



HEG/SECTT/2020

9th July, 2020

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No.C/1, G Block, Bandra - Kurla Complex
Bandra (E),
MUMBAI - 400 051.
Scrip Code : HEG

Subject: Clarification for Financial Results HEG Limited

Dear Sirs,

Please refer to your email dated 8th July, 2020 on captioned subject seeking clarification on following:-

"1. Limited Review Report/ Independent Auditor's Report is not in the format prescribed by SEBI. (UDIN not mentioned in Auditors report)"

In this regard, we have written to our Statutory Auditors and their response is attached herewith.

Kindly take the same on records.

Thanking you,

Yours faithfully,
For HEG Limited



Vivek Chaudhary
Company Secretary
A-13263
heg.investor@lnjbhilwara.com

HEG LIMITED



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Bhilwara Towers, A-12, Sector-1
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Website: www.hegltd.com



Corporate Identification No.: L23109MP1972PLC008290

To
The Secretary
HEG LTD
Noida

Reg- UDIN on Auditor's Report for 31st March 2020

Dear Sir,

This is in reference to your email dated 8th July, 2020 , where in you have informed that a query received from NSE on our report under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. We would like to inform you that UDIN for the Certificate is as under .

UDIN	
20086066AAAAEY4406	Standalone Report
20086066AAAAFD4528	Consolidated Report

The UDIN could not be mentioned on the Report on account of oversight. Scanned Copies of the Audited Report with UDIN are being sent along with this Letter for further action.

We regret for the inconvenience caused.

Yours Sincerely

For SCV & Co. LLP
Chartered Accountants


(Sanjiv Mohan)
Partner

9 July 2020

Independent Auditor's Report on the Standalone Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
HEG Limited

Report on the audit of the Standalone Financial Results

Opinion

We have audited the accompanying statement of quarterly and year to date standalone financial results of HEG Limited ("the Company") for the quarter ended March 31, 2020 and for the year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- i. is presented in accordance with the requirements of the Listing Regulations in this regard: and
- ii. gives a true and fair view in conformity with the applicable accounting standards and other accounting principles generally accepted in India, of the net profit and other comprehensive income and other financial information of the Company for the quarter and year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Standalone Financial Results" section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.



Certificate Entry Detail

Sr. No.. 2.....

Date.. 17.06.20.....

Signature.. Anoop K. Singh

Management's Responsibilities for the Standalone Financial Results

The Statement has been prepared on the basis of the standalone annual financial statements. The Board of Directors of the Company are responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit and other comprehensive loss of the Company and other financial information in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to



draw attention in Our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represents the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Statement may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Statement.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

- Due to the COVID-19 related lockdown, we were unable to observe the management's year-end physical verification of inventory. We have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence- Specific considerations for selected items", which includes inspection of supporting documentation relating to purchases, production, sales, results of cyclical count performed by the management through the year, and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these standalone financial results.
- The Statement includes the results for the quarter ended March 31, 2020 being the balancing figure between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the third quarter of the current financial year, which were subjected to limited review by us, as required under the Listing Regulations.

Our opinion on the Statement is not modified in respect of the above matters.

Dated: 17 June 2020
Place: Ludhiana



For SCV & Co. LLP
Chartered Accountants
FRN 00235N/N500089

(Sanjiv Mohan)
Partner
M. No. 086066

UDIN:- 20086066 AAAA EY4406

Independent Auditor's Report on the Consolidated Financial Results of the Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To
The Board of Directors of
HEG Limited

Report on the audit of the Consolidated Financial Results

Opinion

We have audited the accompanying statement of consolidated financial results of HEG Limited ('the Company') and its associates for the quarter ended March 31, 2020 and year ended March 31, 2020 ("Statement"), attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate audited financial statements/financial results/financial information of the associates, the Statement:

- i. includes the results of the following entities;

S.No	Name of Associates	Relationship
1.	Bhilwara Energy Limited	Associate
2.	Bhilwara Infotechnology Limited	Associate

- ii. are presented in accordance with the requirements of the Listing Regulations in this regard: and

- iii. gives a true and fair view in conformity with the applicable accounting standards, and other accounting principles generally accepted in India, of the total comprehensive income and other financial information of the Company for the quarter ended March 31, 2020 and year ended March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Companies Act, 2013, as amended ("the Act"). Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Results" section of our report. We are independent of the company and its associates in accordance with the "Code of Ethics" issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our opinion.



Certificate Entry Detail

Sr. No.

Date... 17/06/20

Signature... [Signature]

Matters reported in the Auditor's Report on Consolidated financial Statements of Bhilwara Energy Limited, an associate of the Company

(A) Material uncertainty related to going concern of a subsidiary of an associate

We draw attention to the matter related to material uncertainty related to going concern of a subsidiary of Bhilwara Energy Limited, an associate of the Company, reported in the Auditor's Report on Consolidated financial statement of the associate which is being reproduced hereunder:

In case of Chango Yangthang Hydro Power Limited, a subsidiary of the associate

In "Chango Yangthang Hydro Power Limited" the Board of directors decision to surrender the ChangoYangthang HEP (180 MW) project to Directorate of Energy, Government of Himachal Pradesh due to delay and uncertainty in project execution and long delay in Government approvals and licenses lapse, the company has written off Capital Work in progress during the previous year amounting to INR 2,713.18 lakhs. These events or conditions, indicate that there exists material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern since the company was incorporated as a Special Purpose Vehicle for this particular project.

The opinion of the auditor of the said company is not modified in respect of this matter. Also the opinion of the auditor of the associate company is not modified in respect of this matter.

(B) Emphasis of Matter

We draw attention to the Emphasis of matters reported in the Auditor's Report on Consolidated financial Statements of Bhilwara Energy Limited, an associate of the Company, which are being reproduced hereunder:

(i) In case of Chango Yangthang Hydro Power Limited, a subsidiary of the associate

The company has surrendered ChangoYangthang HEP (180MW) project in Himachal Pradesh and asked for the refund of Upfront premium of INR 3789.45 lakhs and Security Deposit of INR 180 lakhs with interest since the project is not executable purely on account of various social-legal issues neither in the control of the company nor in the control of local administration/authorities.

GoHP has formed a committee to deal with the issues of various projects which includes ChangoYangthang Hydro Power Limited (CYHPL). On the direction of GoHP, a public meeting was conveyed, in which the villagers categorically refused for development of any Hydro Electric project in the Hangrang valley including 180 MW ChangoYangthang HEP and refused to co-operate on the issue of development of any project. During the meeting called for by the committee, CHYPL categorically refused to execute the project in view of severe local issue and lapse of clearances for the project. Committee has noted the same.



In View of this, the company has reiterated its demand for refund of money along with the Interest and the management is confident of recovering the Upfront Fees and Security Deposit paid on account of surrender of project, in full. The upfront fee and security deposit as mentioned above have been grouped under Other Non-Current Assets and Non-Current Loans- Security Deposit respectively.

We also draw attention to note no. 12(a) of the financial results in this regard.

(ii) In NJC Hydro Power Limited, a subsidiary of the associate

There is uncertainty relating to the effects of outcome of petition filled by the company with Hon'ble Guwahati High Court and Hon'ble Supreme Court challenging the instant notice issued by Government of Arunachal Pradesh (GoAP) for termination of the Project and invoking its right to take over the project on "AS IS WHERE IS BASIS" and allotting the same to third party. The company's prayer is for seeking refund of upfront premium as per provisions of MoA, in view of the WII report recommending no construction of Nyamjnag Chhu HEP at site.

We also draw attention to note no. 12(b) of the financial results in this regard.

(iii) In BG Wind Power Limited, a subsidiary of the associate

In case of BG Wind Power Limited, the Power Purchase Agreement (PPA) with DISCOM has expired on March 31, 2019. BG Wind Power Limited, Subsidiary is pursuing for Power Purchase Agreement (PPA) with DISCOM @ INR 3.14 per Kwh as per RERC third amendment regulation dated 5th March 2019 for the entire duration of the project. The Discom has yet not renewed the PPA. The Company has continued to recognise Revenue from Sale of Power of INR 367.76 lakhs and Generation Based Incentive (GBI) of INR 59.12 lakhs and shown under Unbilled Revenue as the management of the company believes that PPA will be signed. The company has filed the writ petition with Rajasthan High Court, Jaipur in this regard and the matter is still undecided as hearing is continued.

