease in realization from polymer and short supply of natural gas, BCPL has suffered financially in 2019-20. The situation has been taken up with the administrative ministry from time to time and as a result the feedstock subsidy was rigorously pursued. The fact that even after operating at more than 100% capacity continuously for two financial years, the Company is not able to earn sufficient profits had made the situation very clear and inherent limitation of sub-optimal capacity of the plant became obvious. The feedstock subsidy for the project was already envisaged in the earlier approvals of the CCEA and requirement became even more imminent in the current situation. The recent approval of the CCEA came as a big relief for this project, where Government of India has invested heavily.

The plant is beset with several challenges and despite all odds, BCPL has been able to operate the plant at more than 100% capacity in 2018-19 as well as 2019-20 generating value for its stakeholders. However, due to sharp reduction in polymer prices and pending release of feedstock subsidy by the Government, the cash situation became grim. With the outbreak of COVID-19, hydrocarbon industries across the globe have witnessed shrinkage in margins in recent times and BCPL is not an exception.

The ongoing crisis has led to huge revenue compression in the current situation and it is expected that this situation will continue for quite some time even after the lock down is lifted. This has resulted in acute cash crisis situation as your Company has to keep on meeting the committed expenses. BCPL has been managing the operations by resorting to debt leading to additional interest burden and the same will continue till the feedstock subsidy is received.

No material changes and commitments affecting the financial position of the Company have occurred since 31st March, 2020 till the date of this report.



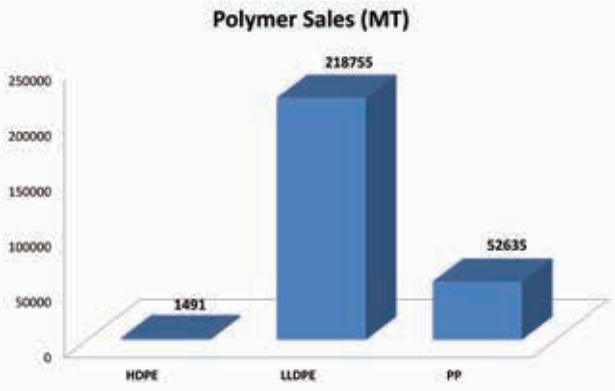
## *Dividend*

As there was no actual cash inflow pending release of feedstock subsidy claims by the Government, no dividend was recommended by the Board for the year and accordingly exemption from the requirements under DIPAM guidelines has been requested from the Government.

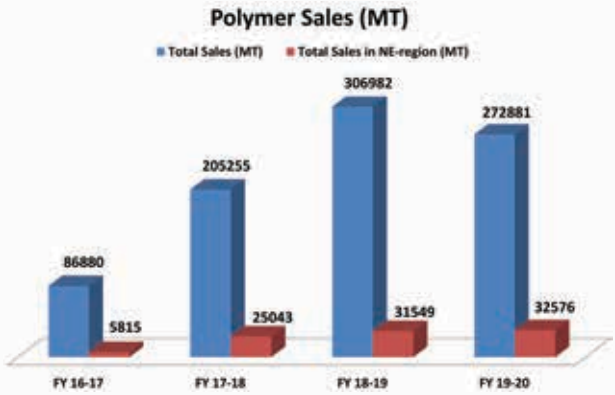
## *Marketing*

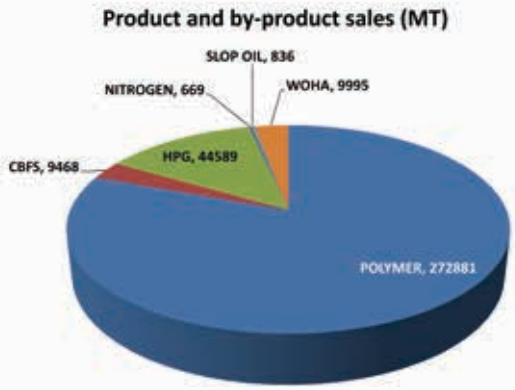
The product brand of your Company has been well established with the products & by-products being sold in the north eastern region and beyond to West Bengal, Jharkhand, Bihar, Uttar Pradesh, Delhi, Orissa, Andhra Pradesh, Telengana, Tamil Nadu. With GAIL India Limited, the holding company as the sole marketer in accordance with a marketing arrangement, the products are being marketed to the downstream industries and it is encouraging that the market share of your Company is steadily increasing with growing credibility amongst customers. Efforts are on to increase the market share in the northeastern region to maximize realization.

For the year 2019, The Economic Times has recognized BCPL as the Best Brand in the Plastics & Polymer Industry.




During the year under review a total quantity of 272881 MT of Polymer, 44589 MT of Hydrogenated Pyrolysis Gasoline (HPG), 9468 MT of Carbon Black Feed stock (CBFS), 9995 MT of Wash Oil High Aromatics (WOHA), 836 MT




of Slop Oil and 669 MT of Liquid Nitrogen was despatched to various locations in the country, generating a total sales turnover of ₹2085.60 crore.

Total 32576 MT material was sold in the northeast region catering to the PE (film & roto) and PP (raffia, injection & TQ-film) consumers.

| Sales in the northeastern region | MT |
|---|---|
| Assam | 25884 |
| Meghalaya | 6164 |
| Nagaland | 200 |
| Tripura | 328 |
| **Total** | **32576** |

In all, 45 consignment stockists have been appointed across various locations in the country including the northeast, for marketing your Company's products which are competitive in terms of quality and price and well accepted in the market.

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

PP Raffia - 90% to 95%

PP Injection Moulding - 90%

PP TQ Film - 95%

LL Film - 80% to 85%

LL Roto Moudling - 60% to 70%

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

The major highlights of marketing activities during the financial year 2019-20 are as below:

- Implementation of provision for additional discounts to the plastic processing industries to promote industrialization of the state.
- Stock-point sales were encouraged through various schemes.
- Introduction of real time information for order status.
- Single day highest dispatch of 5000 MT of Polymer on 30th November, 2019.
- Single day highest dispatch of 500MT HPG on 17th Sept, 2019.
- Export of 1080 MT of Polymer to Dhaka, Bangladesh.

## *Achievements against MSME target*

The Public Procurement Policy for Micro and Small Enterprises is being implemented in your Company and consistently since FY 2014-15 your Company has been meeting the requisite procurement target from the Government of India MSME sector. Annual procurement order (supplies & services) of the value of 24.57% were issued to MSE vendors in FY 2019-20 against the Government of India target of 25% as per Public Procurement Policy, 2012 as amended w.e.f. 9th November, 2018. 211 MSE vendors were benefitted from your Company during annual procurement (including supplies & services) made through tendering mode (both manual & e-tendering).

Your Company participated in five Vendor Development Programs on SC/ST MSE vendors across various locations in India organised by Central & State Government and leading industry associations. The events were fruitful and appreciated by stakeholders towards increasing the participation from local SC/ ST entrepreneurs in tenders. 40 start-ups have participated in different tenders for procurement of goods and services, out of which 16 were awarded during the financial year. Additionally, entrepreneurs were taught about Udyog Aadhaar Memorandum (UAM) registration and ways to utilize the portals like MSME Sambandh, MSME Samadhaan, and MSME Samveg etc. Your Company has also started procuring items/goods through GeM portal.

## *Emerging Northeast, 2020*

*Professor Jagdish Mukhi, Hon'ble Governor of Assam at the inauguration of the BCPL stall in presence of Shri Chandra Mohan Patowary, Hon'ble Minister of Industries and Commerce, GoA.*

*Address by Shri Reep Hazarika, Managing Director*

***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 energy consumption. |
| ii. | The steps taken by the Company for utilising alternate sources of energy | |
| iii. | The capital investment on energy conservation equipment | |

**(B)Technology absorption-**

| | | |
|---|---|---|
| i. | The efforts made towards technology absorption. | Plant operations are sustained, quality products are produced and average capacity utilisation of 108% has been achieved during the financial year. |
| ii. | The benefits derived like product improvement, cost reduction, product development or import substitution | |
| iii | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) | |
| | a. The details of technology imported | |
| | The Company has entered into contracts with the following Licensors for import of technology for its different units: | |
| | UNIT<br>(i) Ethylene Cracker Unit -<br>(ii) LLDPE / HDPE Swing Unit -<br>(iii) Polypropylene Unit - | LICENSOR<br>Lummus Technology, USA<br>INEOS, UK<br><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 100% capacity utilisation has been achieved. |
| | d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof | |
| iv | The expenditure incurred on Research and Development | NIL. |

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

During the year, foreign exchange earned was ₹7.45 crore towards export of polymers and the foreign exchange outgo in terms of actual outflow was ₹152.14 crore towards import of chemicals, catalyst and spares besides hiring of technical services (including reimbursement expenditures).

## *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 issued by the Ministry of Corporate affairs, Government of India. Therefore particulars of employees drawing remuneration in excess of specified limits as envisaged by section 197 of the Act read with the relevant rules are not included in the Board's Report.

## *Human Resource*:

### *Manpower*

The total sanctioned manpower in your Company is 700 (491 executives + 209 non-executives) and the employee strength on 31st March, 2020 was 637 including 443 executives and 194 non- executives. Further, 13 executives were on secondment/deputation from GAIL (India) Limited, the major equity holder. 67.34% of the employees were from the north-eastern region. The remaining manpower will be recruited based on need and care is being taken to ensure suitable representation of female employees and minorities. Further, representation of the OBC, SC and ST categories constitute 29.51%, 14.13% and 8.48% of the employees respectively. Special recruitment drives have been carried out for recruitment of persons with disability to ensure proper representation in this regard.

### *Training*

Your Company believes in employee development and encourages innovative employee learning practices to improve employee performance and contribution in a dynamic business environment. Training is provided in technical and non-technical areas to meet the requirement of plant operation and administrative affairs of the Company. In the year under review, training covering 584 man days was organized including foreign, external and internal training covering 543 numbers of participants.

### *Initiatives*

There has been an endeavour to be associated with various local programmes of cultural and academic importance and to also support events related to promotion of sports. Your Company was associated with Khelo India Youth Games 2020 held at Guwahati in the month of January, 2020 and extended support to Assam Football Association in the selection cum coaching camp held at Dibrugarh University.

Your Company believes in promotion of entrepreneurship and was part of Emerging North East 2020 organized by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) and is also an annual member of Confederation of Indian Industry (CII) and Public Relations Society of India (PRSI), Guwahati Chapter.

With a view to promote the official language your Company has introduced various policies to encourage usage of Hindi in official works including incentive for doing original work in Hindi, award scheme for articles published in Hindi language in official publications, cash award on passing examinations of Central Training Hindi Institute / Hindi Teaching & encouraging employees in obtaining proficiency in Hindi. The first batch of employees has performed very

*Felicitation of the 1st batch of GETs and ETs on the 13th Foundation Day, on completion of 10 years of service in the company.*

*Donation of traffic cones to SP, Dibrugarh*

well in the Hindi examinations held in the month November, 2019. Your Company has also taken the initiative to organize one Hindi seminar annually for Town Official Language Implementation Committee (TOLIC) members for usage of the official language policy of the Union of India and the second seminar was held on 28th August, 2019 at Dibrugarh in which around 40 officials participated from various Central Government organizations. More than 33 participants from various Central Government offices participated in the seminar. In order to encourage the usage of Hindi in official work amongst officers/employees of the company, a Hindi fortnight was organized from 14th September to 28th September, 2019. During the fortnight a Hindi Book Exhibition was also organised for the employees. Hindi books are purchased for the library every year to create a conducive atmosphere for increase in use of Hindi and promotion of knowledge of the language amongst the officers/employees. Your Company has also implemented "BCPL Rajbhasha Shield" to promote Hindi language amongst the TOLIC member offices.

Your Company published the first issue of its TOLIC Hindi Magazine "DARPAN" on 26th December, 2019.

***Policy***

In order to ensure probity and to check the efficacy of the employees your Company has adopted the policy of FR 56(j). Being a Central PSU your Company has recently amended the recruitment policy by implementation of 10% reservation for Economically Weaker Section (EWS) which in India is a subcategory of people belonging to the general category having an annual family income of less than ₹8 lakh and who do not belong to any reserved category such as SC/ST/OBC (Central list).

There is a well-defined whistleblower policy to provide an opportunity to employees to raise concerns on any unethical and improper practice or any other wrongful conduct in the company.

During the year your Company has introduced the policy of subsistence allowance to non-executives who have not been allotted company accommodation.

Keen to promote the Official Language, your Company and has introduced various policies to encourage usage of Hindi in official works.

***Awards***

Your Company was the proud recipient of the following awards during the financial year:

- The prestigious '18th Annual Greentech Safety Award 2019' in Petrochemical Sector held on 8th December, 2019 at New Delhi.
- Certificate on Integrated Management Systems of Quality (ISO 9001:2015), Environment (ISO14001:2015) and Occupational Health & Safety (OHSAS 18001:2007) systems which is of prime importance for enhancing business globally.
- Certificate from M/s JS Pigments Private Limited for scientific and eco-friendly disposal of E waste materials.
- 'Par Excellence' and 'Excellence' awards

*Release of 1st issue of TOLIC Hindi Magazine "DARPAN"*

*World Yoga Day, 2019*

*Award to Quality Circle teams*

to quality circle teams 'IDEAS R Us' and 'ETERNAL' respectively in National Quality Circle competition organized by Quality Circle Forum of India (QCFI), at IIT BHU, Varanasi.

***Township***

Presently there are more than 600 residents in BCPL Township at Barbaruah which is approximately 4 kilometres from the Dibrugarh Petrochemical Complex, residing in various types of family quarters including A, B, C and D Type as well as in two Bachelors Hostels. Approximately 100 people including family members and employees are residing at various types of family quarters and Bachelors Hostel in Sivasagar Township, which is about 40 kilometres from the Lakwa Plant. The foundation stone of the 2nd phase of Residential Quarters at BCPL Township, Barbaruah was laid by Shri A K Singh, then Managing Director on 3rd December, 2019. Arrangement for accommodation for families and employees of the Duliajan plant, which does not have a township, is also under execution.

***Staff Welfare Committee***

The BCPL Staff Welfare Committee (SWC) has organized various events in order to promote cultural and sporting atmosphere and to create cohesive bonding among the employees and their family members:

- Bohagi Utsav on 26th May, 2019 at BCPL Township, Barbaruah.
- Drama workshop for the children of employees.
- Meditation program for employees in coordination with Prajapita Brahmakumari Ishwariya Vishwa Vidyalaya, Dibrugarh at BCPL Township
- Inter departmental football tournament .
- Yoga session for the employees at BCPL Sivasagar Township.
- Photography workshop for BCPL family in BCPL Townships.
- Diwali fete arranged with food stalls, games & ethnic handicrafts and culminating with a cultural night.
- 'Shraddhanjali Programme' arranged in loving memory of Bharat Ratna Late Dr. Bhupen Hazarika, on his 8th death anniversary on 5th November, 2019.
- Indoor games competition including Badminton, Chess and Carrom
- Magh Bihu celebration in BCPL Townships.
- Ladies Cricket on the occasion of Republic day.
- Inter departmental volleyball tournament.
- First ever Flower Show in association with Sangini Ladies Club at BCPL Township, Barbaruah.
- BCPL Premier League 2020, the tennis ball night cricket tournament.

- Friendly Night Cricket match between senior executives.

With an objective to promote learning facilities amongst the BCPL fraternity, the Staff Welfare Committee arranged classes for musical instruments including keyboard, guitar & tabla and also for dance from January, 2020, with active participation from both employees and their family members.

## *Sexual Harassment of Women at Workplace*

Your Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and a Policy with regard to prevention, prohibition and redressal of sexual harassment of women at work place is in place.

Three complaints were received during the last year, out of which the Committee enquired into one matter and submitted its recommendations to the BCPL management within the time limit stipulated under the Act. The Disciplinary Authority imposed penalty on the erring employee under Rule 28(e) r/w Rule 29 & 30 of the BCPL Employees'(Conduct, Discipline & Appeal) Rules 2013 r/w Section 13(4) of the Sexual Harassment at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. As far as the other two complaints are concerned, one did not fall under the purview of the Act and in the other case, the complainant herself decided not to pursue the case for want of evidence.

## *Industrial Relations*

There is a constant endeavour to create a conducive working environment in the plant by ensuring cordial industrial relations which is the key to increased productivity in industrial establishments.

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

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

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

i. Dr Chitralekha Mahanta, Professor IIT, Guwahati ceased to be a Director w.e.f. 09.06.2019 upon completion of her tenure as Independent Director.

ii. Shri B C Tripathi, then Chairman & Managing Director, GAIL ceased to be Director & Chairman, BCPL w.e.f. 01.08.2019 following his superannuation.

iii. Dr Ashutosh Karnatak, then Chairman & Managing Director & Director (Projects), GAIL was appointed as Director and Chairman, w.e.f. 01.08.2019. He ceased to be Chairman w.e.f. 23.03.2020.

iii. Shri Ravi Capoor, IAS, then Additional Chief Secretary to the Government of Assam, Department of Industries & Commerce, ceased to be a Director w.e.f. 08.08.2019.

iv. Dr K K Dwivedi, Commissioner & Secretary

to the Government of Assam, Department of Industries & Commerce, was appointed as Director w.e.f. 08.08.2019.

v. Smt Aparna S Sharma, then Joint Secretary, Ministry of Chemicals & Fertilizers, Government of India ceased to be a Director w.e.f. 19.08.2019.

vi. Shri Pranjit Deka, then Resident Chief Executive, OIL tendered his resignation from the position of Director w.e.f. 01.03.2020 due to his superannution from OIL.

vii. Shri Kashi Nath Jha, Joint Secretary to the Government of India, Ministry of Chemicals & Fertilizers was appointed as Director w.e.f. 20.09.2019.

viii. Shri Saumitra Sarkar, Chartered Accountant was appointed as Independent Director w.e.f. 21.11.2019.

ix. Shri A K Singh, then Managing Director and on lien from GAIL ceased to be a Director w.e.f. 27.01.2020 upon his repatriation to GAIL prior to his superannuation.

x. Shri Reep Hazarika was appointed as Managing Director w.e.f. 01.02.2020.

xi. Shri Harish Madhav, Director (Finance) OIL was appointed as Director w.e.f. 16.03.2020.

xii. Shri Manoj Jain, Chairman & Managing Director, GAIL and Director, BCPL was appointed as Chairman w.e.f. 23.03.2020.

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 believes in sustainable business practice and has started implementation of development initiatives from the last financial year to promote inclusive growth. During the year under review your Company approved various schemes for nearby areas to encourage community involvement and support government facilities like Dibrugarh District Library and Multipurpose Indoor Stadium. With an intent to promote preventive healthcare, health check-up camps were also organized in nearby villages in association with Assam Medical College, Dibrugarh. BCPL extended aids for the flood affected people by distributing essential items in the relief camps set up by the district administration in the areas near the BCPL plant and making contribution to the Chief Minister's Flood Relief Fund. An amount of ₹60 lakh was sanctioned to undertake development initiatives for the financial year. ₹20 lakh was contributed to PM CARES Fund towards combating COVID 19 under development initiatives for the year. A Committee of the Board on Sustainability & CSR is in place.

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

Your Company has undertaken different activities to promote awareness on *swachhta* and to accomplish the dream of the Hon'ble Prime Minister of India. As part of the *swachhta* drive, your Company has been organizing various awareness programmes with the help of digital and print media. Dustbins and plastic banks have been installed in various public places like Barbaruah local market and plant premises. Cleanliness drives are conducted in the Plant, Township and CISF Township in Dibrugarh, Lakwa and Duliajan and in various schools and public places on a regular basis. To generate awareness on cleanliness, several programmes including Swachhta Walk, wall painting competitions in which students from different schools participated, street play on swachhta, quiz competitions and drawing competitions were organised in various schools in Dibrugarh and Sivasagar district.

Your Company had undertaken a massive

*Plastic Waste Shramdaan on Gandhi Jayanti*

Shramdaan on 2nd October 2019 for collection of plastic waste at BCPL and its surrounding areas, coinciding with the celebration of the 150th birth anniversary of Mahatma Gandhi. The major drive was undertaken at Barbaruah Market area with employees, CISF contingent, Barbaruah Police and local people participating in the plastic Shramdaan programme.

Subsequently, the single use plastics were collected and segregated and the first batch of single use plastic waste was dispatched from the plant and township to the district administration for recycling. Approximately 120 kg of plastic waste was dispatched under Plastic Shramdaan drive.

## *COVID Management*

Your Company is taking all precautionary measures to contain the spread of COVID 19, following the government guidelines and advisory. Employees with travel history outside the state and district were kept on self-quarantine for a period of 14 days. To ensure that the workplaces are safe, arrangements for thermal scanning, frequent hand washing, sanitizers, face masks, PPEs have been made in all the locations. Doctors and paramedical staff are working in shifts at Dibrugarh to cater to any medical emergency for the workforce. Moreover, remote working, video conferencing is being preferred for minimizing one to one official interactions. Extensive disinfection activities were undertaken in all the BCPL installations prioritizing the safety of its frontline employees and contract workforce. In addition to this, areas adjacent to the Plant were sanitized to ensure safety for the local populace. Your Company has extended support to needy people and truck and tanker drivers stranded due to the lockdown. BCPL has also taken initiatives for creating awareness amongst the local populace of nearby villages about preventive measures to fight against COVID-19 and extended aid to the needy by distributing food items in the nearby areas of all the units of BCPL. The employees voluntarily contributed one day's salary to Assam Arogya Nidhi for combating the spread of COVID-19. As mentioned, your Company contributed ₹20 Lacs to PM CARES fund towards COVID Pandemic.

## *Sustainable Development*

Your Company has been consistent in its efforts to achieve a better and more sustainable future for all and is implementing various schemes to ensure minimum environmental impact.

With an aim to reduce fresh water intake, a chemical treatment facility was installed & commissioned to reuse the treated effluent water in fire water network and horticulture. In addition to this, rainwater harvesting facility and artificial recharge of ground water have also been implemented.

Your Company is also committed to conform to ambient air qualities as well as point source emission qualities as per the standards of Central Pollution Control Board and State Pollution Control Board. For monitoring the same online, effluent & emission analyzers are installed.

Your Company follows an approach of reducing generation of waste as a part of its responsibility towards environment and to manage its waste in the best possible ways. Utmost care is given for segregation of different wastes, their storage, treatment and management as per the latest environment practices. Co-processing of high calorific value waste as fuel in cement industries is also done successfully. E-Waste/battery waste has also been dispatched to authorized recyclers for recycling. Bio-medical wastes are being managed by sending it to authorized medical centre. Liquid hazardous wastes like used/waste

oil etc. are being sent to the authorized agency for recycling. Further, a bio remediation facility has also been developed within the plant which treats oily sludge in an environment friendly manner.

Your Company is committed to operational excellence with a focus on continual improvement of environmental performance by adhering to all statutory compliances of MoEFCC, Central Pollution Control Board, and State Pollution Control Board, Assam.

Further, employees have attended various training programs on environment and also participated in the International Conference on Engineering Sciences & Technologies for Environmental Care 2020 organized by CSIR-North East Institute of Science & Technology (NEIST), Jorhat.

Keen to promote environment conservation, various awareness activities and plantation drives in and around the plant areas are carried out on regular basis.

## *Vigil Mechanism*

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

## *Right to Information Act, 2005*

Your Company adheres to Government instructions issued in pursuance of the Right to Information Act, 2005, and has designated a Central Public Information Officer and First Appellate Authority under the Act. A total of 20 RTI queries and 3 appeals were received during the financial year 2019-20. Replies to all the queries were duly sent as per the provisions of the Act.

## *Statutory Auditors' Report*

M/s R K P Associates, Chartered Accountants, Silchar was 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, 2020 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.

