



NATIONAL E-GOVERNANCE SERVICES LIMITED

THIRD ANNUAL REPORT  
2018-19

Regd. Office : 4<sup>th</sup> floor, Gresham Assurance House, Sir P M Road, Fort, Mumbai-400001.  
Phone 022-62606655 Email: [nesl@nesl.co.in](mailto:nesl@nesl.co.in) CIN U72900MH2016GOI282855  
Website: [www.nesl.co.in](http://www.nesl.co.in)

3<sup>rd</sup> Annual General Meeting

Date: 7<sup>th</sup> September, 2019

Day: Saturday

Time: 3.00 PM

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# BOARD OF DIRECTORS

## **SARVASHRI**

T.S. VISHWANATH  
PROF. SADAGOPAN  
DR. NIVEDITA HARAN  
R GANDHI  
PARTHA PRATIM SENGUPTA  
G S CHAWLA  
ANINDYA BANERJEE  
S. RAMANN

CHAIRMAN & INDEPENDENT DIRECTOR  
INDEPENDENT DIRECTOR  
INDEPENDENT DIRECTOR  
INDEPDNENT DIRECTOR  
NOMINEE OF SBI  
NOMINEE OF LIC  
NOMINEE OF ICICI BANK  
MANGING DIRECTOR & CEO

## **Key Managerial Personnel**

Vinod Shenoy M	Chief Financial Officer
C Mruthunjaya Murthy	Company Secretary & Legal Counsel
N Mohanram	Chief Technology Officer

## **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 Third Annual General Meeting of the members of **National E-Governance Services Limited (CIN: U72900MH2016GOI282855)** will be held on **Saturday, 7<sup>th</sup> of September, 2019 at 3.00PM** 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 Financial Statements for the financial year ended 31 March, 2019:**

To receive, consider and adopt the Audited Financial Statements (Standalone) of the Company including Audited Balance Sheet as at 31<sup>st</sup> March, 2019 and the Statement of Profit and Loss, Cash Flow Statement for the Financial Year ended March 31, 2019 and the Reports of the Board of Directors and the Auditors thereon.

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

#### **Adoption of Audited Consolidated Financial Statements for financial year ended 31 March, 2019**

To receive, consider and adopt the Audited Financial Statements (Consolidated) of the Company including Audited Balance Sheet as at 31<sup>st</sup> March, 2019 and the Statement of Profit and Loss, Cash Flow Statement for the Financial Year ended March 31, 2019 and the Reports of the Auditors thereon

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

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

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

#### **Approval of Remuneration of Statutory Auditors appointed by C&AG for the financial year 2019-20**

**“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 remuneration of Rs. 2,00,000/- (Rupees Two Lakhs) p.a. payable in one or more instalments plus GST as applicable, and reimbursement of out-of-pocket expenses incurred, to M/s. Abarna & Ananthan Chartered Accountants, (Firm Registration No. BA0245) appointed as Statutory Auditors of the Company by the Comptroller and Auditor General (C&AG) of India vide their letter dated 1<sup>st</sup> August, 2019, to conduct the audit for the financial year 2019-20.

Date: 14 <sup>th</sup> August, 2019 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 Mruthunjaya Murthy</b> <b>Company Secretary</b> <b>ACS: 11766</b>

**NOTES:**

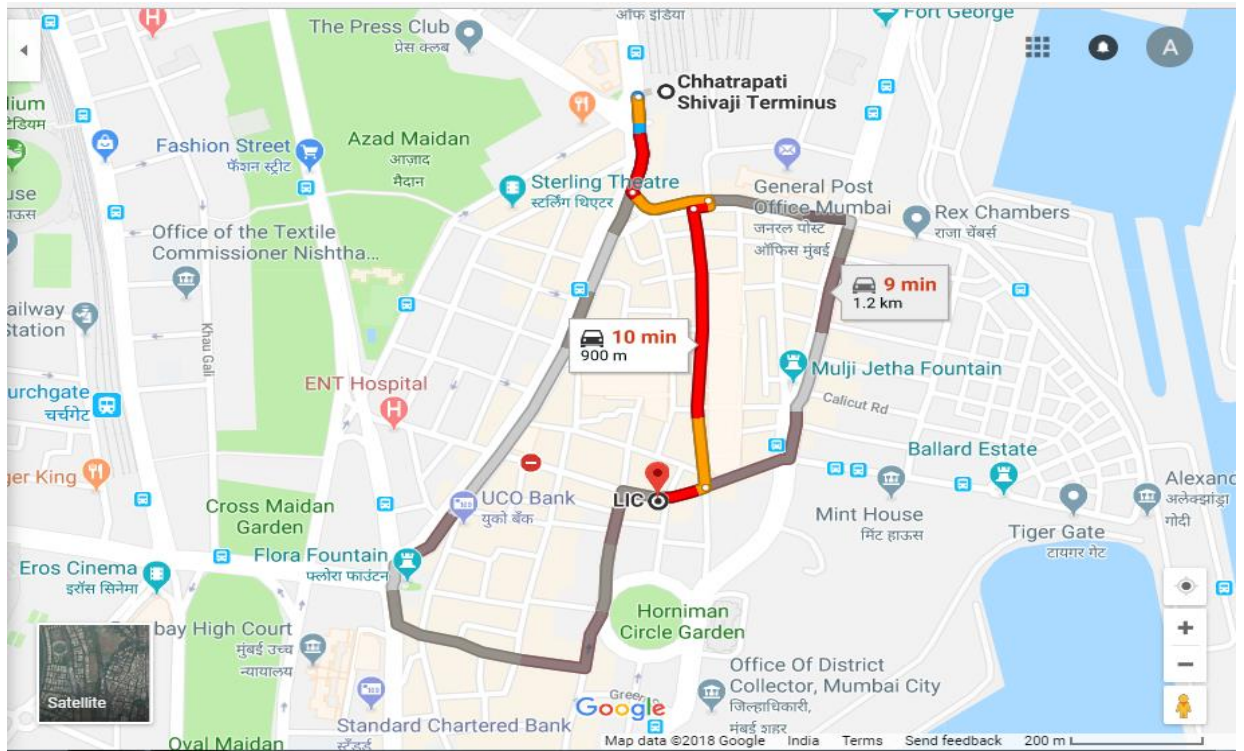
1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ~~ON POLL~~ ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

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. A member 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 2019-20.
4. The report from the Comptroller and Auditor General of India, is attached along with the 3<sup>rd</sup> