M.S.Krishnaswami & Rajan
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF
TECPRO SYSTEMS LIMITED

We have audited the accompanying Statement of Standalone Audited Financial results of TECPRO SYSTEMS LIMITED ("the Company"), for the quarter and nine months ended December 31, 2014 ("the Statement") being submitted by the Company pursuant to Clause 41 of the Listing Agreements with the stock exchanges, except for the disclosures in Part II of the Statement referred to in the last Paragraph below. This Statement (initialed by us for identification) is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the statement based on our audit.

Management's Responsibility for the Financial Results

The Company's Management is responsible for the preparation of these financial results that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) in accordance with the accounting principles generally accepted in India and as required by the terms of our audit engagement. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial results based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the 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 results are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial results. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial results, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial results in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial results.

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

M.S. Krishnaswami & Rajan
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Chartered Accountants

Basis for Qualified Opinion

1. *The Company has incurred a loss during the earlier year and in the nine months ended December 31, 2014 and as on the said date, the Company's Total Liabilities exceed its Total Assets. The Company's application for restructuring under Corporate Debt Restructuring (CDR) Scheme and the approval by the Bankers thereon to implement the CDR has still not materialized. We are also informed that reference has been made to Board for Industrial and Financial Reconstruction (BIFR) as mandated under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 in view of the erosion of fifty percent of the Net worth of the company as at March 31, 2014. All these factors indicate the existence of a material uncertainty that casts a significant doubt on the Company's ability to continue as a going concern. Theattached financial results do not include any adjustments that might result from the outcome of this uncertainty.*

2. *In performing our audit procedures, supporting documents to carry out our audit as per the Standards on Auditing acceptable in India were not made available in respect of a branch of the Company. The receipts and expenses for the period ended December 31,2014 and the assets and liabilities as at December 31,2014 of the said branch considered in the attached Financial Results is Rs.5,564.52lakhs, Rs.7,077.52 lakhs, Rs.43,372.46 lakhs and Rs30,645.56lakhs respectively. However, considering the impact of these balances on the attached financial results, we have qualified our opinion in this regard. Further, the net difference in the amounts of interunit account of such branch and Head Office for the nine months ended December31; 2014resulting in credit balance of Rs.380.53 lakhs is grouped under Other Payables. These differences were explained as arising on account of transactions in the nature of vendor payments/customer collections. Pending reconciliation between the units, we are unable to comment on the classification of the said amounts in the financialstatements as at December 31, 2014.*

3. *The Company has not received the Statement of account/ Confirmation of balance in respect of certain balances with banks (including in loan accounts) aggregating to a net value of R.s 90,292.23.lakhs as per books of account as at December 31, 2014. Consequently the bank reconciliation statements have not been drawn up in respect of these accounts and the attached financial results do not include any adjustments that might result had the above been made available.*

4. *Finance cost on facilities availed from certain `consortium-banks` during the period has been provided by the Company based on interest rate stipulated as per theCDR letter dated September 25, 2014. Had the Company continued to charge interest as per the respective sanction letter, the finance costs for the nine months ended 31.12.2014, the loss for the period and the accumulated loss as at the period ended that date would be higher by Rs1,452.43 lakhs*

5. *For the period under audit, provision for human resource costs (including salaries, gratuity , superannuation, leave encashment and other employee benefits) have been accrued on an estimated basis at Rs.3,815.21 lakhs, in view of the inaccessibility to records/ lack of information.*

6. *(i)Results of physical verification of Fixed assets carried out by the management during the period have not been made available to us. Discrepancies, if any, noticed on such verification as compared to books have not been given effect to in the financial statements drawn up to December 31, 2014.*

(ii) Management has informed us that the 'recoverable amount' of assets within the meaning of Accounting Standard 28 is more than their carrying value and as such no amount needs to be recognized in the financial results for impairment loss. We have not been able to validate this assertion in the absence of bids from prospective buyers/valuation report of an independent agency and the uncertainty of resumption of future operations/results of operations thereafter.