## *Cost Audit*

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and accordingly such accounts and records are made and maintained.

## *Secretarial Audit Report*

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

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

## *Management Discussion & Analysis*

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

## *Corporate Governance*

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

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

Your Company has maintained adequate financial control system, commensurate with the size, scale and complexity of its operations and ensures compliance with various policies, practices and statutes in keeping with the organization's pace of growth and increasing complexity of operations. Due attention has been given since the beginning to ensure sufficient internal controls for safeguarding the assets of your Company and there has been reliable financial reporting, timely feedback on the achievement of targets and compliance with applicable laws and regulations. Your Company has been gradually introducing its own systems, policies and procedures and in areas in which this is yet not achieved, those of its holding company are being followed. A new comprehensive enterprise risk management policy has been recently adopted. Quarterly internal audit is being conducted by the Internal Auditors, M/s Batliboi & Purohit, Chartered Accountants, Mumbai. The progress and activities of your Company is being continuously monitored and reviewed at all levels including the holding company, GAIL, the State and Central Government authorities. M/s Batliboi & Purohit, Chartered Accountants, Mumbai has also evaluated the efficacy of the Internal Control System on Financial Reporting and found the systems in place to their satisfaction.

## *Audit and other Committees of the Board*

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

## *Responsibility Statement of the Board of Directors*

As required by Section 134 (3) (c) & 134(5) of the Companies Act, 2013 your Directors to the best of their knowledge and explanation affirm that:

i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii. The Directors had selected such accounting policies and applied them consistently except changes as per the Companies Act, 2013 (Ref. Note No. 1 to Balance Sheet on "Significant Accounting Policies") and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The Directors had prepared the annual accounts on a going concern basis; and

v. The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The Independent Director duly affirmed meeting the criteria of independence specified under Section 149(6) of the Companies Act, 2013, for the year 2019-20.

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

As required, the particulars of contracts or arrangements with related parties pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed hereto in the specified format.

## *Extract of the Annual Return*

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

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

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

## *Risk Management Policy*

The Risk Management Policy in your Company for identification, evaluation and mitigation of risks was framed in the project implementation phase and was rudimentary providing the basic framework. A comprehensive enterprise risk management policy has recently been adopted with five components of enterprise risk management framework viz. governance, strategy, performance, review and communication which are supported by a set of principles. These principles cover everything from governance to monitoring. A risk management organogram would render the support necessary for achieving the risk objectives.

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

## *Acknowledgement*

Your Directors gratefully acknowledge the support and guidance from the Ministry of Chemicals and Fertilizers, the Ministry of Petroleum and Natural Gas and the Ministry of Environment and Forests. Your Directors are grateful to the promoters, GAIL, OIL, NRL and Government of Assam and to the lenders, Oil Industry Development Board and State Bank of India for their continued assistance and support. Your Directors acknowledge the cooperation of the entire team of process licensors, the bankers, consultants, suppliers and other intermediaries. Your Directors also acknowledge with gratitude the support and advice extended by the Internal Auditors, the Statutory Auditors, the Secretarial Auditors, the Cost Auditors and the officials of the Comptroller & Auditor General of India. Most importantly, your Directors appreciate the noteworthy contribution of the employees in taking your Company forward towards achieving its goals.

Sd/-
(Manoj Jain)
**Chairman**

Dated : 1st September 2020
Place: New Delhi

# Management Discussion and Analysis Report

## *Industry Structure and Developments*

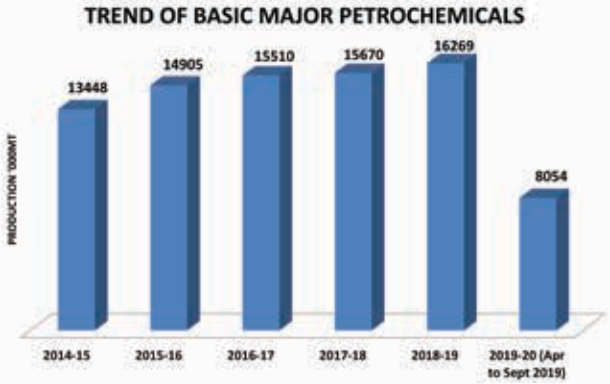
Petrochemicals are an important constituent of the Chemical industries which play a vital role in meeting basic needs and improving quality of life. Petrochemicals comprising of plastic and a host of other chemicals, are downstream hydrocarbons derived from crude oil and natural gas. The two main classes of petrochemical raw materials are Olefins including Ethylene & Propylene and Aromatics including Benzene & Xylene isomers. With immense potential for value addition they cater to the need for a huge range of products of day to day use such as textiles and clothing, agriculture, packaging, infrastructure, healthcare, furniture, automobiles, information technology, power, electronics and telecommunication, irrigation, drinking water, construction and a host of other articles of daily and specialized usage in other emerging areas. The use of Petrochemicals has permeated almost all conceivable spheres of the economy and their importance in the modern energy system, including solar panels, wind turbine blades, batteries and thermal insulation for buildings cannot be overemphasized. Cost of Feedstock is the largest component of cost of production of Petrochemicals, estimated at 40-60 per cent of total costs. Demand for bulk materials like steel, aluminum or cement has been overtaken by demand for Plastics which is the most used petrochemical product.

Presently, the USA and Western Europe have the largest petrochemical industry with Asia and the Middle East expected to catch up in the long run due to major growth in new production capacity and demand. The Middle East and the United States have a feedstock advantage in their access to low-cost ethane owing to abundant natural gas supplies. Being versatile, lightweight, flexible, moisture resistant, strong, and relatively inexpensive the global production and consumption of plastics have continued to rise, driven mostly by the demand in developing countries like India and China. This is despite increase in recycling and efforts to control single-use plastics led mostly by Europe.

According to Invest India, the National Investment Promotion and Facilitation Centre, India is the third largest producer of Chemicals in Asia and the sixth largest producer of Chemicals in the world contributing 3% to the global chemical industry. The Indian Chemical industries is projected to reach $ 304 bn by 2025 and demand for chemical products expected to grow at approximately 9% p.a. over the next 5 years. The total production of major chemicals and petrochemicals stood at 27,847 MT during 2018-19, a growth of 4.15% over 2017-18.

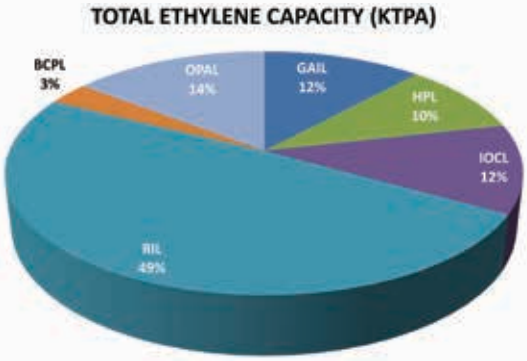
India is the third largest consumer of polymers in the world. Production of polymers accounts for around 61% of total production of basic major petrochemicals. Commonly used Polymers include Polypropylene (PP), Poly vinyl chloride (PVC), Polystyrene (PS), Polyethylene (PE) and Acrylonitrile Butadiene Styrene (ABS). PE again is of three types - high density polyethylene (HDPE), low-density polyethylene (LDPE), linear low density polyethylene (LLDPE). PP has been the fastest growing Polymer. The primary products of the Company, PP, LLDPE and HDPE are essentially used in the manufacture of plastic products. Rising disposable income, median age of population, urbanization, growing penetration and demand from rural markets, growing construction industry and adoption of advanced coating, ceiling and polymer-based reinforcing material in construction as well as in plastics, shift in production and consumption towards Asian and Southeast Asian countries in all sectors are

some of the growth drivers increasing demand for chemical and petrochemical products.




*Source: Annual Report 2019-20 DCPC, MOCF*

In the domestic Polymer scenario, non-integrated players including GAIL, OPAL and your Company are present in production of PP & HDPE, LLDPE. The rest are refinery integrated plants, public sector oil refining companies which supply their petroleum feedstock to integrated petrochemical units and other companies, which have been adding value, and converting the same to useful petrochemical products.




*Source: Annual Report 2019-20 DCPC, MOCF*

Presently RIL, IOCL, HPL and GAIL are the major players in the domestic petrochemical industry. There are 11 cracker complexes in operation in the country with a combined annual Ethylene capacity of 7.27 million MT:

| Sl No. | Name of Company | No. of Crackers | Feedstock | Total Design Capacity (KTPA Ethylene) |
|---|---|---|---|---|
| 1. | GAIL | 2 | Natural Gas | 860 |
| 2. | HPL | 1 | Naphtha | 700 |
| 3. | IOCL | 1 | Naphtha | 857 |
| 4. | RIL | 5 | Gas + Naphtha | 3580 |
| 5 | BCPL | 1 | Gas + Naphtha | 220 |
| 6 | OPAL | 1 | Gas + Naphtha | 1060 |
| | **Total** | **11** | | **7277** |

*Source: Annual Report 2019-20 DCPC, MOCF*

With a an estimated per capita consumption of only 11kg for Polymers as compared to the world average of 28 kg, India has immense demand potential. As projected by Invest India, the petrochemical market in India is expected to grow at a CAGR of 10 % over the next 5 years to reach USD 100 Bn by 2022.

## *Strengths and Weaknesses*

The plant is operating with capacity utilization of over 100%, surpassing the design efficiency benchmarks and enabling your Company to achieve targets across major parameters. Employing over 600 permanent employees and around 2600 additional manpower under contract, the plant has created opportunities for downstream industries. Moreover, it has generated significant employment in the region for the vendors, transporters, suppliers etc. Regular efforts are being made by the nodal administrative ministry, the Department for Development of North-Eastern Region (DoNER), the Ministry of Micro, Small & Medium Enterprises (MSME), the Government of Assam, GAIL (India) Ltd and your Company for development of downstream industries in the north-eastern region.

Producing quality Polymers which has gained wide acceptability and an excellent brand image has helped garner a sales figure of 272881 MT during the financial year under review. Your Company has been able to establish itself as a major player in the petrochemical sector in the country over a remarkably short span of time.

Your Company has been fortunate to have promoters having immense experience and proven track record in the industry; the continued backing received from the promoters and the state and the central governments has undoubtedly been one of its biggest strengths.

The promoters have not only contributed equity but also provided expertise and skilled manpower guiding the project at every stage. In marketing its products, your Company gains from the immense experience of GAIL (India) Limited, the holding company which through an agreement with BCPL arranges 100% evacuation of the products and by-products by using its own marketing network. This has provided considerable relief from arranging and establishing a market from a far-off corner of the northeast.

BCPL has a significant number of young, tech savvy and dynamic employees who have benefitted the organization with their energy, freshness of perspective, malleability and aptitude in a demanding environment where process, technology and priorities are constantly changing.

Feedstock constraint affecting capacity utilization has been one of the major challenges faced by the project although constant efforts have been made to overcome them through various alternative measures for procurement of Naphtha, Butene-1 and Propylene which have yielded results in ensuring stable and sustained operation of the plant.

Other challenges include high fixed cost which is common to all petrochemicals coupled with sub-optimal capacity of the plant. Considerable relief in this connection is now expected with the recent approval of feedstock subsidy by the Government of India and request has been made for early release of claims.

Remoteness of plant location in a corner of the northeastern part of the country results in logistic difficulties compounded by infrastructure and connectivity issues and affects both marketing of products and recruitment and retention of manpower. These are the major reasons for high attrition of manpower from the very beginning and lower realisation from having to sell in distant markets. There has nevertheless been an improvement in the manpower situation following the introduction of better benefits and facilities coupled with improvement in communication services. There has been a constant endeavour to prioritize sales in the northeast to benefit from the freight advantage and the tide is gradually turning favourable due to increasing local demand and the appointment of a consignment stockist for the region by GAIL, the sole marketer. The northeastern region with around 136 plastic processing industries consuming approximately 1.1 lakh TPA of Polymer which was being sourced from outside the region, has immense market potential. Taking advantage of its proximity, your Company is exporting Polymer to neighbouring Bangladesh and is exploring export potential in Myanmar and other members of ASEAN.

The use of plastics has permeated every sector of the economy and the recent trend of using plastics as a replacement for wood, particularly in the furniture and construction sectors due to easy availability of raw material augurs well for the fast depleting forest reserves of the north-eastern region thereby contributing to conservation and sustainability.

## *Opportunities and Threats*

The World Bank's Doing Business Report 2020 ranked India 63rd in ease of doing business out of the 190 countries surveyed as compared to the previous year's ranking of 77 and mentions India as one of the economies with the most notable improvement in doing business after implementing regulatory reforms. This 14 place leap forward therefore indicates India's improvement in regulatory performance and is a heartening development in the face of India's recent economic slowdown.

Recently the administrative control of your Company has been transferred from the Ministry of Chemicals and Fertilizers (MoCF) to the Ministry of Petroleum and Natural Gas (MoP&NG) as per approval of CCEA vide OM

No. 45012/10/2014-PC-I (FTS:6169) dated 01.01.2020. This shift is a positive development expected to bring better synergy with the promoter organisations- viz. GAIL, OIL and NRL, all of which are under the umbrella of the MoP&NG.

As the world's third largest Polymer consumer, Polymers in India account for approximately 60% of total production of basic major petrochemicals and are the most important constituent of the Indian chemical industry. The plastic processing industry has huge potential for attracting foreign investments. The existing low levels of per capita consumption (11 Kg), enhanced growth of end use industries, increasing use of plastics as an alternative in an ever growing range of products are potential growth drivers for plastics in India. On the downside however, the plastic processing industry faces many challenges in terms of environmental concerns, lack of advanced technology, limited infrastructure, & unpredictability of feedstock prices. The lack of proper infrastructure, particularly electricity, has always been one of the major deterrents to foreign investments in India. The country's ranking on the electricity parameter has however improved from 137 in 2014 to 22 in 2019. The Government of India has identified a pipeline of infrastructure projects with investment worth ₹111 lakh crore over the next five years. This National Infrastructure Pipeline, planned to be hosted on India Infrastructure Grid (IIG), includes both greenfield and brownfield projects and is poised to help India achieve a USD 5 trillion economy by 2025. Nevertheless, presently considerable effort would be required from the stakeholders to overcome the challenges and achieve optimal results. Increasing investment in sectors like water and sanitation management, irrigation, building & construction, power, transport and retail is an encouraging development which in turn will drive demand for Plastics required for various products like pipes, wires & cables, water proofing membranes, wood PVC composites.

In India, feedstock cost constitutes the single largest component in the production cost of Polymers and fixed costs are high as compared to producers in the Middle East. With the Government approving the expansion of the Numaligarh Refinery Ltd plant from 3 MMTPA to 9 MMTPA, constraints pertaining to sourcing of raw material Naphtha are expected to ease as additional Naphtha would become available on a large scale. Further, Indradhanush Gas Grid Limited (IGGL), a Joint Venture of IOCL, ONGC, GAIL, OIL and NRL was incorporated in August, 2018 for implementing the Hydrocarbon Vision 2030 for North-East India released by the Ministry of Petroleum & Natural Gas in 2016. The Hydrocarbon Vision 2030 envisages economic development in the northeast region by leveraging the region's hydrocarbon potential, enhancing access to clean fuel and accelerating growth of the region. The natural gas grid in the northeast region is envisioned to connect with the upcoming, Barauni-Guwahati natural gas pipeline as a part of Urja-Ganga scheme. The grid would also connect to sustainable and viable gas sources in the northeast and it is expected that this gas grid will make additional gas available to your Company which has since beginning been dogged by natural gas supply constraints. Considering additional naphtha and gas availability in future, your Company has already started working for expansion/capacity enhancement of the Plant. Further, your Company has an option of sourcing feedstock from the neighbouring countries like Myanmar and Bangladesh in future provided it is viable and is supported by adequate transport infrastructure and Government policy.

Your Company's proposal for setting up of a Butene-1 and 2$^{nd}$ Stage Hydrogenation of Pyrolysis Gasoline plant at Dibrugarh, Assam at a cost of ₹386 crore to overcome the difficulties in

sourcing of co-monomer Butene-1 was approved by the Government of India in June, 2019. The investment will ensure value addition leading to realisation of better margins and product slate in future.

There is significant gap between domestic production and consumption of Polymer in the country which is being met through imports, indicating the huge potential for domestic manufacturing. Towards this end, the Vision Statement 2024, Department of Chemicals and Petrochemicals proposes to seize the opportunity to establish India as a leading chemicals & petrochemicals manufacturing hub with a thrust on reduction in import dependency by attracting investments for manufacturing quality products using cutting edge technology in specified clusters with focus on sustainability.

The National Policy on Petrochemicals by the Department Chemicals Petrochemical aims to achieve sustainable development for the petrochemical industry by promoting research and development and human resource planning and development to cater to the needs of the industry by adopting a mission mode approach.

Centre(s) of Excellence (COE) are being set up in existing educational and research institutions working in the field of polymers to improve existing petrochemical technology and research in the country and to promote the development of new applications of polymers and plastics. They will be one of the components of the programme and include updating and modifying products for new uses, innovative product technology and product designs, improving production processes to make them more efficient and development of biopolymers and biodegradable polymers. 5 COEs have been set up in Pune, Chennai, Delhi, Bhubaneshwar and Guwahati. The Central Institute of Plastic Engineering and Technology (CIPET) which is a Centre for Skill and Technical Support (CSTC) has also been set up to develop manpower in different disciplines of Plastics Engineering and Technology with centres all over the country including two in the northeastern region at Guwahati and Imphal.

Recent developments in India including tax and institutional reforms, digitization drive, new insolvency code, radical changes in FDI policy, technological readiness, impetus to infrastructure which facilitate ease of doing business revived the investment appetite not only amongst domestic entrepreneurs but also foreign investors. The Government of India has conceptualised Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) as clusters that provide investors with a transparent and investment friendly policy and facility regime. PCPIRs with high-class infrastructure and a competitive environment conducive for setting up businesses are expected to bring together manufacturing facilities, logistic and other services, required infrastructure, residential and administrative areas etc. and are envisaged to generate better efficiency on account of using common infrastructure and support facilities. At the state level, the Assam Ease of Doing Business Act, 2016 has enabled single window clearance system for speedy clearances and processing of business projects with a view to creating an investment friendly environment. The North East Industrial Development Scheme (NEIDS) which has come into force from 2017 was launched to further catalyse the industrial development in the North Eastern Region including Sikkim. The Scheme covers new units in manufacturing and services sectors providing for Central Capital Investment Incentive for access to credit, Central Interest Incentive, Central Comprehensive Insurance Incentive, Goods and Services Tax Reimbursement, Income Tax Reimbursement, Transport Incentive; and Employment Incentive as notified.

The increasing use of plastic money which is now a necessity has been an encouraging development for the Polymer industry. On the other hand, the recent ban of single use plastics to combat the menace of mismanaged plastic waste could be a major threat to the Polymer industry. Maharashtra and several other major consuming states have banned certain single-use plastic and enforced monetary penalty over their use although a clear definition of single-use plastic remains vague. The All India Plastic Manufacturers Association contends that the ban in Maharashtra has cost manufacturers millions of dollars and tens of thousands of workers their jobs, and the Tamil Nadu Plastics Manufacturing Association has challenged the Tamil Nadu ban in court. The Indian plastics and polymer industry has been on a strong growth trend since 2016, but with increasing concerns over sustainable environment, there is a shift towards using sustainable polymers. Generating awareness on developments in the field of biodegradable and photodegradable plastic resulting in improved product quality with reduced adverse effect on environment has therefore become imperative.

A highly fragmented industry, unreliable power and comparatively high energy costs in India are major constraints on optimal capacity utilization in the plastic processing sector. Downstream industries in the petrochemical industry in India are mostly in the MSME sector which faces varied constraints including lack of adequate capital, poor infrastructure, access to modern technology, access to markets and getting statutory clearances related to power, environment, labour etc. The small and micro sector enterprises are particularly vulnerable. It is of vital importance to empower the SME sector to optimally utilize the limited resources, both human & economic that they have, to educate them about the latest global developments and provide the necessary skills in this regard besides adopting various key strategies to promote and support the SME sector. Some amount of handholding is required in the initial stages to encourage small entrepreneurs to invest in downstreams.

In a major threat, due to the global spread of the COVID-19 pandemic and resultant lockdown, the economic outlook of South Asia and India look dire and the region is expected to experience its worst economic performance in recent times. The outbreak has resulted in significant domestic supply and demand disruptions and is likely to slow down domestic investments in the sector.

However, the fact remains that as an enabler industry providing critical inputs to all major sectors in the economy coupled with lack of any major competition in the northeastern region having the lowest per capita consumption (4 kg) in Polymers in the country, your Company stands to gain from easy access to the untapped potential for marketing its products in the region besides export to neighbouring countries.

## *Segment wise or Product wise Performance*

All operations in the process units have stabilised and are running on sustained basis with an average capacity utilisation of 108% during the year under review. Your Company produced 2,92,350 MT of Polymers and 64,236 MT of Liquid Hydrocarbons, during the year, with a sales turnover of ₹2085.60 crore. The corresponding sales were 272881 MT of Polymer, 64888 MT of Liquid Hydrocarbons and 669 MT of liquid Nitrogen.

Further, feedstock subsidy of ₹645.79 crore has been accounted for as other operating income making the total revenue from operation as ₹2731.39 crore.

## *Outlook*

As per projection by the World Bank, India's growth rate has decelerated in the past two years and while the country's development trajectory

is strong, challenges remain. The agency had earlier projected growth at 6.0 percent this fiscal expected to rise to 6.9 percent in FY 2020-21 and to 7.2 percent in the following year. However, after severe disruption of the economy post the coronavirus outbreak, the World Bank re-estimated India's growth at 4.8 per cent to 5 per cent in FY 2019-20 with further decline to 1.5 per cent to 2.8 per cent in FY 2020-21. The pandemic which necessitated a nationwide lockdown has heightened pre-existing risks to India's economic outlook. A revival in domestic investment is likely to be delayed given enhanced risk aversion on a global scale, and renewed concerns about financial sector resilience. It has been estimated that the entire South Asia region would experience its worst economic performance in the last 40 years with temporary contractions in all eight countries. The World Bank however expects growth in India to rebound to 5% in FY 2021-22 as the impact of COVID-19 dissipates, and fiscal and monetary policy support yield results. The Asian Development Bank (ADB) also estimates India's economic growth slipping to 4 per cent in the current fiscal. The International Monetary Fund (IMF) on the other hand has slashed India's economic growth to 1.9 per cent in 2020 from its earlier projection of 5.8 per cent. But even with the global economy facing its worst depression in decades, IMF envisages that barring India and China, most other nations will move into negative growth for 2020 before coming back up in 2021 and that India will continue to be one of the fastest-growing nations, with its projected numbers staying positive. The Indian government has announced a series of finance and economic packages to offset the lockdown losses temporarily. New monetary policy and fiscal stimulus packages coupled with an improved investment climate would be required to push the country to bounce back in earnest. After a positive projection from the IMF coupled with supportive economic package announced by the Government, it is expected that more FIIs shall invest their money in India in 2020 and 2021.

The Chemicals industry in India is highly diversified, covering more than 80,000 commercial products and broadly classified into Bulk chemicals, Specialty chemicals, Agrochemicals, Petrochemicals, Polymers and Fertilizers. India ranks 14$^{th}$ in export and 8th in import of chemicals (excluding Pharmaceuticals products) globally. According to pre-COVID-19 projections, the demand for petrochemicals is expected to grow at 7.5% CAGR from FY 2019-23, with polymer demand growing at 8%. India's proximity to the Middle East, the world's source of petrochemicals feedstock, augurs well for economies of scale. The upcoming Petroleum, Chemicals and Petrochemicals Investment Regions (PCPIRs) and Plastic parks will provide state-of-the-art infrastructure for Chemicals and Petrochemicals sector. The Indian chemicals industry is projected to reach $ 304 bn by 2025. These growth projections are however now contingent on the ability of the Indian economy to recover from the disruption caused by the COVID-19 outbreak.

