

R.K.GOVIL & CO.
CHARTERED ACCOUNTANTS

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To
The Members of
ALPS INDUSTRIES LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ALPS INDUSTRIES LIMITED** (the Company) which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. 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. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

Refer to note no. 38 to the notes on accounts, the Company has not provided for its liability towards interest & part of principal loan, waived earlier, and impact of retained earnings in terms of draft rehabilitation scheme and now revoked by its consented lenders amounting to Rs. 133933.35lakh, accordingly the loss for the year and loan liability would have been increased and shareholder's fund would have been reduced to that extent.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except, for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to Financial Statements:

To note no 38 related to preparation of financial statement on going concern basis on the expectation of the company to get the necessary resolution for restructuring/settlement of debts and to meet its financial obligation and continuation of giving effect to earlier consented scheme though now revoked.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

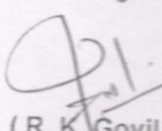


- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on 31st March 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019, from being appointed as a director in terms of Section 164(2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (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 financial statements- Refer Note No. 36 & 37 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **R. K. Govil & Co.**

Chartered Accountants

(Firm Reg. No. 060748C)


(R. K. Govil)

M No.: 013632



Place : Ghaziabad

Date : May 30, 2019

ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2019, we report that:

- 1) (a) The Company has maintained proper records, showing full particulars including quantitative details and situation of its fixed assets.

(b) As explained to us, the management has physically verified all the fixed assets during the year except the assets lying at erstwhile Jaspur, Kashipur and Puducherry units which are not in its possession, in a phased periodical manner, which in our opinion is reasonable having regard to the size of the Company. We have been informed that no material discrepancies were noticed on such physical verification during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (2) (a) The inventory has been physically verified during the year by the management in phased manner.

(b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company has maintained proper records of inventories. As explained to us, the discrepancies noticed on physical verification as compared to book records were not material and have been dealt with in the books of account.
- (3) According to the information and explanation given to us, the company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register required to be maintained under section 189 of the Act. Accordingly paragraph 3 (iii) of the order is not applicable.
- (4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (5) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public.
- (6) We were informed that company has maintained cost records pursuant to Companies (Cost Records and Audit) Rules, 2014 as amended and prescribed by the Central Government under section 148(1) of the Companies Act, 2013 and we are of the opinion that prima facie, the prescribed cost records have been maintained. We have however not made a detailed examination of the records with a view to determine whether they are accurate and complete.



- (7) (a) The Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service Tax, Duty of Custom, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-tax, Service Tax, Sales-tax, Duty of Custom, Duty of Excise, Cess, Goods and Service Tax and other aforesaid statutory dues were outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.

- b) The disputed statutory dues aggregating to Rs 130.54 Lakh as on 31st March, 2019 have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statute	Nature of Dues	Amount	Forum where Dispute is Pending
Nagar Nigam Act,	Sewerage Tax	Rs.8.15 Lakh	Ld. Commisioner, Nagar Nigam, Gzb.
Commercial Tax Act	Commercial Tax	Rs.12.87 Lakh	Ld. Addl. Commissioner, Gzb
Income Tax Act	Income Tax	Rs.109.52 Lakh	Hon'ble CIT (Appeals) Gzb.

- (8) *During last year the consent to the DRS interalia containing the restructuring of the debts of the company have been revoked by the consented secured lenders and demand raised for the dues outstanding in terms of their original sanctions. The company has protested to the said revocation and also submitted a revised restructuring/settlement scheme which is pending consideration with them (refer note no. 38), we are unable to express any opinion about the default of Principal / Interest and period of default, if any.*
- (9) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (10) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (11) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Compahies Act, 2013.
- (12) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the



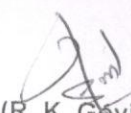
requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- (13) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (14) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (16) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (17) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For R. K. Govil & Co.

