



NATIONAL E-GOVERNANCE SERVICES  
LIMITED

SECOND ANNUAL REPORT  
2017-18

Regd. Office : 4<sup>th</sup> floor, Gresham Assurance House, Sir P M Road, Fort, Mumbai-400001.  
Phone 022-22721383 Email: [nesl@nesl.co.in](mailto:nesl@nesl.co.in) CIN U72900MH2016GOI282855 Website:  
[www.nesl.co.in](http://www.nesl.co.in)

2 Annual General Meeting

Date: 28 September, 2018

Day: Friday

Time: 4.00 PM

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# BOARD OF DIRECTORS

## **SARVASHRI**

N RANGACHARY

PROF. SADAGOPAN

DR. NIVEDITA HARAN

T.S. VISHWANATH

Y M DEOSTHALEE

R GANDHI

KARNAM SEKAR

G S CHAWLA

P SANKER

S. RAMANN

CHAIRMAN & INDEPENDENT DIRECTOR

INDEPENDENT DIRECTOR

INDEPENDENT DIRECTOR

INDEPENDENT DIRECTOR

INDEPENDENT DIRECTOR

INDEPDNENT DIRECTOR

NOMINEE OF SBI

NOMINEE OF LIC

NOMINEE OF ICICI BANK

MANGING DIRECTOR & CEO

## **Key Managerial Personnel**

S. Raghunathan Executive Director

N Mohanram Chief Technology Officer

Vinod Shenoy M Chief Financial Officer

C M Murthy Company Secretary & Legal Counsel

## **STATUTORYAUDITORS**

M/s. B V Swamy & Co. Chartered Accountants Bangalore

## **REGISTRARS AND TRANSFER AGENTS**

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandlup (W)

Mumbai -400078.



## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the Second Annual General Meeting of the members of **National E-Governance Services Limited (CIN: U72900MH2016GOI282855)** will be held on **Friday, 28.09.2018 at 4.00PM** at the registered office of the Company at **Gresham Assurance House 4th Floor, Sir P M Road Fort Mumbai 400001** to transact the following business:

### **Ordinary Business:**

#### **Item No. 1**

##### **Adoption of Audited Standalone and Consolidated Financial Statements:**

To receive, consider and adopt the Audited Financial Statements (both, Standalone and Consolidated) of the Company including Audited Balance Sheet as at 31<sup>st</sup> March, 2018 and the Statement of Profit and Loss, Cash Flow Statement for the Financial Year ended March 31, 2018 and the Reports of the Board of Directors and the Auditors thereon.

#### **Item No. 2**

##### **Appointment of Statutory Auditors for the financial year 2018-19 and fixing the remuneration**

“**RESOLVED THAT** pursuant to the provisions of Section 139(5) read with Section 142(1) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the consent of the members is hereby accorded for the appointment of M/s. B V Swamy & Co., Chartered Accountants, Bangalore (Registration No. 009151S), as the Statutory Auditors of the Company as advised by the Comptroller and Auditor General (C&AG) of India vide their letter dated August, 2018, to conduct the audit for the financial year 2018-19 at the remuneration of Rs.2,00,000/- (Rupees Two Lakh) payable in one or more instalments plus GST as applicable, and reimbursement of out-of-pocket expenses incurred.”

#### **Item No.3**

To appoint a Director in place of Mr. Karnam Sekar, who retires by rotation pursuant to Section 152 (6) of the Companies Act, 2013 and regulations made there under, and being eligible, offers himself for re-appointment.

### **SPECIAL BUSINESS**

#### **Item No. 4**

##### **Appointment of a Mr. Y M Deosthalee as Independent Director:**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** Mr. Y M Deosthalee (DIN:00001698), who was appointed by the Board of Directors as an Additional Director, in the capacity of Independent Director of the

Company at their meeting held on March 16, 2018 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ('Act') and who is eligible for appointment and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who has consented to act as a Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation.

**RESOLVED FURTHER THAT** pursuant to section 149, 152 of the Companies Act, 2013 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 2013, Mr. Y M Deosthalee, shall hold the office of independent director for a term of five years with effect from 27<sup>th</sup> March, 2018.

**Item No. 5 – Appointment of Mr. R Gandhi as Independent Director:**

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** Mr. R Gandhi (DIN:03341633), who was appointed by the Board of Directors as an Additional Director, in the capacity of Independent Director of the Company with effect from 17 April, 2018 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ('Act') and who is eligible for appointment and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who has consented to act as a Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation.

**RESOLVED FURTHER THAT** pursuant to section 149, 152 of the Companies Act, 2013 and other applicable provisions (including any modification or re-enactment thereof), if any, of the Companies Act, 2013, Mr. R Gandhi, shall hold the office of independent director for a term of five years with effect from 17<sup>th</sup> April, 2018.

Date: 06.09.2018 Place: Bengaluru	For <b>National E Governance Services Limited</b> By Order of the Board of Directors
<b>Registered Office:</b> Gresham Assurance House 4th Floor, Sir P M Road Fort Mumbai 400001	<b>C M Murthy</b> <b>Company Secretary</b> <b>ACS: 11766</b>

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members holding in aggregate, not more than ten percent of the total share Capital of Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours (Sunday is included in computation of 48 hours) before the commencement of the Meeting. A Proxy Form is annexed to this report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/authority, as applicable.

2. In terms of Section 113 of the Companies Act, 2013, a body corporate whether a company within the meaning of the Act or not, which is a member of this Company, may by a resolution of its Board, authorise such person as it thinks fit to act as representative at any meeting of the Company and a person so authorised shall be entitled to exercise the same powers on behalf of the Company which he represents, as if he is an individual shareholder of the Company.
3. Pursuant to Section 139 (5) read with Section 142 (1) of the Companies Act, 2013, the Auditors of a Government Company are appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is fixed by the Company in the Annual General Meeting. The shareholders may approve remuneration of Auditors for the year 2018-19.
4. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto and forms part of notice.

#### Route Map:



## **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

### **Item No. 4**

Mr. Y M Deosthalee was appointed as an Additional Director (Independent Director) by Board on March 16, 2018. Consequent to the provisions of Section 161(1) of Companies Act, 2013 and rules thereunder, the term of his office shall expire at the ensuing Annual General Meeting. Accordingly your Directors propose and urge the members to approve and confirm his appointment as Independent Director of the Company.

It shall also be noted, that if the resolution is carried and approved by the members Mr. Y M Deosthalee shall hold office as Independent Director from the date of his initial appointment i.e. March 27, 2018 and is not liable to retire by rotation.

Except Mr. YM Deosthalee being appointee, None of the Directors or key managerial personnel or/and their relatives are concerned or interested financially or otherwise in this resolution

Hence, the Board of Directors recommends the resolutions in Item No. 4 for approval of members by means of an Ordinary Resolution.

### **Item No.5**

Mr. R. Gandhi was appointed as an Additional Director (Independent Director) by Board on April 17, 2018. Consequent to the provisions of Section 161(1) of Companies Act, 2013 and rules thereunder, the term of his office shall expire at the ensuing Annual General Meeting. Accordingly your Directors propose and urge the members to approve and confirm his appointment as Independent Director of the Company.

It shall also be noted, that if the resolution is carried and approved by the members Mr. R Gandhi shall hold office as Independent Director from the date of his initial appointment i.e. April 17, 2018 and is not liable to retire by rotation.

Except Mr. R. Gandhi being appointee, None of the Directors or key managerial personnel or/and their relatives are concerned or interested financially or otherwise in this resolution.

### **Justification for the appointment of Mr. Y M Deosthalee and Mr. R Gandhi as Independent Directors of the Company as required under the Secretarial Standards II**

**Shri. Yeshwant Moreshwar Deosthalee**, a Chartered Accountant, served as the Managing Director of L&T Finance Holdings Limited from September 6, 2011 to July 22, 2016. Shri. Deosthalee served as the Chief Financial Officer of Larsen & Toubro Limited until September 5, 2011. He was responsible for personnel and human resource functions, risk management, mergers and acquisitions, concessions business, shared services centre, providing strategic inputs and helps in business-building of L&T Infotech, amongst other

things. He joined L&T in 1974 and served as its Senior Vice President of Finance. He has over 40 years of work experience. Shri. Deosthalee has been the Non-Executive Chairman of L&T Finance Limited and L&T Infrastructure Finance Co. Ltd. since March 18, 2017. He serves as the Non-Executive Chairman of L&T Metro Rail (Hyderabad) Limited and L & T Insurance Company.

**Shri. R. Gandhi** has been Interim Head of Monetary Policy Department of Reserve Bank of India since September 2016 and has been its Deputy Governor since April 2014. Shri. Gandhi served as Executive Director of Reserve Bank of India since March 3, 2011 and serves as its Director. He has been a Director at National Bank for Agriculture and Rural Development since July 20, 2016. He served as a Director of Bank of Baroda since July 2010 until May 30, 2011 and National Housing Bank since October 17, 2016 until May 18, 2017. He served as a Director of Central Bank of India from June 11, 2002 to January 9, 2004. He served as a Director of Punjab & Sind Bank from April 2, 2008 to July 28, 2009. He has rich experience of Central Banking of over three decades having wide cross functional exposure in technology, payment systems capital market, securities, forex, money market, Human Resource Management and International Banking. Besides holding strategic positions in RBI, he had also piloted several projects on IT, payment systems, financial literacy, financial inclusion and related developmental initiatives. He holds MA (Economics) with CAIIB and has professional competence in IT applications.

Hence, the Board of Directors recommends the resolutions in Item No.4 &5 for approval of members by means of an Ordinary Resolution.

Date: 06.09.2018 Place: Bengaluru	For <b>National E Governance Services Limited</b> By Order of the Board of Directors
<b>Registered Office:</b> Gresham Assurance House 4th Floor, Sir P M Road Fort Mumbai 400001	<b>C M Murthy</b> <b>Company Secretary</b> <b>ACS: 11766</b>



**PROXY FORM**

*[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules 2014- Form No. MGT-11]*

**NATIONAL E-GOVERNANCE SERVICES LIMITED**

(CIN U72900MH2016GOI1282855)

Regd. Office 4<sup>th</sup> floor, Gresham Assurance House, Sir P M Road, Fort, Mumbai 400001 Ph.  
022-22721383 Email [nesl@nesl.co.in](mailto:nesl@nesl.co.in) website [www.nesl.com](http://www.nesl.com)

2<sup>nd</sup> Annual General Meeting – 28 September, 2018

Name of the member(s)

Registered address

E-mail

Folio No. /Client ID

DP ID

I/We, being the member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

Name: \_\_\_\_\_ E-mail: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_ Signature: \_\_\_\_\_

*Or failing him/her*

Name: \_\_\_\_\_ E-mail: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_ Signature: \_\_\_\_\_

*Or failing him/her*

Name: \_\_\_\_\_ E-mail: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_ Signature: \_\_\_\_\_

*(condt...)*

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 2<sup>nd</sup> AGM of the Company, to be held on Friday, September 28, 2018 at 4.00 PM IST at Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution number	Resolution	Vote (Optional see Note 2) (Please mention no. of shares)		
		For	Against	Abstain
<b>Ordinary business</b>				
1	Adoption of financial statements (including the consolidated financial statements)			
2	Re-Appointment of Mr. Karnam Sekar retires by rotation and being eligible, offered himself for Re-appointment			
3	Appointment of Auditors			
4	Appointment of Mr. Y M Deosthalee as Independent Director of the Company			
5	Appointment of Mr. R Gandhi as Independent Director Company			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

Affix  
revenue  
stamp of not  
less than  
Re 1

\_\_\_\_\_  
*Signature of the member*

\_\_\_\_\_  
*Signature of the proxy holder(s)*

*Notes:*

1. *This form, in order to be effective, should be duly stamped, completed, signed and deposited at the registered office of the Company, not less than 48 hours before the Annual General Meeting (on or before 26 September, 2018, at 4.00 PM IST).*
2. *It is optional to indicate your preference. If you leave the 'for', 'against' or 'abstain' column blank against any or all of the resolutions, your proxy will be entitled to vote in the manner as he/she may deem appropriate.*

Attendance  
slip

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**NATIONAL E-GOVERNANCE SERVICES LIMITED**

(CIN U72900MH2016GOI1282855)

Regd. Office 4<sup>th</sup> floor, Gresham Assurance House, Sir P M Road, Fort, Mumbai 400001 Ph.  
022-22721383 Email [nesl@nesl.co.in](mailto:nesl@nesl.co.in) website [www.nesl.com](http://www.nesl.com)

2<sup>nd</sup> Annual General Meeting – 28 September, 2018

Folio no./Client ID/DP ID :

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Number of shares held:

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

I certify that I am a member/proxy authorized representative for the member of the Company.

I hereby record my presence at the 2<sup>nd</sup> Annual General Meeting of the Company at \_\_\_\_\_  
on Friday, 28 September, 2018 at 3.00 PM IST.

\_\_\_\_\_  
Name of the member/proxy  
(in BLOCK letters)

\_\_\_\_\_  
Signature of the member/proxy

*Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall.  
Members are requested to bring their copies of Annual Report to the AGM.*



## BOARD REPORT

To the Members,

Your Directors are pleased to present second Annual Report of **National E Governance Services Limited**(CIN: U72900MH2016GOI282855) (“**The Company**” or “**NeSL**”) along with the audited financial statements for the financial year ended March 31, 2018.

(in Rs.)

Particulars	As at March 2017	As at March 2018	
		Standalone	Consolidated
Gross revenue from operations	-	140140	6636284
Total expenditure before finance cost, depreciation (net of expenditure transferred to capital)	19486978	73331499	81042662
Operating Profit	(19486978)	(73191359)	(74406378)
Add: Other income	10629147	45558900	46654842
Profit before finance cost, depreciation, exceptional items and taxes	(8857831)	(27632459)	(27751536)
Less: Finance costs	-	5340	5340
Profit before depreciation, exceptional items and taxes	(8857831)	(27637799)	(27756876)
Less: Depreciation	151138	3658700	3658700
Profit/(Loss) before exceptional items & tax	(9008969)	(31296499)	(31415576)
Add/(Less): Exceptional Items	-	-	-
Profit before taxes	(9008969)	(31296499)	(31415576)
Less: Tax Expense			
Current Tax	-		(402533)
Deferred Tax	2765402	7731643	8086901
Net Profit/(Loss) for the Period	(6243567)	(23564856)	(23731208)
<b>Other comprehensive income (OCI)</b>			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurements of defined benefit plan actuarial gains/ (losses)			
Deferred tax	-	(191622)	(191622)
Total comprehensive loss for the year	-	49343	49343
Net Profit/(Loss) for the Period	(6243567)	(23707135)	(23873487)
Retained Earnings: Balance brought forward from the previous year	-	-	-
Add: Profit for the period	(6243567)	(23707135)	(23873487)
Balance			
Which the Directors have apportioned as under to:-			
(i) Dividend on Equity Shares			
(ii) Tax on dividends			
<b>Total Appropriations</b>			
Retained Earnings: Balance to be carried forward			

**State of Company's affairs (Performance):**

NeSL is an Information Utility (IU) Company registered with the Insolvency and Bankruptcy Board of India (IBBI) vide registration certificate dated September 25, 2017. The company has since on-boarded a few thousand contracts largely of financial creditors and some operational creditors.

During the year under review, the company has established IU web portal and the web portal became active. The IU Services has been extended to Banks and financial institutions and other operational creditors. Since then the web portal is being actively used by Banks and financial institutions for loans provided to the Corporates, with request for subsequent authentication. Your company during the year under review earned a revenue of Rs. 1,40,140 and an interest income on the deposits to an extent of Rs. 4,55,58,900/-

**Shifting of the Registered Office of the Company:**

The members of the Company at their Extra Ordinary General Meeting held on February 15, 2018 have approved to shift the registered office from I-202, 2nd Floor, Tower No. 4 Above Belapur Railway Station CBD Belapur Navi Mumbai to Gresham Assurance House 4th Floor, Sir P M Road Fort Mumbai 400001. All the formalities and compliances including filing of forms in respect of shifting of registered office have been successfully completed.

**Change in the nature of Business:**

There has been no change in the nature of business of the Company during the year under review except to assigning the portion of its activities to its subsidiary companies due to IU regulations.

**Dividend:**

In view of the losses incurred during the year under review, your Directors do not recommend any Dividends.

**Reserves:**

The company has not transferred any amounts to the General Reserves during the year under review.

**Share Capital:**

During the year under review the company raised a further capital of Rs. 49,53,00,000/- (Rupees Forty Nine Crore Fifty Three Lakh) by way issue of shares on rights basis; thereby the paid-up capital as on March 31, 2018 stands at Rs. 75,00,00,000/- (Rupees Seventy Five Crore)

During the year under review the company did not issue any equity shares with differential rights, Sweat Equity shares, ESOPs, and has not made any provisions for purchase of its own shares.

**Fixed Deposits:**

Your company has neither invited nor accepted any fixed deposits as defined in Chapter V of the Companies Act, 2013 from the public during the period under

review, as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

**Particulars of Loans, Advances, Guarantees and Investments:**

During the year under review your company has incorporated 2 wholly owned subsidiaries and invested in the share capital of these companies. The details of the investments are as follows:

(in Rs.)

Sl No	Name of the Company	Amount invested
1.	NESL Asset Data Limited	3,00,00,000
2.	NESL E Infrastructure Limited	1,00,00,000

Your company did not made any other investments or given any loans, advances and provided any guarantees to any of other corporates except keeping the realisation of proceeds from issue of shares in term deposit with scheduled bank/s.

**Material changes and commitment if any affecting the financial position of the company:**

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this report.

**Subsidiaries Companies:**

During the year under review your company has incorporated 2 wholly owned subsidiaries:

**(i) NESL Asset Data Limited (NADL):**

NADL was incorporated on 8September, 2017 with the objects of Account Aggregator across the Personal assets, Financial Assets and Real Assets

NADL being an Account Aggregator is grouped under Non Banking Financial Institutions and as required under Reserve Bank of India (RBI) Master Direction 2016 has obtained an In-Principle approval from RBI and since then the company is preparing the platform for commercial operations.

**(ii) NESL E Infrastructure Limited:**

NEIL was incorporated on 18 December, 2017 with an objective of delivering e-governance services across various business segments like CKYC, eKYC, e-sign platform and related services. Accordingly the company executed a MoU with the holding company for taking over the said business from the holding company (which was earlier being managed by NeSL). With effect from January 2018 all the contracts and arrangements with regard to CKYC business of NeSL are now vested and executed by NEIL.

NEIL in this period has earned revenue of Rs. 64.96 lakh as of March 31, 2018.

A Statement containing salient features of the financial statement of Subsidiaries vide form AOC-1 is provided as **Annexure -1** to this report.

**Related Party transactions:**

The particulars of contracts or arrangements with related parties referred to in Section 188(1) and applicable rules of the Companies Act, 2013 in Form AOC-2 is provided as **Annexure-II** to this Report.

**Directors and KMP:**

The following changes have occurred in the Board of Directors:

1. Mr. T S Vishwanath, was appointed as Independent Director on June 16, 2017 and his directorship was confirmed at the first Annual General Meeting held on August 2, 2017.
2. Mr. Y M Deosthalee was appointed as Additional Director (Independent) at the Board Meeting held on March 16, 2018 to hold office with effect from March 27, 2018 for a term of 5 years, subject to confirmation by the shareholders at the ensuing Annual General Meeting.
3. Mr. Ajay Shah resigned as Director of the Company with effect from December 11, 2017. Your Board place on record its appreciation on the contributions made by Mr. Ajay Shah during his tenure as Independent Director.
4. Mr. S Ramann, Managing Director of the Company was re-inducted as Additional Director on the Board of the Company on August 2, 2017 and thereafter the members of the Company at their meeting held on February 15, 2018 had confirmed his appointment. Mr. S Ramann, being on deputation from Government of India is appointed as MD&CEO for a period of five years from 1<sup>st</sup> December 2016.
5. Mr. R Gandhi was appointed as Additional Director (Independent) effective from April 17, 2018. Accordingly his appointment has to be ratified at the ensuing Annual General Meeting.

**Changes to KMP:**

1. Mr. S Raghunathan, Executive Director was designated as Chief Financial Officer of the Company with effect from June 16, 2017 and consequent to the decision of the Board at their meeting held on March 16, 2018, Mr. S Raghunathan has demitted office as CFO with effect from March 16, 2018, and continues to be the Executive Director of the Company. and is primarily administering and overseeing the operations of the NADL (a wholly owned subsidiary)
2. Mr. Vinod Shenoy M joined as the Chief Financial Officer of the Company, with effect from July 11, 2018, and
3. Mr. C Mruthunjaya Murthy joined as Company Secretary & Legal Counsel with effect from June 4, 2018. Consequent to his appointment Ms. Padmavathy the previous company secretary has demitted office as Company Secretary and will continue to discharge her duties as part of the Secretarial Team.

**Declaration by Independent Director(s):**

The Company has received necessary declaration from each Independent Director of the Company under Section 149 (7) of the Companies Act, 2013 that the

Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6) of the Act.

**Directors' Responsibility Statement:**

In terms of the framework of Internal Financial Controls [including Standard Operating procedures] established and followed by the company, work performed by the Internal, Statutory and Secretarial auditors and external agencies including audit of Financial Controls over financial reporting by the Statutory Auditors and reviews performed by the management and relevant Board Committees, the Board is of the opinion that the Company's Internal Financial Controls, with the formulation and adoption of certain further policies that are underway, would in course, become even more adequate and effective.

Having regard to the aforesaid and pursuant to Section 134(5) of the Company's Act, 2013, the Board of Directors, to the best of their knowledge and ability confirm:-

- (a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (b) that the directors selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis;
- (e) that the proper internal financial controls were laid down to be followed and that such internal financial controls are adequate and were operating effectively; and
- (f) that the proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively.