Long term prospects of the petrochemicals industry are promising and demand will remain robust from major consumer segments such as packaging, automobiles, consumer durables, construction, and irrigation. Demand is also expected to grow from sustained substitution of metal pipes with plastic pipes, and glass and metal containers with plastic containers. Plastics with their superior quality and cost effectiveness will find increased use in packaging. An emerging middle class, rising household income, growing consumer market, availability of a large workforce that is highly skilled and educated provide a huge demographic advantage to the industry.

As per export and import figures of the Ministry of Chemicals and Fertilizers for the years 2018-19 and 2019-20 (upto September 2019), exports of chemical and chemical products (excluding pharmaceutical products and fertilizers) contributed 12.5% of the total export in the year 2019-20 (upto September 2019) compared to 12.1% in the year 2018-19 during the corresponding period. Imports contributed 14.4% of total imports in 2019-20 (up to September 2019) which was 11.1% in the year 2018-19 during the corresponding period. CAGR in export of total chemicals and chemicals products (excluding pharmaceutical & fertilizer products) during the period 2014-15 to 2018-19 is 12.35% while CAGR of total national export is 5.03%. CAGR in import of total chemicals and chemicals products (excluding pharmaceutical & fertilizer products) during the period 2014-15 to 2018-19 is 6.56% while CAGR of total national import is 7.05%. As a net importer of Chemicals in general and most polymers in particular, India has promise for expansion of existing and adding of new capacities. The major constraint for capacity additions in Polymers is the unavailability of feedstock olefins owing to lack of sufficient cracker capacity. This is gradually easing due to adding of cracker capacities and flexibility in switching between alternative feedstock in dual feed crackers. From the perspective of your Company, the upcoming natural gas grid in the northeastern region and expansion of NRL bringing in additional Naphtha to your Company both augur well for easing the feedstock constraints in the near future. A new trend is the integration of refineries with downstream petrochemical units. With high severity fluid catalytic cracking (HS-FCC), refineries are increasing the proportion of propylene to address the downstream demand-supply mismatch. However as setting up of new projects takes some time, India is expected to continue as a net importer in the medium term with capacity additions lagging behind demand growth.

The centre's *Make in India* and *Skill India* drives promote indigenisation of technology for import substitution in the areas of defence material, bio-polymers & bio-nano composites for packaging, bio-sensors for healthcare applications, natural fiber reinforced composites for automobile applications, polymer adhesives and coating for marine applications, fuel solar cells for solar energy and e-waste recycling. The recent reforms envisaged under the *Atmanirbhar Bharat Abhiyaan* announced by the Hon'ble Prime Minister to make the country self-reliant in overcoming the COVID-19 crisis, are expected to promote business, attract investments, and further strengthen Make in India. MSMEs, which constitute a major portion of the plastic industry, are one of the focus areas to benefit from this reforms package.

Being fragmented the Indian Polymer industry consists of units with sub-optimal capacity facing disadvantages of scale and resultant stiff competition compared to global leaders. So far a fundamentally strong economy and widespread use of plastics across all sectors, often replacing conventional material, has sustained the industry through difficult times, but more recently the petrochemicals sector across the world is dealing with significant disruptions from the COVID-19 crisis. However, since the outbreak, a rise in the demand for packaging materials for food, medicine, personal care, and medical products is expected to combat the impact on the Polymer industry to some extent.

Plant operations in your Company are steady and sustained with capacity utilization of 108% during the financial year. With GAIL as the sole marketer, the products are sold to downstream industries and the market share of your

Company in Polymer is increasing consistently and presently stands at around 65% in the north-eastern region where 11.94% of its products were sold in FY 2019-20.

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

## *Risks and Concerns*

The major component of cost of production in a Polymer industry is that of feedstock and despite firm arrangements by the Government of India for feedstock availability for 15 years of plant operation, feedstock prices are increasing and is a major concern. Polymer prices are linked with crude oil price fluctuations with a higher degree of volatility in the recent past. This will be further affected by the impact of the COVID-19 crisis with the petrochemical sector trying to navigate through uncertain and volatile times, facing plummeting oil prices and a crude oil price war. Shortage of feedstock has added to the troubles of the petrochemical industry in the country resulting in plants with suboptimal capacity. Your Company's plant has been facing constraints in both quantity and quality of natural gas and supply of naphtha and has had to use more naphtha at higher cost to compensate for the shortfall of natural gas in order to sustain production levels. Being highly capital intensive, petrochemical plants need an optimal size to generate benefits and feedstock constraints both in terms of quality and quantity hinder feasibility.

Due to higher demand of a particular grade of Polymer there has been higher requirement of Butene-1, a co-monomer required for the production of polyethylene. In the absence of any captive generation facility your Company has been facing considerable difficulty in sourcing of the raw material. In a positive development, the Government of India has in June, 2019 approved your Company's proposal for setting up a captive Butene 1 and 2$^{nd}$ Stage Hydrogenation of Pyrolysis Gasoline plant, for which selection of Licensors and obtaining of environmental clearances are presently in process.

The Government of Assam has set up a Plastic Park in Tinsukia approximately 50 km away from the BCPL plant, with various opportunities including investment in injection moulding, blow & roto moulding and extrusion moulding facilities. The park is designed to provide integrated infrastructure for making value added products like woven sacks, plastic pipes, injection moulded components, films, pouches, packaging products and other consumer plastic products. It has supporting infrastructure such as training institutes, research facilities and testing centres. However, efforts are required to generate the desired interest in the Park to encourage downstream industries as it is vital for your Company to have the benefit of a ready local market, for significant financial benefit. The hindering factors and concerns of local entrepreneurs need to be addressed to make the facility functional, without which the sale of Polymers in the north-eastern states to the desired extent may not be possible.

Your Company is the beneficiary of governmental support in the form of feedstock and other subsidies and in a major relief the Government of India has in December, 2019 approved feedstock subsidy amounting to approximately Rs 4600 crore for 15 years of plant operation. Exemption from VAT on feedstock for 15 years has also been cleared recently by State Cabinet. The plant viability is dependent on continuation of

these benefits and there is therefore an inherent risk of non-viability should such support be discontinued in the future due to changing government policy.

In another matter of concern the attrition of trained and experienced manpower continues to be high and this can be attributed to several factors including higher pay package in similar PSUs, non-implementation of pay revision, 2017 and geographical remoteness of the plant. The proposal for implementation of revised pay scales remains pending with the Government for over two years now and needs to be considered expeditiously not only to retain manpower but also attract quality people especially at the senior level.

Although plastics are an indispensible part of our daily lives, it invariably bears the mark of a pollutant. There is an increasing suspicion that much of the plastic waste is ending up in the oceans and fragmented over time to microplastics which are irretrievable, causing widespread harm to humans and the environment in an invisible, insidious manner. This is more a result of mismanaged disposal. Sensitisation on the use and disposal of plastics is of paramount importance to combat the negative perception. The use and disposal or recycling of plastics must be properly regulated to address the problem of plastic waste. There is wide scope for industries based on re-cycling of plastics waste and having effective guidelines in place could not only address the issue of environmental degradation but also generate capital.

The northeastern region of the country suffers from a number of logistics handicaps. Physical infrastructure such as electricity, communication, transportation, and banking and finance are sporadic and unevenly distributed among urban and rural areas. Amenities are limited in nature, and the lack of economic opportunities prompts migration, particularly that of skilled resources to work and live in better developed and developing parts of India. Isolation plus high transaction costs coupled with a negative perception on business environment has been a challenge for private investment in the region. Recent Government initiatives, programmes and economic reforms including the Act East Policy are however expected to alleviate the situation and bring in better investments for this region which can outperform any other part of India in terms of availability of natural resources and international border. Although located in a remote area of northeast India, your Company has the unique advantage of being ideally located to Myanmar, Bangladesh and other ASEAN countries with promising market and has in fact begun marketing its products in Bangladesh.

Your Company has recently replaced the existing risk management policy with a new comprehensive Enterprise Risk Management Policy. Various risks are being periodically reviewed to identify and mitigate financial, operational and other risks. An online legal compliance management system has been introduced in your Company and compliances are reviewed by the Board of Directors periodically.

## *Internal Control Systems and their adequacy*

Due attention has been given since the beginning to having sufficient internal controls for safeguarding the assets of your Company and there has been reliable financial reporting, timely feedback on the achievement of targets and compliance with applicable laws and regulations. Your Company has been gradually introducing its own systems, policies and procedures and in areas in which this is yet not achieved, those of its holding company are being followed. A new enterprise risk management policy has been recently adopted. Quarterly internal audit is being

conducted by the Internal Auditors, M/s Batliboi & Purohit, Chartered Accountants, Mumbai. The progress and activities of your Company is being continuously monitored and reviewed at all levels including the holding company, GAIL, the State and Central Government authorities. M/s Batliboi & Purohit, Chartered Accountants, Mumbai has also evaluated the efficacy of the Internal Control System on Financial Reporting and found the systems in place to their satisfaction.

## *Financial Performance with respect to Operational Performance*

The plant operated at 108% capacity in FY 2019-20. Your Company has been able to maintain the trend of capacity utilization by using additional naphtha to compensate for short supply of natural gas. This has led to increase in value of feedstock consumption as naphtha is a costlier feed as compared to gas. The greater worry, however, has been the sharp decline in polymer prices in recent time. Due to decrease in realization from polymer and short supply of natural gas, your Company has suffered financially in 2019-20. The matter has been taken up with the administrative ministry from time to time and as a result the feedstock subsidy was rigorously pursued. The fact that even after operating at more than 100% capacity continuously for two financial years, the Company was not able to earn sufficient profits had made the situation very clear and the inherent limitation of sub-optimal capacity of the plant became obvious. The feedstock subsidy for the project was already envisaged in the earlier approvals of the CCEA and requirement became even more imminent in the current situation. The recent approval of the CCEA came as a big relief for this project, where Government of India has heavily invested.

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

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

With total sanctioned manpower of 700 (491 executives + 209 non-executives), there were 637 including 443 executives and 194 non-executives as on 31st March 2020. Further, 13 executives were on secondment/deputation from GAIL (India) Limited, the major equity holder. Your Company encourages innovative employee learning practices to improve employee performance and contribution in a dynamic business environment. In the year under review training covering 584 man-days was organized including foreign, external and internal training covering 543 participants.

In order to ensure probity and also to check the efficacy of the employees your Company has adopted the policy of FR 56(j). BCPL, being a Central PSU has recently amended the recruitment policy by implementation of provision for Economically Weaker Section (EWS), a subcategory of people belonging to the general category having an annual family income of less than ₹8 lakh and who do not belong to any reserved category such as SC/ST/OBC (Central list). A policy for subsistence allowance to those non-executives who have not been allotted company's accommodation was also introduced.

Several initiatives were undertaken for promotion of Hindi language. The first batch of employees performed very well in the Hindi examination held in the month November, 2019. Initiative has been taken to organize one Hindi seminar annually for the Town Official Language

Implementation Committee (TOLIC) members for usage of the official language policy of the Union of India and the second seminar was inaugurated on 28th August, 2019 at Dibrugarh.

The foundation stone of the 2nd Phase of residential quarters at the Township at Barbaruah was laid by Shri A K Singh, then Managing Director on 3rd December, 2019 and construction of quarters is in progress.

As a responsible corporate citizen your Company is taking all precautionary measures for containment of COVID 19. The work stations and near-by areas are being sanitized regularly and thermal scanning has been introduced in all the entry points. All efforts have been made to create awareness amongst employees and people residing near the plants. Your Company has contributed ₹20 lakh to PM Cares as part of development initiatives and the employees contributed one day's salary amounting to ₹10 lakh to Assam Aarogya Nidhi towards Corona Pandemic.

Industrial relations remained cordial during the year.

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

Your Company has remained steadfast in its responsibility towards conservation of the environment. Pollution control and other environment protection norms are being fully complied with and there has been an endeavour to maintain high levels of safety and environmental standards along with operational efficiency. A modern effluent treatment plant ensures proper effluent discharge within the prescribed limits and it is fully functional. Conversion of oil sludge into natural soil is being done through the bioremediation facility. A chemical treatment facility for part reuse of treated effluent water in fire water network and horticulture has been installed and commissioned. An online quality monitoring system is installed for COD, BOD, PH, TSS and effluent discharge flow which is connected to the Central Pollution Control Board (CPCB) server on a 24x7 basis. Moreover, the ambient air quality monitoring, work zone area air and noise monitoring, stack emission monitoring, treated water quality monitoring, storm water monitoring, meteorological data monitoring etc. are being carried out by an MoEFCC approved agency.

Your Company celebrated World Environment Day (WED) on 5th June, 2019 with large scale tree plantation and various other programs including inauguration of a souvenir "Envicare", joining the worldwide campaign for creation of awareness for protection of our precious environment. Your Company also celebrated Van Mahotsav on 1st July, 2019 and World Water Day on 22nd March, 2020 for creating awareness on water conservation and acknowledged its commitment as a responsible corporate citizen.

Your Company celebrated Sanrakshan Kshamata Mahotsav, Saksham-2020, an initiative by PCRA under MoP&NG from 16th January to 15th February, 2020 on the theme "Indhan Adhik Na Khapayein Aao Paryavaran Bachayein". During this period various programs were undertaken to raise awareness amongst the employees, workers, drivers, spouses and school children on the need for conservation and effective utilization of petroleum products.

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

## *Corporate Social Responsibility*

Your Company believes in sustainable business

practice and has started implementation of development initiatives from the last financial year to promote inclusive growth. During the year under review your Company approved various schemes for nearby areas to encourage community involvement and support government facilities like Dibrugarh District Library and Multipurpose Indoor Stadium. With an intent to promote preventive healthcare, health check-up camps were also organized in nearby villages in association with Assam Medical College, Dibrugarh. Aid was extended for the flood affected people by distributing essential items in the relief camps set up by the district administration in the areas near the Plant by contributing to the Chief Minister's Flood Relief Fund. An amount of ₹60 lakh was sanctioned to undertake development initiatives for the financial year. ₹20 lakh was contributed to PM CARES towards combating COVID-19 under development initiatives for the year. A Committee of the Board on Sustainability & CSR is in place.

*Handing over of flood relief contribution to the Chief Minister's Relief Fund to Shri Sarbananda Sonowal, Hon'ble Chief Minister, Assam*

***Data Source:*** *DCPC (MOCF) & DPIIT(MOCI) Annual Reports 2019-20, reports by Invest India, World Bank, GoI websites.*

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

# Report on Corporate Governance

## *Company's Philosophy*

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

## *Board of Directors*

As on 31st March, 2020, the Board of Directors of your Company consisted of ten Directors including the Chairman and Managing Director, GAIL being the ex-officio Chairman of the Company, two functional Directors, One Government Director, five promoter Directors and one Independent Director. The Nominee Directors are appointed in accordance with the Joint Venture Agreement and the Articles of Association of the Company. Appointment of another Independent Director against vacancy has been in process with the Government.

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

| Sl. No. | Name of the Director | Designation | No. of Directorships / Chairmanship in other companies # | | No. of Committee* Memberships / Chairmanship in other companies# | | Number of Board meetings | Attendance in last AGM |
|---|---|---|---|---|---|---|---|---|
| | | | Chairman | Director | Chairman | Member | Attended | |
| Functional Directors | | | | | | | | |
| 1 | **Shri Reep Hazarika** (DIN 08667195) (w.e.f. 01.02.2020) | Managing Director w.e.f. 01.02.2020 | - | - | - | - | 1 | N/A |
| | **Shri A K Singh** (DIN 07554762) (up to 26.01.2020) | Managing Director up to 26.01.2020 | - | - | - | - | 6 | Yes |
| 2 | **Shri Pruthiviraj Dash** (DIN 08253888) | Director (Finance) | - | - | - | - | **7** | Yes |
| Promoter Directors | | | | | | | | |
| 3 | **Shri Manoj Jain** (DIN 07556033) Chairman & Managing Director GAIL (India) Ltd. | Chairman w.e.f. 23.03.2020 | **4** | - | - | - | **5** | Yes |
| 4 | **Dr. Ashutosh Karnatak** (DIN 03267102) Director(Projects) and CMD, GAIL | Chairman (01.08.2019 -22.03.2020) Director up to 20.05.2020 | - | **1** | - | **1** | **3** | No |

| 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 | Atten-dance in last AGM |
|---|---|---|---|---|---|---|---|---|
| | | | Chairman | Director | Chairman | Member | Attended | |
| | **Shri B.C. Tripathi** (DIN 01657366) Chairman & Managing Director GAIL (India) Ltd. | Chairman (up to 31.07.2019) | **1** | **-** | **-** | **-** | **3** | N/A |
| 5 | **Shri R. K. Dutta** (DIN 00205669) Advisor to Government of Assam | Director | - | **1** | - | **1** | **4** | Yes |
| 6 | **Dr. K K Dwivedi, IAS** (DIN-07632374) Commissioner & Secretary to Govt. of Assam, Industries & Commerce Department etc. (w.e.f. 08.08.2019) | Director | - | **3** | - | **-** | **1** | No |
| | **Shri Ravi Capoor, IAS** (DIN 00744987) Addl. Chief Secretary to Govt. of Assam, Industries & Commerce Department etc. (up to 07.08.2019) | Director | - | - | - | - | - | N/A |
| 7 | **Shri S K Barua** (DIN 06503943) Managing Director Numaligarh Refinery Ltd. | Director | **-** | **1** | **-** | **-** | **7** | Yes |
| 8 | **Shri Harish Madhav** (DIN- 08489650) Director(Finance), OIL India Ltd (w.e.f. 16.03.2020) | Director | | **3** | **-** | **-** | **-** | NA |
| | **Shri Parnjit Deka** (DIN - 08497574) (From 01.07.2019 – 29.02.2020) | Director | **-** | - | - | - | 4 | Yes |
| Government Directors | | | | | | | | |
| 9 | **Ms Aparna S Sharma** (DIN 07798544) Joint Secretary, Department of Chemicals and Petrochemicals, Ministry of Chemicals & Fertilizers (up to 18.08.2019) | Director | **-** | **-** | **-** | **-** | **3** | N/A |
| | **Shri Kashi Nath Jha** (DIN-08568206) Joint Secretary, Department of Chemicals and Petrochemicals, Ministry of Chemicals & Fertilizers (w.e.f. 20.09.2019) | Director | - | - | - | - | 3 | Yes |

| Sl. No. | Name of the Director | Designation | No. of Directorships / Chairmanship in other companies # | | No. of Committee* Memberships / Chairmanship in other companies# | | Number of Board meetings | Atten-dance in last AGM |
|---|---|---|---|---|---|---|---|---|
| | | | Chairman | Director | Chairman | Member | Attended | |
| Independent Director | | | | | | | | |
| 10 | **Dr. Chitralekha Mahanta** (DIN 07543791) (up to 08.06.2019) | Independent Director | - | - | - | - | **2** | Yes |
| | **Shri Saumitra Sarkar** DIN 08401917 (w.e.f. 21.11.2019) | Independent Director | - | **1** | - | - | **1** | N/A |
| (*) (#) | Committee positions refer only to Audit Committee and Stakeholders Relationship Committee. Other Company means public companies only. | | | | | | | |

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

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 |
|---|---|---|---|
| 80th | 26.04.2019 | 9 | 7 |
| 81st | 22.05.2019 | 9 | 8 |
| 82nd | 16.07.2019 | 9 | 7 |
| 83rd | 20.09.2019 | 9 | 7 |
| 84th | 24.10.2019 | 9 | 8 |
| 85th | 21.01.2020 | 10 | 8 |
| 86th | 23.03.2020 | 9 | 5 |

## *Profile of Directors being appointed / reappointed*

***Dr K K Dwivedi*** Director, retires by rotation at the ensuing annual general meeting pursuant to section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment. He has been Director on the Board w.e.f. 08.08.2019. Dr K K Dwivedi is an officer of the Indian Administrative Service of the 1996 batch from the Assam-Meghalaya cadre. He is a postgraduate in History and PhD in Art( Allahabad University). With vast and wide experience he is presently Commissioner and Secretary to Government of Assam, Departments of Industries & Commerce, Act East Policy Affairs, Transport, Public Enterprises and Skill, Employment & Entrepreneurship. He is the recipient of several national and state level awards including Gold Medal in the 37th International Trade Fair 2017 from India Trade Promotion Organisation, Delhi, Skoch Order-Of-Merit in 2018, Certificate of Commendation from DIPP in 2018 and Limca Book of Records for highest number of plantation as Commissioner PNRD in 2016. He has also written various publications and articles on varied subject and is an avid photographer.

***Shri Manoj Jain,*** Director, retires by rotation at the ensuing annual general meeting pursuant to section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment. He has been

Director on the Board w.e.f. 17.12.2018. After taking charge as Chairman and Managing Director, GAIL he has been the ex-officio Chairman of BCPL w.e.f. 23.03.2020. A Mechanical Engineering Graduate and MBA in Operations Management, Shri Manoj Jain possesses rich and diverse experience encompassing more than 34 years with GAIL (India) Ltd. in the areas of Business Development, Projects, O&M, Petrochemicals, Pipeline Integrity Management and Marketing which has allowed him to gain insight and knowledge across multiple business units and functional areas. In his previous stint as Director(BD), he was responsible for building GAIL's Business Portfolio in India and abroad, Merger and Acquisition, Petrochemical O&M and Expansion, Exploration & Production, R&D, Start–Up, Health Safety & Environment management, Quality Management, Project Development including feasibility study and investment approval for new pipelines, process plants, renewables etc. He was responsible for Gas Marketing activities in his role as Executive Director (Marketing-Gas). He also spearheaded the installation and commissioning of BCPL Plant as Chief Operating Officer, BCPL. Earlier, Mr. Jain worked in Operation & Maintenance at the Corporate Level for a number of years and his experience includes managing logistics of Gas Business with a perspective of Operation and Management of all pipelines of company and in the process played a significant role in establishing the National Gas Management Centre (NGMC) and systems and procedures for transmission and marketing of comingled gases.

***Shri R K Dutta,*** Director, retires by rotation at the ensuing annual general meeting pursuant to section 152(6) of the Companies Act, 2013 and being eligible, offers himself for reappointment. Shri R K Dutta, Advisor (Cabinet Rank) to the Government of Assam on the Assam Gas Cracker Project (BCPL) has been one of the first Directors on the Board of Directors of BCPL w.e.f. 08.01.2007. Shri Dutta holds a Bachelor's degree in History from St. Stephen's College, New Delhi and a post graduate diploma in Marketing from Faculty of Management Studies, Delhi University. With over 48 years of rich experience in petroleum industry, he has also served as first Managing Director of Numaligarh Refinery Ltd and Chairman & Managing Director of Oil India Ltd.