Chartered Accountants

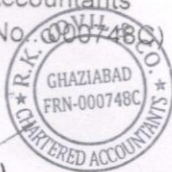
(Firm Reg. No. 000748C)


(R. K. Govil)

M.No.: 013632

Place : Ghaziabad

Date : May 30, 2019



Annexure - B to Independent Auditors' 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 **ALPS INDUSTRIES LIMITED** (the Company) as of 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

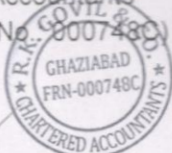
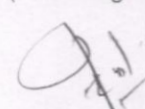
Opinion

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

For R. K. Govil & Co.

Chartered Accountants

(Firm Reg. No. 000748C)



(R.K. Govil)

M. No.: 013632

Place : Ghaziabad

Date : May 30, 2019

R.K.GOVIL & CO.

CHARTERED ACCOUNTANTS

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To

The Members of
ALPS INDUSTRIES LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **ALPS INDUSTRIES LIMITED** (hereinafter referred to as "the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which has been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made there under including the accounting standards and matters which are required to be included in the audit report.



- I. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
- II. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.
- III. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

Basis for Qualified Opinion

Refer to note no. 39 to the notes on accounts, the Company has not provided for its liability towards interest & part of principal loan, waived earlier, and impact of retained earnings in terms of draft rehabilitation scheme and now revoked by its consented lenders amounting to Rs. 133933.35 lakh, accordingly the loss for the year and loan liability would have been increased and shareholder's fund would have been reduced to that extent.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except, for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to Financial Statements:

To note no 39 related to preparation of financial statement on going concern basis on the expectation of the company to get the necessary resolution for restructuring/settlement of debts and to meet its financial obligation and continuation of giving effect to earlier consented scheme though now revoked.



1. **Other Matters**

We have relied upon the unaudited financial statements of M/s Alps USA Inc., the subsidiary company, whose financial statements reflect total assets of Rs. 344.08 Lac as at 31st March, 2019, total expense of Nil, cash flows amounting to nil for the year then ended. These unaudited financial statements, as approved by the Board of Directors of this company and translated from US\$ into INR have been furnished to us by the Management and our report insofar as it relates to the amounts included in respect of this subsidiary is based solely on such approved unaudited financial statements.

In our opinion and according to the information and explanations given to us by the management, these financial statements are not material to 'the Group'.

2. Our opinion on the Consolidated Financial Statements, and our report on other legal and regulatory requirements below, except, for the effects of the matter described in the Basis for Qualified Opinion paragraph above, is not qualified in respect of the above Emphasis of Matters and Other Matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law maintained by the Holding Company, its subsidiaries included in the Group, including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and records of the Holding Company.
- (c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by



the Board of Directors of the Holding Company and of its subsidiary companies, none of the directors of the Group companies, is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies, the operating effectiveness of such controls, refer to our separate Report in **Annexure A**.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditors' 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 consolidated financial statements disclose the impact of pending litigations as at March 31, 2019 on the consolidated financial position of the Group (Refer Note No. 36 & 37).
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There was no amount which was required to be transferred to the Investor Education and Protection Fund by the Company.

For **R. K. Govil & Co.**

Chartered Accountants

(Firm Reg. No. : 000748C)



(**Rajesh K Govil**)

M No.: 013632

Place : Ghaziabad

Date : May 30, 2019

Annexure - A to the Auditors' Report

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

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Alps Industries Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies, are responsible for establishing and maintaining internal financial controls based on "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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. 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") issued by the ICAI and the Standards on Auditing deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

7. 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

8. In our opinion, the Holding Company, its subsidiary companies, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

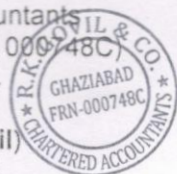
For R. K. Govil & Co.

Chartered Accountants

(Firm Reg. No. : 000748C)

(Rajesh K Govil)

M. No. : 013632



Place : Ghaziabad

Date : May 30, 2019

Alps Industries Ltd.