**Risk Management:**

Your Company is taking adequate safeguards in handling customer data and related processes with the deployment of appropriate technological solutions and security systems, standard to such operations. As such, the company does not envisage any major threat to its existence, emanating from its operations.

Your Company has in place a business risk management framework for identifying risks and opportunities that may have a bearing on the organization's objectives, assessing them in terms of likelihood and magnitude of impact.

**Corporate Social Responsibility:**

The provisions of the Companies Act, 2013 on Corporate Social Responsibility do not apply to your company. As a responsible participant in the economy the your company shall take appropriate initiatives for compliance and implementation of Corporate Social Responsibility immediately falling within the ambit of the limits stipulated under the Companies Act, 2013..

**Disclosure as required under rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016:**

There were no employees during the financial year drawing remuneration exceeding the limits stipulated under the provisions of Section 197 and Rule 5(2) and 5(3) of the Companies Act 2013.

**Disclosure as per The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

The Company has zero tolerance towards sexual harassment at the work place and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder.

**Conservation of energy, technology absorption, adaptation and innovation:****A. Conservation of Energy:**

The company does not have any manufacturing facility nor is the company generating any power/energy. However, your Directors are taking all measure to conserve the energy which is consumed in the regular course of service business.

**B. Technology absorption:**

The Company is making continuous efforts to implement all emerging new technologies and developments which are relevant to Business of the Company.

**C. Foreign Exchange Earnings And Outgo: - NIL****Auditors of the Company:****1. Statutory Auditors:**

As per the advise and direction of C & AG of India its letter dated September 15, 2017, M/s B V Swami & Co, Chartered Accountants (bearing Firm registration number 009151S), were appointed as the Statutory Auditors of the company for the period ending March 31, 2018 by the Board of Directors and they will hold the office till the conclusion of the Annual General Meeting and the company has written the letter to C & AG to recommend the auditors to be appointed for the financial year 2018-19. The company will appoint the auditors based on the recommendation of the C&AG.

## **2. Internal Auditors:**

In accordance with the provisions of Section 138 of Companies Act, 2013 the Company was required to appoint Internal Auditors. Accordingly your Board has appointed M/s. Deloitte and Haskins Sells LLP as Internal Auditors of the Company for FY 2017-18 and 2018-19.

## **3. Secretarial Auditors:**

In accordance with the provisions of Section 204 of Companies Act, 2013 and the rules made thereunder, the appointment of Secretarial Auditor was mandatory to the company for the year 2017-18. Accordingly, M/s. S. N. Ananthasubramanian & Co. Company Secretaries firm, being based out of Mumbai were appointed as Secretarial Auditors for the Company for the FY 2017-18. They have submitted their report and the same is annexed to this report as required under the provisions of Section 204 of the Companies Act, 2013.

## **4. Technology Audit Report:**

Pursuant to the provisions of Clause 34 of the IU regulations, an IU shall audit its information technology framework, interface and data processing systems every year. Accordingly, M/s. Deloitte and M/s. CDAC were appointed as Auditors in this regard for different aspects.

## **Qualifications in Audit Reports:**

There are no adverse remarks/qualifications or any disclaimers on the financial statement, documents, records of the company audited by the respective auditors of the company.

The company shall send the financials along with the Statutory Auditors report to C & AG for their supplementary report, which will be placed at the Annual General Meeting of the Company.

## **Extract of Annual Return:**

An extract of the annual return as provided under sub-section (3) of section 92 in Form MGT-9 forms part of the Board's Report. **(Annexure-III)**

## **Report on Corporate Governance:**

Corporate governance is an ethically driven business process that is committed to values aimed at enhancing an organization's wealth generating capacity. This is ensured by taking ethical business decisions and conducting business with a firm commitment to values, while meeting stakeholders' expectations. Corporate Governance is an effective tool to bring integrity and transparency in terms of reporting so as to protect the interest of all the stakeholders of the company.

In accordance with provisions of Section 134 of Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules 2014 and also matter of governance, your directors wishes to bring out the following report.

## 1. Board Aspects:

### 1.1. Composition of the Board& KMP:

As at 31<sup>st</sup> March 2018, the Board of the comprised of the following directors:

Sl No	Name of Director	Designation	DIN	Date of Appointment
1.	N Rangachary	Independent Director	00054437	24/06/2016
2.	N Haran	Independent Director	06441500	24/06/2016
3.	S Sadagopan	Independent Director	00118285	24/06/2016
4.	T S Vishwanath	Independent Director	00023065	16/06/2017
5.	Y M Deosthalee	Independent Director	00001698	27/03/2018
6.	P Sanker	Nominee Director	00008187	18/01/2017
7.	G S Chawla	Nominee Director	07534356	07/07/2016
8.	Karnam Sekar	Nominee Director	07400094	07/07/2016
9.	S Ramann	Managing Director & CEO	07685657	01/12/2016

During the year under review, Mr. Ajay Shah (DIN 01141239) resigned as Director with effect from December 11, 2017. Your Board place on record the contributions made by Mr. Ajay Shah during his tenure as director.

Mr. R Gandhi (DIN: 03341633) has been appointed as additional director (Independent Director) to hold office with effect from 17<sup>th</sup> April 2018. Mr. Y M Deosthalee (DIN 00001698) was appointed additional director (Independent Director) with effect from 27 March, 2018.

### 1.2. KMPs appointed by the Company:

Sl No	Name of KMP	Designation	Date of Appointment	Date of Resignation
1.	S Raghunathan	CFO	16/06/2017	16/03/2018
2.	S Padmavathy	CS	06/02/2017	04/06/2018
3.	Mruthunjaya Murthy	CS	04/06/2018	-
4.	VinodShenoy M	CFO	11/07/2018	-

### 1.3. Meetings of the Board:

The Board met six times during the reporting period:

Sl No	Date of Meeting	No of Directors eligible to Attended	No of Directors attended	No of Directors not attended
1.	16 / 06 / 2017	9	8	1
2.	28 / 06 / 2017	9	5	4
3.	02 / 08 / 2017	9	6	3
4.	07 / 10 / 2017	9	6	3
5.	18 / 01 / 2018	8	7	1
6.	16 / 03 / 2018	8	8	-

#### 1.4. Attendance of Directors:

Details of attendance of Directors at the Board Meetings held during the year 2017-18, are provided below:

Sl No	Name of Director	Designation	No of Meetings attended
1.	N Rangachary	Independent Director	6
2.	N Haran	Independent Director	5
3.	S Sadagopan	Independent Director	3
4.	T S Vishwanath	Independent Director	6
5.	Y M Deosthalee	Independent Director	NA
6.	P Sanker	Nominee Director	5
7.	G S Chawla	Nominee Director	5
8.	Karnam Sekar	Nominee Director	4
9.	S Ramann	Managing Director & CEO	6
10.	Ajay Shah	Independent Director	-

Also as required under the Schedule V of the Companies Act 2013, meeting of Independent Directors of the Company was held on 6<sup>th</sup> March 2018 and was attended to by all Independent Directors.

The Annual General Meeting of the Company was held on 2<sup>nd</sup> August, 2017 and the Extra Ordinary General Meeting was held on 15<sup>th</sup> February 2018 and following directors attended the AGM / EGM.

Sl No	Name of the Director	AGM (02/08/2017)	EGM (15/02/2018)
1.	N Rangachary	Attended	Not Attended
2.	N Haran	Attended	Not Attended
3.	S Sadagopan	Not Attended	Not Attended
4.	T S Vishwanath	Attended	Attended
5.	Y M Deosthalee	Not Applicable	Not Applicable
6.	P Sanker	Not Attended	Not Attended
7.	G S Chawla	Not Attended	Not Attended
8.	Karnam Sekar	Not Attended	Not Attended
9.	S Ramann	Attended	Attended
10.	Ajay Shah	Not Attended	Not Applicable

#### 2. Committees of the Board:

Your Board with a view to have efficient Corporate Governance have formulated various committees as required under the provisions of the Companies Act, 2013 and as required under the Information Utility Regulations issued by the Insolvency and Bankruptcy Board of India (IBBI). Accordingly the following committees have been constituted.

## 2.1. Audit Committee:

### 2.1.1 Composition of the Committee:

The Audit Committee of the company was reconstituted on June 28, 2017 and the reconstituted Committee is consisting of following members:

Sl No	Name of the Director	Designation
1.	T S Vishwanath	Chairman (Independent Director)
2.	Karnam Sekar	Member (Nominee Director)
3.	Ajay Shah*	Member (Independent Director)
4.	S Sadagopan	Member (Independent Director)

\*Shri. Ajay Shah has resigned from the directorship of the company on December 11, 2017.

Mr. T S Vishwanath was appointed as the chairman of Audit Committee effective from 28 June, 2017.

Prior to the reconstitution of the Audit Committee on 28 June, 2017 Mr. N Rangachary Independent Director was a member of the audit committee.

### 2.1.2 Terms of Reference:

The Committee shall *inter alia* be responsible for:

- (i) The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- (ii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- (iii) Examination of the financial statement and the auditors' report thereon;
- (iv) Approval or any subsequent modification of transactions of the company with related parties
- (v) Scrutiny of inter-corporate loans and investments;
- (vi) Valuation of undertakings or assets of the company, wherever it is necessary;
- (vii) Evaluation of internal financial controls and risk management systems;
- (viii) Monitoring the end use of funds raised through public offers and related matters.

### 2.1.3 Meetings of the Audit Committee:

The Audit Committee met thrice during the reporting period:

Sl No	Date of Meeting	No of Directors eligible to Attended	No of Directors attended	No of Directors not attended
1.	16 / 06 / 2017	3	3	-
2.	07 / 11 / 2017	4	3	1
3.	16 / 03 / 2018	3	3	-

#### 2.1.4 Attendance of Directors:

Details of attendance of Directors at the Audit Committee Meetings held during the year 2017-18, are provided below:

Sl No	Name of Director	Designation	No of Meetings attended
1.	N Rangachary	Independent Director	1
2.	S Sadagopan	Independent Director	3
3.	T S Vishwanath	Independent Director	2
4.	Ajay Shah	Independent Director	-
5.	Karnam Sekar	Nominee Director	3

#### 2.2. Nomination and Remuneration Committee:

##### 2.2.1 Composition of the Committee:

The Nomination and Remuneration Committee of the company was reconstituted on June 28, 2017 and the reconstituted Committee is consisting of following members

Sl No	Name of the Director	Designation
1.	N Haran	Chairperson (Independent Director)
2.	G S Chawla	Member (Nominee Director)
3.	N Rangachary	Member (Independent Director)
4.	P Sanker	Member (Nominee Director)

\*prior to the reconstitution, Mr. Karnam Sekar and Prof. S Sadagopan were also the members of the Committee. Mr. Rangachary and Mr. P Sanker were appointed as members of the Nomination and Remuneration Committee in place of Mr. Karnam Sekar and Prof. S Sadagopan.

##### 2.2.2

The Committee shall *inter alia* be responsible for:

- Periodically oversee an evaluation of the Board, and recommend desirable changes in Board size, composition, Committees structure and processes, and other aspects of the Board's functioning;
- Review and concur the appointments of KMP's, Directors and senior management team one level below the Board.
- Ensure the compliance in terms of constitution and reconstitution of various Committees and advise the Board accordingly.
- Recommend new Board members in light of resignation of current members or a planned expansion of the Board;

- (e) Review stockholder proposals relating to Board's composition and recommend an appropriate course of action;
- (f) Review key corporate governance processes not specifically assigned to other committees, and recommend changes needed to ensure that the company is at best practice;
- (g) Formulate criteria for determining qualifications, positive attributes and independence of director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- (h) Review and recommend to the Board the appointment and fixation of compensation payable to KMP's, whole time directors, non executive directors and draw up the policy on ESOP and recommend the same to the Board for its adoption.
- (i) Review and recommend the incremental compensation and variable pay for Executive Directors to the Board, KMP's and Senior Management Cadre;
- (j) Draw up the structure for review and performance of Board, Committees, Directors (excluding nominee Directors) and evaluate the performance of Board, Committees and Directors and submit the report about the performance every year.
- (k) Perform other activities related to this Charter as requested by the Board of Directors or to address issues related to any significant subject within its term of reference

### **2.2.3 Meetings of the Nomination and Remuneration Committee:**

The Committee met thrice during the reporting period:

<b>Sl No</b>	<b>Date of Meeting</b>	<b>No of Directors eligible to Attended</b>	<b>No of Directors attended</b>	<b>No of Directors not attended</b>
1.	16 / 06 / 2017	4	4	-
2.	07 / 10 / 2017	4	3	1
3.	18 / 01 / 2018	4	4	-

### **2.2.4 Attendance of Directors:**

Details of attendance of Directors at the Nomination and Remuneration Committee Meetings held during the year 2017-18, are provided below:

<b>Sl No</b>	<b>Name of Director</b>	<b>Designation</b>	<b>No of Meetings attended</b>
1.	N Haran	Independent Director	2
2.	G S Chawla	Nominee Director	3
3.	N Rangachary	Independent Director	2
4.	P Sanker	Nominee Director	2
5.	Karnam Sekar*	Nominee Director	1
6.	S Sadagopan*	Independent Director	1

### **3. Evaluation:**

Your Board is in the process of framing and formalizing the procedures and matters to be checked with respect to the evaluation of The Board, the Committee(s), and Directors individually, and the company as such. The same shall be provided in the next report.

#### **4. Remuneration:**

The Independent Directors and non executive directors/nominee directors of your Company are not been remunerated in any form except the sitting fees paid to them for attending the Board and Committee meetings in which they are member. Further the Mr. S Ramann, the Managing Director of the Company was paid a gross remuneration of Rs 43,33,720/-. Further Mr. S Raghunathan, ED and CFO for part of the year was paid a gross remuneration of Rs. 44,79,177/-/- during the FY 2017-18.

#### **ACKNOWLEDGEMENT**

Your directors place on record their sincere thanks to dedicated employees, bankers, business associates, consultants, Legal counsels, Indian Bank's Association, Insolvency and Bankruptcy Board of India and various Government authorities for their continued support extended to your company's activities during the period under review. Your directors also acknowledge gratefully the shareholders for their support and confidence reposed in your company. The Directors thank the C&AG and their officials for extending support and guidance.

<b>For and on behalf of the Board of National E Governance Services Limited</b>		
Date: 28 July, 2018		N Rangachary
Place: Bengaluru		DIN: 00054437



**Form AOC-1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of subsidiaries****Part “A”: Subsidiaries***(in Rs.)*

<b>Sl. No.</b>	<b>Particulars</b>	<b>NADL</b>	<b>NEIL</b>
1	Name of the subsidiary	NeSL Asset Data Limited	NeSL E Infrastructure Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	08-09-2017 To 31-03-2018	18-12-2017 To 31-03-2018
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA	NA
4	Share capital	30000000	10000000
5	Reserves & surplus	-	-
6	Total assets	31202407	17758062
7	Total Liabilities	31202407	17758062
8	Investments	-	-
9	Turnover	-	6496144
10	Profit before taxation	(524534)	482401
11	Provision for taxation	-	124219
12	Profit after taxation	(524534)	358182
13	Proposed Dividend	-	-
14	% of shareholding	100	100

**Notes:** The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations– NADL
2. Names of subsidiaries which have been liquidated or sold during the year – NA

**Part “B”: Associates and Joint Ventures – NA**

<b>For and on behalf of the Board of National E Governance Services Limited</b>		
Date: 28 July, 2018		N Rangachary
Place: Bengaluru		DIN: 00054437



**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

## 1. Details of contracts or arrangements or transactions not at Arm's length basis.

<b>Sl. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name (s) of the related party & nature of relationship	-
b)	Nature of contracts / arrangements / transaction	-
c)	Duration of the contracts/ arrangements/ transaction	-
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	-
e)	Justification for entering into such contracts or arrangements or transactions'	-
f)	Date of approval by the Board	-
g)	Amount paid as advances, if any	-
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	-

## 2. Details of contracts or arrangements or transactions at Arm's length basis.

<b>Sl. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name (s) of the related party & nature of relationship	NADL & NEIL Wholly Owned Subsidiaries
b)	Nature of contracts/arrangements/transaction	Expenses
c)	Duration of the contracts/ arrangements/ transaction	Ongoing
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Sharing of resources
e)	Date of approval by the Board	
f)	Amount paid as advances, if any	-

<b>For and on behalf of the Board of National E Governance Services Limited</b>		
Date: 28 July, 2018		N Rangachary
Place: Bengaluru		DIN: 00054437



**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on financial year ended on **31.03.2018**

*[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]*

**I. REGISTRATION & OTHER DETAILS:**

1.	CIN	U72900MH2016GOI282855
2.	Registration Date	24/06/2016
3.	Name of the Company	National E Governance Services Limited
4.	Category/Sub-category of the Company	Company Limited By Shares / Union Government Company
5.	Address of the Registered office & contact details	Gresham Assurance House 4 <sup>th</sup> Floor, Sir P M Road Fort Mumbai City 400001
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)**

Sl No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Information Utility	62699	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
NeSL Asset Data Limited <b>Address:</b> Gresham Assurance House 4th Floor, Sir P M Road Fort Mumbai City 400001	U72400MH2017G OI299499	Subsidiary	99.99	
NeSL E Infrastructure Limited <b>Address:</b> Gresham Assurance House 4th Floor, Sir P M Road Fort Mumbai City 400001	U72200MH2017G OI302982	Subsidiary	99.99	





Foreign Nationals	-	-	-	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	27075000	-	27075000	-	27075000	36.1	36.1
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>25470000</b>	-	<b>25470000</b>	<b>100</b>	<b>75000000</b>	<b>75000000</b>	-	<b>75000000</b>	<b>100</b>	<b>75000000</b>	<b>100</b>	<b>-</b>

**B. Shareholding of Promoter:**

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Life Insurance Corporation of India	4500000	17.67	-	4500000	6	-	(11.67)
2.	State Bank of India	3000000	11.78	-	4500000	10	-	(1.78)
3.	Canara Bank	3000000	11.78	-	4500000	10	-	(1.78)
4.	Bank of Baroda	3000000	11.78	-	4500000	10	-	(1.78)

5.	Dena Bank	3000000	11.78	-	3000000	4	-	(7.78)
6.	New India Assurance Company Limited	1500000	5.89	-	3750000	5	-	(0.89)
7.	Union Bank of India	1500000	5.89	-	3750000	5	-	(0.89)
8.	Central Depository Services Limited	3000000	11.78	-	3000000	4	-	(7.78)
9.	ICICI Bank	2970000	11.66	-	7425000	9.90	-	(1.76)

**C. Change in Promoters' Shareholding (please specify, if there is no change):**

Refer Table B above.

\* Increase in capital due to allotment of shares on June 22, 2017

**D. Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sl No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	United India Insurance Co Ltd	-	-	-	-
	At the beginning of the year	-	-	-	-
	Date wise Increase: Date: 22-06-2017 (Allotment of Equity Shares)	-	-	1500000	2
	At the end of the year	-	-	1500000	2

Sl No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the	No. of shares	% of total shares of the

			<b>company</b>	<b>company</b>
	HDFC Holdings Ltd			
	At the beginning of the year	-	-	-
2.	Date wise Increase: Date: 22-06-2017 (Allotment of Equity Shares)	-	3750000	5
	At the end of the year	3750000	3750000	5

	Indian Bank			
	At the beginning of the year	-	-	-
3.	Date wise Increase: Date: 22-06-2017 (Allotment of Equity Shares)	-	3750000	5
	At the end of the year	3750000	3750000	5

	National Bank for Agriculture and Rural Development			
	At the beginning of the year	-	-	-
4.	Date wise Increase: Date: 22-06-2017 (Allotment of Equity Shares)	-	1500000	2
	At the end of the year	1500000	1500000	2

Sl No	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Axis Bank Ltd				
5.	At the beginning of the year	-	-	-	-
	Date wise Increase:	-	-	7125000	9.50

	Date: 22-06-2017 (Allotment of Equity Shares)					
	At the end of the year	7125000	9.50	7125000	9.50	
	SIDBI					
	At the beginning of the year	-	-	-	-	
6.	Date wise Increase: Date: 22-06-2017 (Allotment of Equity Shares)	-	-	1200000	1.60	1.60
	At the end of the year	1200000	1.60	1200000	1.60	
	Karnataka Bank					
	At the beginning of the year	-	-	-	-	
7.	Date wise Increase: Date: 22-06-2017 (Allotment of Equity Shares)	-	-	4500000	6	6
	At the end of the year	4500000	6	4500000	6	
	Punjab National Bank					
	At the beginning of the year	-	-	-	-	
8.	Date wise Increase: Date: 22-06-2017 (Allotment of Equity Shares)	-	-	3750000	5	5
	At the end of the year	3750000	5	3750000	5	

**E. Shareholding of Directors and Key Managerial Personnel:**

Not Applicable during the year under review

**V. INDEBTEDNESS: (Indebtedness of the Company including interest outstanding/accrued but not due for payment).**

**NIL**

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-Time Directors and /or Manager:**

SI No	Particulars of Remuneration		(Amt in Rs.)
		S Ramann Managing Director	
1.	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961		43,33,720
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option		-
3.	Sweat Equity		-
4.	Commission as % profit others		-
5.	Others specify		-

**B. Remuneration to other Directors:**

Particulars	Particulars of Remuneration						Total Amount
	N Rangachary	N Haran	S Sadagopan	Ajay Shah	T S Vishwanath	Y M Deosthalee	
1. Fee for attending board / committee meetings	2,50,000	1,75,000	1,75,000	0	2,00,000	NA	8,00,000
2. Commission	-	-	-	-	-	-	-
3. Others, please specify	-	-	-	-	-	-	-
<b>Other Non-Executive Directors</b>		<b>P Sanker</b>	<b>G S Chawla</b>	<b>Sekar Karnam</b>	<b>Total Amount</b>		
1. Fee for attending board / committee meetings		1,75,000	2,00,000	2,00,000		5,75,000	
2. Commission		-	-	-		-	
3. Others, please specify		-	-	-		-	
Total Managerial Remuneration							
Overall Ceiling as per the Act							

**C. Remuneration to Key Managerial Personnel other than MD /Manager / WTD:**  
(Amt in Rs.)

<b>S1 No</b>	<b>Particulars of Remuneration</b>	<b>S Raghunathan (Chief Financial Officer)</b>	<b>S Padmavathy (Company Secretary)</b>
1.	Gross Salary		
	a. Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	b. Value of perquisites u/s 17(2) Income-tax Act, 1961	44,79,177	5,83,055
	c. Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission as % profit others	-	-
5.	Others specify	-	-

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

During the financial year there were no cases for penalties/punishment/compounding of offences in your company.