***Shri Kashi Nath Jha,*** was nominated by the Ministry of Chemicals & Fertilizers, Government of India as Director on the Board of Directors of the Company in the vacancy caused by cessation of directorship of Smt Aparna S Sharma and was appointed as an Additional Director w.e.f. 20.09.2019 till the conclusion of this Annual General Meeting. Your Company has received a notice from a shareholder u/s 160 of the Companies Act, 2013 proposing his candidature for appointment as Director. An officer of IP&TAF service, MBA (Finance), PGDFM and LBB, Shri Kashi Nath Jha is presently Joint Secretary, Department of Chemicals & Petrochemicals, Ministry of Chemicals & Fertilizers, Government of India and has vast and varied experience in the areas of Human Resource Development, Training & Capacity Building, Project Management, Financial Management & Finance Advice, Administration, Establishment and IT, Revenue assessment, Collection and Subsidy disbursement, Budget, Accounts & Internal Audit, Banking and Insurance. He worked as Chief Financial Officer (CFO) of India Post Payments Bank and played an important role in establishment of IPPB the first PSU of Department of Posts. He has fifteen years of experience in Financial Management in DoT, BSNL and Department of Posts and played a key role in operationalization of Post Office Passport Seva Kendra (POPSK) and in establishment of Aadhaar Centers in about 13000 Post Offices across the country in project mode which was closely being monitored by the PMO. He also worked as Director General/Director in National Institute of Communication Finance, New Delhi for about four years and did innovative work in the area of Human Resource Development and Capacity building for the offices of Telecom and Postal.

***Shri Saumitra Sarkar,*** Chartered Accountant was appointed vide Ministry of Chemicals & Fertilizers order No. 45012/22/2010-PC.I(Part-II) FTS:9849 dated 21.11.2019 as Independent Director in the Company for three years with effect from the date of the notification or until further order, whichever is earlier. Shri Sarkar was inducted as an Additional Director w.e.f. 21.11.2019 till the conclusion of this Annual General Meeting. Your Company has received a notice u/s 160 of the Companies Act, 2013 proposing his candidature for appointment as Director. A member of the Institute of Chartered Accountants of India (ICAI) and an

MCom from Calcutta University, he is proprietor, M/s Saumitra Sarkar & Associates and has over 31 years of professional experience in varied matters including accounting, auditing, income tax, financial services, company law matters, foreign collaborations, import-export consultancy, GST Registration, GST Returns, STPI and Transfer Pricing.

***Shri Reep Hazarika,*** was appointed as Managing Director of the Company vide Ministry of Chemicals & Fertilizers order No 45012/01/2019-PCl-FTS 14464 dated 08.11.2019 w.e.f. from the date of assumption of charge of the post till 31.07.2023 being the date of his superannuation or till further orders whichever is earlier. Shri Hazarika was inducted as an Additional Director w.e.f. 01.02.2020 till the conclusion of this Annual General Meeting and assumed charge as Managing Director of the Company from the same date. Your Company has received a notice u/s 160 of the Companies Act, 2013 proposing his candidature for appointment as Director. A Chemical Engineer with a Post Graduate Diploma in Personnel Management, Shri Reep Hazarika possesses more than 30 years of varied experience in the oil refining and petrochemical industry. Before being appointed as Managing Director, he was serving as the Chief General Manager in the Company heading the overall operation and maintenance of the plant since 2016. He has played a vital role in stabilization of the Petrochemical Complex at Dibrugarh. Prior to joining BCPL, Shri Hazarika has worked in Indian Oil Corporation Limited, Numaligarh Refinery Limited, Bharat Oman Refineries Limited and Saudi Aramco Shell Refinery Company in various capacities encompassing numerous fields - operations, technical services, projects, planning and programming, environment management, corporate affairs, IMS/ISRS protocol, etc.

***Shri Harish Madhav,*** was nominated by Oil India Limited as Director on the Board of Directors of the Company in the vacancy caused by superannuation of Shri Pranjit Deka and was appointed as an Additional Director w.e.f. 16.03.2020 till the conclusion of this Annual General Meeting. Your Company has received a notice from a shareholder u/s 160 of the Companies Act, 2013 proposing his candidature for appointment as Director. A member of the Institute of Chartered Accountants of India (ICAI) Shri Harish Madhav took over as Director (Finance) on the Board of Oil India Limited on 02.08.2019 before which he served as Executive Director (Finance) at Oil India's Corporate office also functioning as the Chief Financial Officer (CFO) handling a diverse gamut of finance and accounting functions covering International Fund Raising, Treasury Management, Corporate Strategy, Risk Management, Corporate Accounts & Audit, and Budgeting. His tenure in various capacities during the last decade witnessed major events at OIL and included successful raising of foreign currency borrowing of over $4.5 Billion in the form of syndicated loans and bonds. He was also instrumental in first ever listing of foreign currency bonds by an Indian oil sector company on the International Securities Market of London Stock Exchange (LSE). Before joining OIL, he had also worked with Hindustan Petroleum Corporation Ltd. Shri Madhav has over 30 years of rich and varied experience in Oil & Gas industry in both Upstream and Downstream sectors.

***Shri M V Ravi Someswarudu,*** was nominated by GAIL (India) Limited as Director on the Board of Directors of the Company in place of Dr Ashutosh Karnatak and was appointed as an Additional Director w.e.f. 22.05.2020 till the conclusion of this Annual General Meeting. Your Company has received a notice from a shareholder u/s 160 of the Companies Act, 2013 proposing his candidature for appointment as Director. A post-graduate in Chemical Engineering, an MBA with specialization in Marketing and a Certified Energy Auditor, Shri M V Ravi Someswarudu has rich and diverse experience encompassing more than 34 years in the Oil & Gas, Petrochemical Sectors covering diverse functions like Project Development, Operations and Maintenance, Technical Services, Process Design and Engineering, Technology Selection, R&D, Exploration and Production, Design of Pipelines & Gas processing plants etc. In his present position he is the Chief Exective Officer of GAIL Gas Ltd. before which he was in-charge of the Petrochemical project of GAIL-Pata since May 2017. Earlier, he was responsible for Exploration & Production Department and PC group in the GAIL Corporate Office and also held additional charge of Project Development Department. He played a significant role in establishing the policies and procedures in R&D and E&P Divisions of the company and in conceptualizing and taking up LNG Terminal projects in India.

### *Audit Committee*

During the year under review six meetings of the Committee were held on 26.04.2019, 22.05.2019, 16.07.2019, 20.09.2019, 24.10.2019 and 21.01.2020. 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 |
| Shri Saumitra Sarkar, Chairman (w.e.f. 21.11.2019) | 1 | 1 |
| Dr. Chitralekha Mahanta, Chairperson (up to 08.06.2019) | 2 | 2 |
| Shri R K Dutta, Member, (Chairperson up to 20.11.2019) | 4 | 3 |
| Shri Manoj Jain, Member (up to 22.03.2020) | 6 | 5 |
| Shri S K Barua, Member | 6 | 6 |
| Shri Harish Madhav, Member (w.e.f. 16.03.2020) | 0 | 0 |

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 two meetings of the Committee were held on 24.10.2019 and 21.01.2020. 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 |
| Shri Saumitra Sarkar, Chairman (w.e.f. 21.11.2019) | 1 | 1 |
| Shri R K Dutta, Member, Chairman (upto 20.11.2019) | 2 | 1 |
| Dr. Chitralekha Mahanta, Chairperson upto 08.06.2019 | 0 | 0 |
| Shri Manoj Jain, Member upto 22.03.2020. | 2 | 2 |
| Shri S K Barua Member | 2 | 2 |

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

## *Other Committees*

An empowered **Committee of the Board on Contracts and Procurement** for expeditious clearance of approvals, comprising of the following members as on 31st March, 2020:

1. Shri S K Barua : Chairman
2. Shri Harish Madhav : Member
3. Shri Reep Hazarika : Member
4. Shri P R Dash : Member

**A Committee on Sustainability & CSR** comprising of the following members as on 31st March, 2020:

1. Shri S K Barua : Chairman
2. Shri Reep Hazarika : Member
3. Shri P R Dash : Member
4. Shri Saumitar Sarkar : 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, 2020:

1. Shri R K Dutta : Chairman
2. Shri S K Barua : Member
3. Shri Reep Hazarika : Member

**A Share Transfer Committee** comprising of the following Members as on 31st March, 2020:

1. Shri Reep Hazarika : Chairman
2. Shri S K Barua : Member
3. Shri P R Dash : Member

## *Remuneration to Directors*

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

The details of remuneration paid to the Whole-time Directors of the Company during the financial year 2019-20 are as below:

Amount in ₹

| Name | Salary & Allowances | Contribution to PF, Gratuity and other funds | Other benefits and perquisites | Performance linked Incentives | Total |
|---|---|---|---|---|---|
| Shri Reep Hazarika Managing Director w.e.f. 01.02.2020 | 3,80,239 | 31,678 | 33,894 | - | 4,45,811 |
| Shri A K Singh Managing Director (up to 26.01.2020) | 30,41,608 | 7851704 | 2,17,140 | - | 1,11,10,452 |

| Name | Salary & Allowances | Contribution to PF, Gratuity and other funds | Other benefits and perquisites | Performance linked Incentives | Total |
|---|---|---|---|---|---|
| Shri P R Dash Director (Finance) | 27,82,460 | 3,27,302. | 1,79,380 | - | 32,89,142 |

The Part-time Non-official (Independent) Director is not being paid any remuneration other than the sitting fee, which amounted to ₹90,000/-to Dr. Chitralekha Mahanta during the year and ₹50,000/- to Shri Saumitra Sarkar. 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 |
|---|---|---|---|---|
| 10th | 22.09.2017 | 3:00 pm | Hotel Vivanta by Taj G.S. Road, Khanapara, Guwahati, Assam 781022 | None. |
| 11th | 28.09.2018 | 3.00 pm | Hotel Vivanta by Taj G.S. Road, Khanapara, Guwahati, Assam 781022 | None. |
| 12th | 20.09.2019 | 3.00 pm | Hotel Vivanta by Taj G.S. Road, Khanapara, Guwahati, Assam 781022 | None |

*Members of the Board of Directors during the 12th annual general meeting*

*12th annual general meeting in progress*

### 13th Annual General Meeting

Date : 25.09.2020

Time : 3:00 PM

Venue : Registered Office at 6 Bhuban Road, Uzanbazar, Guwahati 781001, Assam. The meeting will be held through VC/OAVM only.

### *Disclosures*

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

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

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

iv. A new and more comprehensive Risk Management Policy has been adopted for risk assessment and mitigation during the operations phase.

v. The Public Procurement Policy for Micro and Small Enterprises is being implemented in the Company and consistently since FY 2014-15 your Company has been meeting the requisite procurement target from the Government of India MSME sector. Annual procurement order (supplies & services) of the value of 24.57% were issued to MSE vendors in the FY 2019-20 against the Government of India target of 25% as per Public Procurement Policy, 2012 as amended w.e.f. 9th November, 2018.

### *Audit Qualifications*

For the 13th 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 2020.

### *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, 2020, the shares were held by the promoters in the proportion:

GAIL : 70%

OIL : 10%

NRL : 10%

Government of Assam : 10%

### *Corporate Governance Compliance Certificate*

A certificate from a Company Secretary in practice regarding compliance of conditions of corporate governance during 2019-20, 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, 2020.

## 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/-*
(Reep Hazarika)
**Managing Director**

Date : 29th May, 2020

# 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 | **(A) GAIL (India) Ltd., Holding Company.**<br>**(B) Oil India Ltd., Investing Company/Venturer**<br>**(C) Numaligarh Refinery Ltd, Investing Company/Venturer** |

| | | |
|---|---|---|
| b) | Nature of contracts/ arrangements/ transactions | **(A) Nature of transactions with GAIL**<br>(1) Procurement of Polymer grade Propylene<br>(2) Procurement of Butene – 1<br>(3) Marketing Commission to GAIL<br>(4) Secondment of employees from GAIL<br>(6) Disaster Recovery (DR) Server charges set up in GAIL Noida Premises.<br>**(B) Nature of transactions with OIL**<br>(1) Purchase of Natural Gas<br>(2) Infrastructure Cost payable to OIL<br>**(C) Nature of transactions with NRL**<br>(1) Procurement of Naphtha from NRL |
| c) | Duration of the contracts / arrangements/transactions | **(A) Duration of transactions with GAIL**<br>1. Procurement of Propylene with GAIL, Pata as per requirement and on best endeavour basis<br>2. Procurement of Butene-1 as per requirement and on best endeavour basis<br>3. Marketing margin @ 2.4% of net sales value of BCPL products& by-products for 10 years.<br>4. Arrangement with holding company for secondment of employees.<br>5. Disaster Recovery Data Centre set up in GAIL Noida Premises.<br>**(B) Duration of transactions with OIL**<br>(1) BCPL procures Natural Gas from OIL based on the agreement entered fort supply of natural gas towards feed stock requirement of the Company.<br>(2) Infrastructure cost to OIL is paid as a part of the project cost.<br>**(C) Duration of transaction with NRL**<br>BCPL procures Naphtha from NRL based on the agreement entered with NRL towards feed stock requirement of the Company |
| d) | Salient terms of the contracts or arrangements or transactions including the value, if any: | A. Salient terms of the arrangements or transactions with GAIL<br>1. Procurement of total 2022 MT Propylene from GAIL, Pata amounting to ₹11.61 crore.<br>2. Procurement of 196 MT Butene-1 from GAIL, Pata amounting to ₹2.7 crore.<br>3. Marketing commission as per Marketing Agreement totaling to . ₹53.67 crore.<br>4. Arrangement with holding company for secondment of employees amounting to ₹11.28 crore.<br>5. DR installation configuration and commissioning work completed. Total charges of ₹1.49 crore towards service charge for DR server set-up has been invoiced by GAIL.. |

| | | |
|---|---|---|
| | | B. Salient terms of the arrangements or transactions with OIL<br>1. 525000MSCM of Natural Gas for ₹547.52 crore.<br>2. Payment of Infrastructure Cost to OIL as part of project cost ₹20.34 crore.<br>C. Salient terms of the arrangements or transactions with NRL<br>1. Procurement of 121000MT of Naptha for ₹458.39 crore. |
| e) | Date(s) of approval by the Board, if any: | Not applicable. |
| f) | Amount paid as advances, if any: | - |

Sd/-

Dated : 1st September, 2020
Place: New Delhi

(Manoj Jain)
**Chairman**

# Extract of Annual Return

## As on the financial year ended on 31st March, 2020

[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 | **House No. 6, Bhuban Road, Uzanbazar, Guwahati-781001, Ph: 0361-2733554, 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 | 89.97% |
| 2 | By products (HPG ,CBFS, Slop Oil etc.) | - | 10.03% |

### 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** | **70.0%** | 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 | - | 60 | 60 | Negligible | - | 60 | 60 | Negligible | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt (s) | - | 141766990 | 141766990 | 10 % | - | 141766990 | 141766990 | 10.00 % | |
| d) Bodies Corp. | 1134135960 | 141766990 | 1275902950 | 90 % | 1134135960 | 141766990 | 1275902950 | 90.00 % | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other... | - | - | - | - | - | - | - | - | - |
| **Sub-total (A) (1):-** | **1134135960** | **283534040** | **1417670000** | **100%** | **1134135960** | **283534040** | **1417670000** | **100%** | **-** |
| (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)** | **1134135960** | **283534040** | **1417670000** | **100%** | **1134135960** | **283534040** | **1417670000** | **100%** | - |
| **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):-** | - | - | - | - | - | - | - | - | - |
| 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):-** | - | - | - | - | - | - | - | - | - |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | - | - | - | - | - | - | - | - | - |
| **C. Shares held by Custodian for GDRs & ADRs** | - | - | - | - | - | - | - | - | - |
| **Grand Total (A+B+C)** | **1134135960** | **283534040** | **1417670000** | **100%** | **1134135960** | **283534040** | **1417670000** | **100%** | **-** |

(ii) ***Shareholding of Promoters***

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

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

| | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|
| | No. of shares | % of total Shares of the company | No. of shares | % of total shares of the company |
| At the beginning of the year | **1417670000** | 100% | **1417670000** | 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): | **No Change** | | | |
| At the End of the year | **1417670000** | 100% | **1417670000** | 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 | 30 | Negligible | 30 | Negligible |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc): | - | - | | - |
| At the End of the year | 30 | | 30 | Negligible |

## V. INDEBTEDNESS

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

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 2957.28 | 200 | NIL | 3157.28 |
| ii) Interest due but not paid | NIL | NIL | NIL | NIL |
| iii) Interest accrued but not due | NIL | 1.72 | NIL | |
| **Total (i+ii+iii)** | 2957.28 | 201.72 | NIL | 3159 |
| **Change in Indebtedness during the financial year** | | | | |
| • Addition | 200 | 205 | NIL | 405 |
| • Reduction | 386.03 | 1.72 | NIL | 387.75 |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 2771.25 | 405.00 | NIL | 3176.25 |
| ii) Interest due but not paid | NIL | NIL | NIL | NIL |
| iii) Interest accrued but not due | NIL | 0.68 | NIL | 0.68 |
| **Total(i+ii+iii)** | 2771.25 | 405.68 | NIL | 3176.93 |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount (₹) |
|---|---|---|---|---|---|
| 1. | Gross salary | Shri Reep Hazarika Managing Director (from 01.02.2020) | Shri A. K. Singh Managing Director (up to 26.01.2020) | Shri P R Dash Director (Finance) | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 3,80,239 | 30,41,608 | 27,82,460 | 6204307 |
| | (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 | 33,894 | 2,17,140 | 1,79,380 | 430414 |
| | (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961 | - | - | - | - |
| 2. | Stock Option | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - |
| 4. | Commission<br>- as % of profit<br>- others, specify... | - | - | - | - |
| 5. | Others, please specify | - | 7851704 | - | - |
| | Total (A) | 414133 | 11110452 | 2961840 | 14486425 |
| | 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** | | |
| | | **Shri Saumitar Sarkar** (from 21.11.2019) | **Dr. Chitralekha Mahanta** (up to 08.06.2019) |
| | • Fee for attending Board / Committee meetings | 50000 | 90000 |
| | • Commission | - | - |
| | • Others, please specify | - | - |
| | Total (1) | | |
| 2. | **Other Non-Executive Directors** | | |
| | • Fee for attending Board / Committee meetings | - | - |
| | • Commission | - | - |
| | • Others, please specify | - | - |
| | Total (2) | - | - |
| | Total (B)=(1+2) | | 140000 |
| | Total Managerial Remuneration | | 14576425 |
| | 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 | 21,40,170 | Director (Finance) is the CFO and his remuneration in mentioned in table A above. | 21,40,170 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | 46,842 | | 46,842 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | - | | - |
| 2. | Stock Option | | - | | - |
| 3. | Sweat Equity | | - | | - |
| 4. | Commission<br>- as % of profit<br>**- others, specify...** | | - | | - |
| 5. | Others, please specify | | | | |
| | **Total** | | **2187012** | | |

## 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 2019-20

| Sl. No | Particulars | Details |
|---|---|---|
| 1. | A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the GSR policy and projects or programs. | 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 https://bcplonline.co.in/CSR/Index<br><br>BCPL has been spending on CSR activities to the tune of ₹1 Crore each year during the project phase.<br><br>However, since average net profit of the company for last three preceding financial years is negative, the company was unable to spend on CSR activities in the FY 2019-2020. However, as goodwill gesture an amount of ₹60 Lacs was approved by BCPL Board to undertake development initiatives in and around BCPL installations. |
| 2. | The composition of the CSR Committee | 1. Shri S K Barua- Chairman<br>2. Shri Saumitra Sarkar – Member<br>3. Shri Reep Hazarika- Member<br>4. Shri Pruthiviraj Dash- 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. | |
| | Total amount to be spent for the financial year; | Not applicable |
| | Amount unspent, if any | Not applicable |
| | Manner in which the amount spent during the financial year is detailed below | Not Applicable |

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

Sd/-
(Reep Hazarika)
**Managing Director**

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

# FORM NO. MR-3

# Secretarial Audit Report

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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

**To,**
**The Members,**
**Brahmaputra Cracker and Polymer Limited**
**1st Floor, House No. 6, Bhuban Road,**
**Uzanbazar, Guwahati, Assam, PIN-781001**

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31 March 2020** ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020 according to the provisions of:

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

ii. The Memorandum & Articles of the Association;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

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

v. Guidelines from the Ministry of Chemical & Fertilisers;

vi. Compliances/processes/systems under other specific applicable laws (as applicable to the industry), as listed below, to the Company are being verified on the basis of periodic certificate/internal compliance system submitted to the Board of the Company;

vii. The Company has identified the following laws as specifically applicable to the Company :

1. The Petroleum Act 1934;
2. Petroleum and Minerals Pipelines(Acquisition of Rights of User Inland) Act 1962;
3. The Oil Industry (Development) Act 1974;
4. Explosives Act 1884;
5. The Oil Fields (Regulation & Development) Act 1948;
6. Petroleum and Natural Gas Regulatory Board Act 2006;

viii. I have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards issued by the Institute of Company Secretaries of India with respect to Board & General Meetings.

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

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

*a) The composition of Company's Board lacks the required number of Independent Directors.*

*b) The Company had only one Independent Director as against the requirement of two of its Board Members to be Independent Directors as per Board structure approved by DPE. The office of Independent Directors totally falls vacant on cessation of Dr. Chitralekha Mahanta, as an Independent Director on 09-06-2019 and remained so until 21-11-2019 when Mr. Saumitra Sarkar was appointed as new Independent Director.*

*c) The company does not have any women director in the Board of the company after 18.08.2019.*

*d) 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.*

*e) The composition of the Audit Committee did not have two- third of its members as independent Directors.*

*f) The number of nominee directors in the Board of Company is not as per the DPE guidelines of the Dept. of Public Enterprises, Govt. of India.*

## I further report that:

The Board of Directors of the Company was not properly constituted as required number of women and 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 to the Government of India for appointment of required number of women as well as Independent Directors. Further the Company had requested for a special dispensation from the Government of India to maintain the existing composition of the Board without reducing the nominee directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

Place: Guwahati
Date: 21st July 2020

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

Sd/-

**(Narayan Sharma)**
Proprietor
FCS No.: 5117, C P No.: 3844
UDIN: F005117B000482792

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

# Annexure A

**(TO THE SECRETARIAL AUDIT REPORT OF M/S BRAHMAPUTRA CRACKER AND POLYMER LIMITED FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2020)**

**To,**
**The Members,**
**Brahmaputra Cracker and Polymer Limited**
**1st Floor, House No. 6, Bhuban Road,**
**Uzanbazar, Guwahati, Assam, PIN-781001**

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. On account of severe restrictions imposed by the Government Authorities on opening of offices, travel and movement (hereinafter "Lockdown") due to Covid19 pandemic (which commenced during the last week of March, 2020), we for the purpose of completion of our audit had to rely on documents and papers provided in electronic form through email/other virtual means for verification of compliances.

Place: Guwahati
Date: 21st July 2020

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

Sd/-

**(CS Narayan Sharma)**
Proprietor
FCS No.: 5117, C P No.: 3844
UDIN: F005117B000482792

# Explanation of the Board to the observations in the Secretarial Audit Report 2019-20

| Observation of the Secretarial Auditor | Explanation of the Board |
|---|---|
| a. The composition of Company's Board lacks the required number of Independent Directors. | Against two positions, one Independent (Woman) Director completed her tenure on 08.06.2019 and appointment against the vacancy remains pending with the Government of India. At present there is only one Independent Director appointed w.e.f. 21.11.2019 against an earlier vacancy. |
| b. The Company had only one Independent Director as against the requirement of two of its Board Members to be Independent Directors as per Board structure approved by DPE. The office of Independent Directors totally falls vacant on cessation of Dr. Chitralekha Mahanta, as an Independent Director on 09-06-2019 and remained so until 21-11-2019 when Mr. Saumitra Sarkar was appointed as new Independent Director. | Being a CPSE, appointment of Independent Directors is made by Government of India and is not within the control of BCPL. |
| c. The company does not have any women director in the Board of the company after 18.08.2019 | After cessation of tenure of Dr Chitralekha Mahanta, Woman Independent Director w.e.f 09.06.2019 and Smt Aparna S Sharma, Joint Secretary, Ministry of Chemicals & Fertilisers, GoI w.e.f. 19.08.2019 there has been no Woman Director on the Board and request has been made to Government of India to appoint a Woman Independent Director in the vacancy caused by cessation of Dr Chitralekha Mahanta. Appointment is awaited. |
| d. 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, pending appointment of second Independent Director by the Government and therefore the company could not validly hold a separate meeting of the Independent Directors. |
| e. The composition of the Audit Committee did not have two - third of its 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. |
| f. The number of nominee directors in the Board of Company is not as per the DPE guidelines of the Dept. of Public Enterprises, Govt. of India. | A special dispensation was requested from the Government for maintaining the present constitution of the Board in the interest of the company. |

# Corporate Governance Compliance Certificate

**To,**
**The Members,**
**Brahmaputra Cracker and Polymer Limited**
**1st Floor, House No. 6, Bhuban Road,**
**Uzan Bazar, Guwahati, Assam, PIN-781001**

We have examined the compliance of conditions of Corporate Governance by **Brahmaputra Cracker and Polymer Limited** (hereinafter referred as "the Company") for the year ended **31st March 2020**, as stipulated in the Guidelines on Corporate Governance for the Central Public Sector Enterprises issued by the Department of Public Enterprises (DPE), Government of India in May 2010.