REGD./CORP. OFFICE

57/2, Site-IV, Industries Area
Sahibabad, Ghaziabad - 201010
Uttar Pradesh (India)

ALPS/479/SE10/2019-20

May 30, 2019

The General Manager
Market Operations Deptt.,
National Stock Exchange of India Ltd.,
Exchange Plaza, 5th Floor,
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Bandra (E), **Mumbai - 400 051**
Ph - 91-22-2659 8101 - 8114
Fax : 022 - 26598237/38/ 2659 8100
Email - cmllist@nse.co.in

Ms. Erika D'Sa, (Relationship Manager)
Corporate Relationship Deptt.,
Bombay Stock Exchange Limited,
1ST Floor New Trading Ring,
Rotunda Building, P. J. Towers,
Dalal Street, Fort, **Mumbai-400 001.**
Ph - 022-22728995
Fax: 022 - 22723121 /
3719/2037/2039/2041/2061
Email - intern.erika@bseindia.com ,
corp.relations@bseindia.com

Dear Sir,

RE: DECLARATION IN COMPLIANCE OF CIRCULAR CIR/CFD/CMD/56/2016 DATED 27.5.2016 ON THE MODIFIED OPINION AUDIT REPORTS FOR THE FINANCIAL YEAR 2018-19

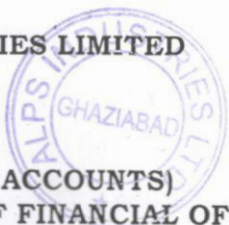
DECLARATION

In terms of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with the compliance of SEBI circular no- CIR/CFD/CMD/56/2016 dated 27.5.2016, we hereby declare that Audit Report on Standalone & Consolidated financial Statements of M/s. Alps Industries Limited, having its registered office at 57/2, Site IV, Industrial Area Sahibabad, Ghaziabad (U.P.), as provided by the Statutory Auditors of the company is modified Opinion and Qualified Opinion related to the financial year ended on March 31, 2019. As required the Statement on Impact of Audit Qualifications is enclosed.

This is for your kind information and record, please.

FOR ALPS INDUSTRIES LIMITED


(A.K. SINGHAL)
PRESIDENT (CORP. ACCOUNTS)
DESIGNATED CHIEF FINANCIAL OFFICER (CFO)



STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG-WITH ANNUAL FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019 IN TERMS OF REGULATION 33 OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AS AMENDED ON 9TH MAY, 2018 AND CIR/CFD/CMD/56/2016 DATED MAY 30, 2016 (STANDALONE)

NAME OF THE COMPANY: ALPS INDUSTRIES LTD. (L51109UP1972PLC003544)

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019.

(See Regulation 33 of the SEBI(LODR) (Amendment) Regulations, 2016)

1.	SI No.	particulars	Audited Figures (as reported before adjusting for qualification)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover/Total Income	37745.77	37745.77
	2.	Total Expenditure	46309.89	180243.24
	3.	Net Profit/(Loss)	(6325.05)	(140258.40)
	4.	Earnings per share (in Rs.)	(16.17)	(358.59)
	5.	Total Assets	38308.59	38308.59
	6.	Total Liabilities	82168.67	216102.02
	7.	Net Worth	(38308.59)	(172241.74)
	8.	Any other financial item(s)(as felt appropriate by the management) - Contingent Liability towards Derivative Contracts & Corporate Guarantee Etc.	-	-

I. AUDIT QUALIFICATION (EACH AUDIT QUALIFICATION SEPARATELY)

a.	Detail of Audit Qualification	"Refer to note no. 38 to the notes on accounts, the Company has not provided for its liability towards interest & part of principal loan, waived earlier, and impact of retained earnings in terms of draft rehabilitation scheme and now revoked by its consented lenders amounting to Rs. 133933.35 lakh, accordingly the loss for the year and loan liability would have been increased and shareholder's fund would have been reduced to that extent."
b.	Type of Audit qualification (Qualified opinion/Disclaimer of Opinion/ Adverse Opinion)	Qualified Opinion
c.	Frequency of qualification	Since Financial Year 2017-18