	<b>For and on behalf of the Board of National E Governance Services Limited</b>
Date: 28 July, 2018	N Rangachary
Place: Bengaluru	DIN: 00054437



**S. N. ANANTHASUBRAMANIAN & CO.**

**COMPANY SECRETARIES**

**FIRM REGISTRATION NO. P1991MH040400**

10/26, BRINDABAN, THANE – 400601 | Tel 25345648/25432704 | Email [сна@snaco.net](mailto:сна@snaco.net) | Website [www.snaco.net](http://www.snaco.net)

To,

The Members,

**National E-Governance Services Limited**

CIN U72900MH2016GOI282855

Gresham Assurance House,

4<sup>th</sup> Floor, Sir PM Road, Fort,

Mumbai – 400 001.

Our Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2018 of even date is to be read along with this letter.

**Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

**Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

**Disclaimer**

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

**For S. N. ANANTHASUBRAMANIAN & CO.**

**Company Secretaries**

**Firm Registration No. P1991MH040400**

**S. N. Ananthasubramanian**

**Partner**

**FCS : 4206**

**C.O.P. No. : 1774**

**27<sup>th</sup> July, 2018**

**Thane**



**S. N. ANANTHASUBRAMANIAN & CO.**

**COMPANY SECRETARIES**

FIRM REGISTRATION NO. P1991MH040400

10/26, BRINDABAN, THANE – 400601 Tel 25345648 / 25432704, email sna@snaco.net, website www.snaco.net

**Form No. MR – 3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

**National E-Governance Services Limited**

CIN: U72900MH2016GOI282855

Gresham Assurance House,

4<sup>th</sup> Floor, Sir PM Road, Fort,

Mumbai – 400 001.

We have conducted Secretarial Audit of compliance with applicable statutory provisions and adherence to good corporate practices by **National E-Governance Services Limited** (hereinafter called 'the Company') for the **Financial Year ended 31<sup>st</sup> March, 2018** ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books and papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended 31<sup>st</sup> March, 2018 complied with statutory provisions listed hereunder and also, that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.



**S. N. ANANTHASUBRAMANIAN & CO.**

**COMPANY SECRETARIES**

FIRM REGISTRATION NO. P1991MH040400

10/26, BRINDABAN, THANE – 400601 Tel 25345648 / 25432704, email sna@snaco.net, website www.snaco.net

We have examined books and papers, minutes books, forms and returns filed and other records maintained by the Company for the Financial Year ended 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and rules made thereunder – **Not applicable as there was no reportable event during the audit period;**
- (iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **Not applicable as there was no reportable event during the audit period;**
- (v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act'): – **Not applicable as securities of the Company are not listed on any stock exchange.**
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;



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- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and
  - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) Management has identified and confirmed the following laws as specifically applicable to the Company:
- a. Insolvency and Bankruptcy Code, 2016;
  - b. Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017;
  - c. Information Technology Act, 2000.

We have also examined compliance with applicable clauses of the following:

- (i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;
- (ii) Listing Agreements entered into by the Company with Stock Exchange(s) – **Not applicable as securities of the Company are not listed on any stock exchange.**

During the period under review, the Company has, complied with provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

**We further report that:**

- Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. Changes in the composition of Board of Directors that took place during the audit period were carried out in compliance with provisions of the Act;



**S. N. ANANTHASUBRAMANIAN & CO.**

**COMPANY SECRETARIES**

**FIRM REGISTRATION NO. P1991MH040400**

10/26, BRINDABAN, THANE – 400601 Tel 25345648 / 25432704, email sna@snaco.net, website www.snaco.net

- Adequate notice is given to all Directors to schedule Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting;

In respect of following meetings, agenda and notes on agenda were sent less than seven days in advance:

- (i) 06<sup>th</sup> Board Meeting held on 28<sup>th</sup> June, 2017 and
- (ii) 08<sup>th</sup> Board Meeting held on 07<sup>th</sup> October, 2017

None of the Directors have objected to receipt of Agenda at a shorter period than seven days.

- All decisions of the Board and Committee thereof were carried with requisite majority.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

- As informed, the Company has responded appropriately to notices received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

**We further report that** during the audit period following were the events/ actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

- The Company amended the objects clause of its Memorandum of Association and altered the Articles of Association at the 1<sup>st</sup> Annual General Meeting held on 2<sup>nd</sup> August, 2017.



**S. N. ANANTHASUBRAMANIAN & CO.**

**COMPANY SECRETARIES**

**FIRM REGISTRATION NO. P1991MH040400**

10/26, BRINDABAN, THANE – 400601 Tel 25345648 / 25432704, email sna@snaco.net, website www.snaco.net

- The Company was granted registration as an Information Utility under IBB (Information Utilities) Regulations, 2017 with effect from 25<sup>th</sup> September, 2017. The said registration is valid for a period of five years.
- The Company has incorporated two wholly owned subsidiaries with names, "NESL Asset Data Limited" on 8<sup>th</sup> September, 2017 and, "NESL E-Infrastructure Limited" on 7<sup>th</sup> October, 2017.
- The Company has shifted the registered office from Navi Mumbai to Mumbai with effect from 15<sup>th</sup> February, 2018.

**For S. N. ANANTHASUBRAMANIAN & CO.**

**Company Secretaries**

**Firm Registration No. P1991MH040400**

**S. N. Ananthasubramanian**

**Partner**

**FCS : 4206**

**C.O.P. No. : 1774**

**27<sup>th</sup> July, 2018**

**Thane**





Ref. :

Date :

## INDEPENDENT AUDITOR'S REPORT

To,  
The Members of  
National E-Governance Services Limited, Bangalore

### REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone IND AS Financial Statements National E-Governance Services Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, 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 IND AS FINANCIAL STATEMENTS

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

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 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 IND AS financial statements based on our audit.

In conducting 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 there under.

We conducted our audit of the standalone IND AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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



# **B.V. Swami & Co.,**

**Chartered Accountants**

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone IND AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Standalone IND AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone IND AS 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 Company's Directors, as well as evaluating the overall presentation of the Standalone IND AS financial statements.

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

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, 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 31 March, 2018, and its loss, the changes in equity and its cash flows for the year ended on that date.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the companies (Auditors Report) Order 2016 ("the order") issued by the Central Government of in terms of section 143(11) of the Act we give in Annexure A statement on the matters specified in the paragraph 3 and 4 of the order to the extent applicable.
2. As required by Section 143 (3) of the Act, 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, the changes in equity and the Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.



# **B.V. Swami & Co.,**

**Chartered Accountants**

- 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 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 Company does not have any pending litigations
  - ii. The Company is not required to make provision as at 31 March 2018, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts since the Company did not have any derivative contracts as at 31 March 2018.
  - iii. There has been no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31 March 2018.
- h) As required by C&AG of India through sub-directions dated 22/01/2016, issued under section 143(5) of the Companies Act, we give our report in the attached "Annexure C".

For B. V. Swami & Co.,  
Chartered Accountants

*Amaranath*



A. AMARANATH

Partner

Membership No : 213629

Firm Reg. No : 009151S

Place: Bengaluru

Date: 28 July 2018

**ANNEXURE A TO INDEPENDENT AUDITORS' REPORT**

Report on Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act of National E-Governance Services Limited (The Company)

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 2018, we report that:

- i. In respect of the company's Property plant & equipment
  - a. The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property plant & equipment.
  - b. The Management of the Company has a regular of Physical verification of its assets at reasonable intervals and no material discrepancies were noticed on such verification.
  - c. The company does not own any immovable property.
- ii. The company does not have or hold any inventory.
- iii. The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act,2013
- iv. The company has not entered into any transaction of the nature specified in section 185 & 186 of the Companies Act, 2013.
- v. The company has not accepted deposits during the year and doesn't have any unclaimed deposits as at March31, 2018 and therefore the provisions of the clause 3(v) of the order are not applicable to the company.
- vi. Reporting under clause 3(vi) of the order is not applicable as the company's business activities are not covered by the companies (cost records and audit) rule, 2014.
- vii.
  - a. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees' state insurance, professional tax, duty of customs, Goods and Service tax, TDS though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including Goods and service tax, as applicable, with the appropriate authorities. According to the information and explanations given to us there were no statutory dues payable for more than six months.
  - b. According to the information and explanations given to us there is no amount payable in respect of wealth tax, Goods and Service tax, customs duty and excise duty which have not been deposited on account of any disputes.




# **B.V. Swami & Co.,**

## **Chartered Accountants**

- viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any loans or borrowings from any financial institution or bank or Government or dues to debenture holders as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year under review. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the company and no material fraud on the company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, 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 Act.
- xii. The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. In our opinion and according to the information's and explanations given to us and based on our examination of the records of the Company transaction with the related parties are in compliance with the provisions of Sections 177 and 188 of the Act where applicable, and details of such transactions have been disclosed in the IND AS financial statements as required under Accounting Standard.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provision of the section 192 of the act are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

FOR B. V. SWAMI & CO.  
Chartered Accountants

  
A. AMARANATH  
Partner

A. AMARANATH

Partner

Membership No : 213629

Firm Reg. No : 009151S

Place: Bengaluru

Date: 28<sup>th</sup> July, 2018



# **B.V. Swami & Co.,**

**Chartered Accountants**

## **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT - 31st MARCH 2018**

(Referred to in our report of even date)

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE ACT OF THE NATIONAL E-GOVERNANCE SERVICES LIMITED**

We have audited the internal financial controls over financial reporting of National E-Governance Services Limited ("the Company"), as of 31<sup>st</sup> March 2018 in conjunction with our audit of the standalone IND AS 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 controls over financial reporting criteria established by the Company considering the essential components of internal controls 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 ("the Act").

#### **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 Act 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.

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 controls 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 Standalone IND AS 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 control system over financial reporting.



# **B.V. Swami & Co.,**

**Chartered Accountants**

## **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial controls 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 controls 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 controls 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 control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note.

FOR B. V. SWAMI & CO.  
Chartered Accountants



A. AMARANATH

Partner

Membership No : 213629

Firm Reg No : 009151S

Place: Bengaluru

Date: 28 July 2018

# **B.V. Swami & Co.,**

Chartered Accountants

## ANNEXURE C TO INDEPENDENT AUDITORS' REPORT

### REPORT ON THE DIRECTIONS ISSUED BY CAG UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013.

As referred to at Para h of the Independent Auditor's Report on the financial statements of National E-Governance Services Ltd

QUESTIONS	ANSWER
1. Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?	The company does not own any immovable property.
2. If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	Not Applicable
3. Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	No
4. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The Company has no inventories and received no gifts.
5. A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	There are no litigations against the Company.



# **B.V. Swami & Co.,**

**Chartered Accountants**

<b>SPECIFIC FOR THE COMPANY - SERVICE SECTOR</b>	
6. Whether the company has an effective system for recovery of dues in respect of its leasing out of premises and the dues outstanding and recoveries there against have been properly recorded in the books of accounts?	There are no receivables which are due for more than 6 months
7. Whether the Company has effective system for fixation of rental value of its premises?	The Company does not own any premises.
8. Whether the company has effective system for revision of rent periodically?	Not applicable.

For B. V. SWAMI & CO.  
Chartered Accountants

*Amaranath*



A. AMARANATH

Partner

Membership No : 213629

Firm Reg. No : 009151S

Place: Bengaluru

Date:28 July 2018



Ref. :

Date :

## Addendum to Independent Auditor's Report on The Standalone Ind As Financial Statements Dated 28<sup>th</sup> July 2018

To,  
The Members of National E-Governance Services Limited, Bangalore

### 1 With Reference to "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS"

Point No- d, is replaced and reads as follows:

"In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 3 of the Companies (Accounts) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016."

### 2. With Reference to "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS"

Annexure c to Independent Auditor's Report is replaced and reads as below:

#### REPORT ON THE DIRECTIONS ISSUED BY CAG UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013.

As referred to at Para h of the Independent Auditor's Report on the financial statements of National E-Governance Services Ltd, we report as below:

QUESTIONS	ANSWER
1. Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state, the area of freehold and leasehold land for which title/lease deeds are not available?	The Company does not own any immovable property.





# **B.V. Swami & Co.,**

Chartered Accountants

2. Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	No
3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.	The Company has no inventories and received no gifts.

This addendum does not affect our opinion on the Company's Financial Statements.

For B. V. Swami & Co.  
Chartered Accountants



A. AMARANATH  
Partner  
Membership No : 213629  
Firm Reg. No : 009151S  
Place: Bengaluru  
Date: 7<sup>th</sup> September 2018

**National E-Governance Services Limited**  
**Balance Sheet as at March 31, 2018**  
(All amounts are in Indian rupees, unless as otherwise stated)

Particulars	Note	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	4	1,14,51,355	7,78,482
Intangible assets	4	5,42,47,441	16,743
Financial assets	5		
Investments	5.1	5,56,20,500	51,19,500
Other financial assets	5.2	3,27,056	-
Deferred tax assets (net)	6	1,05,46,387	27,65,402
<b>Current assets</b>			
Financial assets	7		
Investments	7.1	6,81,81,742	1,49,80,754
Trade receivables	7.2	29,45,606	-
Cash and cash equivalents	7.3	55,34,93,041	39,09,60,521
Other financial assets	7.4	56,22,386	11,04,224
Other current assets	8	2,26,75,599	12,39,821
		<b>78,51,11,113</b>	<b>41,69,65,447</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	9	75,00,00,000	25,47,00,000
Other equity	10	(3,73,50,702)	15,93,51,733
<b>Non current liabilities</b>			
Financial liabilities	11		
Other financial liabilities	11.1	10,04,899	-
Provisions	12	17,58,693	29,174
<b>Current liabilities</b>			
Financial liabilities	13		
Trade payables	13.1	5,06,43,335	18,23,725
Other current liabilities	14	70,52,886	10,59,838
Provisions	15	1,20,02,002	977
		<b>78,51,11,113</b>	<b>41,69,65,447</b>

Significant accounting policies

3

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For **B.V. Swami and Co**

Chartered accountants

Firm registration number: 09151S



A. Amaranath

Partner

Membership No. 213629

Date: 28/07/2018

Place: Bengaluru

For and on behalf of the Board of Directors of  
**National E-Governance Services Limited**

N. Rangachary

Chairman

DIN. 00054437

Vinod Shenoy M.  
Chief financial officer

Date: 28/07/2018

Place : Bengaluru

S. Ramann

Managing Director & CEO

DIN-07685657

M. Murthy  
Company secretary

ACS 11766

**National E-Governance Services Limited**

**Statement of Profit and Loss and Other Comprehensive Income for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless as otherwise stated)

Particulars	Note	2018	2017
Revenue from operations	16	1,40,140	-
Other Income	17	4,55,58,900	1,06,29,147
<b>Total Revenue</b>		<b>4,56,99,040</b>	<b>1,06,29,147</b>
<b>Expenses</b>			
Cost of services	18	1,00,34,854	-
Employee benefit expenses	19	3,69,16,341	56,67,692
Finance costs	20	5,340	-
Depreciation and amortization expense	4	36,58,700	1,51,138
Other expenses	21	2,63,80,304	1,38,19,286
<b>Total Expenses</b>		<b>7,69,95,539</b>	<b>1,96,38,116</b>
<b>Loss before tax</b>		<b>(3,12,96,499)</b>	<b>(90,08,969)</b>
Tax expense			
Current tax		-	-
Deferred tax		77,31,643	27,65,402
<b>Loss for the period from continuing operations</b>		<b>(2,35,64,856)</b>	<b>(62,43,567)</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>			
Re-measurements of defined benefit plan actuarial gains/ (losses)		(1,91,622)	-
Deferred tax		49,343	-
<b>Total comprehensive loss for the year</b>		<b>(1,42,279)</b>	<b>-</b>
<b>Loss for the period</b>		<b>(2,37,07,135)</b>	<b>(62,43,567)</b>
Earning per equity share of face value of Rs.10 each			
<b>Basic and Diluted</b>		<b>(0.32)</b>	<b>(0.25)</b>

Significant Accounting Policies

3

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For **B.V. Swami and Co**

Chartered accountants

Firm registration number: 09151S



A. Amaranath  
Partner

Membership No. 213629

Date: 28/07/2018

Place: Bengaluru

For and on behalf of the Board of Directors of

**National E-Governance Services Limited**

*N. Rangachary*

N. Rangachary  
Chairman

DIN. 00054437

*Vinod Shenoy M.*

Vinod Shenoy M.  
Chief financial officer  
Date: 28/07/2018

Place : Bengaluru

*S. Ramann*

S. Ramann  
Managing Director & CEO

DIN. 07685657

*M. Murthy*

M. Murthy  
Company secretary  
ACS 11766

**National E-Governance Services Limited**  
**Cash Flow Statement for the year ended March 31, 2018**  
(All amounts are in Indian rupees, unless as otherwise stated)

Particulars	Note	2018	2017
<b>Cash flow from operating activities</b>			
<b>Loss for the period before tax</b>		(3,12,96,499)	(90,08,969)
Adjustment to reconcile net profit to net cash provided by operating activities			
Depreciation		36,58,700	1,51,138
Profit from sale of mutual funds		(53,89,852)	(23,773)
Profit on fair value restatement of mutual funds		(7,49,132)	(2,76,481)
Provisions for expenses		1,35,38,922	30,151
Interest income		(3,93,14,404)	(1,03,28,893)
Change in assets & liabilities			
Trade payables		4,88,19,610	18,23,725
Other current liabilities		59,93,049	10,59,838
Trade receivables		(29,45,605)	-
Other financial assets		(45,18,163)	(11,04,224)
Other current assets		(1,64,49,110)	(2,09,318)
Cash generated from operations		<b>(2,86,52,484)</b>	<b>(1,78,86,806)</b>
Income taxes paid		(49,86,668)	(10,30,503)
<b>Net cash generated by operating activity</b>		<b>(3,36,39,152)</b>	<b>(1,89,17,309)</b>
<b>Cash flow from investing activities</b>			
Expenditure on property plant and equipment		(6,85,62,271)	(9,46,363)
Interest received on investments		3,93,14,404	1,03,28,893
Payment to acquire liquid mutual funds		(55,82,99,645)	(2,25,23,773)
Proceeds from redemption of mutual funds		50,07,36,641	27,23,773
Payment to acquire shares in NESL Asset Data Ltd		(3,00,00,000)	-
Payment to acquire shares in NESL E-Infrastructure Ltd		(1,00,00,000)	-
Security deposits paid		(3,27,056)	-
Security deposits received		10,04,899	-
<b>Net cash used in investing activities</b>		<b>(12,61,33,028)</b>	<b>(1,04,17,470)</b>
<b>Cash flow from financing activities</b>			
Issue of shares		32,28,00,000	25,47,00,000
Share issue expenses net of taxes		(4,95,300)	(69,04,700)
Share capital pending allotment		-	17,25,00,000
<b>Net Cash generated in financing activities</b>		<b>32,23,04,700</b>	<b>42,02,95,300</b>
Net increase in cash or cash equivalents		16,25,32,520	39,09,60,521
Cash and cash equivalent at the beginning		39,09,60,521	-
<b>Cash and cash equivalent at the close</b>		<b>55,34,93,041</b>	<b>39,09,60,521</b>
<b>Components of cash and cash equivalents</b>	7.3		
Cash in hand		8,014	3,405
Balances with banks			
Current accounts		61,68,208	48,57,116
Fixed deposits		54,73,16,819	38,61,00,000
<b>Total cash and cash equivalents</b>		<b>55,34,93,041</b>	<b>39,09,60,521</b>

As per our report of even date attached

For **B.V. Swami and Co**

Chartered accountants

Firm registration number: 091515



A. Amaranath

Partner

Membership No. 213629

Date: 28/07/2018

Place: Bengaluru

For and on behalf of the Board of Directors of  
**National E-Governance Services Limited**

*N. Rangachary*

N. Rangachary

Chairman

DIN. 00054437

*Vinod Shenoy M.*

Vinod Shenoy M.