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

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

a) *The composition of Company's Board lacks the required number of Independent Directors.*

b) *The number of nominee directors in the Board of Company is not as per the DPE guidelines of the Dept. of Public Enterprises, Govt. of India.*

c) *The composition of the Audit Committee did not have two- third of its members as independent Directors.*

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

Place: Guwahati
Date: 28th July, 2020

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

Sd/-
**(CS Narayan Sharma)**
Proprietor
FCS No.: 5117, C P No.: 3844
UDIN: F005117B000517640

# Independent Auditor's Report

**To**
**The Members of**
**Brahmaputra Cracker and Polymer Limited**
**1st Floor, House No. 6, Bhuban Road,**
**Uzanbazar,**
**Guwahati – 781001**
**Assam**

## Report on the Audit of the Standalone Financial Statements

### 1. Opinion

A. We have audited the accompanying standalone Ind AS Financial Statements of **BRAHMAPUTRA CRACKER & POLYMER LIMITED** ("the Company"), which comprises the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss Account (including Statement of Other Comprehensive Income), Statement of Change in Equity, the Cash Flow Statement for the year then ended, and notes to the Financial Statements including a summary of Significant Accounting Policies and other explanatory information.

B. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive income, change in equity, and its cash flows for the year ended on that date.

### 2. Basis for Opinion

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

### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sl. No. | Key Audit Matter | Audit Response on Key Audit Matter |
|---|---|---|
| 1. | Pursuant to implementation of 3rd Pay Revision Committee's recommendation regarding affordability of Pay revision, the Company has evaluated impact of increase in pay & other benefits for Board and below Board level officers. The Company has evaluated that, on account of recognition of feedstock subsidy from FY 2015-16, the profitability of the company has improved in the current financial year and vide DPE guideline, BCPL's position in respect of affordability stands Improved. Accordingly, the board has applied for pay revision to the Department of Chemicals and Petrochemicals under Ministry of Chemicals and Fertilizers vide letter dated 21.01.2019, and the Company has made provision amounting to ₹ 63.2 Crore for Board and below Board level officers.<br>{Refer Note 26(i)} | Our audit procedures includes the following:<br>1. We have obtained the copy of the notifications.<br>2. We have obtained the copy of application submitted with Department of Chemicals and Petrochemicals by the Management.<br>3. We have examined the process of evaluation of affordability by the Management as recommended by the 3rd Pay Revision Committee.<br>4. We performed testing of the arithmetical accuracy of the required calculation of all benefits on test check basis and also validated the appropriateness of disclosure in this regard. |

**4. 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 with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**5. Auditor's Responsibility:**

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial

controls system in place and the operating effectiveness of such controls.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

C. Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Financial Statements.

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

E. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**6. Emphasis of Matter:**

We draw attention to the following matters relating to the financial statements:

1. We invite attention to the fact that our opinion expressed in the present report is based on the limited information, facts, reports and inputs made available to us by the management through digital/electronic medium. We wish to highlight that due to COVID-19 pandemic and consequential lockdown and other restrictions imposed by the Government and local administration which have induced restriction on physical movement and strict timelines, the audit team could not visit the Company for undertaking the required audit and hence, the audit processes were carried out based on the remote access to the extent available / feasible.

2. We invite attention to *Note No. 42* to the standalone financial statement regarding uncertainties arising out of the outbreak of COVID-19 pandemic and the assessment made by the management on its business and financials including valuation of inventories for the year ended 31st March 2020, this assessment and the outcome of the pandemic as made by the management is highly dependent on the circumstances as they evolve in the subsequent periods.

3. We invite attention to *Note No. 23B* to the standalone financial statement regarding subsidies claimed under various scheme of North East Industrial & Investment Promotion Policy (NEIIPP), the Company has recognized subsidies amounting to ₹49.05 Crore on accrual basis and adjusted the same with respective expenditure during the year. However, out of ₹ 49.05 Crore subsidies so recognized, application for Subsidies amounting to ₹ 45.13 Crore relating to Interest, Freight and Insurance Subsidies amounting to ₹ 6.09 Crore, ₹ 19.46 and ₹ 19.58 Crore respectively are yet to be submitted to the concerned Department by the Company.

4. We invite attention to *Note No. 25* to the standalone financial statement regarding trade payable in Ind AS financial statement, the Company sought adjustment in outstanding bills payable to Oil India Limited (OIL) of ₹ 30.52 Crore (Previous Year ₹ 17.16 Crore) against shortfall in supply of Natural Gas by the supplier OIL as per the terms mentioned in 'Gas Supply Agreement' entered with OIL. However, the said adjustment made by the company in the books is yet to be acknowledged by Oil India Limited (OIL).

However, our opinion is not modified in respect of above matters.

**7. Other Matter**

1. The figures of the Standalone Financial Statement for the corresponding quarter ended 31st March, 2020 are the balancing figures between the annual audited figures for the year then ended and the year to date figures for the nine (9) months period ended 31st December, 2019. We have not issued a separate limited review report for the last quarter ended 31st March, 2020.

However, our opinion is not modified in respect of above matter.

**8. 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 Companies Act 2013, we give in the "**Annexure-A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. As required by Comptroller and Auditor General of India through directions/sub-directions issued under Section 143 (5) of the Companies Act 2013, on the basis of written representation received from the management, we give our report on the matter specified in the "**Annexure –B**" attached

3. 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 appears from our examination of those books;

   c. The Balance Sheet, Statement of Profit and Loss (including Statement of Other Comprehensive Income), Statement of Change in Equity, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   d. In our opinion the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2016 as amended;

   e. Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of

sub-section (2) of Section 164 of the Companies Act, 2013, are not applicable to the Company, being a Government Company;

f. With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such control, refer to our separate report in "**Annexure – C"** to this report;

g. Pursuant to the Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of Section 197 of the Companies Act, 2013, are not applicable to the Company, being a Government Company; and

h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 22 to the financial statements;

ii. The Company had not entered into any long-term contracts including derivative contracts for which there would have been 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.

*For* **RKP ASSOCIATES**
***Chartered Accountants***

Sd/-
**(CA. RAVI KR. PATWA)**
PARTNER
MRN. 056409
FRN. 322473E
UDIN – 20056409AAAAAB7924

Dated at Silchar
The 29th day of May, 2020

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

Referred to in paragraph 1 to "Report on Other legal and regulatory requirements" of the Independent Auditors' Report of even date to the members of **BRAHMAPUTRA CRACKER AND POLYMER LIMITED** on the Standalone Ind AS Financial Statements for the year ended 31st March, 2020.

I) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) As explained to us, there is a regular programme of physical verification of Fixed Assets by the management which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As informed to us no material discrepancies were noticed on such verification.

c) According to the information and explanations given by the management, title deeds of immovable properties are held in the name of the Company except for the cases as detailed below:

| Description of Asset | Area (in Bigha) | Gross Block as on 31.03.2020 (₹ In Crore) | Net Block as on 31.03.2020 (₹ In Crore) |
|---|---|---|---|
| Freehold Land | 190 | 3.87 | 3.87 |
| Leasehold Land | 520 | 5.54 | 4.79 |

II) a) As explained to us, the inventory has been physically verified by the management at reasonable intervals during the year.

b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate having regard to the size and the nature of its business.

III) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

IV) In our opinion and according to the information and explanations given to us, the Company has complied with the provision of section 185 and 186 of the Companies Act, 2013 in respect of loans/investment/guarantee/security granted during the year.

V) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits from public. Therefore, the provisions of Para. 3(v) of the CARO 2016 are not applicable to the Company.

VI) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. However, we have not made a detailed examination of the same, as we understand that the said examination will be carried out during the course of Cost Audit.

VII) a) On the basis of test check carried out during the course of audit, we are of the opinion that, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Goods & Services Tax, Cess and other statutory dues applicable to it.

According to information and explanations given to us, no undisputed amount payable in respect of Provident Fund, Income Tax, Service Tax, Goods & Service tax, Custom Duty, Cess and other statutory dues were in arrears as at 31st March, 2020 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 are disputed statutory dues, which have not been deposited/ short deposited as on 31st March, 2020 are given herein below:

| Name of Statute | Nature | Period (A.Y) | Forum where the dispute is pending | Gross Disputed Amount (Rs. in Crore) | TDS Credit (Rs. in Crore) | Net Disputed Amount (Rs. in Crore) |
|---|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 2011-12 | ITAT-Guwahati | 1.29 | 1.27 | 0.02 |
| | | 2012-13 | | 0.18 | 0.17 | 0.01 |
| | | 2013-14 | | 0.62 | 0.60 | 0.02 |
| | | 2015-16 | | 0.65 | - | 0.65 |

VIII) According to information and explanations given to us, the Company is regular in repayment of loans or borrowings from any financial institutions, banks, government or debentures holders during the year.

IX) According to information and explanations given by the management, the Company has not raised any moneys by way of initial public offer or further public offer including debt instruments; however, the term loan taken by the Company were applied for the purpose for which it was taken during the year.

X) Based upon the audit procedure performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

XI) As per notification no. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 is not applicable to the Government Companies. Accordingly, provisions of clause 3 (xi) of the Order are not applicable to the Company.

XII) In our opinion and according to information & explanations given to us, the Company is not a Nidhi Company. Therefore, the provisions of Para.3(xii) of the Order are not applicable to the Company.

XIII) According to information & explanations given by the management, and on the basis of audit procedure performed for the purpose, we are of the opinion that, transactions with the related parties are in compliance with section 177 and section 188 of Companies Act, 2013, wherever applicable, and the details have been disclosed in the notes to the Standalone Financial Statements, as required by the applicable Accounting Standards.

XIV) According to information & explanations given to us and on an overall examination of the records, we are of the view that, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under Para. 3(xiv) is not applicable to the Company.

XV) According to information & explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them.

XVI) In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of Para. 3(xvi) of the Order are not applicable to the Company.

*For* **RKP ASSOCIATES**
***Chartered Accountants***

Sd/-
**(CA. RAVI KR. PATWA)**
PARTNER
MRN. 056409
FRN. 322473E
UDIN – 20056409AAAAAB7924

Dated at Silchar
The 29th day of May, 2020

## ANNEXURE–B TO THE INDEPENDENT AUDITOR'S REPORT

**Report Pursuant to Directions issued by the office of C & AG under sub-section 5 of Section 143 of the Companies Act, 2013 ('the Act')**

The Annexure referred to in Point No. 2 of Para 8, *"Report on Other legal and regulatory requirements"* in the Independent Auditors' Report to the members of the BRAHMAPUTRA CRACKER & POLYMER LIMITED("the Company") on the Ind AS financial statements for the year ended 31st Match 2020, we report that:

| Sl. No. | Directions | Remarks | Impact on FS |
|---|---|---|---|
| **1.** | Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The Company maintain its Books of Account on IT System, SAP, which is an ERP system for processing accounting transactions. All accounting transactions are processed in accounts maintained on SAP. We did not notice any transaction which was processed outside the IT System. | **NIL** |
| **2.** | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. | As per the information and explanations obtained from the management, there were no restructuring of any existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan. | **NIL** |
| **3.** | Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation. | The Company has received various grants as Capital Subsidy, Feedstock Subsidy, Insurance/Interest/Freight subsidy from NEIIPP. According to the information and explanations given to us and as represented by the Management and based on our examination of the books and records of the Company, these have been used for the purpose of which these were given. We have not came across any deviation.<br>***{Refer to Note 23}*** | **NIL** |

*For* **RKP ASSOCIATES**
***Chartered Accountants***

Sd/-
**(CA. RAVI KR. PATWA)**
PARTNER
MRN. 056409
FRN. 322473E
UDIN – 20056409AAAAAB7924

Dated at Silchar
The 29th day of May, 2020

## ANNEXURE–C TO THE INDEPENDENT AUDITOR'S REPORT

**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 & POLYMER LIMITED**('the Company') as of 31stMarch' 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on the 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility:

Our responsibility is to express an opinion on the 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, as specified under section 143(10) of the Companies Act, 2013, to the extent 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 were 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 control systems 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 transaction 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 the 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 31st March'2020, 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. Our above opinion on Internal Financial Control of the Company is subject to our comment on impact of COVID-19 pandemic as detailed in Point No. 1 of Para 6 (Emphasis of Matter) of 'Independent Auditor's Report'.

*For* **RKP ASSOCIATES**
***Chartered Accountants***

Sd/-
**(CA. RAVI KR. PATWA)**
PARTNER
MRN. 056409
FRN. 322473E
UDIN – 20056409AAAAAB7924

Dated at Silchar
The 29th day of May, 2020

# Balance Sheet

## as at 31st March, 2020

₹ in crore

| Particulars | Note No. | As at 31 March 2020 (Audited) | As at 31 March 2019 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non Current Assets** | | | |
| Property, Plant and Equipment | 2 | 7,221.00 | 7,505.35 |
| Capital work-in-progress | 2 | 11.47 | 9.95 |
| Intangible assets | 3(a) | 10.54 | 12.41 |
| Right-of-use assets | 3(b) | 234.44 | - |
| Financial Assets | | | |
| *- Others* | 4(e) | 670.66 | 15.81 |
| Deferred Tax Assets (Net) | 14 | - | 171.65 |
| Other Non Current Assets (Non Financial) | 5 | 0.03 | 228.57 |
| **Subtotal (A)** | | **8,148.14** | **7,943.73** |
| | | | |
| **Current Assets** | | | |
| Inventories | 6 | 489.24 | 368.87 |
| Financial Assets | | | |
| *- Trade receivables* | 4(b) | 2.87 | 130.77 |
| *- Cash and Cash Equivalents* | 4(d) | 42.92 | 1.40 |
| *- Others* | 4(e) | 1,852.62 | 110.38 |
| Other Current Assets (Non Financial) | 5 | 85.00 | 246.60 |
| **Subtotal (B)** | | **2,472.65** | **858.02** |
| | | | |
| **Total Assets (A+B)** | | **10,620.79** | **8,801.74** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Equity Share Capital | 7 | 1,417.67 | 1,417.67 |
| Other Equity | 8 | 655.38 | (850.73) |
| **Subtotal (C)** | | **2,073.05** | **566.94** |
| | | | |
| **LIABILITIES** | | | |
| **Non Current Liabilities** | | | |
| Financial Liabilities | | | |
| *- Borrowings* | *9* | 2,351.12 | 2,731.35 |
| *- Other Financial Liabilities* | *11* | 1.60 | - |
| *- Provisions* | *12* | 8.43 | 7.69 |
| *- Other Non Current Liabilities* | *13* | 4,179.61 | 4,194.00 |
| Deferred Tax Liabilities (Net) | *14* | 167.64 | - |
| **Subtotal (D)** | | **6,708.40** | **6,933.04** |
| | | | |

₹ in crore

| Particulars | Note No. | As at 31 March 2020 (Audited) | As at 31 March 2019 (Audited) |
|---|---|---|---|
| **Current Liabilities** | | | |
| Financial Liabilities | | | |
| *- Borrowings* | *9* | 423.12 | 134.95 |
| *- Trade payables* | | | |
| *- Due to MSME Vendors* | *10(a)* | 2.13 | 6.33 |
| *- Due to Others* | *10(b)* | 139.87 | 157.98 |
| *- Other Financial Liabilities* | *11* | 783.23 | 478.05 |
| - Provisions | *12* | 263.56 | 305.90 |
| *- Other Current Liabilities* | *13* | 227.43 | 218.56 |
| **Subtotal (E)** | | **1,839.34** | **1,301.76** |
| **Total Equity and Liabilities (C+D+E)** | | **10,620.79** | **8,801.74** |
| **Accounting Policy** | 1 | | |

**Note No. 1 to 45 forms integral part of Financial Statements.**

*Sd/-*
(Reep Hazarika)
**Managing Director**
DIN: 08667195

*Sd/-*
(Pruthiviraj Dash)
**Director (Finance) & CFO**
DIN: 08253888

*Sd/-*
(Ruli Das Sen)
**Company Secretary**
M. No. F4012

As per our separate report on Even Date
For **RKP Associates**
**Chartered Accountants,**
FRN No. 322473E

*Sd/-*
(Ravi Kumar Patwa)
Partner
Membership No. 056409

Place : Dibrugarh / Guwahati / Silchar
Date : 29th May, 2020

# Statement of Profit and Loss

## for the year ended 31st March, 2020

₹ in crore

| Sr. No. | Particulars | Note No. | For the Year Ended 31-Mar-20 (Audited) | For the Year Ended 31-Mar-19 (Audited) |
|---|---|---|---|---|
| I. | **Revenue from Operations** | 15 | 2,731.38 | 2,676.93 |
| II. | **Other Income** | 16 | 216.27 | 241.31 |
| III | **Total Revenue (I + II)** | | **2,947.65** | **2,918.24** |
| IV | **EXPENSES** | | | |
| | Cost of raw material and components consumed | 17 | 1,788.54 | 1,798.59 |
| | Change in Inventory of Finished Goods & WIP | | (102.50) | 102.48 |
| | Employee benefits expenses | 18 | 171.03 | 98.24 |
| | Finance costs | 20 | 252.43 | 264.69 |
| | Depreciation and Amortization expense | 19 | 390.85 | 386.65 |
| | Other expenses | 21 | 305.26 | 258.04 |
| | **Total expenses (IV)** | | **2,805.61** | **2,908.68** |
| V | **Profit/(loss) before Exceptional Item & Tax (III-IV)** | | 142.04 | 9.56 |
| VI | **Exceptional Items** | | 1,705.35 | - |
| VII | **Profit/(loss) before Tax (V+VI)** | | **1,847.39** | **9.56** |
| VIII | **Tax expense:** | | | |
| | Current Tax | | - | - |
| | Deferred Tax | | 339.79 | (59.81) |
| IX | **Profit/(Loss) for the period (VII- VIII)** | | **1,507.60** | **69.37** |
| | **Other Comprehensive income** | | | |
| X | **Items that will not be reclassified to profit or loss** | | | |
| | Changes in fair value of FVOCI equity instruments | | - | - |
| | Remeasurement of post-employment benefit obligations | | (1.99) | (0.58) |
| | Income tax relating to these items | | 0.50 | 0.18 |
| | **Other comprehensive income net of tax (X)** | | **(1.49)** | **(0.40)** |
| XI | **Total comprehensive income (IX + X)** | | **1,506.11** | **68.97** |
| XII | **Earnings per equity share:( in Rs. )** | | | |
| | Basic | | 10.62 | 0.49 |
| | Diluted | | 10.62 | 0.49 |

**Note No. 1 to 45 forms integral part of Financial Statements.**

*Sd/-*
(Reep Hazarika)
**Managing Director**
DIN: 08667195

*Sd/-*
(Pruthiviraj Dash)
**Director (Finance) & CFO**
DIN: 08253888

*Sd/-*
(Ruli Das Sen)
**Company Secretary**
M. No. F4012

As per our separate report on Even Date
For **RKP Associates**
**Chartered Accountants,**
FRN No. 322473E

*Sd/-*
(Ravi Kumar Patwa)
Partner
Membership No. 056409

Place : Dibrugarh / Guwahati / Silchar
Date : 29th May, 2020

# Statement of Changes in Equity
## for the period ended 31st March 2020

| (a) Equity Share Capital | Number (in crore) | Amount ₹ in crore |
|---|---|---|
| Equity Shares of ₹ 10 each issued, subscribed and fully paid | | |
| **As at March 2019** | **141.77** | **1,417.67** |
| Issue of Share Capital | - | - |
| **Issued, subscribed and fully paid up at Closing** | **141.77** | **1,417.67** |

## For the year ended 31st March 2020:

₹ in crore

| Attributable To The Equity Shareholders | | | |
|---|---|---|---|
| **Particulars** | **Retained Earnings** | **Other Comprehensive Income** | **Total** |
| **As at 31 March 2019** | **(850.33)** | **(0.40)** | **(850.73)** |
| Opening Retained Earning | (850.73) | | |
| Profit For The Period | 1,507.60 | (1.49) | 1,506.11 |
| **As At 31st March 2020** | **656.87** | **(1.49)** | **655.38** |

Number (in lakh)

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Shares Held by Holding/ Parent Company** | | |
| GAIL( India) Limited | 9,923.69 | 9,923.69 |
| Oil India Limited | 1,417.67 | 1,417.67 |
| Numaligarh Refinery Limited | 1,417.67 | 1,417.67 |
| Government of Assam | 1,417.67 | 1,417.67 |
| **Total No. Of Equity Shares of Rs. 10 Each** | **14,176.70** | **14,176.70** |

| Particulars | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|
| **Shareholders holding more than 5% of Equity Shares** | | |
| GAIL( India) Limited | 70.00% | 70.00% |
| Oil India Limited | 10.00% | 10.00% |
| Numaligarh Refinery Limited | 10.00% | 10.00% |
| Government of Assam | 10.00% | 10.00% |
| Total | **100.00%** | **100.00%** |

# Notes to the Financial Statements for the year ended 31st March 2020

## Corporate information

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

The financial statements of the company for the year ended 31st March 2020 were authorized for issue in accordance with a resolution of the directors on 29th May, 2020.

## Basis of preparation

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

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under section 133 of the Companies Act 2013, read together with Companies (Accounts) Rules 2014 (Indian GAAP). With effect from year ending 31st March 2017, the Company is preparing its financial statements 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 Crore, except otherwise indicated.

## 1. Significant accounting policies

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

**A. Tangible Assets**

i. Property, plant and equipment are stated at original cost net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses. All costs relating to acquisition of fixed assets till commissioning of such assets are capitalized. In the case of commissioned assets where final payment to the Contractors is pending, capitalization is made on provisional basis, including provisional liability pending approval of competent authority, subject to necessary adjustment in cost and depreciation in the year of settlement.

ii. Stores & Spares which meets the definition of PPE (whether as components or otherwise) and satisfied recognition criteria, are capitalized. Major inspection/overhaul/repair is recognized in the carrying amount of respective assets as a replacement if

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

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

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

v. Depreciation is provided in accordance with the useful life as specified in Schedule II of the Companies Act, 2013, on straight line method (SLM) on prorata basis (monthly pro-rata for bought out assets).

vi. Leasehold lands are amortized over the lease period. Leasehold improvements are amortized over the remaining period of the primary lease or expected useful economic lives, whichever is shorter.

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

**B. Intangible Assets**

i. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

ii. Intangible assets with finite lives (i.e. software and licenses) are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

iii. Intangible assets with indefinite useful lives (principally comprise those 'right of use' for which there is no foreseeable limit to the period over which they are expected to generate net cash flows given the fact that these rights can be used even after the life of respective pipelines) are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**1.2 Capital Work in Progress**

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

ii. All revenue expenses incurred during construction period, which are exclusively attributable to acquisition / construction of fixed assets, are capitalized at the time of commissioning of such assets.