M.S. Krishnaswami & Rajan, 6B Anand Apartments, 6th Street, Dr. R.K. Salai, Mylapore, Chennai - 600 004, Chartered Accountants *(iii) In terms of the proviso to clause 3(i) of Part A of Schedule II to the Companies Act 2013 (the Act) the Company had decided to retain the useful life / residual value hitherto adopted for various categories of fixed assets, which are in certain cases, different from those prescribed in Schedule II to the Act. This is on the basis that the estimated useful life and residual life adopted so far is appropriate. However, the Ministry of Corporate Affairs vide Notification dated August 29,2014 has clarified that justification for adopting useful life different from that laid down in Schedule II should be disclosed and be supported by technical advice. This `technical advice` has not been furnished to us and accordingly, the depreciation charged is not in accordance with the requirements laid down in Schedule II of the Act.*

7. *Quantity of Inventory as at December 31, 2014 at various sites/ factories is based on Management representation and is pending physical verification of such inventory and reconciliation with books. We are also informed that value of inventory debitable to Customers has been reviewed and the cost of inventory not considered recoverable has been absorbed in the Statement for the period. We have carried out audit procedures only to validate the rates adopted in the valuation of Inventory as at the end of the period.*

8. *i) The Company has not considered it necessary to recognize diminution in value of Long Term Investments in overseas and Indian operations of the group although these companies have suffered substantial erosion in their net worth. The statutory auditors of one of the subsidiaries (carrying value of investments Rs.853.82.lakhs) has also qualified the financial statements for the year ended March 31,2014 with regard to the going concern assumption adopted by the said subsidiary. ii) Further possible impairment, if any, of other non-current investments of the Company (carrying value of Rs.1,058.85 lakhs) is dependent on the achievement of the projections on the basis of which management has concluded that there is no permanent diminution in value of the Long Term Investments. Consequently, we are unable to comment the extent to which the values of these investments need to be impaired/diminished.*

9. *Certain customers have encashed Bank Guarantees (Rs.65,139.72.Lakhs) including performance guarantees up to December 31,2014 for the delays in execution of the projects. The value of Trade Receivables , Unbilled Revenue (grouped under Trade Receivables) and Bank Guarantees encashed(grouped under Other Receivables) outstanding from such parties aggregate Rs. 246,560.40 lakhs. These have however been considered realizable by management.*

10. *Balances in the account of Trade Receivables/ Trade Payables and Loans and Advances including dues from associate entities are subject to confirmation of balance and reconciliation.*

The financial results do not include any adjustments that might result from the outcome of uncertainties/observations in clauses 1 to 10 supra.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, ***except for the effect of the matters described in the Basis for Qualified Opinion paragraph***,the attachedStatement of Standalone Audited Financial resultshas disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed and gives the information required by the Act in the manner so required and also gives a true and fair view in conformity with the accounting principles generally accepted in India, of the loss of the Company for the nine months ended on December 31,2014.

M.S. Krishnaswami & Rajan
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Chartered Accountants

Emphasis of Matter

1. Trade Receivables and Unbilled Revenue (other than amounts reported in para 9 above) aggregating to Rs.263,701.44 lakhs includes balances outstanding for a period of more than three years, debts for additional supplies/ work made upon request by customers outside of the contract, interest levied on delayed payments of customers which have been considered realizablebased on management representation of their interactionswith the customers and negotiations/ discussions. Further, certain circumstances necessitated some of the customers to make direct payments to Company`s vendors to avoid delays in deliverables. The Company has initiated steps to obtain confirmation of payment from such vendors for adjustment of payments made by customers. The balances of Customers/Vendors are therefore subject to the result of such confirmation/reconciliation.

2. No provision for liability that may arise from non-payment, non-filing and non-compliance with statutory provisions relating to Service tax, VAT, Provident Fund and Tax Deducted at Sourcehave been made in the Financial Results.

3. In respect of certain contracts, there have been significant delays in the completion of the projects beyond the contracted dates. This could lead to levy of liquidated damages by the customers as per the terms of contract entered with them although the company has not been made aware of any such amount being levied by any of its customers.

4. For the year ended 31.3.2014 the managerial remuneration paid to Director of Rs.51.94 lakhs was in excess of limits specified in Schedule XIII to the Companies Act 1956 and was subject to the approval from the Central Government. The Company is yet to seek the approval of Central Government.

Further, we also report that we have traced the number of shares as well as the percentages of shareholdings in respect of aggregate amount of Public shareholding and the number of shares as well as the percentages of shares pledged/ encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements and the particulars relating to the investor complaints disclosed in part II of the Statement from the details furnished by the Company/ Registrars.