Chief financial officer

Date: 28/07/2018

Place : Bengaluru

*S. Ramann*

S. Ramann

Managing Director & CEO

DIN\_07685657

*M. Murthy*

M. Murthy

Company secretary

ACS 11766

**National E-Governance Services Limited**  
**Statement of Changes in Equity for the year ended March 31, 2018**  
 (All amounts are in Indian rupees, unless as otherwise stated)

**a) Equity share capital**

Equity shares of Rs 10 each issued, subscribed and fully paid

	2018		2017	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	2,54,70,000	25,47,00,000	-	-
Changes during the year	4,95,30,000	49,53,00,000	2,54,70,000	25,47,00,000
<b>At the end of the year</b>	<b>7,50,00,000</b>	<b>75,00,00,000</b>	<b>2,54,70,000</b>	<b>25,47,00,000</b>

Refer note 9, for equity shareholders holding of 5% or more

**b) Other equity**

Particulars	Shares pending allotment	Retained earnings	Total
Shares pending allotment	17,25,00,000	-	17,25,00,000
Loss for the year	-	(62,43,567)	(62,43,567)
Share issue expenses net of taxes	-	(69,04,700)	(69,04,700)
Other comprehensive income/(loss)	-	-	-
<b>Balance as at March 31, 2017</b>	<b>17,25,00,000</b>	<b>(1,31,48,267)</b>	<b>15,93,51,733</b>
Balance as at April 1, 2017	17,25,00,000	(1,31,48,267)	15,93,51,733
Shares allotted during the year	(17,25,00,000)	-	(17,25,00,000)
Loss for the year	-	(2,35,64,856)	(2,35,64,856)
Share issue expenses net of taxes	-	(4,95,300)	(4,95,300)
Other comprehensive income/(loss)	-	(1,42,279)	(1,42,279)
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>(3,73,50,702)</b>	<b>(3,73,50,702)</b>

As per our report of even date attached

For **B.V. Swami and Co**

Chartered accountants

Firm registration number: 091518

*Amaranath*

A. Amaranath

Partner

Membership No. 213629

Date: 28/07/2018

Place: Bengaluru



For and on behalf of the Board of Directors of  
**National E-Governance Services Limited**

*N. Rangachary*  
 N. Rangachary  
 Chairman  
 DIN. 00054437

*Y. Vinod*  
 Vinod Shenoy M.  
 Chief financial officer  
 Date: 28/07/2018  
 Place : Bengaluru

*S. Ramann*  
 S. Ramann  
 Managing Director & CEO  
 DIN. 07685657

*M. Murthy*  
 M. Murthy  
 Company secretary  
 ACS 11766

## Company overview and significant accounting policies

**1. Corporate information**

National E-Governance Services Limited ('Company') was incorporated on 24th June, 2016. The Company has its registered office in Mumbai and its administrative office in Bengaluru. The main object of the Company is to perform the role of Information Utility under the Insolvency and Bankruptcy Code, 2016. During the year the Company incorporated two subsidiaries:

Name	Date of incorporation	
NESL Asset Data Limited	08/09/2017	Refer schedule 5.1
NESL E-Infrastructure Limited	18/12/2017	Refer schedule 5.1

**2. Basis for preparation and presentation****Statement of Compliance**

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies Act 2013 ('Act'). The Ind AS prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules, 2016.

These financials are the first standalone financial statements of the Company that are prepared in accordance with Ind AS. For the year ended March 31, 2017, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). The Company was incorporated on June 24, 2016 and prepared its first balance sheet on March 31, 2017. The opening balance sheet as on the date of incorporation would consist of share capital for the shares subscribed and cash received for the purpose of incorporation from the initial share holders. There are no adjustments in these items between Ind AS adopted in the current financial year and Ind GAAP (accounting standard for the previous year). Hence, Ind AS comparatives are given for 2 years instead of 3 years as prescribed under Ind AS 101. Refer note 23- First time adoption of Ind AS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**Basis of preparation and presentation**

The financial statements have been prepared on the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period under IndAS, as suitably described in the accounting policies

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants



Company overview and significant accounting policies

would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the standalone Ind AS financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. This note summarizes accounting policy for fair value and the other fair value related disclosures are given in the relevant notes.

### **3. Summary of significant accounting policies**

#### **(a) Revenue recognition**

Revenue is measured at fair value of consideration, received or receivable net of discounts, taking into account contractually defined terms and excluding taxes, duties collected on behalf of the government.

The following specific recognition criteria must also be met before revenue is recognized:

##### *Information Utility income*

The Company provides information utility services to its clients. The services include receiving of data/documents related to loans/advances submitted by financial creditors, operational creditors, operational debtors and other participants such as resolution professionals. Revenue from information utility services is recognized as the services are performed over time on a monthly basis. Revenue from a contract is not recognized for the month if the information is submitted by the clients during the last four working days of the month (Refer Note 16).

##### *Interest income*

Interest income is recognized, on a time proportionate basis with respect to principal balance outstanding using effective interest rate method.



Company overview and significant accounting policies

**(b) Functional currency**

The standalone Ind AS financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies, if any, are initially recorded by the Company at their respective functional currency spot rates at the date; the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income ("OCI") or profit or loss are also recognized in OCI or profit or loss, respectively).

**(c) Taxes**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

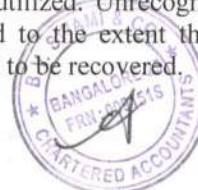
Current income tax related to items recognised outside statement of profit and loss is recognised either in OCI or in equity in correlation to the underlying transaction. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities and assets are recognized for all taxable temporary differences and deductible temporary differences, except:

- when the deferred tax liability or asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences and deductible temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.



## Company overview and significant accounting policies

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside the statement of profit or loss (either in OCI or in equity in correlation to the underlying transaction).

**(d) Property, plant and equipment, depreciation and amortisation**

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of profit and loss and other comprehensive income.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful lives of the assets, as specified in Schedule II to the Companies Act, 2013 as follows:

<u>Category</u>	<u>Useful life (years)</u>
Furniture and fixtures	10
Computers and accessories	3
Server	6
Office equipment	5
Vehicles	6

Leasehold improvements are amortized on a straight-line basis over the unexpired period of lease or five years whichever is less.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**(e) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The amortization expense on intangible assets is recognized in the statement of profit and loss and other comprehensive income.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The cost of Information utility software is capitalized and amortized on a straight-line basis over the useful life of five years, as estimated by the management. Information utility software is an in-house software being developed, over various modules, by the Company.

The registration/license fee, paid to the Insolvency and Bankruptcy Board of India, is amortised over the term of validity of registration (5 years).

The cost of computer software is capitalized and amortized on a straight-line basis over the useful life of five years, as estimated by the management.



Company overview and significant accounting policies

**(f) Borrowing costs**

Borrowing costs include:

- (i) Interest expense calculated using the effective interest rate method,
- (ii) Finance charges in respect of finance leases, and
- (iii) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit and loss in the period in which they are incurred.

**(g) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is or contains a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially capitalized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental expense from operating leases is generally recognized on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

**(h) Impairment of non-financial assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value



Company overview and significant accounting policies

in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the statement of profit or loss.

**(i) Provisions**

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**(j) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes changes in the net defined benefit obligation which includes service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income, as an expense in the statement of profit and loss.

*Paid compensated absences*

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet, as it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

**(k) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



Company overview and significant accounting policies

## **Financial assets**

### *Initial recognition and measurement*

All financial assets, other than financial assets fair valued through profit and loss account, are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs that are attributable to the acquisition of the financial asset fair valued through profit and loss account are expensed as incurred.

### *Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in below categories:

- Financial asset at amortized cost
- Financial asset at fair value through other comprehensive income(FVTOCI)
- Financial asset at fair value through statement of profit and loss(FVTPL)

A financial asset is measured at the amortized cost, if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method. This category generally applies to trade and other receivables.

A financial asset is classified as FVTOCI, if both of the following criteria are met:

- (i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- (ii) The asset's contractual cash flows represent SPPI.

Financial asset included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI.

FVTPL is a residual category for financial asset. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial asset included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

### *Investment in subsidiaries*

Investments in subsidiaries are carried at cost less accumulated impairment loss, if any. In the event of any indication of impairment, the carrying amount of investment is evaluated and an impairment provision is recognised if considered necessary immediately to its recoverable amount.

### *De-recognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the balance sheet) when:



Company overview and significant accounting policies

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in Statement of profit and loss if such gain or loss would have otherwise been recognized in Statement of profit and loss on disposal of that financial asset.

*Impairment of financial assets*

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract work-in-progress. The application of simplified approach does not require the Company to track changes in credit risk; rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The Company uses a provision matrix based on age to determine impairment loss allowance on portfolio of its trade receivables and contract work-in-progress. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit or loss.

**Financial liabilities**

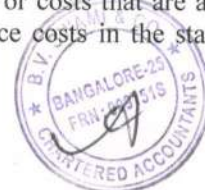
*Initial recognition and measurement*

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include borrowings, trade and other payables.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the profit or loss.

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization is included as finance costs in the statement of profit and loss.



Company overview and significant accounting policies

*De-recognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

**Equity Instrument**

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognized by the Company are recognized at the proceeds received net of direct issue cost.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

**(l) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

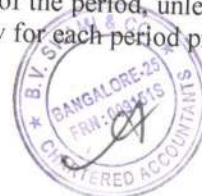
**(m) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. The Company does not recognize a contingent liability but discloses its existence in the standalone Ind AS financial statements.

**(n) Earnings per share**

Basic earnings per share are computed by dividing statement of profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.



Company overview and significant accounting policies

**(o) Significant accounting judgments, estimates and assumptions**

In the application of the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Impairment of Property Plant and Equipment and Intangible Assets**

The Company reviews its Property, Plant and Equipment and Intangible Assets annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**Useful lives of property, plant and equipment**

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.



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## Non - current assets

## 4 Property, Plant and Equipment

Description	Gross Block			Depreciation				Net Block		
	As on 01/04/2017 [cost/deemed cost]	Additions	Deletion	As on 31/03/2018 [cost/deemed cost]	As on 01-Apr-17	For the Year	Withdrawals	Upto 31-Mar-18	WDV as on 31-Mar-18	WDV as on 31-Mar-17
<b>Tangible assets</b>										
Vehicles	8,38,906	11,08,043	-	19,46,949	1,46,342	1,75,739	-	3,22,081	16,24,868	6,92,564
Computers	89,957	34,10,008	-	34,99,965	4,039	5,78,518	-	5,82,557	29,17,408	85,918
Servers and networks	-	19,89,180	-	19,89,180	-	1,65,968	-	1,65,968	18,23,212	-
Furniture and fittings	-	5,99,441	-	5,99,441	-	34,651	-	34,651	5,64,790	-
Leasehold premises improvements	-	24,41,615	-	24,41,615	-	92,146	-	92,146	23,49,469	-
Office Equipments	-	23,75,136	-	23,75,136	-	2,03,528	-	2,03,528	21,71,608	-
<b>Total</b>	<b>9,28,863</b>	<b>1,19,23,423</b>	<b>-</b>	<b>1,28,52,286</b>	<b>1,50,381</b>	<b>12,50,550</b>	<b>-</b>	<b>14,00,931</b>	<b>1,14,51,355</b>	<b>7,78,482</b>
<b>Intangible assets</b>										
IU software	-	4,99,02,791	-	4,99,02,791	-	16,95,072	-	16,95,072	4,82,07,719	-
IU License fees	-	50,00,000	-	50,00,000	-	5,15,068	-	5,15,068	44,84,932	-
Other software	17,500	17,36,056	-	17,53,556	757	1,98,009	-	1,98,766	15,54,790	16,743
<b>Total</b>	<b>17,500</b>	<b>5,66,38,847</b>	<b>-</b>	<b>5,66,56,347</b>	<b>757</b>	<b>24,08,149</b>	<b>-</b>	<b>24,08,906</b>	<b>5,42,47,441</b>	<b>16,743</b>

## Note:

- The Company has changed the method of depreciating from written down value method to the straight line method and accordingly effected the change with effect from April 01 2017, with the written down value at the beginning of the year having been taken as deemed cost on transition to IndAS.
- The residual value of other software's is reassessed to be nil in the current year from the 5% considered in the previous year.
- The changes has been applied prospectively and the depreciation has been calculated accordingly.



**Non-current assets****5 Financial assets****5.1 Investments**

Particulars	2018	2017
<b>Non current investments:</b>		
<b>Investments in equity instruments</b>		
<b>Subsidiaries (Unquoted)</b>		
NESL Asset Data Limited - 30,00,000 shares (previous period: NA) of Rs. 10/- each fully paid up	3,00,00,000	-
NESL E-infrastructure Limited - 10,00,000 shares (previous period: NA) of Rs. 10/- each fully paid up	1,00,00,000	-
	<u>4,00,00,000</u>	<u>-</u>
<b>Investments in mutual funds (quoted)</b>		
Investment in UTI Fixed Term Income Fund - Series XXV - IX (1098 Days) (G) 5,00,000 units (PY: 5,00,000 units) at market price (NAV).	54,56,600	51,19,500
Investment in SBI Debt Fund Series C-7 (1190 days) 10,00,000 units (PY: NA) at market price (NAV).	1,01,63,900	-
	<u>1,56,20,500</u>	<u>51,19,500</u>
	<u>5,56,20,500</u>	<u>51,19,500</u>

Note:

- Investments in subsidiaries are carried at amortized cost.
- Mutual funds are carried at fair value based on the quoted market price (NAV) of the funds as on balance sheet date.

**5.2 Other financial assets**

Particulars	2018	2017
Security deposits*	<u>3,27,056</u>	<u>-</u>
	<u>3,27,056</u>	<u>-</u>

Note: Security deposits are measured fair value using effective interest rate method, at discounting rate of 6.5% which the average FD rate in the market and the deposits are discounted over the period of the contract.

**6 Deferred tax asset**

Particulars	2018	2017
Opening deferred tax (liability)/asset	27,65,402	-
Provision for deferred tax (liability)/asset for the year		
Depreciation	(27,26,008)	74,248
Preliminary expenses u/s 35D	(2,17,502)	10,44,009
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	34,532	9,317
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity (classified as a part of OCI)	49,343	-
Expenses disallowed under sec 40 (a) (ia) of the Income Tax Act, 1961 for non-deduction of TDS	7,70,855	-
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	3,89,189	-
On account of fair value adjustments under Ind AS	(1,92,816)	(85,433)
Deferred tax asset reversal on account of income tax rate change	(4,90,772)	-
Deferred tax asset for carried forward tax loss	1,01,64,164	17,23,261
<b>Total</b>	<u>1,05,46,387</u>	<u>27,65,402</u>

\*Management perceives that probable future tax profits would accrue to set off the tax loss being carried forward under the Income Tax Act 1961.



## Current assets

## Financial assets

## 7.1 Investments

Particulars	2018	2017
<b>Current investments:</b>		
<b>Investments in mutual funds (quoted)</b>		
Investment in SBI Magnum Insta Cash Fund - Direct Plan - Growth 17,741 units (PY: 2756 units) at market price (NAV).	6,81,81,742	99,12,844
Investment in LD481G SBI Short Term Debt Fund - Direct Plan - Growth Nil units (PY: 2,63,525 units) at market price (NAV).	-	50,67,910
<b>Total</b>	<b>6,81,81,742</b>	<b>1,49,80,754</b>

Note: Mutual funds are carried at fair value base on the quoted market price (NAV) of the funds as on balance sheet date.

## 7.2 Trade receivables

Particulars	2018	2017
Unsecured and considered good	29,45,605	-
<b>Total</b>	<b>29,45,605</b>	<b>-</b>

## 7.3 Cash and cash equivalents

Particulars	2018	2017
Cash in hand	8,014	3,405
<b>Balance with banks (of the nature of cash and cash equivalents)</b>		
In current account	61,68,208	48,57,116
<b>Other bank balances</b>		
In deposit account with maturity within 12 months of balance sheet date	54,73,16,819	38,61,00,000
<b>Total</b>	<b>55,34,93,041</b>	<b>39,09,60,521</b>

Note: Fixed deposits with original maturity period less than 3 months are classified as "Cash and cash equivalents" and fixed deposit with original maturity period more than 3 months but maturing within 12 months from the balance sheet date are classified as "Other bank balances".

## 7.4 Other financial assets

Particulars	2018	2017
Income accrued but not due on fixed deposits	56,22,386	11,04,224
<b>Total</b>	<b>56,22,386</b>	<b>11,04,224</b>

## 8 Other current assets

Particulars	2018	2017
Income tax- TDS	49,86,668	10,30,503
Cenvat credit	-	2,09,318
GST input credit*	1,65,23,055	-
Prepaid expenses	7,68,928	-
Other advances	3,96,948	-
<b>Total</b>	<b>2,26,75,599</b>	<b>12,39,821</b>

\* The input credit is considered recoverable over next 12 months based on revenue expected.



Equity

9 Share capital

Particulars	2018	2017
<b>Authorised share capital</b>		
10,00,00,000 (previous period: 10,00,00,000) Number of Equity shares of Rs. 10/- each.	1,00,00,00,000	1,00,00,00,000
	<b>1,00,00,00,000</b>	<b>1,00,00,00,000</b>
<b>Issued, subscribed and fully paid-up share capital</b>		
7,50,00,000 (previous period: 2,54,70,000) equity shares of Rs 10 each	75,00,00,000	25,47,00,000
	<b>75,00,00,000</b>	<b>25,47,00,000</b>

Reconciliation of equity shares outstanding and the amount of share capital is set out below:

Particulars	2018		2017	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the year/period	2,54,70,000	25,47,00,000	-	-
Shares issued during the year/period	4,95,30,000	49,53,00,000	2,54,70,000	25,47,00,000
<b>Shares outstanding at the end of the year/period</b>	<b>7,50,00,000</b>	<b>75,00,00,000</b>	<b>2,54,70,000</b>	<b>25,47,00,000</b>

- Note:
- (i) The Company has only one class of equity shares having a par value of Rs 10/- per share. All the equity shares rank pari passu with the existing shares. Each holder of equity share is entitled to one vote per share.
- (ii) In the event of liquidation of the Company the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

Particulars of equity shareholders holding more than 5 percent of equity shares:

Name of the shareholder	2018		2017	
	Number of shares	Percentage holding	Number of shares	Percentage holding
Life Insurance Corporation	45,00,000	6.00%	45,00,000	17.67%
State Bank of India	75,00,000	10.00%	30,00,000	11.78%
Canara Bank	75,00,000	10.00%	30,00,000	11.78%
Bank of Baroda	75,00,000	10.00%	30,00,000	11.78%
Dena Bank	30,00,000	4.00%	30,00,000	11.78%
New India Assurance Co. Ltd	37,50,000	5.00%	15,00,000	5.89%
Union Bank of India	37,50,000	5.00%	15,00,000	5.89%
Central Depository Services (India) Ltd	30,00,000	4.00%	30,00,000	11.78%
ICICI Bank	74,25,000	9.90%	29,70,000	11.66%
Axis Bank Ltd.	71,25,000	9.50%	-	0.00%
Karnataka Bank Ltd.	45,00,000	6.00%	-	0.00%
HDFC Holdings Ltd (Share Capital)	37,50,000	5.00%	-	0.00%
Indian Bank (Share Capital)	37,50,000	5.00%	-	0.00%
Punjab National Bank (Share Capital)	37,50,000	5.00%	-	0.00%

Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

The Company has not bought back any shares during the period from date of inception to 31 March 2018. Further, the Company has not issued any bonus shares or shares issued for consideration other than cash during the year/period from date of inception to 31 March 2018.



10	Other equity	2018	2017
	<b>Particulars</b>		
	<b>Share application money pending allotment</b>		
	Balance as at the year end	-	17,25,00,000
	<b>Retained earnings</b>		
	Opening balance	(1,31,48,267)	-
	Share issue expenses net of taxes	(4,95,300)	(69,04,700)
	Add: Loss for the year	(2,35,64,856)	(62,43,567)
	Add: Other comprehensive loss	(1,42,279)	-
	<b>Total</b>	<b>(3,73,50,702)</b>	<b>15,93,51,733</b>

**Non - current liabilities****11 Financial liabilities****11.1 Other financial liabilities**

	2018	2017
<b>Particulars</b>		
Deposits received	10,04,899	-
<b>Total</b>	<b>10,04,899</b>	<b>-</b>

Note: Deposits are measured at fair value using effective interest rate method, at discounting rate of 6.5% which is the average FD rate in the market and the deposits are discounted over the period of the contract.

**12 Provisions (non-current)**

	2018	2017
<b>Particulars</b>		
Provision for gratuity	3,51,176	29,174
Provision for leave encashment	14,07,517	-
<b>Total</b>	<b>17,58,693</b>	<b>29,174</b>

**Current liabilities****13 Financial liabilities****13.1 Trade payables**

	2018	2017
<b>Particulars</b>		
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than Micro and small enterprises	-	-
Related Parties	-	-
Others		
Creditors for supplies & services	4,98,00,195	14,53,812
Creditors for expenses	8,43,140	3,69,913
<b>Total</b>	<b>5,06,43,335</b>	<b>18,23,725</b>

Note: According to the data available with the company there are no parties who are registered as micro and small enterprises under the "The Micro, Small and Medium Enterprises Act, 2006" to whom the Company has paid interest for delayed payment or any such interest is payable on balances outstanding as at March 31, 2018.

**14 Other current liabilities**

	2018	2017
<b>Particulars</b>		
Statutory Liabilities	66,80,768	10,59,838
Deferred income	3,72,118	-
<b>Total</b>	<b>70,52,886</b>	<b>10,59,838</b>

**15 Provisions (current)**

	2018	2017
<b>Particulars</b>		
Provision for expenses	1,18,93,402	-
Provision for gratuity	4,702	977
Provision for leave encashment	1,03,898	-
<b>Total</b>	<b>1,20,02,002</b>	<b>977</b>



16 Revenue from operations		
Particulars	2018	2017
IU fee*1	63,640	-
Technical fee	76,500	-
<b>Total</b>	<b>1,40,140</b>	<b>-</b>

\*1 In line with policy, IU Fee has not been recognised in respect of records submitted by clients towards the end of March 2018.