**1.3 Research and development costs**

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

**1.4 Depreciation /Amortisation**

**A. Tangible Assets**

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

i.

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

ii. Cost of the leasehold land is amortised over the lease period except perpetual leases.

iii. Depreciation due to price adjustment in the original cost of fixed assets is charged prospectively.

**B. Intangible Assets**

(i) Intangible assets comprising software and licenses are amortised on Straight Line Method (SLM) over the useful life from the date of capitalization which is considered not exceeding five years. Right of use (ROU) having indefinite life (for which there is no foreseeable limit to the period over which they are expected to generate net cash flows given the fact that these rights can be used even after the life of respective pipelines) are not amortized, but are tested for impairment annually.

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

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

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

**1.5 Impairment of non-financial assets**

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

**1.6 Inventories**

i. Raw materials and finished goods are valued at weighted average cost or net realizable value, whichever is lower.

ii. Stock in process is valued at weighted average cost or net realisable value, whichever is lower. It is valued at weighted average cost where the finished goods in which these are to be incorporated are expected to be sold at or above the weighted average cost.

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

iv. Surplus / Obsolete Stores and Spares are valued at cost or net realisable value, whichever is lower. Surplus/Obsolete Capital Stores, other than held for use in construction of a capital asset, are valued at lower of cost or net realisable value.

v. Renewable Energy Certificates (RECs) are valued at cost on First in First out (FIFO) basis or net realizable value, whichever is lower.

**1.7 Cash and cash equivalents**

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

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

**1.8 Foreign currency transactions**

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

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

iii. At each balance sheet date, foreign currency monetary items (such as receivables, payables, etc.) are reported using the closing exchange rate (BC Selling Rate for Payables and TT Buying Rate for Receivables). Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rate are recognized as income or expenses in the period in which they arise.

iv. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

v. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of 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).

**1.9 Revenue and other income**

(a) Sales are recognized on transfer of significant risks and rewards of ownership to the buyer as per the terms of the contracts and no significant uncertainty exists regarding the amount of consideration that will be derived from sale of goods. Generally this coincides with the delivery of goods to customers. Sales exclude Goods and Service Taxes. It is measured at fair value of consideration received or receivable, net of returns, allowances, trade discounts and volume rebates. Any retrospective revision in prices is accounted for in the year of such revision.

(b) Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account

for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

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

The Company recognises revenue at different points upon satisfaction of performance obligation as described below:

i. **Petrochemicals:**

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

ii. **Other Liquid Hydro Carbon:**

In this segment the control of goods is transferred on dispatch of goods from factory, and hence, revenue from the sales of Liquid hydrocarbons is recognized at the time of dispatch from the factory.

(c) Claims on Customers (including interest on delayed realization from customers) are accounted for when there is significant certainty that the claims are realizable.

(d) Other Interest income (e.g. on deposits with bank etc.) is recognized on a time proportion basis.

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

(f) The company is eligible to receive Feed Stock Subsidy from the Central Government based on an approved methodology. The subsidies are recognized on accrual basis when there exists significant certainty of its realization and the conditions being met. The same is accounted for as operating income during the year.

(g) Insurance claims are accounted for on the basis of claims admitted by the insurers.

**1.10 Employee benefits**

**i. Short term benefits:**

All employee benefits that are expected to be settled wholly within twelve months after the end of period in which the employee render the related services

are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. are recognized during the period in which the employee renders related service.

ii. **(a) 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.

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

iii. **Other long-term employee benefit obligations:**

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

**1.11 Borrowing costs**

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

All other borrowing costs are recognized as expense in the period in which they are incurred.

**1.12 Leases**

On March 30, 2019, the Ministry of Corporate Affairs has notified Ind AS 116, "Leases". Ind AS 116 replaces the existing leases standard, Ind AS 17, "Leases, and related interpretations". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor.

Ind AS 116 introduces a single lease accounting model and requires the lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. The standard also contains enhanced disclosure requirements for lessees.

The effective date for the adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

*Full retrospective Approach*

Under this option, the entity is required to determine the carrying amount of ROU assets and lease liabilities at the opening of the comparative period (1st April, 2018) as if those leases had been accounted for under Ind AS 116 since inception of the contract. Difference between the ROU assets and liabilities are adjusted to retained earnings as on 1st April, 2018. Previous year (i.e. FY 2018-19) Profit or Loss figures are required to be restated and the impact for changes of depreciation, interest cost and lease liabilities to be given in FY 2018-19. Third Balance Sheet as on 1st April, 2018 is also required.

*Modified Retrospective Approach*

Option A: Retrospective Calculation of ROU asset and Prospective calculation of leasehold Obligation. Under this option the ROU asset is calculated on the commencement of the lease and carrying value is calculated on the transition date (1st April, 2019). The lease liabilities are recognized based on incremental borrowing rate on the initial application date (1st April, 2019). The difference between lease liabilities and ROU assets is adjusted to retained earnings as on 1st April, 2019.

Option B: Prospective calculation of leasehold obligation and ROU asset:

Under this option, the lease liabilities are recognized based on incremental borrowing rate on the initial application date (1st April, 2019) and the same amount is recognized for ROU assets. In this case leasehold obligation and ROU asset will be equal and there will be no impact to retained earnings on the date of transition.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company has decided to use the Modified Retrospective Approach (Option B) by capitalization of future lease rentals on the transition date i.e., 01.04.2019.

The Company's lease asset classes primarily consist of leases for land, vehicle hire and rental office premises. The Company assesses whether a contract contains a lease, at inception of a contract. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the

lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases.

**The Company as a lessor**

A lease for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

**1.13 Liquidated damages/ Price Reduction Schedule**

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

**1.14 Taxation**

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

**(a) Current Tax**

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

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

**(b) Deferred Tax**

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

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

Deferred tax relating to items recognized outside profit or loss is recognized

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

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

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

**1.15 Earnings per share**

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

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

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

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

Contingent liability is disclosed in the case of:

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

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

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

**1.17 Government grants**

- In case of depreciable assets, the cost of the assets is shown at gross value and grant thereon is taken to deferred income which is recognized as income in the Statement of Profit and Loss over the useful life of the asset.
- In case of Government grant received against expenses incurred are considered as income in the year in which it becomes receivable. These are reduced from the respective expenses and the balance is recognized in the statement of Profit & Loss as income of that year.

**1.18 Current versus non-current classification**

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

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

- Expected to be realised or intended

to be sold or consumed in normal operating cycle

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

All other assets are classified as non-current.

**A liability is current when:**

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

The Company classifies all other liabilities as non-current.

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

**1.19 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and can be held within business model.

**(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 lease receivables.

**(b) Financial liabilities**

**Classification**

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

**Initial recognition and measurement**

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

**Subsequent measurement**

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

- **Financial liabilities at amortised cost**

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

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

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

**Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability

and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**(c) Offsetting of financial instruments**

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

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

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

**1.20.1 Judgments**

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

**1.20.2 Contingencies**

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

**1.20.3 Estimates and assumptions**

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

**1.20.4 Prior Period adjustments**

As per Ind AS 8, material errors refer to those errors that relate to one or more prior periods for which financial statements have already been issued. If

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

**1.20.5 Impairment of assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

**1.20.6 Defined benefit plans**

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

| | | |
|---|---|---|
| *Sd/-* | *Sd/-* | *Sd/-* |
| (Reep Hazarika) | (Pruthiviraj Dash) | (Ruli Das Sen) |
| **Managing Director** | **Director (Finance) & CFO** | **Company Secretary** |
| DIN: 08667195 | DIN: 08253888 | M. No. F4012 |

As per our separate report on Even Date
For **RKP Associates**
**Chartered Accountants,**
FRN No. 322473E

*Sd/-*
(Ravi Kumar Patwa)
Partner
Membership No. 056409

Place : Dibrugarh / Guwahati / Silchar
Date : 29th May, 2020

# Notes to the Financial Statements for the year ended 31st March 2020

## Note 2: Property, plant and equipment

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

₹ in Crore

| Cost/ Valuation | Leasehold Land | Freehold Land | Building - Other than factory building | Building -Plant | Roads, Bridges & Fences | Bunk Houses | Plant & Machinery | F& F and Other Equipment | Electrical | EDP | Motor Cars/Jeeps | Capital work-in-progress | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **At 1st April 2019** | **-** | **3.87** | **218.40** | **284.48** | **282.96** | **0.04** | **7,725.87** | **100.80** | **69.93** | **11.10** | **4.17** | **9.95** | **8,701.62** |
| Additions | - | - | - | 0.19 | - | 0.46 | 68.74 | 0.59 | 32.99 | 1.77 | 0.19 | 8.18 | 104.94 |
| Transferred on Business purchase | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Exchange differences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | 9.84 | 0.05 | 0.24 | 0.78 | - | 6.66 | 10.92 |
| **At 31st March 2020** | **-** | **3.87** | **218.40** | **284.67** | **282.96** | **0.50** | **7,784.77** | **101.34** | **102.68** | **12.09** | **4.36** | **11.47** | **8,795.64** |
| **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** | **EDP** | **Motor Cars/Jeeps** | **Capital work-in-progress** | **Total** |
| **At 1st April 2019** | - | - | 16.34 | 41.12 | 101.69 | 0.03 | 905.94 | 87.30 | 35.10 | 6.05 | 2.70 | - | 1,196.27 |
| Depreciation expense | - | - | 1.77 | 14.59 | 28.21 | 0.09 | 308.38 | 8.61 | 15.27 | 0.87 | 0.58 | - | 378.37 |
| Impairment | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Disposal | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Exchange differences | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **At 31st March 2020** | **-** | **-** | **18.11** | **55.71** | **129.90** | **0.12** | **1,214.32** | **95.91** | **50.37** | **6.92** | **3.28** | **-** | **1,574.64** |
| **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** | **EDP** | **Motor Cars/Jeeps** | **Capital work-in-progress** | **Total** |
| **At 31 March 2019** | **-** | **3.87** | **202.06** | **243.35** | **181.28** | **0.01** | **6,819.94** | **13.49** | **34.83** | **5.05** | **1.46** | **9.95** | **7,505.35** |
| **At 31 March 2020** | **-** | **3.87** | **200.29** | **228.96** | **153.06** | **0.38** | **6,570.45** | **5.43** | **52.31** | **5.17** | **1.08** | **11.47** | **7,221.00** |

Foot Note:

Refer to Note 9 with respect to PPE pledged as security

## Note 3(a): Intangible Assets

(₹ in crore)

| Cost | Software / Licenses | Right of Use (Perpetual) | Right of Use (Limited useful life) | Total |
|---|---|---|---|---|
| **At 1st April 2019** | **9.60** | **8.77** | **0.04** | **18.41** |
| Additions | - | - | - | - |
| Capitalised internal development costs | - | - | - | - |
| Acquisitions through business combinations | - | - | - | - |
| Transfer to held for sale | - | - | - | - |
| Disposals | - | - | - | - |
| Exchange adjustments | - | - | - | - |
| Others | - | - | - | - |
| **At 31st March 2020** | **9.60** | **8.77** | **0.04** | **18.41** |

(₹ in crore)

| Accumulated amortisation and impairment | Software / Licenses | Right of Use (Perpetual) | Right of Use (Limited useful life) | Total |
|---|---|---|---|---|
| **At 1st April 2019** | **5.88** | **0.09** | **0.03** | **6.00** |
| Additions | 1.86 | - | 0.01 | 1.87 |
| Capitalised internal development costs | - | - | - | - |
| Acquisitions through business combinations | - | - | - | - |
| Transfer to held for sale | - | - | - | - |
| Disposals | - | - | - | - |
| Exchange adjustments | - | - | - | - |
| Others | - | - | - | - |
| **At 31st March 2020** | **7.74** | **0.09** | **0.04** | **7.87** |

| Net book value | Software / Licenses | Right of Use (Perpetual) | Right of Use (Limited useful life) | Total |
|---|---|---|---|---|
| **At 31 March 2019** | **3.72** | **8.68** | **0.01** | **12.41** |
| **At 31 March 2020** | **1.86** | **8.68** | **0.00** | **10.54** |

## Note 3(b): ROU Lease Asset

(₹ in crore)

| Cost | Leased land | Leased Offices | Leased Vehicles | Total |
|---|---|---|---|---|
| **At 1st April 2019** | | | | |
| Additions | 240.17 | 0.37 | 4.50 | 245.04 |
| Capitalised internal development costs | - | - | - | - |
| Acquisitions through business combinations | - | - | - | - |
| Transfer to held for sale | - | - | - | - |
| Disposals | - | - | - | - |
| Exchange adjustments | - | - | - | - |
| Others | - | - | - | - |
| **At 31st March 2020** | **240.17** | **0.37** | **4.50** | **245.04** |

(₹ in crore)

| Accumulated amortization and impairment | Leased land | Leased Offices | Leased Vehicles | Total |
|---|---|---|---|---|
| **At 1st April 2019** | - | - | - | **-** |
| Additions | 8.98 | 0.12 | 1.50 | 10.61 |
| Capitalised internal development costs | - | - | - | - |
| Acquisitions through business combinations | - | - | - | - |
| Transfer to held for sale | - | - | - | - |
| Disposals | - | - | - | - |
| Exchange adjustments | - | - | - | - |
| Others | - | - | - | - |
| **At 31st March 2020** | **8.98** | **0.12** | **1.50** | **10.61** |

| Net book value | Leased land | Leased Offices | Leased Vehicles | Total |
|---|---|---|---|---|
| **At 31 March 2019** | **-** | **-** | **-** | **-** |
| **At 31 March 2020** | **231.19** | **0.24** | **3.00** | **234.44** |

## Note 4: Financial assets

(₹ in crore)

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **4(a) Investments** | - | - |
| **4(b) Trade receivables** | **2.87** | **130.77** |
| Considered good - Secured | - | 64.58 |
| Considered good - Unsecured | 2.87 | 66.19 |
| Which have significant increase in Credit Risk | 17.17 | - |
| Credit impaired | **-** | **-** |
| Less: Provision for Doubtful Debts | (17.17) | - |
| **4(c) Loans** | **-** | **-** |
| **4 (d) Cash and Cash Equivalents** | **42.92** | **1.40** |
| Balances with banks: | | |
| - On current accounts | 0.41 | 1.40 |
| - Deposits with original maturity of less than three months | 42.51 | - |
| **4(e) Others** | **2,523.28** | **126.19** |
| Interest accrued but not due | 0.99 | 0.42 |
| Claims recoverables | | |
| - Insurance | - | 13.06 |
| Recievable Against Subsidy/ Other Claims | 2,497.42 | 96.89 |
| - Current | 1,851.63 | 96.89 |
| - Non Current | 645.79 | - |
| Security Deposit Paid | 24.87 | 15.81 |
| - Current | **-** | **-** |
| - Non Current | 24.87 | 15.81 |
| **Total** | **2,569.07** | **258.36** |
| Current | 1,898.41 | 242.55 |
| Non current | 670.66 | 15.81 |
| **Total** | **2,569.07** | **258.36** |

**All figures assigned are considered as 'Current' unless classified as 'Non-Current'*

## Note 5: Other non financial assets

(₹ in crore)

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Unsecured (Considered good):** | | |
| Advance income tax | 0.03 | 0.03 |
| Income Tax Paid on Demand | 1.38 | 1.72 |
| **Balance with Government Authorities** | | |
| GST Credit Receivable | 9.58 | 158.97 |
| - Current | 9.58 | 158.97 |
| - Non Current | - | - |
| TDS | 2.20 | 3.17 |
| **Loans and advances to employees** | 0.41 | 0.41 |
| **Other advances** | 0.08 | 3.40 |
| **Capital Advances to suppliers/contractors** | 6.92 | 7.65 |
| **Advances to suppliers/contractors** | 20.38 | 48.25 |
| **Statutory Claims under Dispute** | 38.00 | 7.90 |
| **Prepayments** | | |
| Pre-paid expenses | 6.05 | 6.34 |
| - Current | 6.02 | 6.23 |
| - Non Current | 0.03 | 0.11 |
| Pre-paid Lease Rent* | - | 237.34 |
| - Current | - | 8.87 |
| - Non Current | - | 228.46 |
| **Total** | **85.03** | **475.17** |
| Current | 85.00 | 246.60 |
| Non Current | 0.03 | 228.57 |
| **Total** | **85.03** | **475.17** |

**All figures assigned are considered as 'Current' unless classified as 'Non-Current'*

** Refer Note No. 34*

## Note 6: Inventories

(₹ in crore)

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **(a) Raw materials , Stores , Spares and others** | | |
| Raw Materials & other Consumables | 14.29 | 22.53 |
| Stores & Spares | 315.16 | 268.00 |
| Less: Provision for Obsolesence | (21.66) | - |
| **(b) Semi Finished Goods/By products** | | |
| Semi Process Stock | 15.60 | 16.74 |
| By Products | 4.41 | 8.08 |
| **(c) Finished Goods** | | |
| LLDPE | 119.23 | 38.77 |
| HDPE | 3.48 | 0.22 |
| PP | 38.73 | 14.52 |
| **Total** | **489.24** | **368.87** |

## Note 7: Equity share capital

(₹ in crore)

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Share capital** | | |
| **Authorised** | | |
| 2,00,00,00,000 Equity Shares of Rs. 10 each | 2,000.00 | 2,000.00 |
| (Previous year 2,00,00,00,000 Equity shares of Rs. 10 each) | | |
| | **2,000.00** | **2,000.00** |
| | | |
| **Issued, subscribed and fully paid up** | **1,417.67** | **1,417.67** |

## Note 8: Other equity

(₹ in crore)

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Other equity:** | | |
| Retained earnings | (850.73) | (904.83) |
| Add: Total comprehensive Income | 1,506.11 | 68.97 |
| Less: Transfer to statement of profit and loss | | |
| Transferred to Share Capital | - | (14.87) |
| **Total** | **655.38** | **(850.73)** |

## Note 9: Borrowings

(₹ in crore)

| Particulars | Effective Interest Rate | Maturity | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|---|---|
| **Secured** | | | | |
| **Term loans:** | | | | |
| - Loan from State Bank of India | SBI 1yr MCLR plus 0.20% | 30-08-2025 | 1,404.60 | 1,520.99 |
| | | | | |
| **Short Term loans:** | | | | |
| - Cash Credit from State Bank of India | SBI 1yr MCLR plus 0.15% | Revolving | 18.12 | 134.95 |
| - ICICI WCL | ICICI 1M/3M MCLR | 01-05-2020<br>08-07-2020 | 105.00 | - |
| - AXIS WCL | Axis Bank 1M MCLR | 24-05-2020 | 100.00 | - |
| - SBI CAG Branch WCL | T-Bill Rate or 7% p.a. whichever is higher | 17-07-2020<br>20-06-2020<br>30-06-2020 | 200.00 | - |
| **Inter Corporate Loan** | | | | |
| - GAIL (I) Ltd | SBI 1yr MCLR plus 0.20% | 01-03-2024 | 150.00 | 200.00 |
| | | | | |
| **From Other Parties :** | | | | |
| - Oil Industry Development Board | | 04-10-2027 | 796.52 | 1,010.36 |
| **Total** | | | **2,774.24** | **2,866.30** |
| **Less Current Borrowings** | | | **423.12** | **134.95** |
| **Total Non Current Borrowings** | | | **2,351.12** | **2,731.35** |

**Schedule of Current Borrowings**

| Particulars | Effective Interest Rate | Maturity | As at 31-Mar-20 | As at 31-Mar-19 |
|---|---|---|---|---|
| *From Other Party* | | | - | - |
| | | | | |
| Loan From Related Party | | | | |
| Gail India Ltd | | | - | - |
| | | | | |
| Deposits | | | - | - |
| | | | | |
| Other Loans | 7.42% | | 423.12 | 134.95 |
| | | | **423.12** | **134.95** |

**- Oil Industry Development Board**

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

Till date OIDB has sanctioned and disbursed loan of ₹1757.07 crore, out of which an amount of ₹857 crore is secured by way of Corporate Guarantee/ Letter of Comfort by GAIL/other promoters. The outstanding balance of Loans secured by Corporate Guarantee/ Letter of Comfort as on 31.03.2020 is ₹472.98 crore. In one instance, BCPL has also has entered into a counter guarantee with GAIL on 21.12.2012 for ₹250 crore.

Terms of Repayment & Interest Rate : Total period of loan is 10 years from the date of drawal which includes 2 years moratorium. The repayment shall be in 8 yearly equal instalments. The first instalment become due at the end of 3rd year from the date of drawal. Rate of interest: the weighted average rate of interest is around 7.60% p.a. payable quarterly.

**- Loan from State Bank of India**

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

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

Terms of Repayment & Interest Rate : Repayment of loan is in 96 monthly instalments commencing from June 2017. The interest rate is : SBI one year MCLR rate plus a spread of 0.20 % i.e. 8.25 % as on 31st March'20.

**- Inter Corporate Loan from GAIL**

**The loan is unsecured.**

Terms of Repayment & Interest Rate : Repayment shall be in 8 (Eight) equated half yearly instalments starting from 01.09.2020. Interest rate is SBI one year MCLR rate plus a spread of 0.20 % i.e 8.05 % as on 31st March'20.

