COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ASSAM PETRO-CHEMICALS LIMITED FOR THE YEAR ENDED 31 MARCH 2025

The preparation of Financial Statements of **Assam Petro-Chemicals Limited (Company)** for the year ended **31 March 2025** in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (the 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 are responsible for expressing an 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 **16 May 2025.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Financial Statements of **Assam Petro-Chemicals Limited** for the year ended **31 March 2025** 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.

Based on my supplementary audit, I would like to highlight the following significant matters under Section 143(6)(b) of the Act which have come to my attention and which in my view, are necessary for enabling a better understanding of the Financial Statements and the related Audit Report:

A. COMMENTS ON PROFITABILITY

1. Statement of Profit and Loss
Expenses
Finance Costs (Note-29) ₹9,413.57 lakh

The Company took a loan of ₹1,229.12 crore from Power Finance Corporation Limited for construction of 500 TPD Methanol plant at Namrup and 200 TPD Formalin & Transhipment plant at Boitamari, the project cost for which were financed through debt and equity at the ratio of 66.67: 33.33 (*i.e.*, at 2:1 ratio).. During the year 2024-25, the Company incurred interest expenses of ₹112.60 crore, out of which ₹21.35 crore was capitalised and remaining ₹91.25 crore was charged to Statement of Profit and Loss on commercial operation (15 May 2024) of 500 TPD Methanol plant at Namrup. The Company allocated the interest expenses to Capital Work in Progress (for incomplete projects) and statement of Profit and Loss (for completed project), on the basis of total expenditure incurred. As the projects were financed through Debt and Equity, the expenditure incurred should have been bifurcated in 2:1 ratio and the allocation should have been made after duly adjusting the proportionate expenditure incurred out of equity portion. This has resulted in over allocation of interest to the 200 TPD Formalin plant by ₹2 crore and under allocation of interest to the Transhipment plant and 500 TPD Methanol plant by ₹0.60 crore and ₹0.16 crore respectively. This has also resulted in overstatement of CWIP and understatement of Loss for the year by ₹1.24 crore each.

2. Statement of Profit and Loss

Expenses

Other Expenses (Note-31)

Miscellaneous expenses ₹664.36 lakh

The Oil India Limited had requested (March 2025) the Company to release payment on overdue amount of ₹ 508.48 crore for the natural gas supplied to the Company during the period January 2024 to January 2025 along with accrued delayed payment interest of ₹92.81 crore charged as per the provision of agreement for Sale and Purchase of Natural Gas dated 26 December 2013. The accrued delayed payment interest was increased to ₹99.16 crore as on 31 March 2025. The Company, however, did not make any provision for the delayed payment interest of ₹99.16 crore in the accounts for the year 2024-25 resulting in understatement of provisions and loss by ₹99.16 crore each.

3. **Statement of Profit and Loss**

   Expenses

   Other Expenses (Note-31)

   Miscellaneous expenses ₹664.36 lakh

Para 42 of Ind AS 8 provides that an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by: (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented

The above included ₹237.48 lakh being various expenses/adjustments prior to the year 2024-25 which were recognized as expenses for the year 2024-25 instead of retrospectively restating the previous year's expenses/adjustments as per the provision of Ind AS-8. This has resulted in overstatement of loss for the year by ₹237.48 lakh with corresponding understatement of previous year liabilities and provisions to the same extent.

4. **Statement of Profit and Loss**

   Other Income (Note-25)

   Other non-operating income ₹90.36 lakh

Para 42 of Ind AS 8 provides that an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by: (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented

The above included ₹25.63 lakh being liabilities and provisions prior to the year 2024-25 which was written off and recognized as income for the year 2024-25 instead of retrospectively restating the previous year liabilities and provisions as per the provision of Ind AS-8. This has resulted in understatement of loss for the year by ₹25.63 lakh with corresponding overstatement of previous year's liabilities and provisions by the same amount.

For and on the behalf of the

Comptroller and Auditor General of India

Abhay 24/09/25

Accountant General (Audit), Assam

Dated: 24/09/2025

Place: Guwahati

MANAGEMENT LETTER ISSUED ALONG WITH CAG's COMMENTS ON THE FINANCIAL STATEMENTS OF ASSAM PETROCHEMICALS LIMITED FOR THE YEAR ENDED 31 MARCH 2025

No: -AMG-III(PSU)/APC Ltd/5-2/2025-26/ 457 **Dated: -24/09/2025**

To,

The Managing Director,
Assam Petro-Chemicals Limited,
4th floor, Orian Place,
Mahapurush Srimanta Shankardev Path,
Bhangagarh , Guwahati-781005.

Subject: Management Letter highlighting deficiencies noticed in accounting records/ systems/ internal Controls etc.

Sir,

The Financial Statement of Assam Petrochemicals Limited for the year 2024-25 have been audited and the CAG's Comment thereon have been issued vide letter No. AMG-III(PSU)/APC Ltd/5-2/2025-26/455 dated: 24 .09.2025. During the course of audit, it was observed that the Company incurred (November 2018) ₹20.51 lakh for survey and preparation of DPR for the DME (Dimethyl Ether) project and booked the same as Capital Work in Progress. As the project did not materialise, the expenditure should have been charged to statement of Profit and Loss instead of carrying the same under the head Capital Works in Progress.

The above issues are brought to your notice for necessary remedial action please.

Yours faithfully

Senior Deputy Accountant General/AMG-III