17 Other income		
Particulars	2018	2017
Interest on Fixed Deposits	3,93,14,404	1,03,28,893
Interest on security deposits	9,629	-
Gain on redemption of Mutual Funds-Current Investments	53,89,851	23,773
Gain on restatement of mutual funds at fair value	7,49,132	2,76,481
Miscellaneous Income	95,884	-
<b>Total</b>	<b>4,55,58,900</b>	<b>1,06,29,147</b>

18 Cost of services		
Particulars	2018	2017
IU annual fee	50,00,000	-
IU technology expenses	50,34,854	-
<b>Total</b>	<b>1,00,34,854</b>	<b>-</b>

19 Employee benefit expenses		
Particulars	2018	2017
Salary & Allowances	3,15,61,198	49,66,710
Contribution to Provident Fund & Superannuation Fund	21,82,183	4,84,420
Gratuity expense	1,34,105	30,151
Leave encashment and compensated leave benefits	15,11,415	-
Staff Welfare Expenses	15,27,440	1,86,411
<b>Total</b>	<b>3,69,16,341</b>	<b>56,67,692</b>

20 Finance costs		
Particulars	2018	2017
Interest expense on security deposit received	5,340	-
<b>Total</b>	<b>5,340</b>	<b>-</b>

21 Other expenses		
Particulars	2018	2017
Rent	29,79,459	11,43,442
Repairs and maintenance	12,45,958	1,06,373
Subscription, rates and taxes	4,13,926	63,500
Professional charges	39,61,154	25,12,550
Communication expenses	5,69,898	1,11,429
Advertisement and business promotion	12,55,562	5,17,582
Auditors' remuneration		
Statutory audit	2,00,000	57,500
Secretarial audit	2,00,000	-
Internal audit	12,00,000	-
Travelling, boarding and conveyance	76,06,969	41,95,448
Directors' sitting fees	15,75,000	8,00,000
Preliminary expenses written off	-	42,23,336
Other miscellaneous/administrative expenses	51,72,378	88,126
<b>Total</b>	<b>2,63,80,304</b>	<b>1,38,19,286</b>

Note: GST related to these expenses are classified as a part of GST input credit (Note 8 - Other current assets)



**National E-Governance Services Limited**

**Notes to the standalone Ind AS financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless as otherwise stated)

**22 Related party disclosures**

Names of related parties where control exists irrespective of whether transactions have occurred or not:

Subsidiaries : NESL Asset Data Ltd  
NESL E-Infrastructure Ltd

Key management personnel : Mr. S. Ramann, Managing Director  
Mr. S. Raghunathan, Executive Director  
Ms. S. Padmavathy, Company Secretary

Details of transactions entered into with related parties along with balances as at year end are as given below:

Particulars	Subsidiaries		Key management personnel		Total	
	2018	2017	2018	2017	2018	2017
<b>A. Transactions during the year</b>						
<b>Investment in subsidiary</b>						
NESL Asset Data Ltd	3,00,00,000	-	-	-	3,00,00,000	-
NESL E-Infrastructure Ltd	1,00,00,000	-	-	-	1,00,00,000	-
	<b>4,00,00,000</b>	-	-	-	<b>4,00,00,000</b>	-
<b>Expenses paid on behalf</b>						
NESL Asset Data Ltd	15,97,493	-	-	-	15,97,493	-
NESL E-Infrastructure Ltd	13,48,112	-	-	-	13,48,112	-
	<b>29,45,605</b>	-	-	-	<b>29,45,605</b>	-
<b>Remuneration*</b>						
Mr. S. Ramann	-	-	43,33,720	14,53,042	43,33,720	14,53,042
Mr. S. Raghunathan	-	-	44,79,177	20,01,667	44,79,177	20,01,667
Ms. S. Padmavathy	-	-	5,83,055	55,702	5,83,055	55,702
	-	-	<b>93,95,952</b>	<b>35,10,411</b>	<b>93,95,952</b>	<b>35,10,411</b>
	<b>4,29,45,605</b>	-	<b>93,95,952</b>	<b>35,10,411</b>	<b>5,23,41,557</b>	<b>35,10,411</b>

\*The remuneration to key managerial personnel does not include the provisions made for gratuity and compensated absences, as they are determined on an actuarial basis for the company as a whole.

**B. Balances outstanding as at year end**

Particulars	Subsidiaries		Key management personnel		Total	
	2018	2017	2018	2017	2018	2017
<b>Investment in subsidiary</b>						
NESL Asset Data Ltd	3,00,00,000	-	-	-	3,00,00,000	-
NESL E-Infrastructure Ltd	1,00,00,000	-	-	-	1,00,00,000	-
	<b>4,00,00,000</b>	-	-	-	<b>4,00,00,000</b>	-
<b>Expense reimbursable from subsidiaries*</b>						
NESL Asset Data Ltd	15,97,493	-	-	-	15,97,493	-
NESL E-Infrastructure Ltd	13,48,112	-	-	-	13,48,112	-
	<b>29,45,605</b>	-	-	-	<b>29,45,605</b>	-
<b>Remuneration</b>						
Mr. S. Ramann	-	-	-	-	-	-
Mr. S. Raghunathan	-	-	-	-	-	-
Ms. S. Padmavathy	-	-	-	-	-	-
	<b>4,29,45,605</b>	-	-	-	<b>4,29,45,605</b>	-



**National E-Governance Services Limited**

**Notes to the standalone Ind AS financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless as otherwise stated)

**23 First time adoption of Ind AS**

These standalone Ind AS financial statements, for the year ended March 31, 2018, are the first standalone financial statements of the Company that are prepared in accordance with Ind AS. For period ended March 31, 2017, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). Accordingly, the Company has prepared these standalone Ind AS financial statements which comply with applicable Ind AS for year ended on March 31, 2018, together with the comparative period as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. Since the Company was incorporated on June 26, 2016, the Company's date of transition to Ind AS is April 1, 2017. This note explains the principal adjustments made by the Company in restating its first balance sheet as at March 31, 2017 under previous GAAP.

**Exemptions applied**

- i) As per Ind AS 101, the Company has elected to measure all of its property, plant and equipment and intangibles at their carrying value as recognised in the standalone financial statements as on the date of transition to Ind AS, as per the Previous GAAP and has used that as its deemed cost as on the date of transition.
- ii) The Company has elected to measure its investments in subsidiaries using the Previous GAAP carrying amount as deemed cost as on the date of transition to Ind AS.

**Reconciliation of equity as on April 1, 2017 (date of transition to Ind AS)**

Particulars	Note	As per GAAP	Adjustments	As per Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant & Equipment		7,78,482	-	7,78,482
Intangible assets		16,743	-	16,743
<b>Financial assets</b>				
Investments	Adj 1 & Rc 1	-	51,19,500	51,19,500
Deferred tax assets (net)	Adj 2	11,18,257	16,47,145	27,65,402
<b>Current assets</b>				
<b>Financial assets</b>				
Investments	Adj 3 & Rc 1	1,98,23,773	(48,43,019)	1,49,80,754
Cash and cash equivalents		39,09,60,521	-	39,09,60,521
Other financial assets	Rc 2	-	11,04,224	11,04,224
Other current assets	Rc 2	23,44,045	(11,04,224)	12,39,821
		<b>41,50,41,821</b>	<b>19,23,626</b>	<b>41,69,65,447</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital		25,47,00,000	-	25,47,00,000
Other equity	Adj 6 & Rc 3	15,74,58,258	18,93,475	15,93,51,733
<b>Current Liabilities</b>				
<b>Provisions</b>				
Provisions	Adj 4	-	29,174	29,174
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
Trade payables		18,23,725	-	18,23,725
Other current liabilities		10,59,838	-	10,59,838
Provisions	Adj 5	-	977	977
		<b>41,50,41,821</b>	<b>19,23,626</b>	<b>41,69,65,447</b>



## Reconciliation of total comprehensive income for the year ended March 31, 2017

Particulars	Note	Amount
<b>Total comprehensive income under previous GAAP</b>		(1,50,41,742)
<b>Ind AS adjustments</b>		
Gratuity expense	Adj 4 & Adj 5	(30,151)
Restatement of mutual funds at fair value	Adj 1 & Adj 3	2,76,481
Deferred tax effect of the same ( a&b)	Adj 2	(76,116)
Deferred tax on carried forward tax losses	Adj 2	17,23,261
Reclassification of share issue expenses to retained earnings	Re 3	69,04,700
<b>Total comprehensive income under Ind AS</b>		<b>(62,43,567)</b>

**Notes on reclassification and adjustments****Investments - Non current ( Adj1 and Re 1)**

Adj 1 : Mutual funds are restated at fair value under Ind AS. Under the previous GAAP, these were stated at cost, impact of the adjustment is Rs 1,19,500 on account fair value restatement, taken to profit and loss account

Re1: Certain closed mutual fund, of Rs 50 lakhs have a lock in period beyond 12 months of financial year end are classified as non-current

**Deferred taxes ( Adj 2)**

Deferred taxes on adjustments related to fair valuation of mutual funds and actuarial gains related to gratuity ( Adj 1 and Adj 5).  
Deferred tax asset is created for Rs. 17,23,261/- on carried forward tax losses, which was not provided under previous GAAP.

**Investments - current ( Adj 3 and Re 1)**

Adj 3 : Mutual funds are restated at fair value under Ind AS. Under the previous GAAP, these were stated at cost, impact of the adjustment is Rs 1,56,981 on account fair value restatement, taken to profit and loss account

Re1: Mutual fund which are realised within 12 months of financial year end continue to be classified as current

**Other financial assets and other current assets (Re2)**

Re2: Accrued interest income, Rs 11,04,224, is considered a financial asset under IndAS is reclassified as Other financial assets. Under the previous GAAP there was no such distinction ( financial Vs non-financial assets).

**Provisions- non- current ( Adj 4)**

Adj 4: The actuarial gain and loss on non-current portion gratuity provision existing as on transition date. The current year remeasurment appears as a separate line item in statement of profit and loss and other comprehensive income

**Provisions -current ( Adj 5)**

Adj 5: The actuarial gain and loss on current portion of gratuity provision existing as on transition date. The current year remeasurment appears as a separate line item in statement of profit and loss and other comprehensive income

**Other equity ( Adj 6 & Re3)**

Adj 6: Is impact on equity and sum total of all adjustments

Re 3: Share issue expenses being transaction costs related to equity issued at par, are classified as part of equity net of taxes (under retained earnings) under Ind AS, whereas they were part of profit and loss statement in the previous GAAP, Rs 69,04,700

**Statement of Cash flows**

The transition from Previous GAAP to Ind AS did not have a material impact on statement of cash flows.



**24 Gratuity plan**

The following table sets out the status of the unfunded gratuity plan as required by Ind AS 19 - 'Employee benefits'.

Amount Recognized in Statement of Financial Position at Period-End	2018	2017
Present Value of Funded Defined Benefit Obligation	3,55,878	30,151
Fair value of Plan Assets	-	-
	3,55,878	30,151
Present Value of Unfunded Defined Benefit Obligation	-	-
Unrecognised Asset due to the Asset Ceiling	-	-
<b>Net Defined Benefit (Asset)/Liability Recognised in Statement of Financial Position</b>	<b>3,55,878</b>	<b>30,151</b>

Net Defined Benefit Cost/(Income) included in Statement of Profit & Loss at Period-End	2018	2017
Service Cost	90,185	30,151
Net Interest Cost	5,554	-
Past Service Cost	38,366	-
Administration Expenses	-	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
<b>Total Defined Benefit Cost/(Income) included in Profit &amp; Loss</b>	<b>1,34,105</b>	<b>30,151</b>

Current / Non-Current Bifurcation	2018	2017
Current Benefit Obligation	4,702	3-Sep-02
Non - Current Benefit Obligation	3,51,176	29,174
<b>(Asset)/Liability Recognised in the Balance Sheet</b>	<b>3,55,878</b>	<b>30,151</b>

Actual Return on Plan Assets	2018	2017
Interest Income on Plan Assets	-	-
Remeasurements on Plan Assets	-	-
<b>Actual Return on Plan Assets</b>	<b>-</b>	<b>-</b>

Analysis of Amounts Recognised in Other Comprehensive (Income)/Loss at Period-	2018	2017
Amount recognized in OCI, Beginning of Period	-	-
<b>Remeasurements due to :</b>		
Effect of Change in financial assumptions	-14,313	-
Effect of Change in demographic assumptions	-	-
Effect of experience adjustments	2,05,935	-
(Gain)/Loss on Curtailments/Settlements	-	-
Return on plan assets (excluding interest)	-	-
Changes in asset ceiling	-	-
<b>Total remeasurements recognized in OCI</b>	<b>1,91,622</b>	<b>-</b>
<b>Amount recognized in OCI, End of Period</b>	<b>1,91,622</b>	<b>-</b>

Total Defined Benefit Cost/(Income) included in Profit & Loss and Other Comprehensive Income	2018	2017
Amount recognized in P&L, End of Period	1,34,105	30,151
Amount recognized in OCI, End of Period	1,91,622	-
<b>Total Net Defined Benefit Cost/(Income) Recognized at Period-End</b>	<b>3,25,727</b>	<b>30,151</b>

Change in the Unrecognised Asset due to the Asset Ceiling During the Period	2018	2017
Unrecognised Asset, Beginning of Period	-	-
Interest on Unrecognised Asset Recognised in P&L	-	-
Other changes in Unrecognised Asset due to the Asset Ceiling	-	-
<b>Unrecognised Asset, End of Period</b>	<b>-</b>	<b>-</b>



National E-Governance Services Limited

Notes to the standalone Ind AS financial statements for the year ended March 31, 2018

(All amounts are in Indian rupees, unless as otherwise stated)

Change in Defined Benefit Obligation during the Period	2018	2017
Defined Benefit Obligation, Beginning of Period	30,151	-
Net Current Service Cost	90,185	30,151
Interest Cost on DBO	5,554	-
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	1,91,622	-
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture	-	-
Benefits Paid	-	-
Past Service Cost	38,366	-
Losses / (Gains) on Curtailments/Settlements	-	-
<b>Defined Benefit Obligation, End of Period</b>	<b>3,55,878</b>	<b>30,151</b>

Change in Fair value of Plan Assets during the Period	2018	2017
Fair value of Plan Assets, Beginning of Period	-	-
Interest Income Plan Assets	-	-
Actual Company Contributions	-	-
Actual Plan Participants' Contributions	-	-
Actual Taxes Paid	-	-
Actual Administration Expenses Paid	-	-
Changes in Foreign Currency Exchange Rates	-	-
Actuarial Gains/(Losses)	-	-
Benefits Paid	-	-
Acquisition/Business Combination/Divestiture	-	-
Assets extinguished on Settlements/Curtailments	-	-
Fair value of Plan Assets, End of Period	-	-

Reconciliation of Balance Sheet Amount	2018	2017
Balance Sheet (Asset)/Liability, Beginning of Period	30,151	-
True-up	-	-
Total Charge/(Credit) Recognised in Profit and Loss	1,34,105	30,151
Total Remeasurements Recognised in OC (Income)/Loss	1,91,622	-
Acquisitions/Business Combinations/Divestitures	-	-
Actual Employer Contribution	-	-
Other Events	-	-
<b>Balance Sheet (Asset)/Liability, End of Period</b>	<b>3,55,878</b>	<b>30,151</b>

Financial Assumptions Used to Determine the Defined Benefit Obligation	2018	2017
Discount Rate	7.87%	7.43%
Salary Escalation Rate	8%	8%

Financial Assumptions Used to Determine the Profit & Loss Charge	2018	2017
Discount Rate	7.87%	7.43%
Salary Escalation Rate	8%	8%
Expected Return on Plan Assets	N.A.	N.A.

Demographic Assumptions Used to Determine the Defined Benefit Obligation	2018	2017
Withdrawal Rate	5.00%	5.00%
Mortality Rate	IALM (2006-08) Ult	IALM (2006-08) Ult
Retirement Age	60 years	60 years



**National E-Governance Services Limited**

**Notes to the standalone Ind AS financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless as otherwise stated)

25 The carrying value and fair value of financial instruments by categories as at 31st March 2018 are as follows.

Particulars	Note	Carrying value	Fair value	Carrying value	Fair value
		2018	2018	2017	2017
<b>Financial assets</b>					
<b>Amortised cost</b>					
Investments in equity instruments of subsidiaries	5.1	4,00,00,000	4,00,00,000	-	-
Cash and cash equivalents	7.3	55,34,93,041	55,34,93,041	39,09,60,521	39,09,60,521
Trade receivables	7.2	29,45,605	29,45,605	-	-
Other financial assets	7.4	56,22,386	56,22,386	11,04,224	11,04,224
<b>Fair value through profit and loss (FVPTL)</b>					
Investments in mutual funds (quoted)	5.1 & 7.1	8,38,02,242	8,38,02,242	2,01,00,254	2,01,00,254
Other financial assets (Security deposits)	5.2	3,27,056	3,27,056	-	-
<b>Total financial assets</b>		<b>68,61,90,330</b>	<b>68,61,90,330</b>	<b>41,21,64,999</b>	<b>41,21,64,999</b>
<b>Financial liabilities</b>					
<b>Amortised cost</b>					
Trade payables	13.1	5,06,43,335	5,06,43,335	18,23,725	18,23,725
<b>Fair value through profit and loss (FVPTL)</b>					
Other financial liabilities (Security deposits)	11.1	10,04,899	10,04,899	-	-
<b>Total financial liabilities</b>		<b>5,16,48,234</b>	<b>5,16,48,234</b>	<b>18,23,725</b>	<b>18,23,725</b>

26 **Fair value hierarchy**

This explains the judgments and estimates made in determining the fair values of the financial instruments that are

(a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair values the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

All assets and liabilities for which fair value is measured or disclosed in the standalone Ind AS financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Note: There are no financial assets or financial liabilities which are measured at fair value in the Company.

26.1 **Financial assets and liability measured at fair value - recurring fair value measurement as at 31st March 2018**

Particulars	Note	Fair value measurement using			
		Total	Level 1	Level 2	Level 3
<b>Assets measured at fair value:</b>					
Investments in mutual funds (quoted)		8,38,02,242	8,38,02,242	-	-
Other financial assets (Security deposits)		3,27,056	-	3,27,056	-
<b>Liabilities measured at fair value:</b>					
Other financial liabilities (Security deposits)		10,04,899	-	10,04,899	-

26.2 **Financial assets and liability measured at fair value - recurring fair value measurement as at 31st March 2017**

Particulars	Note	Fair value measurement using			
		Total	Level 1	Level 2	Level 3
<b>Assets measured at fair value:</b>					
Investments in mutual funds (quoted)		2,01,00,254	2,01,00,254	-	-

26.3 **Specific valuation techniques used to value the above financial instruments include**

- 1) The use of quoted market prices
- 2) The security deposits are discounted over the period of the contract using a rate of 6.5%, the average FD rate in the market.

26.4 **Financial risks and management and maturity profile**

Financial assets are periodically reviewed for credit, liquidity and market risks. Cash and cash equivalents are deposits with Bank of Baroda, Canara Bank and SBI, listed public sector undertakings, and carry negligible risks except concentration risk. The banks are majority owned by Indian Government; credit and liquidity risks are assessed as negligible and do not warrant an elaborate risk management strategy for the risks (credit, liquidity and concentration) except balance confirmations done periodically. Other financial assets consists of accrued interest (on deposits with Canara Bank and SBI) which carry same risks as cash and cash equivalents. Investments contain investment in subsidiaries and investment in mutual fund (Debt or liquid funds) which carry interest rate risks. The company reviews its investments in mutual fund and its performance periodically to guard against interest risk by reallocating such investments to other alternatives including cash.



**National E-Governance Services Limited**

**Notes to the standalone Ind AS financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless as otherwise stated)

27 Previous year represents the period from June 24 2016 to March 31 2017 and hence figures for the current year may not be considered strictly comparable. Previous year's figures have been regrouped, recast, reclassified suitably to correspond with current year figures.

**28 Other notes accompanying the standalone financial statements**

i) The Company is maintaining the books of accounts at its administrative office in Bengaluru as authorised by the Board of Directors.

ii) No provision to taxation is considered necessary in the absence of taxable income.

iii) There are no transactions in foreign currency.



भारतीय लेखापरीक्षा तथा लेखा विभाग  
कार्यालय प्रधान निदेशक वाणिज्यिक लेखापरीक्षा  
तथा पदेन सदस्य, लेखापरीक्षा बोर्ड - I, मुंबई



INDIAN AUDIT & ACCOUNTS DEPARTMENT  
OFFICE OF THE PRINCIPAL DIRECTOR OF  
COMMERCIAL AUDIT & EX-OFFICIO MEMBER,  
AUDIT BOARD-I, MUMBAI

गोपनीय/शीघ्र डाक

संख्या: जीए/सीए-111/नैशनल ई-गवर्नेंस सर्विसेस/लेखा/2017-18/147

सेवा में,

17/09/2018

The Managing Director & CEO  
National E-Governance Services Limited  
5<sup>th</sup> Floor, Spencer Towers,  
86, M.G. Road,  
Bengaluru- 560 001.