We also draw attention to note no. 12(c) of the financial results in this regard.

(iv) In Malana Power Company Limited, a subsidiary of the associate

There is uncertainty relating to the effects of outcome of litigation with Himachal Pradesh State Electricity Board (HPSEBL).

We also draw attention to note no. 12(d) of the financial results in this regard.

(v) In AD Hydro Power Limited, a subsidiary of the associate

There is uncertainty relating to the effects of outcome of litigation with parties using the transmission line.

We also draw attention to note no. 12(e) of the financial results in this regard.

The opinion of the auditor of the associate company is not modified in respect of matters stated above.

Further, our opinion on the Statement is not modified in respect of these matters.



Management's Responsibilities for the Consolidated Financial Results

The Statement has been prepared on the basis of the consolidated annual financial statements. The Company's Board of Directors are responsible for the preparation and presentation of the Statement that give a true and fair view of the net profit and other comprehensive income and other financial information of the company including its associates in accordance with the applicable accounting standards prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. The respective Board of Directors of the company and its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and its associates 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 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 Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Statement by the Directors of the Company, as aforesaid.

In preparing the Statement, the respective Board of Directors of the company and its associates are responsible for assessing the ability of the company and its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the company and its associates are also responsible for overseeing the financial reporting process of the company and its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Results

Our objectives are to obtain reasonable assurance about whether the Statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Statement.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the company and



its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Statement, including the disclosures, and whether the Statement represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial results/financial information of the company and its associates to express an opinion on the Statement. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Statement of which we are the independent auditors. For the other entities included in the Statement, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

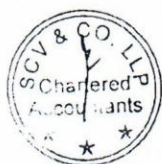
Materiality is the magnitude of misstatements in the Statement that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Statement may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Statement.

We communicate with those charged with governance of the Company and such other entities included in the Statement of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMD 1/44/2019 dated March 29, 2019 issued by the Securities Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

Other Matter

- (i) The accompanying Statement includes the audited financial results/statements and other financial information, in respect of two associates, whose financial results/statements include company's share of net profit/(loss) of Rs. (10.96) crores and Rs. 14.26 crores and company's share of total comprehensive income of Rs. (11.04) crores and Rs. 14.15 crores for the quarter and for the year ended March 31, 2020 respectively, as considered in the Statement whose financial results/financial statements, other financial information have been audited by their respective independent auditors. The independent auditor's report on the financial statements/financial results/financial information of these entities have been furnished to us by the Management and our opinion on the Statement in so far as it relates to the amounts and disclosures included in respect of these associates is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph above.



(ii) Due to the COVID-19 related lockdown, we were unable to observe the management's year-end physical verification of inventory. We have performed alternate procedures to audit the existence of inventory as per the guidance provided in SA 501 "Audit Evidence- Specific considerations for selected items", which includes inspection of supporting documentation relating to purchases, production, sales, results of cyclical count performed by the management through the year, and have obtained sufficient appropriate audit evidence to issue our unmodified opinion on these financial results.

(iii) The Statement includes the results for the quarter ended March 31, 2020 being the balancing figures between the audited figures in respect of the full financial year ended March 31, 2020 and the published unaudited year-to-date figures up to the end of the third quarter of the current financial year, which were subjected to a limited review by us, as required under the Listing Regulations.

(iv) Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended March 31, 2019, as reported in these financial results have been approved by the Company's Board of Directors, but have not been subjected to audit/review.

Our opinion on the Statement is not modified in respect of the above matters.

Place: Ludhiana
Date: 17th June 2020

For SCV & Co. LLP
Chartered Accountants
Firm Reg. No: 000235N/N500089




(Sanjiv Mohan)
Partner
M.No086066

UDIN :- 20086066AAAAFD4528