**Note: An amount of ₹402.01 Crore payable within next 12 months, has been transferred to "Financial liabilities" at Note no.11.**

## Note 10 - Trade Payables

(₹ in crore)

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Trade payables** | | |
| 10(a) Due to MSME Vendors | 2.13 | 6.33 |
| 10(b)(i) Due to others | 30.49 | 10.72 |
| 10(b)(ii) Due to Related Party | 109.38 | 147.26 |
| **Total** | **142.00** | **164.31** |
| Current | 142.00 | 164.31 |
| Non current | - | - |
| **Total** | **142.00** | **164.31** |

*All figures assigned are considered as 'Current' unless classified as 'Non-Current'

## Note 11: Other Financial Liabilities

(₹ in crore)

| Particulars | As at 31-03-2020 | As at 31-03-19 |
|---|---|---|
| **Current maturities of long term debt:** | | |
| - Oil Industry Development Board | 213.84 | 194.14 |
| - State Bank of India | 138.17 | 96.84 |
| - GAIL | 50.00 | - |
| Interest Accrued On Borrowings | 0.68 | 1.73 |
| **Others :** | | - |
| Deposits/Retention Money from Contractors and others | 264.66 | 72.73 |
| Price reduction schedule | 66.32 | 72.88 |
| Security Deposit | 14.86 | 14.35 |
| Earnest money deposit | 0.38 | 1.34 |
| Payable to Employees | 0.05 | 0.63 |
| Payable for Capital Expenditure | 25.78 | 16.29 |
| Statutory Liability Payables | 6.70 | 7.11 |
| Lease Hold Obligations (ROU) | 3.39 | - |
| - Current | 1.79 | - |
| - Non Current | 1.60 | - |
| **Total** | **784.83** | **478.05** |
| Current | 783.23 | 478.05 |
| Non current | 1.60 | - |
| **Total** | **784.83** | **478.05** |

*All figures assigned are considered as 'Current' unless classified as 'Non-Current'

## Note 12: Provisions

(₹ in crore)

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| **Provisions** | | |
| Provision for employee benefits | 78.14 | 4.80 |
| - Current | 70.43 | - |
| - Non Current | 7.71 | 4.80 |
| Provision for gratuity | 0.72 | - |
| - Current | - | - |
| - Non Current | 0.72 | - |
| Provision for Income Tax | 2.72 | 2.72 |
| Provision for Employees Benefits -Superannuation | 0.76 | 2.89 |
| Provision for Liability (Contractors) | 117.96 | 224.69 |
| Others | 71.69 | 78.50 |
| **Total** | **271.99** | **313.59** |
| Current | 263.56 | 305.90 |
| Non current | 8.43 | 7.69 |
| **Total** | **271.99** | **313.59** |

*All figures assigned are considered as 'Current' unless classified as 'Non-Current'

## Note 13: Non Financial Liabilities

(₹ in crore)

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Other non financial liabilities | | |
| Government Grants | 4,391.24 | 4,396.12 |
| - Current | 211.63 | 202.12 |
| - Non Current | 4,179.61 | 4,194.00 |
| Others | 10.93 | 3.38 |
| Advance from customers | 4.87 | 13.06 |
| **Total** | **4,407.04** | **4,412.55** |
| Current | 227.43 | 218.56 |
| Non current | 4,179.61 | 4,194.00 |
| **Total** | **4,407.04** | **4,412.55** |

*All figures assigned are considered as 'Current' unless classified as 'Non-Current'

## Note 14: Deferred taxation

(₹ in crore)

| Particulars | As at 31-03-2020 | As at 31-03-2019 |
|---|---|---|
| Deferred tax asset/ liability | (167.64) | 171.65 |
| **Deferred tax assets/(liabilities)-net** | **(167.64)** | **171.65** |

## Note 15: Revenue from operations

(₹ in crore)

| Particulars | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
|---|---|---|
| Sale of products (including GST) | | |
| (a) Sale of HDPE/LLDPE | 1,862.07 | 2,469.00 |
| (b) Sale of Polypropelene | 527.10 | 610.11 |
| (c) Sale of HPG ,CBFS,Slop Oil,etc. | 246.76 | 255.24 |
| **Total sale of products** | **2,635.93** | **3,334.35** |
| Less: GST on Sales | 408.53 | 518.35 |
| Less: Discount on Sales | 141.81 | 139.07 |
| **Total** | **2,085.59** | **2,676.93** |
| **Add: Other Operating Income** | **645.79** | **-** |
| **Total** | **2,731.38** | **2,676.93** |

## Note 16: Other Income

(₹ in crore)

| Particulars | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
|---|---|---|
| **Other non-operating Income:** | | |
| Interest on FDR's | 1.49 | 1.81 |
| Other Interest | 2.61 | 2.58 |
| Government grants | 205.95 | 197.51 |
| Recoveries from Employees | 0.73 | 0.87 |
| Excess Provision Written Back | - | 2.83 |
| Misc.Receipts | 5.49 | 35.71 |
| **Total** | **216.27** | **241.31** |

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

(₹ in crore)

| Particulars | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
|---|---|---|
| Raw materials consumed | 1,672.87 | 1,677.27 |
| Chemical & Catalyst | 73.36 | 70.81 |
| Stores & Spares Consumed | 42.32 | 50.51 |
| **Total** | **1,788.54** | **1,798.59** |

## Note 18: Employee Benefit Expenses

(₹ in crore)

| Particulars | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
|---|---|---|
| Salary, Wages and Allowances | 139.66 | 64.59 |
| Contribution to Provident and other Funds | 11.40 | 10.03 |
| Welfare Expenses | 10.41 | 9.96 |
| Secondment charges | 9.56 | 13.66 |
| **Total** | **171.03** | **98.24** |

## Note 19: Depreciation and amortization expense

(₹ in crore)

| Particulars | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
|---|---|---|
| Depreciation and Amortization Expenses | 390.85 | 386.65 |
| **Total** | **390.85** | **386.65** |

## Note 20: Finance cost

(₹ in crore)

| Particulars | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
|---|---|---|
| Interest on Term Loans from Banks | 136.20 | 141.94 |
| Interest on Short Term Loans from Banks | 17.07 | 24.24 |
| Interest on Loans from Other Institutions | 85.78 | 97.51 |
| Interest on Loans from Promoters | 17.37 | 1.92 |
| Interest on other Securities | 0.15 | - |
| Interest on Lease Obligations (ROU) | 0.31 | - |
| Other Borrowing Costs(Commitment and other Finance Charges) | 1.64 | 1.82 |
| Less: NEIIP Interest Subsidy | (6.09) | (2.73) |
| **Total** | **252.43** | **264.69** |

## Note 21: Other Expenses

(₹ in crore)

| Particulars | Year Ended 31-Mar-20 | Year Ended 31-Mar-19 |
|---|---|---|
| Power, Fuel and Water Charges: | | |
| Power and Water charges | 16.51 | 9.69 |
| Repairs and Maintenance: | | |
| Plant and Machinery | 31.37 | 21.81 |
| Building | 4.52 | 5.13 |
| Others | 1.99 | 1.81 |
| Provision for obsolence of Stores & Spares | 21.66 | - |
| Insurance | 3.32 | 2.16 |
| Communication expenses | 0.15 | 0.13 |
| Printing and Stationery | 0.14 | 0.18 |
| Travelling Expenses | 2.13 | 3.09 |
| Books and Periodicals | 0.05 | 0.06 |
| Advertisement and Publicity | 0.37 | 0.69 |
| Payment to Auditors: | | |
| Audit fees | 0.06 | 0.06 |
| Tax audit fees | 0.01 | - |
| Management services | 0.03 | - |
| Entertainment Exp | 0.30 | 0.39 |
| Recruitment and Trainning Expenses | 0.31 | 0.66 |
| Vehicle Hire and running Expenses | 3.17 | 4.20 |
| Rent Rates & Taxes | 6.24 | 19.73 |
| Consultancy Charges | 0.36 | 0.16 |
| Legal and Professional Charges | 1.14 | 1.15 |
| Directors sitting fees | 0.01 | 0.02 |
| Selling and Distribution Expenses | 45.24 | 38.08 |
| Provision for Doubtful Debts | 17.17 | - |
| Commission on Sales | 64.23 | 77.26 |
| Security Expenses | 33.62 | 30.79 |
| Net loss on Foreign currency Transaction and Translation | 1.61 | 2.42 |
| Other Expenses | 49.55 | 38.36 |
| **Total** | **305.26** | **258.04** |

## 22. Contingent Liabilities and Commitments:

₹ *in crore*

**(a) Contingent Liabilities:**

| | 31-Mar-20 | 31-Mar-19 |
|---|---|---|
| Claims against the Company not as debts: | | |
| Service Tax matters * | 7.90 | 7.90 |
| Court cases: | | |
| Land Acquisition cases for Higher Compensation | 33.70 | 12.96 |
| Others | 7.71 | 43.79 |
| Claim by contractors Arbitration cases/other extra claims on capital account | 499.65 | 506.80 |

* Details at note 30(b).

₹ *in crore*

**(b) Capital Commitments:**

| | 31-Mar-20 | 31-Mar-19 |
|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 11.64 | 11.05 |

₹ *in crore*

**(c ) Guarantees & other Commitment:**

| | 31-Mar-20 | 31-Mar-19 |
|---|---|---|
| Bank Guarantees in favour of Suppliers | 33.50 | 37.57 |
| Letter of Credits issued | 30.68 | 19.70 |
| Counter Guarantee to GAIL for OIDB Loan | 250.00 | 250.00 |

**(d)** Registration charges towards transfer of GAIL's Lakwa unit: ₹10.00 Cr. (Previous year ₹5.00 Cr.).

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.

c. The Company currently does not have any Contingent Assets.

## 23. Government Grants:

### A. Capital Grants

**Capital Subsidy**: The Company has received Capital Subsidy of ₹ 200 Cr. in the current financial year and the cumulative capital subsidy of ₹ 5,221.03 Cr. till 31.03.2020 (including interest earned net of taxes) against the approved capital subsidy of ₹ 5,239.45 Cr. The balance capital subsidy of ₹ 18.42 Cr. shall be requested for release in RE 2020-21. 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. Accordingly in the current financial year an amount of ₹ 205.95 Cr. has been transferred (Previous year ₹ 197.51 Cr.) to the Statement of Profit & Loss as other income and the balance in Capital Subsidy account has been carried forward as "Government Grants" classified under "Non Financial Liability".

**B. Revenue Grants.**

**Feed Stock Subsidy:** Based on the proposal submitted earlier by the Company in line with initial condition for implementation of Assam Gas Cracker Project and recommendation of an Inter Ministerial Committee, the Government of India has approved the feedstock subsidy for BCPL for 15 years of plant operation in current financial year. As per approved methodology for computation of feed stock subsidy, BCPL has carried out the revised study of the project to ascertain the IRR considering the current scenario w.r.t. polymer, naphtha & gas prices, actual capital cost, other costs etc. Accordingly, claim of ₹ 1705.35 Cr. for the period from 02.01.2016 to 31.03.2019 based on the audited financial statements has been submitted to the administrative Ministry and considered as "Exceptional Items" in Statement of Profit & Loss, whereas, feedstock subsidy of ₹ 645.79 Cr. for the current financial year has been accounted for as other operational Income on accrual basis based on the projection/ estimate as per the methodology.

**Exemption from Sales Tax / VAT on Feedstock / Raw Material:** In accordance with JV agreement signed among the promoters of the Company, Government of Assam (GoA) has considered the proposal of BCPL to extend exemption/reimbursement of VAT on natural gas (input) for a period of 15 years from the date of commissioning of the plant. Accordingly, the State Government (Government of Assam) has approved the exemption of VAT on natural gas to BCPL, however, the same is yet to be notified by the State Govt and based on the conditions/procedures to be prescribed in the notification, the Company will submit its claim for re-imbursement of estimated amount of ₹ 278.30 Cr. VAT amount paid on consumption of natural gas for the period from date of commissioning of plant till 31st March, 2020 and account the same in the year of claim.

**North East Industrial & Investment Promotion Policy (NEIIPP) Subsidy:** The Company is registered under NEIIP (North-East Industrial Policy) and eligible for various subsidy schemes. Accordingly, the Company has accounted the following eligible subsidies under various schemes on accrual basis.

₹ in Cr.

| Sl. No | Particulars of Subsidy | Opening Claim pending | Claim Submitted | Claim in Process of submission | Total Amount | Amount Received, if any. |
|---|---|---|---|---|---|---|
| 1 | Interest on working capital loan fund | 5.53 | 2.73 | 6.09 | 14.35 | 0.00 |
| 2 | Freight Subsidy | 41.32 | 21.48 | 19.46 | 82.26 | 0.00 |
| 3 | Insurance Subsidy | 13.54 | 14.57 | 19.58 | 47.69 | 0.00 |
| | Total Subsidy Claims | 60.39 | 38.78 | 45.13 | 144.30 | 0.00 |

The above subsidies relating to current year amounting to ₹ 49.05 Cr. have been adjusted with respective expenditure. The Interest Subsidy Claim of ₹ 2.73 Cr. submitted during the Current Financial Year is for the period from 01.04.2018 to 31.03.2019, Insurance Subsidy of ₹ 14.57 Cr. is for the period from 02.01.2018 to 01.01.2019 & Freight Subsidy of ₹ 14.06 Cr. for the period from 01.10.2018 to 31.03.2019 & ₹ 7.42 Cr. for the period from 01.04.2019 to 30.06.2019.

**24. Land & Building:** The Company is in possession of total 3904 bigha (Previous year 3904 bigha) of lease hold land and 190 bigha of free hold land of ₹ 94.65 Cr. and ₹ 3.87 Cr. (Previous Year: ₹ 94.65 Cr. and ₹ 3.87 Cr.) respectively. Out of which, title deeds for freehold (190 bigha) and

leasehold (520 bigha) land amounting to ₹ 3.87 Cr. and ₹ 15.38 Cr. (Previous Year: ₹ 3.87 Cr. and ₹ 15.38 Cr.) respectively are pending execution for transfer in the name of the Company. Although the Company enjoys complete ownership of the lease hold land which has been handed over by the Government of Assam (GoA) after acquisition of land from private owners under Land Acquisition Rule, but periodic patta for 3384 bigha of lease hold land for 30 years has been issued in the name of the Company as per Land Registration Act of Assam, accordingly the lease hold land has been treated as long term lease under Ind-AS 116. Full payment has been settled on possession of the land and no lease amount is payable. The amount will be amortised over the lease period.

25. **Trade payables** (shown in Note No 10 & 11) include outstanding gas bills amounting to ₹ 285.14 Cr. (Previous Year ₹ 172.79 Cr.) payable to M/s. Oil India Ltd (OIL) after adjustment of claim for ₹ 30.52 Cr. (Previous Year ₹ 17.16 Cr.) towards NG shortfall adjustment up to QTR III of the current financial year. Further the above payable amount includes ₹ 176.13 Cr. (previous year ₹ 121.90 Cr.) retained towards shortfall adjustment in supply of Natural Gas from OIL for the FY 2016-17, FY 2017-18 and differential for QTR IV of FY 2019-20 for which a Joint Committee of both M/s OIL and BCPL constituted to work out the differences considering force majeure as would be applicable based on Gas Supply Agreement.

26. **Disclosure as per requirements of Ind-AS 19 – "Employees benefit".**

i. **Revision of pay & other benefits:** The proposal for revision of pay & other benefits for Board and below Board level officer duly recommended by Board was submitted to the Government, but the same has not been approved so far by the Government due to non-fulfilment of the affordability clause and other conditions stipulated in the guideline notified by Department of Public Enterprise, Government of India, with reference to 3rd Pay Revision Committee's recommendation. With the accounting of feedstock subsidy from FY 2015-16, the profitability of the company has been improved in the current financial year and BCPL's position in respect of affordability stands Improved. With improved financials, BCPL shall submit a revise proposal to the administrative ministry shortly. Accordingly, necessary provision towards pay revision has been made in the books in the current financial year.

ii. **Employees Provident Fund:** The Company's contribution to provident fund is remitted to Employees Provident Fund maintained with Regional Provident Fund Commissioner, Tinsukia, Assam, on a fixed percentage of the eligible employee's salary and charged to Statement of Profit and Loss.

iii. **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. The valuation of liability on gratuity at the yearend has been estimated based on actuarial valuation and differential liability over the previous year has been provided in the Statement of Profit and Loss. The actuarial valuation has been carried out as per principle laid down in IND AS19 & Guidelines GN26 issued by Institute of Actuaries on India.

iv. **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 yearend has been estimated based on actuarial valuation and differential liability over the previous year has been provided in the Statement of Profit and Loss. The actuarial valuation has been carried out as per principle laid down in IND AS19 & Guidelines GN26 issued by Institute of Actuaries on India.

v. **Superannuation Benefits:** The Company had received the approval to its proposal of "Employees Superannuation Benefit and Post-Retirement Medical benefit" scheme from its Administrative Ministry, Government of India, effective from the date of issue of approval (February 06, 2018). The Superannuation scheme has been approved by the management in the current financial year and the contribution adjusting the accumulated fund balance of ₹ 5.11 Cr. of the existing scheme has been deposited with LIC, a fund manager appointed to manage the fund considering the financial implication till 31.12.2019. The contribution expenses in the current financial year of ₹ 3.39 Cr. (Previous Year ₹ 2.88 Cr.) has been accounted @ 6% of basic plus DA of Board level and below Board level officers as approved.

vi. 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, 2020 & 31st March, 2019.

₹ in Cr.

| Particulars | Gratuity | | Leave encashment | |
|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Current Service Cost | 1.75 | 1.36 | 1.09 | 0.97 |
| Past Service Cost | - | - | - | - |
| Net Interest Cost | -0.06 | 0.01 | 0.25 | 0.18 |
| Actuarial Gain/loss | - | - | 3.66 | 2.19 |
| Total expenses included in employee benefit expense | 1.69 | 1.37 | 5.00 | 3.34 |

b. Amount recognized in Other Comprehensive Income for the year ended 31st March, 2020

₹ in Cr.

| Particulars | Gratuity | |
|---|---|---|
| | 2019-20 | 2018-19 |
| Actuarial (gain)/ loss on obligations | 1.98 | 0.51 |
| Return on plan assets (excluding amounts included in net interest expense) | -0.00 | -0.07 |
| Experience adjustments | 0.10 | 0.54 |
| Recognized in other comprehensive income | 1.99 | 0.58 |

c. Changes in the present value of the defined benefit obligation for the year ended 31st March, 2020 and 31st March, 2019 are as follows:

₹ in Cr.

| Particulars | Gratuity | | Leave encashment | |
|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Current service cost | 1.75 | 1.36 | 1.09 | 0.97 |
| Interest cost | 0.46 | 0.39 | 0.25 | 0.18 |
| Transfer In | 0.00 | 0.00 | 0.00 | 0.00 |
| Benefits paid | 0.73 | 0.10 | 2.09 | 1.71 |
| Actuarial (gain)/ loss on obligations | 1.98 | 0.51 | 3.66 | 2.19 |
| Defined benefit obligation | 10.71 | 7.24 | 7.71 | 4.80 |

d. Changes in the fair value of plan assets for the year ended 31st March, 2020 and 31st March, 2019 are as follows:

₹ in Cr.

| Particulars | Gratuity | | Leave encashment | |
|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Interest income | 0.52 | 0.38 | 0.00 | 0.00 |
| Return on plan assets (excluding amounts included in net interest expense) – OCI | -0.00 | -0.07 | 0.00 | 0.00 |
| Contribution by Employer | 1.84 | 2.59 | 0.00 | 0.00 |
| Benefits paid | 0.73 | 0.10 | 0.00 | 0.00 |
| Service cost (Transfer in) | 0.00 | 0.00 | 0.00 | 0.00 |
| Closing fair value of plan assets | 9.38 | 7.75 | 0.00 | 0.00 |

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

₹ in Cr.

| Particulars | Gratuity | | Leave encashment | |
|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2017-18 |
| LIC Fund | 9.38 | 7.75 | 0.00 | 0.00 |
| Insurer managed funds | 0.00 | 0.00 | 0.00 | 0.00 |

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

₹ in Cr.

| Particulars | Gratuity | | Leave encashment | |
|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Discount rate (in %) | 6.69 | 7.72 | 6.69 | 7.72 |
| Salary Escalation (in %) | 6.00 | 6.00 | 6.00 | 6.00 |
| Rate of employee turnover (in %) | - | - | - | - |
| Attrition Rate (in %) | 1.00 | 1.00 | 1.00 | 1.00 |
| Inflation (in %) | 6.00 | 6.00 | 6.00 | 6.00 |
| Medical cost trend rate (in %) | NA | NA | NA | NA |
| Life expectation for (in years): | IALM 2006-2008 ULTIMATE | IALM 2006-2008 ULTIMATE | IALM 2006-2008 ULTIMATE | IALM 2006-2008 ULTIMATE |

g. A quantitative sensitivity analysis for significant assumption as at 31st March 2020 is as shown below:

₹ in Cr.

| Gratuity Plan | 31-Mar-20 | | 31-Mar-20 | |
|---|---|---|---|---|
| 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) | 9.73 | 11.80 | 11.57 | 9.86 |

₹ in Cr.

| Gratuity Plan | 31-Mar-19 | | 31-Mar-19 | |
|---|---|---|---|---|
| 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) | 6.60 | 7.97 | 7.87 | 6.61 |

₹ in Cr.

| Leave encashment | 31-Mar-20 | | 31-Mar-20 | |
|---|---|---|---|---|
| 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) | 7.10 | 8.58 | 8.58 | 7.09 |

₹ in Cr.

| Leave encashment | 31-Mar-19 | | 31-Mar-19 | |
|---|---|---|---|---|
| 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) | 4.40 | 5.26 | 5.26 | 4.39 |

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

₹ in Cr.

| Particulars | Gratuity | | Leave encashment | |
|---|---|---|---|---|
| | 2019-20 | 2018-19 | 2019-20 | 2018-19 |
| Within the next 12 months (next annual reporting period) | 0.10 | 0.24 | 0.07 | 0.27 |
| Between 2 and 5 years | 0.61 | 0.38 | 0.53 | 0.30 |
| Between 5 and 10 years | 1.70 | 1.49 | 1.41 | 1.10 |
| Beyond 10 years | 43.49 | 37.81 | 30.63 | 23.28 |
| Total expected payments | 45.90 | 39.92 | 32.64 | 24.95 |

i. The average duration of the defined benefit plan obligation at the end of the reporting period is 25 years (31 March 2019: 26 years).

j. History of experience adjustment is as follows:

₹ in Cr.

| Particulars | Gratuity | | | | |
|---|---|---|---|---|---|
| | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| Present value of obligation | 10.71 | 7.24 | 5.08 | 3.47 | 2.22 |
| Plan assets | 9.38 | 7.75 | 4.94 | 2.62 | 2.53 |
| Experience adjustments | 0.10 | 0.54 | 0.16 | -0.08 | 0.02 |

₹ in Cr.

| Particulars | Leave encashment | | | | |
|---|---|---|---|---|---|
| | 31-Mar-20 | 31-Mar-19 | 31-Mar-18 | 31-Mar-17 | 31-Mar-16 |
| Present value of obligation | 7.71 | 4.80 | 3.17 | 4.20 | 2.73 |
| Plan assets | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Experience adjustments | 2.32 | 2.21 | 3.48 | 0.74 | 0.65 |

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

₹ in Cr.

| Details of claim as under | Current Year | Previous Year |
|---|---|---|
| Opening Claim as on 01.04.2019 | 2.53 | 2.51 |
| Claim lodged for the financial year 2019-20 | 0.00 | 0.02 |
| Total Claim Lodged: | 2.53 | 2.53 |
| Less: Received during the year | 0.00 | 0.00 |
| (Add) / Less: Claim adjusted/reversed | 0.00 | 0.00 |
| **Receivable as at 31.03.2020** | 2.53 | 2.53 |

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

During construction period (from inception to 02.1.2016), interest income earned from parking of fund in short term deposits arising out of parking of fund from Capital subsidy, Loan & Equity which is linked to the project cost was treated as taxable income by Tax Authority . BCPL had preferred an appeal with ITAT, Guwahati. Subsequently, appeal effect order was passed on 14.06.2017 by the ITAT upholding that the aforesaid income will not be taxable for the Assessment Year (AY) 2009-10 and 2010-11 and against this order a refund amount of ₹ 7.77 Cr. was passed in the FY 2017-18. Further, on request for rectification order, for an amount of ₹ 0.03 Cr. and ₹ 0.35 Cr. was allowed by tax authority for AY 2009-10 & AY 2010-11 during the FY 2018-19 towards short interest refunded. This refund amount along with interest was received in the current FY 2019-20.

Subsequent to the ITAT order for AY 2009-10 and AY 2010-11, submission was made to CIT (Appeal) to consider the matter pertaining to subsequent AY 2011-12 to 2015-16 in line with the ITAT judgment since matter for subsequent years was similar in nature. However, the final judgment was passed by the CIT (Appeal) on 12.03.2018 for AY up to 2014-15 and on 18.01.2019 for AY 2015-16 by holding interest income received against investments out of borrowed funds as taxable. Against this order a sum of ₹ 14.30 Cr. was received during FY 2018-19 (for AY up to 2014-15 ) and ₹ 0.83 Cr. was received in the current financial year (for AY 2015-16) after adjustment of Income Tax on interest income generated out of investment of borrowed fund. Considering the decision of the CIT (Appeal) as unjust and a deviation with the ITAT decision for preceding AY's, BCPL has preferred an appeal before the ITAT.

The current status of Income Tax appeals pending with ITAT are as follows:

₹ in Cr.

| Assessment Year | Debt Income Considered Taxable | Tax Deposited on Debt Income | Status of Appeal |
|---|---|---|---|
| 2011-12 | 3.83 | 1.27 | Pending With ITAT |
| 2012-13 | 0.54 | 0.17 | Pending With ITAT |
| 2013-14 | 1.84 | 0.60 | Pending With ITAT |
| 2014-15 | 16.79 | 6.64 | Pending With ITAT |
| 2015-16 | 1.90 | - | Pending With ITAT |

**29. Income Tax**

During the current FY 2019-20, BCPL evaluated the prospects of migrating into the new tax regime as introduced vide amendment by the Finance Act 2020 under section 115BAA of the Income Tax Act. Under the new tax regime, income tax @ 22% is payable and there would not be any MAT liability under such option. Since the new tax regime is found to be more beneficial to the company based on various analyses, BCPL has adopted the new tax regime w.e.f. FY 2019-20.