विषय: 31 मार्च 2018 को समाप्त वर्ष हेतु नैशनल ई-गवर्नेंस सर्विसेस लिमिटेड के स्टैंडअलोन एवं समेकित वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6) (बी) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

महोदय,

31 मार्च 2018 को समाप्त वर्ष हेतु नैशनल ई-गवर्नेंस सर्विसेस लिमिटेड के स्टैंडअलोन एवं समेकित वित्तीय विवरणों पर कंपनी अधिनियम 2013 की धारा 143 (6) (बी) के अंतर्गत भारत के नियंत्रक एवं महालेखापरीक्षक के द्वारा दी गई टिप्पणियाँ इस पत्र के साथ संलग्न हैं। टिप्पणियों को मुद्रित वार्षिक प्रतिवेदन के विषयसूची में उचित सहित सांविधिक लेखापरीक्षक के प्रतिवेदन के आगे रखा जाये।

वार्षिक सामान्य बैठक के समापन के पश्चात, स्टैंडअलोन एवं समेकित वित्तीय विवरणों, सांविधिक लेखापरीक्षक का प्रतिवेदन तथा भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियों को अपनाते हुए सामान्य वार्षिक बैठक की कार्यावाही की एक प्रतिलिपि इस कार्यालय को अविलंब अग्रेषित की जाए। मुद्रित वार्षिक रिपोर्ट की दस प्रतियाँ भी इस कार्यालय को भेजी जायें।

कृपया इस पत्र एवं संलग्नकों की प्राप्ति की सूचना दें।

भवदीय,

J. G. L.  
17/9/18  
(गुलजारी लाल)

महा निदेशक वाणिज्यिक लेखापरीक्षा तथा  
पदेन सदस्य, लेखापरीक्षा बोर्ड - I, मुंबई

संलग्न: यथोपरि।

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL  
STATEMENTS OF NATIONAL E-GOVERNANCE SERVICES LIMITED FOR THE  
YEAR ENDED 31 MARCH 2018**

The preparation of financial statements of National E-Governance Services Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28<sup>th</sup> July 2018.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of National E-Governance Services Limited for the year ended 31 March 2018 under section 143(6)(a) of the Act.

For and on the behalf of the  
Comptroller and Auditor General of India



(Guljari Lal)

Director General of Commercial Audit and  
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai  
Date : 17/09/2018



Ref. :

Date :

**Revised Independent Auditor's Report on the Consolidated Financial Statements [Original Auditor's Report Dated 28th July 2018]**

**To the Members of National E-Governance Services Limited, Bangalore**

**REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

We have audited the accompanying consolidated Ind AS Financial Statements of National E-Governance Services Limited ('the Company') and its subsidiaries (collectively referred to as the Group'), comprising the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018, the Consolidated statement of Profit and Loss, (including other comprehensive income/loss) ,the Consolidated Cash Flow statement and consolidated statement of changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS Financial Statements').

**MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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/loss, consolidated cash flows and consolidated changes in equity of the group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) specified under Section 133 of the Act. 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 consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement,



# **B.V. Swami & Co.,**

**Chartered Accountants**

whether due to fraud or error which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Board of Directors of the Company, as aforesaid.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated Ind AS Financial Statements based on our audit.

While conducting 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated Ind AS financial statement



# **B.V. Swami & Co.,**

**Chartered Accountants**

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary companies referred to in the "Other Matters" below aforesaid consolidated Ind AS 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 including the Ind AS of the consolidated financial position of the group as at 31st March 2018 and its consolidated financial performance including other comprehensive Income/loss, its consolidated cash flows and consolidated changes in equity for the year then ended.

## **EMPHASIS OF MATTERS**

Below mentioned audited financial statements which have been audited by other independent auditors have been consolidated.

Audited financial statements:

Name	Relationship with the National E-Governance Services Limited	Contribution Towards Assets	Contribution Towards Total Income
		(Rs in Lakhs)	(Rs in Lakhs)
NESL Asset Data Limited	Subsidiary.	312.02	10.55
NESL E-Infrastructure Limited	Subsidiary.	177.58	65.36
<b>Total (A)</b>		<b>489.60</b>	<b>75.91</b>

We did not audit the financial statements of Two Indian subsidiaries included in the statement whose financial statements reflect Total Assets of Rs. 489.60 Lakhs as at March 31 2018 and Total Income of Rs.75.91 lakhs and Rs.1.66 lakhs net loss for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the financial results to the extent they have been derived from such financial statement is based solely on the report of such auditor.



Our opinion on the consolidated Ind AS financial statements above and our report on other Legal and Regulatory requirements below is not modified in respect of the above matters with respect to our reliance on work done and the reports of the other auditors in respect of audited subsidiaries.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by sub-sections 3 of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements, and the other financial information of a subsidiaries, as noted in the 'Other Matter' paragraph, 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 Ind AS financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books, the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - (d) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 3 of the Companies (Accounts) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.
  - (e) On the basis of the written representations received from the directors of the Company as on 31 March 2018 taken on record by the Board of Directors of the Company and on the basis of the relevant assertion contained in the audit reports on standalone financial statements of each subsidiary company which are incorporated in India, none of the Directors of the Group Companies incorporated



# **B.V. Swami & Co.,**

**Chartered Accountants**

in India is disqualified as on 31 March 2018 from being appointed as a Director of that company in terms of sub section 2 of Section 164 of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting of the company and its subsidiary companies incorporated in India
- (g) 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 and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of a subsidiary as noted in the 'Other Matter' paragraph:
- i. The Company did not have any pending litigations to disclose on its financial position in its Consolidated Ind AS financial statements.
  - ii. The Company did not have any long-term contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts required to be transferred to the Investors Education and Protection Fund by the Company.
- (h) As required by C&AG of India, issued under section 143(5) of the Companies Act, we give our Report in the attached "Annexure B"

For B. V. SWAMI & CO  
Chartered Accountants

  
A. AMARANATH  
Partner

Membership No : 213629

Firm Reg. No : 009151S

Place: Bengaluru

Date: 7<sup>th</sup> September 2018



**ANNEXURE A TO INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph (f) under "Report on other Legal and Regulatory Requirements" section of our report of even date)**

Report on the Internal Financial Controls under clause (I) of subsection 3 of section 143 of the Companies Act, 2013 ("the Act").

we have audited the internal financial controls over financial reporting of the National E-Governance Services Limited ('the Company') and its subsidiary companies which are companies incorporated in India for the year ended 31 March 2018, In conjunction with our audit of the consolidated financial statements of the Company as at March 31 2018.

**MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the of the Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company and its subsidiary companies which are incorporated in India considering the essential components of internal controls 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 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") issued by the ICAI 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 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



# **B.V. Swami & Co.,**

**Chartered Accountants**

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, and audit evidence obtained by other auditors in terms of their report 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**

A company's internal financial controls 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 controls 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



# **B.V. Swami & Co.,**

**Chartered Accountants**

reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## **OPINION**

We believe that the audit evidence we have obtained, and audit evidence obtained by other auditors in terms of their report 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.

## **OTHER MATTERS**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to Subsidiaries which are incorporated in India, is based on the corresponding report of the auditors of such company.

FOR B. V. SWAMI & CO  
Chartered Accountants



**A. AMARANATH**

Partner

Membership No : 213629

Firm Reg. No : 009151S

Place: Bengaluru

Date: 7th September 2018

# **B.V. Swami & Co.,**

**Chartered Accountants**

## **ANNEXURE B TO INDEPENDENT AUDITORS' REPORT**

### **REPORT ON THE DIRECTIONS ISSUED BY CAG UNDER SECTION 143(5) OF THE COMPANIES ACT, 2013.**

As referred to at Para h of the Independent Auditor's Report on the financial statements of National E-Governance Services Ltd

QUESTIONS	ANSWER
1. Whether the company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available?	The Group does not own any immovable property.
2. Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	No
3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The Group has no inventories and received no gifts.

For B. V. SWAMI & CO.,  
Chartered Accountants



A. AMARANATH

Partner

Membership No : 213629

Firm Reg. No : 009151S

Place: Bengaluru

Date: 7<sup>th</sup> September 2018



Ref. :

Date :

## **Independent Auditor's Report on the Consolidated Financial Statements**

**To the Members of National E-Governance Services Limited**

### **REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

We have audited the accompanying consolidated Ind AS Financial Statements of National E-Governance Services Limited ('the Company') and its subsidiaries (collectively referred to as the Group'), comprising the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2018, the Consolidated statement of Profit and Loss, (including other comprehensive income/loss) ,the Consolidated Cash Flow statement and consolidated statement of changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS Financial Statements').

### **MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS 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/loss, consolidated cash flows and consolidated changes in equity of the group in accordance with the accounting principles generally accepted in India, including the Accounting Standards ( Ind AS) specified under Section 133 of the Act. 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 consolidated



# **B.V. Swami & Co.,**

**Chartered Accountants**

Ind AS financial statements 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 consolidated Ind AS financial statements by the Board of Directors of the Company, as aforesaid.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated Ind AS Financial Statements based on our audit.

While conducting 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 there under.

We conducted our audit in accordance with the Standards on Auditing specified under sub section 10 of Section 143 of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated Ind AS financial statement



# **B.V. Swami & Co.,**

**Chartered Accountants**

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiary companies referred to in the "Other Matters" below aforesaid consolidated Ind AS 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 including the Ind AS of the consolidated financial position of the group as at 31st March 2018 and its consolidated financial performance including other comprehensive loss, its consolidated cash flows and consolidated changes in equity for the year then ended.

## **EMPHASIS OF MATTERS**

Below mentioned audited financial statements which have been audited by other independent auditors have been consolidated.

Audited financial statements:

Name	Relationship with the National E-Governance Services Limited	Contribution Towards Assets	Contribution Towards Total Income
		(Rs in Lakhs)	(Rs in Lakhs)
NESL Asset Data Limited	Subsidiary.	312.02	10.55
NESL E-Infrastructure Limited	Subsidiary.	177.58	65.36
<b>Total (A)</b>		<b>489.60</b>	<b>75.91</b>

We did not audit the financial statements of Two Indian subsidiaries/step down subsidiaries included in the statement whose financial statements reflect Total Assets of Rs. 489.60 Lakhs as at March 31 2018 and Total Income of Rs.75.91 lakhs and Rs.1.66 lakhs net loss for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the financial results to the extent they have been derived from such financial statement is based solely on the report of such auditor.



Our opinion on the consolidated Ind AS financial statements above and our report on other Legal and Regulatory requirements below is not modified in respect of the above matters with respect to our reliance on work done and the reports of the other auditors in respect of audited subsidiaries.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by sub-sections 3 of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements, and the other financial information of a subsidiaries, as noted in the 'Other Matter' paragraph, 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 Ind AS financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books, the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, Consolidated changes in equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - (d) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Company as on 31 March 2018 taken on record by the Board of Directors of the Company and on the basis of the relevant assertion contained in the audit reports on standalone financial statements of each subsidiary company which are incorporated in India, none of the Directors of the Group Companies incorporated in India is disqualified as on 31 March 2018 from being appointed



# **B.V. Swami & Co.,**

**Chartered Accountants**

as a Director of that company in terms of sub section 2 of Section 164 of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls over financial reporting of the company and its subsidiary companies incorporated in India
- (g) 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 and based on the consideration of the report of the other auditors on separate financial statements and also the other financial information of a subsidiary as noted in the 'Other Matter' paragraph:
- i. The Company did not have any pending litigations to disclose on its financial position in its Consolidated Ind AS financial statements.
  - ii. The Company did not have any long-term contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts required to be transferred to the Investors Education and Protection Fund by the Company.

For B. V. SWAMI & CO.  
Chartered Accountants



A. AMARANATH  
Partner

Membership No : 213629

Firm Reg. No : 009151S

Place: Bengaluru

Date: 28 July 2018

**ANNEXURE A TO INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph (f) under "Report on other Legal and Regulatory Requirements" section of our report of even date)**

Report on the Internal Financial Controls under clause (I) of subsection 3 of section 143 of the Companies Act, 2013 ("the Act")

we have audited the internal financial controls over financial reporting of the National E-Governance Services Limited ('the Company') and its subsidiary companies which are companies incorporated in India for the year ended 31 March 2018, In conjunction with our audit of the consolidated financial statements of the Company as at March 31 2018.

**MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the of the Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company and its subsidiary companies which are incorporated in India considering the essential components of internal controls 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 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") issued by the ICAI 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 issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note



# **B.V. Swami & Co.,**

**Chartered Accountants**

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 and audit evidence obtained by other auditors in terms of their report 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**

A company's internal financial controls 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 controls 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,



# **B.V. Swami & Co.,**

**Chartered Accountants**

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.


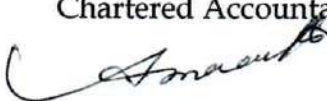
## **OPINION**

We believe that the audit evidence we have obtained, and audit evidence obtained by other auditors in terms of their report 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.

## **OTHER MATTERS**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to Subsidiaries which are incorporated in India, is based on the corresponding report of the auditors of such company.

FOR B. V. SWAMI & CO  
Chartered Accountants



**A. AMARANATH**

Partner

Membership No : 213629

Firm Reg. No : 009151S

Place: Bengaluru

Date: 28<sup>h</sup> July, 2018

**National E-Governance Services Limited**  
**Consolidated Balance Sheet as at March 31, 2018**  
(All amounts are in Indian rupees, unless otherwise stated)

Particulars	Note	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	4	1,14,51,355	7,78,482
Intangible assets	4	5,42,47,441	16,743
Financial assets	5		
Investments	5.1	1,56,20,500	51,19,500
Other financial assets	5.2	3,27,056	-
Deferred tax assets (net)	6	1,09,01,645	27,65,402
<b>Current assets</b>			
Financial assets	7		
Investments	7.1	6,81,81,742	1,49,80,754
Trade receivables	7.2	57,87,751	-
Cash and cash equivalents	7.3	59,42,49,414	39,09,60,521
Other financial assets	7.4	69,81,096	11,04,224
Other current assets	8	2,36,27,603	12,39,821
		<b>79,13,75,603</b>	<b>41,69,65,447</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	9	75,00,00,000	25,47,00,000
Other equity	10	(3,79,00,124)	15,93,51,733
<b>Non current liabilities</b>			
Financial liabilities	11		
Other financial liabilities	11.1	10,04,899	-
Provisions	12	17,58,693	29,174
<b>Current liabilities</b>			
Financial liabilities	13		
Trade payables	13.1	5,56,51,683	18,23,725
Other current liabilities	14	79,53,265	10,59,838
Provisions	15	1,29,07,187	977
		<b>79,13,75,603</b>	<b>41,69,65,447</b>

Significant accounting policies

3

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For **B.V. Swami and Co**

Chartered accountants

Firm registration number



A. Amaranath


Partner

Membership No. 213629

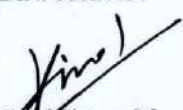
Date: 28/07/2018

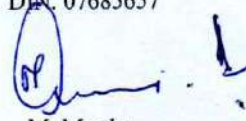
Place: Bengaluru

For and on behalf of the Board of Directors of  
**National E-Governance Services Limited**

  
N. Rangachary  
Chairman  
DIN. 00054437

  
S. Ramann  
Managing Director & CEO  
DIN. 07685657

  
Vinod Shenoy M.  
Chief financial officer

  
M. Murthy  
Company secretary

Date: 28/07/2018

Place : Bengaluru

**National E-Governance Services Limited**

**Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless otherwise stated)

Particulars	Note	2018	2017
Revenue from operations	16	66,36,284	-
Other Income	17	4,66,54,842	1,06,29,147
<b>Total Revenue</b>		<b>5,32,91,126</b>	<b>1,06,29,147</b>
<b>Expenses</b>			
Cost of services	18	1,57,05,245	-
Employee benefit expenses	19	3,69,16,342	56,67,692
Finance costs	20	5,340	-
Depreciation and amortization expense	4	36,58,700	1,51,138
Other expenses	21	2,84,21,075	1,38,19,286
<b>Total Expenses</b>		<b>8,47,06,702</b>	<b>1,96,38,116</b>
<b>Loss before tax</b>		<b>(3,14,15,576)</b>	<b>(90,08,969)</b>
Tax expense			
Current tax		(4,02,533)	-
Deferred tax		80,86,901	27,65,402
<b>Profit/(Loss) for the period from continuing operations</b>		<b>(2,37,31,208)</b>	<b>(62,43,567)</b>
<b>Other comprehensive income (OCI)</b>			
<b>Items that will not be reclassified to profit or loss in subsequent periods</b>			
Re-measurements of defined benefit plan actuarial gains/ (losses)		(1,91,622)	-
Deferred tax		49,343	-
<b>Total comprehensive income/(loss) for the year</b>		<b>(1,42,279)</b>	<b>-</b>
<b>Profit/(Loss) for the period</b>		<b>(2,38,73,487)</b>	<b>(62,43,567)</b>
Earning per equity share of face value of Rs.10 each			
<b>Basic and Diluted</b>		<b>(0.32)</b>	<b>(0.25)</b>

Significant Accounting Policies

3

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For B.V. Swami and Co

Chartered accountants

Firm registration number: 091519



A. Amaranath  
Partner

Membership No. 213629

Date: 28/07/2018

Place: Bengaluru

For and on behalf of the Board of Directors of

**National E-Governance Services Limited**

*N. Rangachary*

N. Rangachary  
Chairman

DIN. 00054437

*Vinod M. Sheroy*  
Vinod M. Sheroy  
Chief financial officer

Date: 28/07/2018

Place : Bengaluru

*S. Ramann*

S. Ramann  
Managing Director & CEO

DIN. 07685657

*M. Murthy*  
M. Murthy  
Company secretary

**National E-Governance Services Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2018**  
(All amounts are in Indian rupees, unless otherwise stated)

Particulars	Note	2018	2017
<b>Cash Flow from Operating Activities</b>			
<b>Profit/ (Loss) for the period before tax</b>		(3,14,15,576)	(90,08,969)
Adjustment to reconcile net profit to net cash provided by operating activities			
Depreciation		36,58,700	1,51,138
Profit from Sale of Mutual Funds		(53,89,851)	(23,773)
Profit on fair value restatement of mutual funds		(7,49,132)	(2,76,481)
Provisions for expenses		1,44,44,107	30,151
Interest Income		(4,04,10,345)	(1,03,28,893)
<b>Change in Assets &amp; Liabilities</b>			
Trade Payables		5,38,27,959	18,23,725
Other Current Liabilities		68,93,427	10,59,838
Trade Receivables		(57,87,751)	-
Other financial assets		(58,76,873)	(11,04,224)
Other Current Assets		(1,66,70,694)	(2,09,318)
Cash generated from operations		<u>(2,74,76,029)</u>	<u>(1,78,86,806)</u>
Income Taxes paid		(61,19,621)	(10,30,503)
<b>Net Cash generated by Operating activity</b>		<u>(3,35,95,650)</u>	<u>(1,89,17,309)</u>
<b>Cash Flow from Investing Activities</b>			
Expenditure on property plant and equipment		(6,85,62,271)	(9,46,363)
Interest received on investments		4,04,10,345	1,03,28,893
Payment to acquire liquid mutual funds		(55,82,99,645)	(2,25,23,773)
Proceeds from redemption of mutual funds		50,07,36,641	27,23,773
Security deposits paid		(3,27,056)	-
Security deposits received		10,04,899	-
<b>Net Cash used in Investing activities</b>		<u>(8,50,37,087)</u>	<u>(1,04,17,470)</u>
<b>Cash Flow from Financing Activities</b>			
Issue of Shares		32,28,00,000	25,47,00,000
Share expenses net of taxes		(8,78,370)	(69,04,700)
Share Capital Pending Allotment		-	17,25,00,000
<b>Net Cash generated in Financing activities</b>		<u>32,19,21,630</u>	<u>42,02,95,300</u>
Net increase in Cash or Cash equivalents		20,32,88,893	39,09,60,521
Cash and Cash Equivalent at the beginning		39,09,60,521	-
<b>Cash and Cash Equivalent at the close</b>		<u>59,42,49,414</u>	<u>39,09,60,521</u>
<b>Components of cash and cash equivalents</b>	7.3		
Cash in hand		8,014	3,405
Balances with banks			
Current accounts		69,94,685	48,57,116
Fixed deposits		58,72,46,715	38,61,00,000
<b>Total cash and cash equivalents</b>		<u>59,42,49,414</u>	<u>39,09,60,521</u>

As per our report of even date attached

For **B.V. Swami and Co.**

Chartered accountants

Firm registration number: 09151S

BANGALORE-25

FRN: 009151S

A. Amaranath

Partner

Membership No. 213629

Date: 28/07/2018

Place: Bengaluru

For and on behalf of the Board of Directors of  
**National E-Governance Services Limited**

N. Rangachary

Chairman

DIN. 00054437

Vijaya Shenoy M.

Chief financial officer

Date: 28/07/2018

Place : Bengaluru

S. Ramann

Managing Director & CEO

DIN. 07685657

M. Murthy

Company secretary

**National E-Governance Services Limited**  
**Consolidated Statement of Changes in Equity for the year ended March 31, 2018**  
(All amounts are in Indian rupees, unless otherwise stated)

**a) Equity share capital**

**Equity shares of Rs 10 each issued, subscribed and fully paid**

	2018		2017	
	Nos.	Amount	Nos.	Amount
At the beginning of the year	2,54,70,000	25,47,00,000	-	-
Changes during the year	4,95,30,000	49,53,00,000	2,54,70,000	25,47,00,000
<b>At the end of the year</b>	<b>7,50,00,000</b>	<b>75,00,00,000</b>	<b>2,54,70,000</b>	<b>25,47,00,000</b>

Refer note 9, for equity shareholders holding of 5% or more

**b) Other equity**

Particulars	Shares pending allotment	Retained earnings	Total
Shares pending allotment	17,25,00,000	-	17,25,00,000
Share issue expenses net of taxes	-	(69,04,700)	(69,04,700)
Loss for the year	-	(62,43,567)	(62,43,567)
Other comprehensive income/(loss)	-	-	-
<b>Balance as at March 31, 2017</b>	<b>17,25,00,000</b>	<b>(1,31,48,267)</b>	<b>15,93,51,733</b>
Balance as at April 1, 2017	17,25,00,000	(1,31,48,267)	15,93,51,733
Shares allotted during the year	(17,25,00,000)	-	(17,25,00,000)
Share issue expenses net of taxes	-	(8,78,370)	(8,78,370)
Loss for the year	-	(2,37,31,208)	(2,37,31,208)
Other comprehensive income/(loss)	-	(1,42,279)	(1,42,279)
<b>Balance as at March 31, 2018</b>	<b>-</b>	<b>(3,79,00,124)</b>	<b>(3,79,00,124)</b>

As per our report of even date attached  
For **B.V. Swami and Co**  
Chartered accountants  
Firm registration number: 09151S



A. Amaranath  
Partner  
Membership No. 213629  
Date: 28/07/2018  
Place: Bengaluru

For and on behalf of the Board of Directors of  
**National E-Governance Services Limited**

N. Rangachary  
Chairman  
DIN. 00054437

S. Ramann  
Managing Director & CEO  
DIN. 07685657

Vinod Shenoy M.  
Chief financial officer  
Date: 28/07/2018  
Place : Bengaluru

M. Murthy  
Company secretary

## National E-Governance Services Limited

### Notes to the consolidated financial statements for the year ended March 31, 2018

#### 1. Corporate information

National E-Governance Services Limited ('Company') was incorporated on 24th June, 2016. The Company has its registered office in Mumbai and its administrative office in Bengaluru. The main object of the Company is to perform the role of Information Utility under the Insolvency and Bankruptcy Code, 2016. During the year the Company incorporated two subsidiaries:

Name	Date of incorporation	Holding %
NESL Asset Data Limited	08/09/2017	100
NESL E-Infrastructure Limited	18/12/2017	100

The Company together with its subsidiaries is collectively referred as 'Group' in these financial statements.