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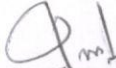
	(Whether appeared first time/repetitive/since hoe long continuing)	
	Audit Qualification where the impact quantified by the Auditor, Management's Views:	During last year, the lenders having more than 83% of the secured debts of the Company revoked their consent to the DRS/settlement scheme circulated by erstwhile Hon'ble BIFR, interalia containing the restructuring of the debts of the Company, which was partly implemented. The Company objected to the said revocation of consent being unjustified and beyond terms of the scheme and further submitted an offer for settlement. M/s Edelweiss Assets Reconstruction Company Ltd., (presently holding 93% of the total secured debt of the Company) (EARC) in order to recover the dues from the Company has also filed an Original Application before Debts Recovery Tribunal, Lucknow Bench, which application is pending adjudication. Further, EARC and Syndicate Bank issued a Notice u/s 13(2) of SARFAESI Act to which the Company objected and also submitted a settlement proposal which has been denied. EARC has taken over the symbolic possession of 5 properties of the Company Viz. Lease hold Land, Building and Plant & Machineries lying at Plot nos. A-2, A-3 & B-2, Loni Road, Industrial Area, Ghaziabad (UP), 58/1, Site IV Industrial Area, Sahibabad (UP) and 1A, Sec.-10, IIE, SIDCUL, Haridwar under section 13(4) of the SARFAESI Act and also issued a sale notice under Rule 8(6) and Rule 6(2) of the Security Interest (Enforcement) Rules, 2002. The Company once again submitted a revised settlement/restructuring proposal with lenders which is under active consideration with them. Management of the Company expects to get the revised settlement/restructuring proposal approved from lenders and accordingly, the Company would be meeting its revised financial obligations. Accordingly, the financial statements of the Company for the year ended March 31, 2019 have been prepared on going concern assumption basis and continue with the earlier consented

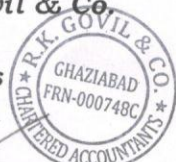
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		restructuring scheme. The impact, arising upon approval of the revised settlement/restructuring proposal, will be given effect in the financial statements of the year of final settlement with lenders. Hence, no provision considered necessary in these accounts towards interest on entire secured loans & part of principal secured loan, waived earlier, and impact on retained earnings thereon totaling to Rs. 133933.35 lakh as per provisions of earlier consented scheme, which the Company continues to give effect till the time revised settlement/restructuring proposal is finally approved by its lenders.
e.	Audit Qualification where the impact is not quantified by the Auditor :-	
(i)	Management's Estimation on the impact of audit qualification	N.A
(ii)	If management is unable to estimate the impact, reasons for the same	NA
(iii)	Auditor's Comments on (i) or (ii) above:	NA

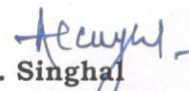
For R.K. Govil & Co.
Chartered
Accountants


(Rajesh Kumar Govil)
Partner
Membership
No.013632
Firm Regn No. -
000748C




Sandeep Agarwal
Managing Director
DIN : 00139439


Prabhat Krishna
(Audit Committee
Chairman)
DIN: 02569624


A.K. Singhal
President
(Corporate F&A)
CFO

Place: Ghaziabad
Dated May 30, 2019

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS (FOR AUDIT REPORT WITH MODIFIED OPINION) SUBMITTED ALONG-WITH ANNUAL FINANCIAL RESULTS FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019 IN TERMS OF REGULATION 33 OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AS AMENDED ON 9TH MAY, 2018 AND CIR/CFD/CMD/56/2016 DATED MAY 30, 2016 (CONSOLIDATED)

NAME OF THE COMPANY: ALPS INDUSTRIES LTD. (L51109UP1972PLC003544)

STATEMENT ON IMPACT OF AUDIT QUALIFICATIONS FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2019.

(See Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016)

1.	SI No.	Particulars	Audited Figures(as reported before adjusting for qualification)	Adjusted Figures(audited figures after adjusting for qualifications)
	1.	Turnover/Total Income	37751.34	37751.34
	2.	Total Expenditure	46317.24	180250.59
	3.	Net Profit/(Loss)	(6329.29)	(140262.64)
	4.	Earnings per share (in Rs.)	(16.18)	(358.59)
	5.	Total Assets	37768.56	37768.56
	6.	Total Liabilities	82083.65	216017.00
	7.	Net Worth	(37768.56)	(172241.94)
	8.	Any other financial item(s)(as felt appropriate by the management) - Contingent Liability towards Derivative Contracts & Corporate Guarantee Etc.	-	-