Provision for Current Tax has been kept as 'Nil' as there is no taxable income in the FY 2019-20 after adjustment of brought forward Business loss. Since there is no liability to pay MAT under the new tax regime, MAT computation has not been done.

Balance of unabsorbed 'Business Loss' and 'Unabsorbed Depreciation' as per Income Tax Return for the AY 2019-20 stands as follow:

₹ in Cr.

| Nature | Period AY | Balance B/F | Adjusted During the Current FY | Balance C/F |
|---|---|---|---|---|
| Business Loss | 2016-2017 | 225.93 | 225.93 | 0.00 |
| | 2017-2018 | 438.54 | 438.54 | 0.00 |
| Unabsorbed Depreciation | 2016-2017 | 233.49 | 233.49 | 0.00 |
| | 2017-2018 | 481.70 | 481.70 | 0.00 |
| | 2018-2019 | 354.28 | 328.45 | 25.83 |
| | 2019-2020 | 189.64 | 0.00 | 189.64 |

**30. GST Credit and Utilisation:**

**a) Following are the details of GST credit and utilisation for the period 2019-20:**

₹ in Cr.

| Location | Assam | | | Uttar Pradesh | | |
|---|---|---|---|---|---|---|
| Particulars | IGST | CGST | SGST | IGST | CGST | SGST |
| Opening | 0.00 | 134.64 | 22.95 | 0.66 | 0.04 | 0.04 |
| Credit Availed | 161.09 | 53.75 | 53.75 | 0.00 | 0.02 | 0.02 |
| Credit Utilized | 364.58 | 20.89 | 20.89 | 0.25 | 0.00 | 0.00 |
| IGST liability adjusted with CGST Credit | 199.45 | 147.99 | 51.46 | 0.00 | 0.00 | 0.00 |

| Location | Assam | | | Uttar Pradesh | | |
|---|---|---|---|---|---|---|
| Particulars | IGST | CGST | SGST | IGST | CGST | SGST |
| Duliajan Unit Credit Reversal | 0.00 | 30.10 | 0.00 | 0.00 | 0.00 | 0.00 |
| Taxes Paid in Cash | 4.04 | 15.29 | - | - | - | - |
| Closing | 0.00 | 4.70 | 4.35 | 0.41 | 0.06 | 0.06 |

*Input Tax Credit of ₹. 30.10 Cr. availed pertaining to Duliajan Unit was disputed by the department. The decision of the department was challenged by BCPL before the CESTAT. The CESTAT pronounced the order during the current financial year and the decision was not in favour of BCPL Accordingly the said GST Credit has been reversed under protest and has been kept in other non financial assets (Note 5). BCPL is in process to challenge the CESTAT order before the honourable Guwahati High Court.

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

Commissioner, GST had passed an order during the FY 18-19 for recovery of certain amount against Service Tax on Liquidated Damages /Price Retention Schedule (PRS) for the period from 01.07.2012 to 30.06.2016. The aforesaid order was passed with reference to provisions of the Finance Act 1994 in service tax regime read with Section 174 of Central Goods & Service Tax (CGST) Act 2017.

BCPL had deposited ₹ 7.90 Cr. to exchequer account towards service tax demand & preferred an appeal before CESTAT which is yet to be disposed. The above amount has been shown under Contingent Liability under note no 22 above.

**31. 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 & advances, 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.

**i. 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 Cr.

| Particulars | Increase/decrease in basis points | Effect on profit before tax |
|---|---|---|
| **31 March 2020** | | |
| SBI Loan | +100 | +15.93 |
| | -100 | -15.93 |
| **31 March 2019** | | |
| SBI Loan | +100 | +16.46 |
| | -100 | -16.46 |

**ii. 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 Butene 1, catalysts & chemicals and spares for its imported equipment's through LCs. The Company does not have foreign currency loans, however, has foreign currency liabilities and outstanding foreign Letter of Credits. The exposure to foreign exchange risk of the Company is not substantial. The Company manages its foreign currency risk by keeping foreign currency exposure at minimum.

**Foreign currency sensitivity:**

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

₹ in Cr.

| Particulars | Change in currency exchange rates | Effect on profit before tax |
|---|---|---|
| **For the year ended March 31, 2020** | | |
| US Dollar | 3% | -0.37 |
| | -3% | 0. 37 |
| EURO | 6% | -0.47 |
| | -6% | 0.47 |
| Japanese yen | 7% | -0.73 |
| | -7% | 0.73 |
| **For the year ended March 31, 2019** | | |
| US Dollar | 3% | -0.40 |
| | -3% | 0.40 |
| EURO | 6% | -0.21 |

| Particulars | Change in currency ex-change rates | Effect on profit before tax |
|---|---|---|
| | -6% | 0.21 |
| Japanese yen | 7% | -0.21 |
| | -7% | 0.21 |

### iii. Equity price risk

The Company does not have any equity risk.

### iv. 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 Cr.

| As at 31 March 2020 | On Demand | Less than 3 Months | 3 to 12 Months | 1 to 5 Years | > 5 Years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | 18.12 | 369.82 | 437.19 | 1,893.19 | 463.51 | 3181.83 |
| Interest Payable | 1.46 | 57.03 | 155.51 | 460.45 | 18.49 | 692.94 |
| Trade and other payables | 142.00 | - | - | - | - | 142.00 |
| Other financial liabilities | 305.69 | 7.87 | 67.66 | 1.60 | - | 382.82 |
| Other – specify | - | - | - | - | - | - |

₹ in Cr.

| As at 31 March 2019 | On Demand | Less than 3 Months | 3 to 12 Months | 1 to 5 Years | > 5 Years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing loans and borrowings | 134.95 | 41.50 | 249.48 | 1,843.03 | 894.69 | 3163.65 |
| Interest payable | 11.74 | 62.06 | 180.21 | 615.00 | 56.33 | 925.34 |
| Trade and other payables | 164.31 | - | - | - | - | 164.31 |
| Other financial liabilities | 104.72 | 9.47 | 72.88 | - | - | 187.07 |
| Other specify | - | - | - | - | - | - |

### v. 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 on the reporting date is as follows:

₹ in Cr.

| Particulars | Neither past due not 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 2020 | - | - | - | - | 2.87 | 2.87 |
| Trade receivables as of 31 March 2019 | 130.77 | 119.21 | - | - | 11.56 | 130.77 |

## 32. 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 2020 and 31$^{st}$ March 2019.

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 Cr.

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|---|---|---|
| Interest-bearing loans and borrowings including payables | 2,916.24 | 3,030.61 |
| Less: Cash and Cash Equivalents | 42.92 | 1.40 |
| Net debt | 2,873.32 | 3,029.21 |
| | | |
| Equity | 1,417.67 | 1,417.67 |
| Total capital | 2,072.55 | 566.76 |
| Capital and net debt | 4,945.87 | 3,595.97 |
| Gearing ratio | 0.58 | 0.84 |

## 33. 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 2020 the company held the following financial instruments carried at fair value on the statement of financial position:

₹ in Cr.

| Particulars | Carrying Amount 31.03.2020 | Fair Value | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial assets at amortised cost:** | | | | |
| **Non-current** | | | | |
| Loans and receivables | 24.87 | - | - | - |
| Other Financial Assets (It includes Feed Stock) | 645.79 | | | |
| **Current** | | | | |
| Trade receivables | 2.87 | - | - | - |
| Cash and cash equivalents | 42.92 | - | - | - |
| Other Financial Assets (It include Feed Stock & NEIIPP Subsidy) | 1852.62 | - | - | - |
| **Total** | **2569.07** | **-** | **-** | **-** |
| | | | | |
| **Financial liabilities at amortised cost:** | | | | |
| **Non-current** | | | | |
| Borrowings | 2,351.12 | - | - | - |
| Other financial liabilities | 1.60 | | | |
| **Current** | | - | - | - |
| Borrowings | 423.12 | - | - | - |
| Other financial liabilities | 783.23 | - | - | - |
| Trade payables | 142.00 | - | - | - |
| **Total** | **3701.07** | **-** | **-** | **-** |

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

₹ in Cr.

| Particulars | Carrying Amount 31.03.2019 | Fair Value | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial assets at amortised cost**: | | | | |
| **Non-current** | | | | |
| Loans and receivables | 15.81 | - | - | - |
| **Current** | | | | |
| Trade receivables | 130.77 | - | - | - |
| Cash and cash equivalents | 1.40 | - | - | - |
| Other Financial Assets (It includes Feed Stock & NEIIPP Subsidy) | 110.38 | - | - | - |
| **Total** | **258.36** | **-** | **-** | **-** |

| Particulars | Carrying Amount 31.03.2019 | Fair Value | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| **Financial liabilities at amortised cost:** | | | | |
| **Non-current** | | | | |
| Borrowings | 2,731.35 | - | - | - |
| **Current** | | | | |
| Borrowings | 134.95 | - | - | - |
| Other financial liabilities | 478.05 | - | - | - |
| Trade payables | 164.31 | - | - | - |
| **Total** | **3,508.66** | **-** | **-** | **-** |

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.

## 34. Leases

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 1, 2019 using the modified retrospective method. The Company recorded the lease liability at the present value of the lease payments discounted at the incremental cost of capital of 1 Year SBI MCLR + 0.25% i.e. 8.70% and the right of use asset at its carrying amount.

On transition date (01.04.2019), the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹245.04 Cr. (ROU Land amounting ₹240.17 Cr., ROU Vehicle ₹4.5 Cr. and ROU Office ₹0.37 Cr.) and a lease liability of ₹4.87crore (Leased Vehicle Liability amounts to ₹4.50 Cr. and Leased Office Liability is ₹0.37 Cr.). The difference of ₹ 240.17 Cr. is on account of reclassification of prepaid rent expenditure of land to ROU asset. Pre-paid lease rent on land which were being amortized as 'Rent Expense' over period of 30 Years till 31.03.2019 has been reclassified as long term lease assets in line of IND AS 116. As such in place of rental expense, the expenditure is now being shown as amortization cost. There is no material impact of this reclassification other than classification from "rent expense' to amortization expense, since the cost was incurred in past. As on 31.03.2020, ROU Asset balance stands at ₹234.44 crore and Lease Liability at ₹3.39 crore.

The summarized impact of new Ind AS 116 on the financials of the Company is:

₹ in Cr.

| ROU Asset | Amortization | Interest | Total Cost | Rent Expense | Vehicle Expense | Total Cost |
|---|---|---|---|---|---|---|
| | On Adoption of IND AS | | | Before Adoption of IND AS | | |
| Hired Vehicle | 1.5 | 0.29 | 1.79 | - | 1.66 | 1.66 |
| Office Premise | 0.12 | 0.02 | 0.14 | 0.13 | - | 0.13 |
| Prepaid Rent | 8.98 | - | 8.98 | 8.98 | - | 8.98 |
| **Total Cost** | | | **10.91** | | | **10.77** |
| Additional Impact of Transition to Ind AS 116 for 2019-20 on P&L | | | | | | **0.14** |

**35. Proposed dividend and tax :**

i. During the year the Company has earned an operational profit, however no dividend pay-out has been considered. The profit during the year is primarily due to accounting of the feedstock subsidy, which is still to be released. There was no budgetary provision towards the feedstock subsidy in the union Budget BE 2020-21 and therefore release of the same is not expected before 4th QTR of 2020-21. Moreover it is difficult to estimate whether Govt. will release the full amount of subsidy at one go or release in parts. To meet the cash flow requirements, the company availed short term loans from commercial banks and the same will continue till actual subsidy is released by the Govt. Under these circumstances, the dividend payout has not been considered by the company in 2019-20.

ii. As per section 115-O of Income Tax Act, 1961, domestic companies declaring dividends are liable to pay dividend distribution tax before crediting the dividend in the account of its shareholders. Since there is no dividend pay-out during the FY 2019-20 the said section is not applicable.

**36. Related Party Disclosures:**

Names of Related parties and nature of related party relationships:

a. **Entities which exercise control/ joint-control/ significant influence over the company :**
Gail (India) Limited
Numaligarh Refinery Limited
Oil India Limited
Government of Assam

b. **Key management personnel :**

Sh. Reep Hazarika - Managing Director

Sh. Pruthiviraj Dash - Director (Finance)

Mrs. Ruli Das Sen- Company Secretary

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

d. **The transactions carried out with the related parties during the existence of related party relationship as per Ind AS 24 in the ordinary course of business:**

₹ in Cr.

| Particulars | FY 19-20 | FY 18-19 |
|---|---|---|
| **Gail (India) Limited** | | |
| Manpower cost | 9.56 | 13.66 |
| Purchase of goods (Butene-1, propylene, NG etc.) | 17.17 | 53.48 |
| Lease arrangements | 0.00 | 0.04 |
| Marketing Commission | 53.67 | 65.59 |
| Expenditure towards DRC | 1.49 | 0.00 |
| Interest on Borrowing | 17.37 | 1.92 |
| Borrowing from Holding Company | 200.00 | 200.00 |
| Balance payable at the reporting date | 40.95 | 15.12 |

| Particulars | FY 19-20 | FY 18-19 |
|---|---|---|
| **Numaligarh Refinery Limited** | | |
| Sale/ Purchase of goods | 458.40 | 413.20 |
| Claims towards Freight and Price difference on out sourced Naphtha | 0.00 | 10.55 |
| Balance payable at the reporting date | 31.91 | 40.72 |
| **Oil India Limited** | | |
| Sale/ Purchase of goods | 547.53 | 518.66 |
| Balance payable (NG supply) at the reporting date | 285.14 | 172.79 |
| Outstanding (infrastructure cost) at the reporting date | 20.35 | 85.35 |
| | | |
| **Key management personnel** | | |
| Remuneration to Sh. A K Singh- Managing Director (Up to 12.02.2020) Short Term Benefits – ₹ 0.35 Cr. , Post Retirement Benefits – ₹ 0.79 Cr. | 1.14 | 0.39 |
| Remuneration to Sh. Reep Hazarika – Managing Director (Short Term Benefits Only) | 0.04 | 0.00 |
| Remuneration to Sh. Pruthiviraj Dash - Director (Finance) and CFO (Short Term Benefits Only) | 0.33 | 0.14 |
| Remuneration to Mrs. Ruli Das Sen- Company Secretary (Short Term Benefits Only) | 0.25 | 0.23 |
| Sitting Fees Paid to Independent Directors | 0.01 | 0.02 |

## 37. 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.

## 38. Claims due to Micro , Small & Medium enterprise

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

₹ in Cr.

| Particulars | 2019-20 | 2018-19 |
|---|---|---|
| **i.** The principal amount and the interest thereon remaining unpaid to any supplier as at the end of each accounting year; | 2.13 | 6.33 |
| **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; | 0.00 | 0.00 |
| **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; | 0.00 | 0.00 |
| **iv.** The amount of interest accrued and remaining unpaid at the end of each accounting year; and | 0.01 | 0.00 |
| **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. | 0.00 | 0.00 |

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.

**39. 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 31st March 2020.

(b) Entity wise disclosures:

i. Information about products and services: The Company is in a single line of business of "Production and sales of polymers to downstream plastic industries".

ii. Geographic Information's: The Company operates presently in the business of production and sale of polymers in India. Accordingly, revenue from customers and all assets are located in India only.

iii. Information about major customers: During the year ended 31st March 2020, three major Customers contributed around 9.10% of the revenue amounting to ₹ 183.02 Cr. (previous year ₹ 342.79 Cr.).

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

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

₹ in Cr.

| Particulars | 31-Mar-20 | 31-Mar-19 |
|---|---|---|
| Gain/(-Loss) attributable to equity holders of the Company: | | |
| Continuing operations | 1,506.11 | 68.97 |
| Discontinued operation | - | - |
| **Gain/(-Loss) attributable to equity holders of the Company for basic earnings** | 1,506.11 | 68.97 |
| | | |
| **Gain/(-Loss) attributable to equity holders of the Company adjusted for the effect of dilution** | 1,506.11 | 68.97 |
| | | |
| Weighted Avg. No's of Equity shares for basic EPS * (in No.) | 1417670000 | 1417670000 |
| Effect of dilution: | - | - |
| | | |
| **Weighted Avg. No's of Equity shares adjusted for the effect of dilution *** | - | - |
| **Earnings per equity share: in ₹** | | |
| **-Basic** | 10.62 | 0.49 |
| **-Diluted** | 10.62 | 0.49 |

**41. Impairment:** The project was commissioned recently and the plant is now fully stabilized. During the current financial year & the previous financial, the plant operated at more than 100% capacity. With the accounting of feedstock subsidy, the net worth of the company has been significantly improved & the future projections are also healthy. Further there is no indication that the assets

of the company require impairment testing as per IND AS 36. Accordingly, no impairment losses has been estimated and recognised in statement of Profit and Loses.

**42. COVID-19:** With the outbreak of COVID-19 in the month of December'19 & its rapid spread around the world resulted in lockdown in almost all parts of the world, which has severally impacted the oil & polymer prices. The Polymers prices were in continuous downward trend since January'20. The NRV of Finished Products in the Month of April'20 was lower than the cost of production & considering the prevailing market condition & company valuation policy, the Finished Goods Inventory has been valued at the NRV applicable in April'20. Since the cost of production was higher than the NRV of Finished Goods, the Raw Material inventory has been valued at the replacement Cost. The total impact in the statement of profit & loss in the current financial year is of ₹ 26.32 Cr. due to COVID-19.

With the announcement of nation-wide lockdown, there was major disruption of logistics and supply chain. The transporters were finding it increasingly difficult to ply their trucks to lift the polymers of BCPL due to shortage in drivers. The sales volume in the month of March'20 dipped to 7232 MT as against 21992 MT in the month of February'20.

**43. Deferred Tax Liability:** On accounting of feedstock subsidy a large part of previously unadjusted amount of unabsorbed depreciation & business loss has been utilized to set off current year's profit resulting in reversal of available Deferred Tax Assets. Further, due to timing difference of depreciation available under Income Tax Act and Companies Act, Deferred Tax Liabilities (Net) has been created to the extent of ₹ 167.64 Cr. Accordingly, deferred tax expenditure has been accounted for to the extent of ₹ 339.79 Cr. for FY 2019-20, resulting in reversal of Deferred Tax Asset to the extent of ₹ 171.65 Cr.

**44. Provision for obsolescence**: A provision of ₹ 21.66 Cr has been provided in the current financial year towards obsolesce in the value of project surplus materials in line of adopted accounting policy where in 'Surplus/ Obsolete Stores and Spares are valued at cost or net realizable value whichever is lower'.

**45. CSR Expenditure**: The Company was incurring losses till the FY 17-18 and has started generating profit only from the FY 18-19, therefore the company has no obligation towards CSR expenditure as per the provisions of the law. However, as a measure of social welfare activities for development of areas in proximity of the plant, an amount of ₹ 0.09 Cr. (previous year ₹ 0.11 Cr.) has been spent during the current financial year.

| | | |
|---|---|---|
| *Sd/-* | *Sd/-* | *Sd/-* |
| (Reep Hazarika) | (Pruthiviraj Dash) | (Ruli Das Sen) |
| **Managing Director** | **Director (Finance) & CFO** | **Company Secretary** |
| DIN: 08667195 | DIN: 08253888 | M. No. F4012 |

As per our separate report on Even Date
For **RKP Associates**
**Chartered Accountants,**
FRN No. 322473E

*Sd/-*
(Ravi Kumar Patwa)
Partner
Membership No. 056409

Place : Dibrugarh / Guwahati / Silchar
Date : 29th May, 2020

# Cash Flow Statement for the period ended 31st March 2020

(₹ in crore)

| PARTICULARS | 31.03.2020 | 31.03.2019 |
|---|---|---|
| **Cash Flow From Operating Activity** | | |
| Net profit Before Tax & Extra Ordinary Items | 1,847.39 | 9.56 |
| **Adjustement For:** | | |
| Depreciation/ Amortisation | 390.85 | 386.65 |
| Amortisation of Lease Rent | - | 8.87 |
| Profit on Sale of Land | - | (2.32) |
| Items Not Classified in Profit & Loss | (1.99) | (0.58) |
| Accounting of Revenue Grant | (2,351.14) | - |
| Accounting of NEIPP Subsidy | (49.05) | (46.65) |
| Deferred Income (Capital Subsidy) | (205.95) | (197.51) |
| Interest Paid | 252.43 | 264.69 |
| Provision For Doubtful Debts | 17.17 | - |
| Provision For Obsolence of Stores/ Spares | 21.66 | - |
| **Cash Flow before Working Capital Change** | **(78.62)** | **422.70** |
| **Adjustment For Working Cap Changes** | | |
| Changes in Financial Assets (Current) | 142.45 | 257.11 |
| Changes in Financial Assets (Non- Current) | (17.87) | 36.95 |
| Changes in Financial Liability (Current) | 129.65 | (306.10) |
| Changes in Financial Liability (Non-Current) | 2.34 | 4.24 |
| **Cash Generated From Operating Activity** | **177.94** | **414.90** |
| Current Tax | - | - |
| Deferred Tax | - | - |
| **Cash Before Extra Ordinary Items** | 177.94 | 414.90 |
| Extra-Ordinary Items | - | - |
| **Net Cash From Operating Activity** | **177.94** | **414.90** |
| **Cash Flow From Investing Activity** | | |
| Net Addition/ Purchase of Assets | (101.73) | (77.26) |
| Capital Work In Progress | (1.52) | (4.66) |
| Sale of Land | - | 2.52 |
| **Net Cash Flow From Investing Activity** | **(103.25)** | **(79.41)** |
| **Cash flow From Financing Activity** | | |
| Proceeds From Government Grant | 201.06 | 206.09 |
| Repayments of Borrowings | (386.81) | (536.90) |
| Borrowing From Related Party | - | 200.00 |
| Borrowing From Others | 405.00 | 46.37 |
| Interest paid | (252.43) | (264.69) |
| **Net Cash Flow From Financing Activity** | **(33.18)** | **(349.13)** |
| Net Increase/(Decrease) In Cash & Cash Equivalent | 41.52 | (13.64) |
| Opening Cash & Cash Equivalent | 1.40 | 15.04 |
| **Closing Cash & Cash Equivalent** | **42.92** | **1.40** |

*Sd/-*
(Reep Hazarika)
**Managing Director**
DIN: 08667195

*Sd/-*
(Pruthiviraj Dash)
**Director (Finance) & CFO**
DIN: 08253888

*Sd/-*
(Ruli Das Sen)
**Company Secretary**
M. No. F4012

As per our separate report on Even Date
For **RKP Associates**
**Chartered Accountants,**
FRN No. 322473E

*Sd/-*
(Ravi Kumar Patwa)
Partner
Membership No. 056409

Place : Dibrugarh / Guwahati / Silchar
Date : 29th May, 2020

# 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 LTD. FOR THE YEAR ENDED 31 MARCH 2020.**

The preparation of financial statements of Brahmaputra Cracker and Polymer Ltd. for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act. 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 29 May 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Brahmaputra Cracker and Polymer Ltd. for the year ended 31 March 2020 under Section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

Sd/-
(Suparna Deb)
**Director General of Audit (Mines)**
**Kolkata**

Place: Kolkata
Date: 22nd July, 2020

**Brahmaputra Cracker and Polymer Limited**

Registered Office
House No 6, Bhuban Road,
Uzanbazar, Guwahati 781001, Assam

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