#### 2. Basis for preparation and presentation

##### Statement of Compliance

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies Act 2013 ('Act'). The Ind AS is prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules, 2016.

These financials are the first consolidated financial statements of the Group, these financials are prepared in accordance with Ind AS. For the year ended March 31, 2017, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). The Company was incorporated on June 24, 2016 and prepared its first balance sheet on March 31, 2017. The opening balance sheet as on the date of incorporation would consist of share capital for the shares subscribed and cash received for the purpose of incorporation from the initial shareholders. There are no adjustments in these items between Ind AS adopted in the current financial year and Ind GAAP (accounting standard for the previous year). Hence, Ind AS comparatives are given for 2 years instead of 3 years as prescribed under Ind AS 101. Refer note 23- First time adoption of Ind AS.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### Basis of preparation and presentation

The consolidated financial statements have been prepared on the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting period under IndAS as suitably described in the accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## **National E-Governance Services Limited**

### **Notes to the consolidated financial statements for the year ended March 31, 2018**

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the standalone Ind AS financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. This note summarizes accounting policy for fair value and the other fair value related disclosures are given in the relevant notes.

#### **2.1. Basis of consolidation**

The consolidated financials include financial statements of National E-Governance Services Limited and its two subsidiaries (Refer Note 1). The Consolidated financial statements of the Group incorporate the assets, liabilities, equity, income, expenses and cash flows of the Company and its two subsidiaries which are wholly owned. The company has control of the subsidiaries as it has the rights to variable returns from its involvement and has the ability to affect those returns through its power over the subsidiaries.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The consolidation procedures principally followed are: (a) Like items of assets, liabilities, equity, income, expenses and cash flows of the Company and those of its subsidiaries are combined on a line by line basis; (b) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated; and (c) intra group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between entities of the Group are eliminated in full.

#### **3. Summary of significant accounting policies**

##### **(a) Revenue recognition**

Revenue is measured at fair value of consideration received or receivable net of discounts, taking into account contractually defined terms and excluding taxes, duties collected on behalf of the government.

The following specific recognition criteria must also be met before revenue is recognized:

##### *Information Utility income*

The Company provides information utility services to its clients. The services include receiving of data/documents related to loans/advances submitted by financial creditors, operational creditors, operational debtors and other participants such as resolution professionals. Revenue from information utility services is recognized as the services are performed over time on a monthly basis. Revenue from a contract is not recognized for the month if the information is submitted by the clients four working days before the period end (Refer Note 16).

##### *E- Infrastructure services*

For CKYC services, revenue is recognized when the provision of service is accepted and the certificate

## **National E-Governance Services Limited**

### **Notes to the consolidated financial statements for the year ended March 31, 2018**

for completion of service is issued by the customer which is a significant event to recognize revenue.

#### *Account aggregator services*

For aggregation services to clients, which could include, individuals, companies, banks and others who will be charged fees for each transaction of access to information, creation and updation of information. Revenue is recognized for each such event of access, creation, updation or other such account aggregator services provided to the clients.

#### *Interest income*

Interest income is recognized, on a time proportionate basis with respect to principal balance outstanding using effective interest rate method.

#### **(b) Functional currency**

The standalone Ind AS financial statements are presented in INR, which is also the Groups functional currency. Transactions in foreign currencies, if any, are initially recorded by the Group at their respective functional currency spot rates at the date; the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate, if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income ("OCI") or profit or loss are also recognized in OCI or profit or loss, respectively).

#### **(c) Taxes**

##### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax related to items recognised outside statement of profit and loss is recognised either in OCI or in equity in correlation to the underlying transaction. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate.

##### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities and assets are recognized for all taxable temporary differences and deductible temporary differences, except:

- when the deferred tax liability or asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction,

## National E-Governance Services Limited

### Notes to the consolidated financial statements for the year ended March 31, 2018

affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences and deductible temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognized outside statement of profit and loss is recognized outside the statement of profit or loss (either in OCI or in equity in correlation to the underlying transaction).

#### **(d) Property, plant and equipment, depreciation and amortisation**

Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of profit and loss and other comprehensive income.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the useful lives of the assets, as specified in Schedule II to the Companies Act, 2013 as follows:

<u>Category</u>	<u>Useful life (years)</u>
Furniture and fixtures	10
Computers and accessories	3
Server	6
Office equipment	5
Vehicles	6

Leasehold improvements are amortized on a straight-line basis over the unexpired period of lease or five years whichever is less.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **(e) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated

## **National E-Governance Services Limited**

### **Notes to the consolidated financial statements for the year ended March 31, 2018**

impairment losses. The amortization expense on intangible assets is recognized in the statement of profit and loss and other comprehensive income.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

The cost of Information utility software is capitalized and amortized on a straight-line basis over the useful life of five years, as estimated by the management. Information utility software is an in-house software being developed, over various modules, by the Group.

The registration/license fee, paid to the Insolvency and Bankruptcy Board of India, is amortised over the term of validity of registration (5 years).

The cost of computer software is capitalized and amortized on a straight-line basis over the useful life of five years, as estimated by the management.

#### **(f) Borrowing costs**

Borrowing costs include:

- (i) Interest expense calculated using the effective interest rate method,
- (ii) Finance charges in respect of finance leases, and
- (iii) Exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in statement of profit and loss in the period in which they are incurred.

#### **(g) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is or contains a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially capitalized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rental expense from operating leases is generally recognized on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

**(h) Impairment of non-financial assets**

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. Such reversal is recognized in the statement of profit or loss.

**(i) Provisions**

A provision is recognized when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**(j) Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognizes changes in the net defined benefit obligation which includes service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and net interest expense or income, as an expense in the statement of profit and loss.

*Paid compensated absences*

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Group presents the leave as a current liability in the balance sheet, as it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

**(k) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

*Initial recognition and measurement*

All financial assets, other than financial assets fair valued through profit and loss account, are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs that are attributable to the acquisition of the financial asset fair valued through profit and loss account are expensed as incurred.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified in below categories:

- Financial asset at amortized cost
- Financial asset at fair value through other comprehensive income(FVTOCI)
- Financial asset at fair value through statement of profit and loss(FVTPL)

A financial asset is measured at the amortized cost, if both the following conditions are met:

- (i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- (ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method. This category generally applies to trade and other receivables.

A financial asset is classified as FVTOCI, if both of the following criteria are met:

- (i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- (ii) The asset's contractual cash flows represent SPPI.

Financial asset included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in OCI.

FVTPL is a residual category for financial asset. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Financial asset included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit or loss.

**National E-Governance Services Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2018**

*Investment in subsidiaries*

Investments in subsidiaries are carried at cost less accumulated impairment loss, if any. In the event of any indication of impairment, the carrying amount of investment is evaluated and an impairment provision is recognised if considered necessary immediately to its recoverable amount.

*De-recognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in Statement of profit and loss if such gain or loss would have otherwise been recognized in Statement of profit and loss on disposal of that financial asset.

*Impairment of financial assets*

The Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets and credit risk exposure. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or contract work-in-progress. The application of simplified approach does not require the Group to track changes in credit risk; rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate. Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

The Group uses a provision matrix based on age to determine impairment loss allowance on portfolio of its trade receivables and contract work-in-progress. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the profit or loss.

**Financial liabilities**

*Initial recognition and measurement*

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include borrowings, trade and other payables.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification. Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities

## **National E-Governance Services Limited**

### **Notes to the consolidated financial statements for the year ended March 31, 2018**

designated upon initial recognition as fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the profit or loss.

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The amortization is included as finance costs in the statement of profit and loss.

#### *De-recognition*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

#### **Equity Instrument**

An equity instrument is a contract that evidences residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments recognized by the Group are recognized at the proceeds received net off direct issue cost.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognized amounts and there is an intention either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

#### **(l) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### **(m) Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. The Group does not recognize a contingent liability but discloses its existence in the standalone Ind AS financial statements.

#### **(n) Earnings per share**

Basic earnings per share are computed by dividing statement of profit and loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

**(o) Significant accounting judgments, estimates and assumptions**

In the application of the Group's accounting policies, which are described in note 3, the directors of the Group are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Impairment of Property Plant and Equipment and Intangible Assets**

The Group reviews its Property, Plant and Equipment and Intangible Assets annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

**Useful lives of property, plant and equipment**

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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National E-Governance Services Limited  
Notes to the consolidated financial statements for the year ended March 31, 2018  
(All amounts are in Indian rupees, unless otherwise stated)

Non - current assets

4 Property, Plant and Equipment

Description	Gross Block			Depreciation		Net Block				
	As on 01-Apr-17	Additions	Deletion	As on 31-Mar-18	As on 01-Apr-17	For the Period	Withdrawals	Upto 31-Mar-18	WDV as on 31-Mar-18	WDV as on 31-Mar-17
<b>Tangible assets</b>										
Vehicles	8,38,906	11,08,043	-	19,46,949	1,46,342	1,75,739	-	3,22,081	16,24,868	6,92,564
Computers	89,957	34,10,008	-	34,99,965	4,039	5,78,518	-	5,82,557	29,17,408	85,918
Servers and networks	-	19,89,180	-	19,89,180	-	1,65,968	-	1,65,968	18,23,212	-
Furniture and fittings	-	5,99,441	-	5,99,441	-	34,651	-	34,651	5,64,790	-
Leasehold premises improvements	-	24,41,615	-	24,41,615	-	92,146	-	92,146	23,49,469	-
Office Equipments	-	23,75,136	-	23,75,136	-	2,03,528	-	2,03,528	21,71,608	-
<b>Total</b>	<b>9,28,863</b>	<b>1,19,23,423</b>	<b>-</b>	<b>1,28,52,286</b>	<b>1,50,381</b>	<b>12,50,550</b>	<b>-</b>	<b>14,00,931</b>	<b>1,14,51,355</b>	<b>7,78,482</b>
<b>Intangible assets</b>										
IU software	-	4,99,02,791	-	4,99,02,791	-	16,95,072	-	16,95,072	4,82,07,719	-
IU License fees	-	50,00,000	-	50,00,000	-	5,15,068	-	5,15,068	44,84,932	-
Other software's	17,500	17,36,056	-	17,53,556	757	1,98,009	-	1,98,766	15,54,790	16,743
<b>Total</b>	<b>17,500</b>	<b>5,66,38,847</b>	<b>-</b>	<b>5,66,56,347</b>	<b>757</b>	<b>24,08,149</b>	<b>-</b>	<b>24,08,906</b>	<b>5,42,47,441</b>	<b>16,743</b>

Note:

1. The Company has changed the method of depreciating from written down value method to the straight line method and accordingly effected the change with effect from April 01 2017, with the written down value at the beginning of the year having been taken as deemed cost on transition to IndAS.
2. The residual value of other software's is reassessed to be nil in the current year from the 5% considered in the previous year.
3. The changes has been applied prospectively and the depreciation has been calculated accordingly.

**National E-Governance Services Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless otherwise stated)

**Non-current assets**

**5 Financial assets**

**5.1 Investments**

Particulars	2018	2017
<b>Non current investments:</b>		
<b>Investments in mutual funds (quoted)</b>		
Investment in UTI Fixed Term Income Fund - Series XXV - IX (1098 Days) (G) 5,00,000 units (PY: 5,00,000 units) at market price (NAV).	54,56,600	51,19,500
Investment in SBI Debt Fund Series C-7 (1190 days) 10,00,000 units (PY: NA) at market price (NAV).	1,01,63,900	-
	<u>1,56,20,500</u>	<u>51,19,500</u>

Note:

1. Mutual funds are carried at fair value based on the quoted market price (NAV) of the funds as on balance sheet date.

**5.2 Other financial assets**

Particulars	2018	2017
Security deposits*	3,27,056	-
	<u>3,27,056</u>	<u>-</u>

Note: Security deposits are measured fair value using effective interest rate method, at discounting rate of 6.5% which the average FD rate in the market and the deposits are discounted over the period of the contract.

**6 Deferred tax asset**

Particulars	2018	2017
Opening deferred tax (liability)/asset	27,65,402	-
Provision for deferred tax (liability)/asset for the year		
Depreciation	(27,26,008)	74,248
Preliminary expenses u/s 35D	(1,05,676)	10,44,009
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	34,532	9,317
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity (classified as a part of OCI)	49,343	-
Expenses disallowed under sec 40 (a) (ia) of the Income Tax Act, 1961 for non-deduction of TDS	10,14,287	-
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	3,89,189	-
On account of fair value adjustments under Ind AS	(1,92,816)	(85,433)
Deferred tax asset reversal on account of income tax rate change	(4,90,772)	-
Deferred tax asset for carried forward tax loss*	1,01,64,164	17,23,261
<b>Total</b>	<u>1,09,01,645</u>	<u>27,65,402</u>

\*Management perceives that probable future tax profits would accrue to set off the tax loss being carried forward under the Income Tax Act 1961.

National E-Governance Services Limited

Notes to the consolidated financial statements for the year ended March 31, 2018

(All amounts are in Indian rupees, unless otherwise stated)

Current assets

Financial assets

7.1 Investments

Particulars	2018	2017
<b>Current investments:</b>		
<b>Investments in mutual funds (quoted)</b>		
Investment in SBI Magnum Insta Cash Fund - Direct Plan - Growth 17,741 units (PY: 2756 units) at market price (NAV).	6,81,81,742	99,12,844
Investment in LD481G SBI Short Term Debt Fund - Direct Plan - Growth Nil units (PY: 2,63,525 units) at market price (NAV).	-	50,67,910
<b>Total</b>	<b>6,81,81,742</b>	<b>1,49,80,754</b>

Note: Mutual funds are carried at fair value base on the quoted market price (NAV) of the funds as on balance sheet date.

7.2 Trade receivables

Particulars	2018	2017
Unsecured, considered good	57,87,751	-
<b>Total</b>	<b>57,87,751</b>	<b>-</b>

7.3 Cash and cash equivalents

Particulars	2018	2017
Cash in hand	8,014	3,405
<b>Balance with banks (of the nature of cash and cash equivalents)</b>		
In current account	69,94,685	48,57,116
In fixed deposits	99,29,896	-
<b>Other bank balances</b>		
In deposit account with maturity within 12 months of balance sheet date	57,73,16,819	38,61,00,000
<b>Total</b>	<b>59,42,49,414</b>	<b>39,09,60,521</b>

Note: Fixed deposits with original maturity period less than 3 months are classified as "Cash and cash equivalents" and fixed deposit with original maturity period more than 3 months but maturing within 12 months from the balance sheet date are classified as "Other bank balances".

7.4 Other financial assets

Particulars	2018	2017
Income accrued but not due on fixed deposits	57,04,397	11,04,224
Unbilled revenue	12,76,699	-
Security deposit	-	-
<b>Total</b>	<b>69,81,096</b>	<b>11,04,224</b>

8 Other current assets

Particulars	2018	2017
Income tax- TDS	57,17,087	10,30,503
Cenvat credit	-	2,09,318
GST input credit*	1,67,43,640	-
Prepaid expenses	7,68,928	-
Security deposit	1,000	-
Other advances	3,96,948	-
<b>Total</b>	<b>2,36,27,603</b>	<b>12,39,821</b>

\* The input credit is considered recoverable over next 12 months based on revenue expected.

**National E-Governance Services Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless otherwise stated)

**Equity**

**9 Share capital**

Particulars	2018	2017
<b>Authorised share capital</b>		
10,00,00,000 (previous period: 10,00,00,000) Number of Equity shares of Rs. 10/- each.	1,00,00,00,000	1,00,00,00,000
	<b>1,00,00,00,000</b>	<b>1,00,00,00,000</b>
<b>Issued, subscribed and fully paid-up share capital</b>		
7,50,00,000 (previous period: 2,54,70,000) equity shares of Rs 10 each	75,00,00,000	25,47,00,000
	<b>75,00,00,000</b>	<b>25,47,00,000</b>

**Reconciliation of equity shares outstanding and the amount of share capital is set out below:**

Particulars	2018		2017	
	Number of shares	Amount	Number of shares	Amount
Number of shares at the beginning of the year/period	2,54,70,000	25,47,00,000	-	-
Shares issued during the year/period	4,95,30,000	49,53,00,000	2,54,70,000	25,47,00,000
<b>Shares outstanding at the end of the year/period</b>	<b>7,50,00,000</b>	<b>75,00,00,000</b>	<b>2,54,70,000</b>	<b>25,47,00,000</b>

Note:

(i) The Company has only one class of equity shares having a par value of Rs 10/- per share. All the equity shares rank pari passu with the existing shares. Each holder of equity share is entitled to one vote per share.

(ii) In the event of liquidation of the Company the holders of the equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

**Particulars of equity shareholders holding more than 5 percent of equity shares:**

Name of the shareholder	2018		2017	
	Number of shares	Percentage holding	Number of shares	Percentage holding
Life Insurance Corporation	45,00,000	6.00%	45,00,000	17.67%
State Bank of India	75,00,000	10.00%	30,00,000	11.78%
Canara Bank	75,00,000	10.00%	30,00,000	11.78%
Bank of Baroda	75,00,000	10.00%	30,00,000	11.78%
Dena Bank	30,00,000	4.00%	30,00,000	11.78%
New India Assurance Co. Ltd	37,50,000	5.00%	15,00,000	5.89%
Union Bank of India	37,50,000	5.00%	15,00,000	5.89%
Central Depository Services (India) Ltd	30,00,000	4.00%	30,00,000	11.78%
ICICI Bank	74,25,000	9.90%	29,70,000	11.66%
Axis Bank Ltd.	71,25,000	9.50%	-	0.00%
Karnataka Bank Ltd.	45,00,000	6.00%	-	0.00%
HDFC Holdings Ltd (Share Capital)	37,50,000	5.00%	-	0.00%
Indian Bank (Share Capital)	37,50,000	5.00%	-	0.00%
Punjab National Bank (Share Capital)	37,50,000	5.00%	-	0.00%

**Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

The Company has not bought back any shares during the period from date of inception to 31 March 2018. Further, the Company has not issued any bonus shares or shares issued for consideration other than cash during the year/period from date of inception to 31 March 2018.

**National E-Governance Services Limited**

Notes to the consolidated financial statements for the year ended March 31, 2018

(All amounts are in Indian rupees, unless otherwise stated)

**10 Other equity**

<b>Particulars</b>	<b>2018</b>	<b>2017</b>
<b>Share application money pending allotment</b>		
Balance as at the year end	-	17,25,00,000
<b>Retained earnings</b>		
Opening balance	(1,31,48,267)	
Share issue expenses net of taxes	(8,78,370)	(69,04,700)
Add: Loss for the period	(2,37,31,208)	(62,43,567)
Add: Other comprehensive loss	(1,42,279)	
<b>Total</b>	<b>(3,79,00,124)</b>	<b>15,93,51,733</b>

**Non - current liabilities**

**11 Financial liabilities**

**11.1 Other financial liabilities**

<b>Particulars</b>	<b>2018</b>	<b>2017</b>
RFP deposit received	10,04,899	-
<b>Total</b>	<b>10,04,899</b>	<b>-</b>

Note: Deposits are measured at fair value using effective interest rate method, at discounting rate of 6.5% which is the average FD rate in the market and the deposits are discounted over the period of the contract.

**12 Provisions (non-current)**

<b>Particulars</b>	<b>2018</b>	<b>2017</b>
Provision for gratuity	3,51,176	29,174
Provision for leave encashment	14,07,517	
<b>Total</b>	<b>17,58,693</b>	<b>29,174</b>

**Current liabilities**

**13 Financial liabilities**

**13.1 Trade payables**

<b>Particulars</b>	<b>2018</b>	<b>2017</b>
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than Micro and small enterprises		
Related Parties	-	-
Others		
Creditors for supplies & services	5,48,08,543	14,53,812
Creditors for expenses	8,43,140	3,69,913
<b>Total</b>	<b>5,56,51,683</b>	<b>18,23,725</b>

Note: According to the data available with the company there are no parties who are registered as micro and small enterprises under the "The Micro, Small and Medium Enterprises Act, 2006" to whom the Company has paid interest for delayed payment or any such interest is payable on balances outstanding as at March 31, 2018.

