



Brahmayya & Co.,

CHARTERED ACCOUNTANTS

VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

TO
THE BOARD OF DIRECTORS
KABSONS INDUSTRIES LIMITED,
HYDERABAD

**REVIEW REPORT ON FINANCIAL INFORMATION OF KABSONS INDUSTRIES LIMITED
FOR THE QUARTER AND NINE MONTHS ENDED 31st December 2014 TO BE
SUBMITTED TO STOCK EXCHANGES**

1. We have reviewed the accompanying statement of unaudited financial results of **KABSONS INDUSTRIES LIMITED**, Registered Office: 8-3-1087, Plot No.48, Srinagar Colony, Hyderabad, 500 073, Telangana ("the Company") for the Quarter and Nine months ended 31st December, 2014 being submitted by the Company pursuant to the requirements of Clause 41 of the Listing Agreement with the Stock Exchanges except for the disclosures regarding 'Public Shareholding' and 'Promoter Group Shareholding' which have been traced from the disclosures made by the management and have not been reviewed by us. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with the terms of Clause 41 of the Listing Agreement entered into by the said Entity with Stock Exchanges. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

2. We conducted our review in accordance with Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatements. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
3. *As more detailed in note no. 1 of the statement of Unaudited Financial Results, no provision has been made for Interest of Rs. 4.77 lakhs relating to outstanding dealer/distributor deposits. Had the same been accounted for, the net profit for the Nine months ended would have been lesser by Rs. 4.77 lakhs and the accumulated losses as at the date would have been higher by the same amount. Our report on the financial statements for the year ended March 31, 2014 was also emphasized in respect of the above matter.*





Brahmayya & Co.,

CHARTERED ACCOUNTANTS

VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

4. *The Company has not estimated gratuity liability in accordance with AS-15 "Employee Benefits" specified under section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules 2014). Exact variance due to non-adoption of AS-15 and its impact on the Profit for the Quarter and Nine months ended 31st December 2014 cannot be quantified.*
5. *The Company's current liabilities exceed its current assets by Rs. 2.75 crores and the Net worth of the Company is completely eroded as on 31st December, 2014. These conditions along with other matters that exist as on 31st December, 2014 indicate the existence of material uncertainty that may cast doubt about the Company's ability to continue as a going concern.*

Conclusion

6. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards specified under the Companies Act, 1956 (which are deemed to be applicable as per section 133 of the Companies Act 2013 read with Rule 7 of Companies (Accounts) Rules 2014) and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreement, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For BRAHMAYYA & CO.,
Chartered Accountants
Firms' Regn.No.000518S

D. Seetharamiah

(D. SEETHARAMAIAH)
Partner
Membership No.002907

Place : Hyderabad
Date : 14.02.2015