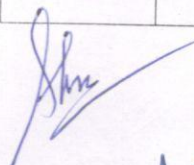
II. AUDIT QUALIFICATION (EACH AUDIT QUALIFICATION SEPARATELY)

a.	Detail of Audit Qualification	"Refer to note no. 38 to the notes on accounts, the Company has not provided for its liability towards interest & part of principal loan, waived earlier, and impact of retained earnings in terms of draft rehabilitation scheme and now revoked by its consented lenders amounting to Rs. 133933.35 lakh, accordingly the loss for the year and loan liability would have been increased and shareholder's fund would have been reduced to that extent."
b.	Type of Audit qualification (Qualified opinion/Disclaimer of Opinion/ Adverse Opinion)	Qualified Opinion
c.	Frequency of qualification	Since Financial Year 2017-18

Signature: [Handwritten Signature]



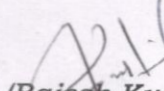
	(Whether appeared first time/repetitive/since hoe long continuing)	
	Audit Qualification where the impact quantified by the Auditor, Management's Views:	During last year, the lenders having more than 83% of the secured debts of the Company revoked their consent to the DRS/settlement scheme circulated by erstwhile Hon'ble BIFR, interalia containing the restructuring of the debts of the Company, which was partly implemented. The Company objected to the said revocation of consent being unjustified and beyond terms of the scheme and further submitted an offer for settlement. M/s Edelweiss Assets Reconstruction Company Ltd., (presently holding 93% of the total secured debt of the Company) (EARC) in order to recover the dues from the Company has also filed an Original Application before Debts Recovery Tribunal, Lucknow Bench, which application is pending adjudication. Further, EARC and Syndicate Bank issued a Notice u/s 13(2) of SARFAESI Act to which the Company objected and also submitted a settlement proposal which has been denied. EARC has taken over the symbolic possession of 5 properties of the Company Viz. Lease hold Land, Building and Plant & Machineries lying at Plot nos. A-2, A-3 & B-2, Loni Road, Industrial Area, Ghaziabad (UP), 58/1, Site IV Industrial Area, Sahibabad (UP) and 1A, Sec.-10, IIE, SIDCUL, Haridwar under section 13(4) of the SARFAESI Act and also issued a sale notice under Rule 8(6) and Rule 6(2) of the Security Interest (Enforcement) Rules, 2002. The Company once again submitted a revised settlement/restructuring proposal with lenders which is under active consideration with them. Management of the Company expects to get the revised settlement/restructuring proposal approved from lenders and accordingly, the Company would be meeting its revised financial obligations. Accordingly, the financial statements of the Company for the year ended March 31, 2019 have been prepared on going concern assumption basis and continue with the earlier consented

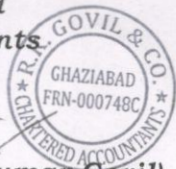

 Co =
 Accountant

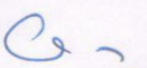


		restructuring scheme. The impact, arising upon approval of the revised settlement/restructuring proposal, will be given effect in the financial statements of the year of final settlement with lenders. Hence, no provision considered necessary in these accounts towards interest on entire secured loans & part of principal secured loan, waived earlier, and impact on retained earnings thereon totaling to Rs. 133933.35 Lakhs as per provisions of earlier consented scheme, which the Company continues to give effect till the time revised settlement/restructuring proposal is finally approved by its lenders.
e.	Audit Qualification where the impact is not quantified by the Auditor :-	
(i)	Management's Estimation on the impact of audit qualification	N.A
(ii)	If management is unable to estimate the impact, reasons for the same	NA
(iii)	Auditor's Comments on (i) or (ii) above:	

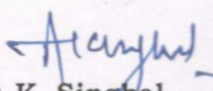
For R.K. Govil & Co.
Chartered
Accountants


(Rajesh Kumar Govil)
Partner
Membership
No.013632
Firm Regn No. -
000748C




Sandeep Agarwal
Managing Director
DIN : 00139439


Prabhat Krishna
(Audit Committee
Chairman)
DIN: 02569624


A.K. Singhal
President
(Corporate F&A)
CFO

Place: Ghaziabad
Dated May 30, 2019