For M.S. KRISHNASWAMI & RAJAN
Chartered Accountants
Registration No. 01554S

M.S. Krishnaswami & Rajan
GB
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Mylopore,
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Chartered Accountants

M. S. Murali
Partner
Membership No.26453

Chennai,
March 4,2015

Tecpro Systems Limited
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PART I

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2014

(Rs. in Lakhs, unless otherwise stated)

		QUARTER ENDED	QUARTER ENDED	QUARTER ENDED	NINE MONTHS ENDED	NINE MONTHS ENDED	YEAR ENDED
		31.12.2014 (Unaudited)	30.09.2014 (Unaudited)	31.12.2013 (Unaudited)	31.12.2014 (Audited)	31.12.2013 (Unaudited)	31.03.2014 (Audited)
1	*Income from operations*						
	a) Income from operations (Net of excise duty)	3,631.46	6,801.83	14,680.14	14,890.20	68,355.70	81,855.65
	b) Other operating income	102.05	167.78	4,033.51	381.72	4,688.13	4,400.22
	Total income from operations (net)	3,733.51	6,969.61	18,713.65	15,271.92	73,043.83	86,255.87
2	Expenses						
	a) Cost of materials consumed	-	-	7,791.83	-	35,775.57	45,342.01
	b) Purchase of traded goods	3,295.99	5,396.87	1,411.57	12,324.47	4,327.13	7,484.46
	c) Changes in inventories of finished goods, work in progress and stock in trade - project supplies	1,163.01	838.92	659.18	1,811.34	(2,631.77)	(2,626.45)
	d) Fabrication and other site related expenses	1,701.02	1,109.80	4,330.48	4,599.92	16,558.76	19,719.23
	e) Employees benefits expense	986.99	1,278.59	2,325.36	3,815.21	7,836.43	9,225.20
	f) Depreciation and amortization expense	425.60	476.93	497.51	1,392.77	1,492.20	2,024.70
	g)Bad/Doubtfull debts written off/provided	2,839.15	100.00	-	2,939.15	-	-
	h) Other expenses	813.96	1,582.43	2,848.31	3,893.54	9,436.55	13,025.48
	Total expenses	11,225.72	10,783.54	19,864.23	30,776.40	72,794.87	94,194.63
3	Profit/(Loss) from operations before other income, finance cost, exceptional item and Tax (1-2)	(7,492.20)	(3,813.93)	(1,150.59)	(15,504.48)	248.96	(7,938.76)
4	Other income	-52.65	37.13	32.20	55.96	120.41	256.54
5	Profit/(Loss) from ordinary activities before finance cost, exceptional item and Tax (3+4)	(7,544.85)	(3,776.80)	(1,118.38)	(15,448.52)	369.36	(7,682.22)
6	Finance costs	15,058.31	13,558.93	11,670.43	42,610.53	33,872.16	48,917.07
7	Profit/(Loss) from ordinary activities after finance cost but before Exceptional item and Tax (5-6)	(22,603.16)	(17,335.73)	(12,788.81)	(58,059.05)	(33,502.79)	(56,599.29)
8	Exceptional items	-			-	-	
9	Profit/(Loss) from ordinary activities before tax (7-8)	(22,603.16)	(17,335.73)	(12,788.81)	(58,059.05)	(33,502.79)	(56,599.29)
10	Tax expense	-			-	-	193.11
11	Net Profit/(Loss) from ordinary activities for the period after tax (9-10)	(22,603.16)	(17,335.73)	(12,788.81)	(58,059.05)	(33,502.79)	(56,792.40)
12	Extraordinay item	-			-	-	
13	Net profit/(Loss) after taxes (11-12)	(22,603.16)	(17,335.73)	(12,788.81)	(58,059.05)	(33,502.79)	(56,792.40)
14	Paid - up equity share capital (Face Value of Rs. 10 each)	5,047.38	5,047.38	5,047.38	5,047.38	5,047.38	5,047.38
15	Reserve excluding Revaluation Reserves						16,369.00
16	Earnings Per Share (EPS) before / after extra ordinary item						
	(a) Basic (Rs.)	(44.78)	(34.35)	(25.34)	(115.03)	(66.38)	(112.52)
	(b) Diluted (Rs.)	(44.78)	(34.35)	(25.34)	(115.03)	(66.38)	(112.52)
	(Not annualised)						

