



Press Release
BRAHMAPUTRA CRACKER AND POLYMER LIMITED
June 18, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2303.20	ACUITE AA+ Stable Reaffirmed	-
Bank Loan Ratings	300.00	-	ACUITE A1+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	2603.20	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed the long-term rating of ‘**ACUITE AA+**’ (read as **ACUITE double A plus**) and short-term of ‘**ACUITE A1+**’ (read as **ACUITE A one plus**) on the Rs. 2603.20 Cr. bank facilities of Brahmaputra Cracker and Polymer Limited (BCPL). The outlook is ‘**Stable**’.

Rationale for Rating

The rating factors the company’s robust financial risk profile and steady improvement in the scale of operations market as reflected by revenues of Rs. 3,579.93 Cr. in FY25 against Rs. 2,979.24 Cr. in FY24. Further, the ratings also factor in the company’s strong business profile as reflected from its established presence in polymer business along with healthy operational performance and strategic linkages with leading PSUs in the oil and gas sector. The company has a 100% off-take marketing agreement with GAIL which has been renewed till December 2034. The company has undertaken major shut-down in FY24 which has helped to improve the operational efficiency of the plant. The rating is constrained by volatility of the raw material prices i.e., natural gas and naphtha due to the geopolitical issues. Further, the stagnation in the polymer prices leading to an inability to pass on the input costs to the full extent, has further impacted BCPL’s profitability which can be seen from the EBITDA margin of the company which stood at 6.05% in FY25 as against -0.12% in FY24. The company is operating in an industry which has inherent cyclical nature and is further exposed to the prices of imported products.

About the Company

Brahmaputra Cracker and Polymer Limited (BCPL) was incorporated in 2007 as a joint venture between GAIL (India) Limited (GAIL), Oil India Limited (OIL), Numaligarh Refinery Limited (NRL) and Government of Assam (GoA) with GAIL holding majority stake of 70.00 percent. BCPL is engaged in manufacturing of High Density Polyethylene (HDPE) and Linear Low Density Polyethylene (LLDPE) with a capacity of 220,000 tonnes per annum (TPA) and Poly-Propylene (PP) with a capacity of 60,000 TPA. The other products include Hydrogenated Pyrolysis Gasoline and Pyrolysis Fuel Oil. BCPL has its cracker complex located at Duliajan, Lakwa and Lepatkata in Assam. The directors are Mr. Pruthiviraj Dash, Mr. Raman Kumar Trivedi, Mr. Subramoney Lakshmanan, Mr. Abhijit Majumder, Mr. Bhaskar Jyoti Phukan, Mr. Sandeep Kumar Gupta, Ms. Meenaxee Priyadarshinee Medhi, Mr. Alope Kumar Naskar, Mr. Pranjal Changmai, Mr. Hridesh Kumar and Mr. Bikram Kairi.

Unsupported Rating

ACUITE BBB+/ Stable

Analytical Approach

Acuité has taken a standalone view of the business and financial risk profile of Brahmaputra Cracker and Polymer

Limited to arrive at the rating. However, Acuité has taken into account the strong parentage of the entity by way of shareholding held by GAIL (India) Limited.

Key Rating Drivers

Strengths

Demonstrated support from GoI and State government of Assam

BCPL is a joint venture between GAIL, OIL, NRL and GoA with GAIL holding 70.00%, OIL, NRL and GoA each holding 10.00% respectively. The company has strategic importance as it is formed under Assam Accord of 1985 to promote economic development in Assam. As per the arrangement with various shareholders, BCPL will get the raw material from OIL and NRL, the land from GoA and all the technical and operational support from GAIL. GAIL, the single largest shareholder with 70% stake in BCPL was incorporated in August 1984 as a central public sector undertaking (PSU) under the Ministry of Petroleum and Natural Gas (MoPNG). BCPL has signed the marketing agreement with GAIL by which all the production of BCPL will be sold by using GAIL's marketing channels. The board of directors of BCPL comprises of representatives from all stakeholders. BCPL procures the raw materials i.e. gas from ONGC and OIL and naphtha mainly from NRL. BCPL has signed the feedstock agreement by which the pricing is governed by the Government of India. This has benefited BCPL to procure the raw materials at discounted prices compared to market rates. The ownership pattern of BCPL, support from GAIL and credit rating of GAIL will remain key rating sensitivities.