**14 Other current liabilities**

<b>Particulars</b>	<b>2018</b>	<b>2017</b>
Statutory Liabilities	75,61,347	10,59,838
Deferred income	3,72,118	
Reimbursements payable	1,800	
Honorarium payable	18,000	
<b>Total</b>	<b>79,53,265</b>	<b>10,59,838</b>

**15 Provisions (current)**

<b>Particulars</b>	<b>2018</b>	<b>2017</b>
Provision for expenses	1,25,49,359	-
Provision for current tax	2,49,228	
Provision for gratuity	4,702	977
Provision for leave encashment	1,03,898	-
<b>Total</b>	<b>1,29,07,187</b>	<b>977</b>

**National E-Governance Services Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless otherwise stated)

**16 Revenue from operations**

Particulars	2018	2017
IU fee* <sup>1</sup>	63,640	-
Technical fee	76,500	-
Sale of services	64,96,144	-
<b>Total</b>	<b>66,36,284</b>	<b>-</b>

\*1 In line with the policy IU Fee, revenue for the record submitted by clients towards the end of year is not recognised

**17 Other income**

Particulars	2018	2017
Interest on Fixed Deposits	4,04,10,345	1,03,28,893
Interest on security deposits	9,629	-
Gain on redemption of Mutual Funds-Current Investments	53,89,851	23,773
Gain on restatement of mutual funds at fair value	7,49,132	2,76,481
Miscellaneous Income	95,885	-
<b>Total</b>	<b>4,66,54,842</b>	<b>1,06,29,147</b>

**18 Cost of services**

Particulars	2018	2017
IU annual fee	50,00,000	-
IU technology expenses	50,34,853	-
Offsite data entry & cropping work	4,05,226	-
Onsite data entry & cropping work	16,26,673	-
Subscription charges for trackwizz CKYC	28,30,226	-
Other operating expenses	8,08,267	-
<b>Total</b>	<b>1,57,05,245</b>	<b>-</b>

**19 Employee benefit expenses**

Particulars	2018	2017
Salary & Allowances	3,15,61,198	49,66,710
Contribution to Provident Fund & Superannuation Fund	21,82,183	4,84,420
Gratuity expense	1,34,105	30,151
Leave encashment and compensated leave benefits	15,11,415	-
Staff Welfare Expenses	15,27,441	1,86,411
<b>Total</b>	<b>3,69,16,342</b>	<b>56,67,692</b>

**20 Finance costs**

Particulars	2018	2017
Interest expense on security deposit received	5,340	-
<b>Total</b>	<b>5,340</b>	<b>-</b>

**21 Other expenses**

Particulars	2018	2017
Rent	29,79,459	11,43,442
Repairs and maintenance	12,45,958	1,06,373
Subscription, rates and taxes	4,34,130	63,500
Professional charges	41,64,350	25,12,550
Communication expenses	5,69,898	1,11,429
Advertisement and business promotion	12,55,562	5,17,582
Auditors' remuneration		
Statutory audit	3,00,000	57,500
Secretarial audit	2,00,000	-
Internal audit	13,00,000	-
Travelling, boarding and conveyance	76,06,968	41,95,448
Directors' sitting fees	18,75,000	8,00,000
Preliminary expenses written off	1,85,469	42,23,336
Miscellaneous/administrative expenses	63,04,281	88,126
<b>Total</b>	<b>2,84,21,075</b>	<b>1,38,19,286</b>

Note: GST related to these expenses are classified as a part of GST input credit (Note 8 - Other current assets)

**National E-Governance Services Limited****Notes to the consolidated financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless otherwise stated)

**22 Related party disclosures**

Names of related parties where control exists irrespective of whether transactions have occurred or not:

Subsidiaries : NESL Asset Data Ltd  
NESL E-Infrastructure Ltd

Key management personnel : Mr. S. Ramann, Managing Director  
Mr. S. Raghunathan, Executive Director  
Ms. S. Padmavathy, Company Secretary

Details of transactions entered into with related parties along with balances as at year end are as given below:

Particulars	Key management personnel		Total	
	2018	2017	2018	2017
<b>A. Transactions during the year</b>				
<b>Remuneration*</b>				
Mr. S. Ramann	43,33,720	14,53,042	43,33,720	14,53,042
Mr. S. Raghunathan	44,79,177	20,01,667	44,79,177	20,01,667
Ms. S. Padmavathy	5,83,055	55,702	5,83,055	55,702
	<b>93,95,952</b>	<b>35,10,411</b>	<b>93,95,952</b>	<b>35,10,411</b>

\*The remuneration to key managerial personnel does not include the provisions made for gratuity and compensated absences, as they are determined on an

**B. Balances outstanding as at year end**

Particulars	Key management personnel		Total	
	2018	2017	2018	2017
<b>Remuneration</b>				
Mr. S. Ramann	-	-	-	-
Mr. S. Raghunathan	-	-	-	-
Ms. S. Padmavathy	-	-	-	-
	-	-	-	-

**National E-Governance Services Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless otherwise stated)

**23 First time adoption of Ind AS**

These consolidated financial statements, for the year ended March 31, 2018, are the first consolidated financial statements of the Group and are prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its standalone financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). Accordingly, the Company has prepared these standalone Ind AS financial statements which comply with applicable Ind AS for year ended on March 31, 2018, together with the comparative period as at and for the year ended March 31, 2017, as described in the summary of significant accounting policies. Since the Company was incorporated on June 26, 2016, the Company's date of transition to Ind AS is April 1, 2017. This note explains the principal adjustments made by the Company in restating its first balance sheet as at March 31, 2017 under previous GAAP.

**Exemptions applied**

- i) As per Ind AS 101, the Company has elected to measure all of its property, plant and equipment and intangibles at their carrying value as recognised in the standalone financial statements as on the date of transition to Ind AS, as per the Previous GAAP and has used that as its deemed cost as on the date of transition.
- ii) The Company has elected to measure its investments in subsidiaries using the Previous GAAP carrying amount as deemed cost as on the date of transition to Ind AS.

**Reconciliation of equity as on April 1, 2017 (date of transition to Ind AS)**

Particulars	Note	As per GAAP	Adjustments	As per Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, Plant & Equipment		7,78,482	-	7,78,482
Intangible assets		16,743	-	16,743
<b>Financial assets</b>				
Investments	Adj 1 & Rc 1	-	51,19,500	51,19,500
Deferred tax assets (net)	Adj 2	11,18,257	16,47,145	27,65,402
<b>Current assets</b>				
<b>Financial assets</b>				
Investments	Adj 3 & Rc 1	1,98,23,773	(48,43,019)	1,49,80,754
Cash and cash equivalents		39,09,60,521	-	39,09,60,521
Other financial assets	Rc 2	-	11,04,224	11,04,224
Other current assets	Rc 2	23,44,045	(11,04,224)	12,39,821
		<b>41,50,41,821</b>	<b>19,23,626</b>	<b>41,69,65,447</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital		25,47,00,000	-	25,47,00,000
Other equity	Adj 6 & Rc 3	15,74,58,258	18,93,475	15,93,51,733
<b>Current Liabilities</b>				
Provisions	Adj 4	-	29,174	29,174
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
Trade payables		18,23,725	-	18,23,725
Other current liabilities		10,59,838	-	10,59,838
Provisions	Adj 5	-	977	977
		<b>41,50,41,821</b>	<b>19,23,626</b>	<b>41,69,65,447</b>

**National E-Governance Services Limited****Notes to the standalone Ind AS financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, otherwise expressly stated)

**Reconciliation of total comprehensive income for the year ended March 31, 2017**

<b>Particulars</b>	<b>Note</b>	<b>Amount</b>
<b>Total comprehensive income under previous GAAP</b>		(1,50,41,742)
<b>Ind AS adjustments</b>		
Gratuity expense	Adj 4 & Adj 5	(30,151)
Restatement of mutual funds at fair value	Adj 1 & Adj 3	2,76,481
Deferred tax effect of the same ( a&b)	Adj 2	(76,116)
Deferred tax on carried forward tax losses	Adj 2	17,23,261
Reclassification of share issue expenses to retained earnings	Rc 3	69,04,700
<b>Total comprehensive income under Ind AS</b>		<b>(62,43,567)</b>

**Notes on reclassification and adjustments****Investments - Non current ( Adj 1 and Rc 1)**

Adj 1 : Mutual funds are restated at fair value under Ind AS. Under the previous GAAP, these were stated at cost, impact of the adjustment is

Rc1: Certain closed mutual fund, of Rs 50 lakhs have a lock in period beyond 12 months of financial year end are classified as non-current

**Deferred taxes ( Adj 2)**

Deferred taxes on adjustments related to fair valuation of mutual funds and actuarial gains related to gratuity ( Adj 1 and Adj 5). Deferred tax asset is created for Rs. 17,23,261/- on carried forward tax losses, which was not provided under previous GAAP.

**Investments - current ( Adj 3 and Rc 1)**

Adj 3 : Mutual funds are restated at fair value under Ind AS. Under the previous GAAP, these were stated at cost, impact of the adjustment is Rs 156981 on account fair value restatement, taken to profit and loss account

Rc1: Mutual fund which are realised within 12 months of financial year end continue to be classified as current

**Other financial assets and other current assets (Rc2)**

Rc2: Accrued interest income, Rs 11,04,224, is considered a financial asset under IndAS is reclassified as Other financial assets. Under the previous GAAP there was no such distinction ( financial Vs non-financial assets).

**Provisions- non- current ( Adj 4)**

Adj 4: The actuarial gain and loss on non-current portion gratuity provision existing as on transition date. The current year remeasurment appears as a separate line item in statement of profit and loss and other comprehensive income

**Provisions -current ( Adj 5)**

Adj 5: The actuarial gain and loss on current portion of gratuity provision existing as on transition date. The current year remeasurment appears as a separate line item in statement of profit and loss and other comprehensive income

**Other equity ( Adj 6)**

Adj 6: Is impact on equity and sum total of all adjustments

Rc 3: Share issue expenses being transaction costs related to equity issued at par, are classified as part of equity net of taxes (under retained earnings) under Ind AS, whereas they were part of profit and loss statement in the previous GAAP, Rs 69,04,700

**Statement of Cash flows**

The transition from Previous GAAP to Ind AS did not have a material impact on statement of cash flows.

**National E-Governance Services Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless otherwise stated)

**24 Gratuity plan**

The following table sets out the status of the unfunded gratuity plan as required by Ind AS 19 - 'Employee benefits'.

<b>Amount Recognized in Statement of Financial Position at Period-End</b>	<b>2018</b>	<b>2017</b>
Present Value of Funded Defined Benefit Obligation	3,55,878	30,151
Fair value of Plan Assets	-	-
Present Value of Unfunded Defined Benefit Obligation	3,55,878	30,151
Unrecognised Asset due to the Asset Ceiling	-	-
<b>Net Defined Benefit (Asset)/Liability Recognised in Statement of Financial Position</b>	<b>3,55,878</b>	<b>30,151</b>

<b>Net Defined Benefit Cost/(Income) included in Statement of Profit &amp; Loss at Period-End</b>	<b>2018</b>	<b>2017</b>
Service Cost	-	-
Net Interest Cost	90,185	30,151
Past Service Cost	5,554	-
Administration Expenses	38,366	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
<b>Total Defined Benefit Cost/(Income) included in Profit &amp; Loss</b>	<b>1,34,105</b>	<b>30,151</b>

<b>Current / Non-Current Bifurcation</b>	<b>2018</b>	<b>2017</b>
Current Benefit Obligation	4,702	3-Sep-02
Non - Current Benefit Obligation	3,51,176	29,174
<b>(Asset)/Liability Recognised in the Balance Sheet</b>	<b>3,55,878</b>	<b>30,151</b>

<b>Actual Return on Plan Assets</b>	<b>2018</b>	<b>2017</b>
Interest Income on Plan Assets	-	-
Remeasurements on Plan Assets	-	-
<b>Actual Return on Plan Assets</b>	<b>-</b>	<b>-</b>

<b>Analysis of Amounts Recognised in Other Comprehensive (Income)/Loss at Period-</b>	<b>2018</b>	<b>2017</b>
Amount recognized in OCI, Beginning of Period	-	-
<b>Remeasurements due to :</b>		
Effect of Change in financial assumptions	-14,313	-
Effect of Change in demographic assumptions	-	-
Effect of experience adjustments	2,05,935	-
(Gain)/Loss on Curtailments/Settlements	-	-
Return on plan assets (excluding interest)	-	-
Changes in asset ceiling	-	-
<b>Total remeasurements recognized in OCI</b>	<b>1,91,622</b>	<b>-</b>
<b>Amount recognized in OCI, End of Period</b>	<b>1,91,622</b>	<b>-</b>

<b>Total Defined Benefit Cost/(Income) included in Profit &amp; Loss and Other Comprehensive Income</b>	<b>2018</b>	<b>2017</b>
Amount recognized in P&L, End of Period	1,34,105	30,151
Amount recognized in OCI, End of Period	1,91,622	-
<b>Total Net Defined Benefit Cost/(Income) Recognized at Period-End</b>	<b>3,25,727</b>	<b>30,151</b>

<b>Change in the Unrecognised Asset due to the Asset Ceiling During the Period</b>	<b>2018</b>	<b>2017</b>
Unrecognised Asset, Beginning of Period	-	-
Interest on Unrecognised Asset Recognised in P&L	-	-
Other changes in Unrecognised Asset due to the Asset Ceiling	-	-
<b>Unrecognised Asset, End of Period</b>	<b>-</b>	<b>-</b>

**National E-Governance Services Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless otherwise stated)

<b>Change in Defined Benefit Obligation during the Period</b>	<b>2018</b>	<b>2017</b>
Defined Benefit Obligation, Beginning of Period	30,151	-
Net Current Service Cost	90,185	30,151
Interest Cost on DBO	5,554	-
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	1,91,622	-
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture	-	-
Benefits Paid	-	-
Past Service Cost	38,366	-
Losses / (Gains) on Curtailments/Settlements	-	-
<b>Defined Benefit Obligation, End of Period</b>	<b>3,55,878</b>	<b>30,151</b>

<b>Change in Fair value of Plan Assets during the Period</b>	<b>2018</b>	<b>2017</b>
Fair value of Plan Assets, Beginning of Period	-	-
Interest Income Plan Assets	-	-
Actual Company Contributions	-	-
Actual Plan Participants' Contributions	-	-
Actual Taxes Paid	-	-
Actual Administration Expenses Paid	-	-
Changes in Foreign Currency Exchange Rates	-	-
Actuarial Gains/(Losses)	-	-
Benefits Paid	-	-
Acquisition/Business Combination/Divestiture	-	-
Assets extinguished on Settlements/Curtailments	-	-
Fair value of Plan Assets, End of Period	-	-

<b>Reconciliation of Balance Sheet Amount</b>	<b>2018</b>	<b>2017</b>
Balance Sheet (Asset)/Liability, Beginning of Period	30,151	-
True-up	-	-
Total Charge/(Credit) Recognised in Profit and Loss	1,34,105	30,151
Total Remeasurements Recognised in OC (Income)/Loss	1,91,622	-
Acquisitions/Business Combinations/Divestitures	-	-
Actual Employer Contribution	-	-
Other Events	-	-
<b>Balance Sheet (Asset)/Liability, End of Period</b>	<b>3,55,878</b>	<b>30,151</b>

<b>Financial Assumptions Used to Determine the Defined Benefit Obligation</b>	<b>2018</b>	<b>2017</b>
Discount Rate	7.87%	7.43%
Salary Escalation Rate	8%	8%

<b>Financial Assumptions Used to Determine the Profit &amp; Loss Charge</b>	<b>2018</b>	<b>2017</b>
Discount Rate	7.87%	7.43%
Salary Escalation Rate	8%	8%
Expected Return on Plan Assets	N.A.	N.A.

<b>Demographic Assumptions Used to Determine the Defined Benefit Obligation</b>	<b>2018</b>	<b>2017</b>
Withdrawal Rate	5.00%	5.00%
Mortality Rate	IALM (2006-08) Ult	IALM (2006-08) Ult
Retirement Age	60 years	60 years

**National E-Governance Services Limited**  
**Notes to the consolidated financial statements for the year ended March 31, 2018**  
 (All amounts are in Indian rupees, unless otherwise stated)

**25 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements**

Name of the entity	Net assets		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	as % of consolidated net assets	Amount	as % of consolidated profit and loss	Amount	as % of consolidated other comprehensive income	Amount	as % of consolidated total comprehensive income	Amount
National E-Governance Services Limited	94.75	71,26,49,298	99.30	(2,35,64,856)	100	(1,42,279)	99.30	(2,37,07,135)
<b>Subsidiaries</b>								
NESL Asset Data Limited	3.89	2,92,25,303	(1.51)	3,58,182	-	-	(1.50)	3,58,182
NESL E-infrastructure Limited	1.36	1,02,25,274	2.21	(5,24,534)	-	-	2.20	(5,24,534)
<b>Sub total</b>	<b>100</b>	<b>75,20,99,875</b>	<b>100</b>	<b>(2,37,31,208)</b>	<b>100</b>	<b>(1,42,279)</b>	<b>100</b>	<b>(2,38,73,487)</b>
Adjustment arising out of consolidation		(4,00,00,000)						
<b>Total</b>		<b>71,20,99,875</b>		<b>(2,37,31,208)</b>		<b>(1,42,279)</b>		<b>(2,38,73,487)</b>

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**National E-Governance Services Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2018**

(All amounts are in Indian rupees, unless otherwise stated)

26 The carrying value and fair value of financial instruments by categories as at 31st March 2018 are as follows.

Particulars	Note	Carrying value	Fair value	Carrying value	Fair value
		2018	2018	2017	2017
<b>Financial assets</b>					
<b>Amortised cost</b>					
Cash and cash equivalents	7.3	59,42,49,414	59,42,49,414	39,09,60,521	39,09,60,521
Trade receivables	7.2	57,87,751	57,87,751	-	-
Other financial assets	7.4	69,81,096	69,81,096	11,04,224	11,04,224
<b>Fair value through profit and loss (FVPTL)</b>					
Investments in mutual funds (quoted)	5.1 & 7.1	8,38,02,242	8,38,02,242	2,01,00,254	2,01,00,254
Other financial assets (Security deposits)	5.2	3,27,056	3,27,056	-	-
<b>Total financial assets</b>		<b>69,11,47,559</b>	<b>69,11,47,559</b>	<b>41,21,64,999</b>	<b>41,21,64,999</b>
<b>Financial liabilities</b>					
<b>Amortised cost</b>					
Trade payables	13.1	5,56,51,684	5,56,51,684	18,23,725	18,23,725
<b>Fair value through profit and loss (FVPTL)</b>					
Other financial liabilities (Security deposits)	11.1	10,04,899	10,04,899	-	-
<b>Total financial liabilities</b>		<b>5,66,56,583</b>	<b>5,66,56,583</b>	<b>18,23,725</b>	<b>18,23,725</b>

27 **Fair value hierarchy**

This explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair values the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

All assets and liabilities for which fair value is measured or disclosed in the standalone Ind AS financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Note: There are no financial assets or financial liabilities which are measured at fair value in the Company.

27.1 **Financial assets and liability measured at fair value - recurring fair value measurement as at 31st March 2018**

Particulars	Note	Fair value measurement using			
		Total	Level 1	Level 2	Level 3
<b>Assets measured at fair value:</b>					
Investments in mutual funds (quoted)		8,38,02,242	8,38,02,242	-	-
Other financial assets (Security deposits)		3,27,056	-	3,27,056	-
<b>Liabilities measured at fair value:</b>					
Other financial liabilities (Security deposits)		10,04,899	-	10,04,899	-

27.2 **Financial assets and liability measured at fair value - recurring fair value measurement as at 31st March 2017**

Particulars	Note	Fair value measurement using			
		Total	Level 1	Level 2	Level 3
<b>Assets measured at fair value:</b>					
Investments in mutual funds (quoted)		2,01,00,254	2,01,00,254	-	-

27.3 **Specific valuation techniques used to value the above financial instruments include**

- 1) The use of quoted market prices
- 2) The security deposits are discounted over the period of the contract using a rate of 6.5%, the average FD rate in the market.

27.4 **Financial risks and management and maturity profile**

Financial assets are periodically reviewed for credit, liquidity and market risks. Cash and cash equivalents are deposits with Canara Bank, Bank of Baroda and SBI, listed public sector undertakings, and carry negligible risks except concentration risk. The banks are majority owned by Indian Government; credit and liquidity risks are assessed as negligible and do not warrant an elaborate risk management strategy for the risks (credit, liquidity and concentration) except balance confirmations done periodically. Trade receivables carry liquidity risks. Other financial assets consists of accrued interest (on deposits with Canara Bank and SBI) which carry same risks as cash and cash equivalents and unbilled revenue which carries liquidity risk. Investments contain investment in mutual fund (Debt or liquid funds) which carry interest rate risks. The company reviews its investments in mutual fund and its performance periodically to guard against interest risk by reallocating such investments to other alternatives including cash.

28 Previous year represents the period from June 24 2016 to March 31 2017 and hence figures for the current year may not be considered strictly comparable. Previous year's figures have been regrouped, recast, reclassified suitably to correspond with current year figures.

29 **Other notes accompanying the standalone financial statements**

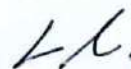
- i) The Company is maintaining the books of accounts at its administrative office in Bangalore as addressed to the head of Company.
- ii) There are no transactions in foreign currency.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES  
ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL E-  
GOVERNANCE SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2018**

The preparation of consolidated financial statements of National E-Governance Services Limited for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129 (4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 7<sup>th</sup> September 2018.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the consolidated financial statements of National E-Governance Services Limited for the year ended 31 March 2018 under section 143(6)(a) read with section 129 (4) of the Act.

For and on the behalf of the  
Comptroller and Auditor General of India



(Guljari Lal)

Director General of Commercial Audit and  
ex-officio Member, Audit Board-I, Mumbai

Place : Mumbai

Date : 17/09/2018