See accompanying notes to the financial results

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PART-II

SELECT INFORMATION FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2014

	Particulars	QUARTER ENDED 31.12.2014 (Unaudited)	QUARTER ENDED 30.09.2014 (Unaudited)	QUARTER ENDED 31.12.2013 (Unaudited)	NINE MONTHS ENDED 31.12.2014 (Unaudited)	NINE MONTHS ENDED 31.12.2013 (Unaudited)	YEAR ENDED 31.03.2014 (Unaudited)
A	**Particulars of shareholding**						
	1. Public shareholding						
	- Number of shares	23,872,451	23,872,451	23,872,451	23,872,451	23,872,451	23,872,451
	- Percentage of shareholding	47.30%	47.30%	47.30%	47.30%	47.30%	47.30%
	2. Promoters and promoter group shareholding						
	a) Pledged/Encumbered						
	- Number of shares	15,490,171	15,490,171	15,490,171	15,490,171	15,490,171	15,490,171
	- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	58.23%	58.23%	58.23%	58.23%	58.23%	58.23%
	- Percentage of shares (as a % of the total share capital of the company)	30.69%	30.69%	30.69%	30.69%	30.69%	30.69%
	b) Non-encumbered						
	- Number of shares	11,111,169	11,111,169	11,111,169	11,111,169	11,111,169	11,111,169
	- Percentage of shares (as a % of the total shareholding of the promoter and promoter group)	41.77%	41.77%	41.77%	41.77%	41.77%	41.77%
	- Percentage of shares (as a % of the total share capital of the company)	22.01%	22.01%	22.01%	22.01%	22.01%	22.01%

	Particulars		QUARTER ENDED 31.12.2014
B	**Investor complaints**		
	Pending at the beginning of the quarter		-
	Received during the quarter		3
	Disposed off during the quarter		3
	Remaining unresolved at the end of the quarter		-

See accompanying notes to the financial results

NOTES:

1. The above Audited financial results were reviewed by the Audit Committee and then approved by the Board of Directors at their meeting held on March 4, 2015.

2. The bankers have approved restructuring of the Company's debts under the Corporate Debt Restructuring (CDR) Scheme. The reclassification of liabilities pursuant to said Scheme will be carried out upon implementation.

3. The Statutory Auditors of the Company have qualified the financial statements/results for the nine months ended December 31, 2014 inter-alia in respect of :
   (a) Adoption of Going concern assumption in drawing up the financial statements/results in view of the pendency of CDR implementation and reference to BIFR u/s 23 of SICA.
   (b) The non-receipt of confirmation/statement of balances from certain banks aggregating Rs 90,292.93 lakhs and non-reconciliation with books.
   (c) non-recognition of possible diminution in value of certain non-current investments (carrying value Rs.1,058.81 lakhs) in subsidiaries aggregating Rs.1,058.81 lakhs.
   (d) Treatment of certain debts/unbilled Revenue aggregating Rs.246,560.40 lakhs as recoverable inspite of the said customers encashing guarantees.
   (e) Certain Debtors/Vendor balances and inventory being subject to confirmation
   (f) Use of estimates in recognition of employee-benefit liability and other expenses in the absence of information etc.

   The financial statements for the year ended March 31,2014 were also qualified wrt matters contained in clauses (b) and (c) above.

4. The Company periodically reviews its Accounts Receivables including Unbilled Revenue in detail, and the management is confident that in spite of slowdown in the industry, balances are recoverable and the Company is carrying adequate provisions in its books.

5. Other Operating Income for the year ended March 31, 2014 includes interest charged on overdue receivables Rs. 3,942.68 Lakhs which is subject to confirmation by customers.

6. Cost of services and materials consumed during the quarter and the nine months ended December 31, 2014 includes Rs.1,186.28 Lakhs relating to earlier year.

7. In terms of the proviso to clause 3(i)of Part A of Schedule II to Companies Act ,2013 (the Act), the Company has decided to retain the useful life/residual value hitherto adopted for various categories of fixed assets, which are in certain cases, different from those prescribed in Schedule II to the Act. The Company believes that based on the policy followed by it of continuous and periodic assessment, the estimated useful life and residual value adopted so far is appropriate.

8. Tax expense for the quarter and year ended March 31, 2014 represents reversal of deferred tax asset recognised in the earlier years.

9. The company's primary segment is identified as business segment based predominantly on nature of products and services and secondary segment is identified based on geographical location of the customers as per Accounting Standard 17.There are no reportable segments for the current and previous periods.

10. The Company would be considering the results of its subsidiary (ies) in its Consolidated Financial Statements for the year ending March 31, 2015.

11. The figures set out above for the three months ended December 31,2014 are the balancing figures between the audited figures in respect of the nine months period ended December 31, 2014 and the published unaudited year to date figures (as regrouped) upto September 30,2014.

12. Previous year/period figures have been re-grouped/ reclassified/amended wherever necessary.

For and on behalf of
Tecpro Systems Limited

Ajay Kumar Bishnoi
Chairman and Managing Director

Place : Chennai
Date : March 4,2015