Improvement in the scale of operations albeit volatility in profitability margins

The company has achieved a revenue of Rs. 3579.93 Cr. in FY25 against Rs. 2979.24 Cr. in FY24. The increase of 20.16% is attributed to the increased production albeit moderation in the realizable value of the products. The EBITDA margins of the company stood at 6.05% in FY25 as compared to (0.12) % in FY24. The PAT margins of the company stood at 0.44 % in FY25 as compared to (5.38) % in FY24. The improvement in profitability margins was noticed on account of slight decline in the raw material prices and better operational efficiency after the debottlenecking of the plant in FY25. Going forward, the company is likely to maintain the business risk profile in medium term on account of healthy domestic demand with increasing trend in ecommerce and infrastructure spending.

Robust Financial Risk Profile

The financial risk profile of the company is robust marked by healthy adjusted net-worth of Rs. 2783.74 Cr. as on 31st March 2025 against Rs. 2754.93 Cr. as on 31st March 2024. The slight improvement has been noticed because of accretion of profits to reserves and adjusted for intangible assets. The total debt of the company is Rs. 1202.14 Cr. as on 31st March 2025 (LT – Rs. 401.14 Cr. and ST – Rs. 801.00 Cr.) against Rs. 617.50 Cr. (LT – Rs. 342.01 Cr. and ST – Rs. 275.49 Cr.) as on 31st March 2024. The gearing stands low at 0.43 times in FY25 against 0.22 times in FY24. Further, the interest coverage ratio of the company stood at 9.92 times in FY25 against 6.65 times in FY24. The debt service coverage ratio stood at 7.24 times in FY25 against 1.87 times in FY24. The improvement in the coverage indicators is noticed because of the increase in net accruals of the company allowing it to repay the debt obligations timely. The TOL/TNW stood at 1.91 times in FY25 against 1.82 times in FY24. The slight increase has been noticed because of the increase in the short-term debt. Acuité believes that the financial risk profile of the company is likely to remain healthy over the medium term due to absence of any further debt to fund the capex plans of the company.

Renewal of the agreement with GAIL with reduced commission charge

The company has an agreement with GAIL for marketing of its product which has been renewed on 5th December 2024 for ten years brining the effective agreement end date to December 2034. However, the same is to be reviewed after 5 years. GAIL is responsible for evacuation of 100% BCPL polymer products and charges a marketing commission charge of 1.45% (Previously 2.4% of net sales). The decrease in the marketing commission charges will help the company to sustain the volatility of the prices and further support the margins in the coming years. Also, to cater the customers satisfactorily and mitigate the risks of changes in demand supply scenario, logistic issues and price volatility, the company is liable to always keep sufficient inventory.

Weaknesses

Exposure to volatile crude oil and polymer prices

Polymer prices are linked with crude oil price fluctuations with a higher degree of volatility in the recent past. This will be further aggravated with the petrochemical sector trying to navigate through uncertain and volatile times, facing uncertain crude oil prices which is driven by multiple factors including OPEC production cuts, the sanctions on Russia and the global slowdown. Further, the lower consumption and economic growth in other economies is resulting into higher dumping of polymers due to no restriction on polymer import as India is net importer of polymers. Acuité expects that the revenues and margins of BCPL will remain exposed to the fluctuations in petrochemical prices, the competitive landscape and demand for polymers as also the level of volatility in the feed stock prices and the import trends.

Intensive Working Capital Operations

The working capital operations of the company remained intensive marked by GCA days which stood at 201 days as on as on 31st March 2025 against 204 days as on 31st March 2024. The high current assets are pertaining to the receivables against claims and subsidies of Rs. 1078.33 Cr. in FY25 as against Rs. 725.20 Cr. in FY24. The inventory days of the company stood at 66 days as on 31st March 2025 against 58 days as on 31st March 2024. The slight increase has been observed to comply with the marketing arrangement with GAIL, to keep sufficient goods for meeting the demand of the customers timely leading to increase in finished goods inventory of LLDPE and PP accompanied with high store and spares inventory. The debtor days of the company stood at 4 days as on 31st March 2025 against 9 days as on 31st March 2024. On the other hand, the creditor days of the company stood at 25 days as on 31st March 2024 against 32 days as on 31st March 2023. The average credit period extended to the company is 30 days for Oil India Limited and 15 days for ONGC Limited. Acuite believes that the company is likely to stay on the same lines as no major changes are anticipated in the trading terms with customers and suppliers in the medium term.

Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the “CE” suffix)

Acuite takes into consideration the benefit derived by BCPL from the 70% ownership of GAIL (INDIA) LIMITED.

Stress Case Scenario

While the rating has been derived on the standalone credit risk profile and cash flows of the company, Acuite believes given the 70% holding of GAIL (INDIA) LIMITED, in case of any stress case scenario, the required support would come from the GAIL (INDIA) LIMITED.

ESG Factors Relevant for Rating

In case of this industry, on the social front, labour management issues, such as employee safety & development and employment quality, remain a crucial risk in manufacturing industry. Additionally, key material issues such as responsible procurement, community support & development, product safety & quality, human rights, equal opportunity & employee development can influence social scores. Further on the environment front, GHG emissions, material efficiency, waste management, environmental management, energy efficiency and green supply chain are significant environmental issues in the manufacturing industry. Additionally, key material issues such as ESG reporting transparency, biodiversity impact and green products can influence environmental scores.

Rating Sensitivities

Movement in the product mix and capacity Utilization
Movement in the operating margins
Movement in Working capital cycle

Liquidity Position

Strong

The liquidity profile of the company is strong. The company generated a net cash accrual of Rs. 402.06 Cr. as on as on 31st March 2025 against the debt repayment obligations of Rs. 12.09 Cr. in the same period. The debt repayments are going to increase in the medium term as the repayments of the loan by OADB has a ballooning effect. However, the company is expected to generate cash accruals between Rs. 400.00 Cr. to Rs 430.00 Cr. to fulfil the debt repayment obligations ranging between Rs. 70 Cr. to Rs. 90 Cr. The current ratio of the company declined to 1.25 times as on 31st March 2025 against 1.50 times as on 31st March 2024 because of the increase in current assets pertaining to claims receivable against subsidies. The company is also undertaking a debt funded capex plan expected to be completed by FY26 end or early FY27. The NCA/TD stood at 0.33 times in FY25 as against 0.36 times in FY24. Further, the average bank limit utilization at the month end balance stood low at 74% for 6 months ending April. Acuité believes that the liquidity of the company is likely to remain strong over the medium term backed by sufficient cash accruals versus repayment, moderate current ratio albeit debt funded capex plans.

Outlook : Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	3579.93	2979.24
PAT	Rs. Cr.	15.64	(160.22)
PAT Margin	(%)	0.44	(5.38)
Total Debt/Tangible Net Worth	Times	0.43	0.22
PBDIT/Interest	Times	9.92	6.65

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Mar 2024	Letter of Credit	Short Term	60.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A1+ (Reaffirmed)
	Proposed Short Term Loan	Short Term	200.00	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	350.00	ACUITE AA+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1453.20	ACUITE AA+ Stable (Reaffirmed)
	Cash Credit	Long Term	125.00	ACUITE AA+ Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	125.00	ACUITE AA+ Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	125.00	ACUITE AA+ Stable (Reaffirmed)
	Working Capital Demand Loan (WCDL)	Long Term	125.00	ACUITE AA+ Stable (Reaffirmed)
28 Dec 2022	Letter of Credit	Short Term	60.00	ACUITE A1+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	40.00	ACUITE A1+ (Reaffirmed)
	Proposed Short Term Loan	Short Term	200.00	ACUITE A1+ (Reaffirmed)
	Cash Credit	Long Term	350.00	ACUITE AA+ Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	1953.20	ACUITE AA+ Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
State Bank of India	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	40.00	Simple	ACUITE A1+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	350.00	Simple	ACUITE AA+ Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	125.00	Simple	ACUITE AA+ Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE A1+ Reaffirmed
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	60.00	Simple	ACUITE A1+ Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1253.20	Simple	ACUITE AA+ Stable Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Short Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE A1+ Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Unsecured Overdraft	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.00	Simple	ACUITE AA+ Stable Reaffirmed
ICICI Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	224.00	Simple	ACUITE AA+ Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	125.00	Simple	ACUITE AA+ Stable Reaffirmed
Central Bank of India	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	125.00	Simple	ACUITE AA+ Stable Reaffirmed
Axis Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	100.00	Simple	ACUITE AA+ Stable Reaffirmed

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No	Name of the companies
1	GAIL (India) Limited
2	Brahmaputra Cracker and Polymer Limited

Contacts

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About Acuité Ratings & Research

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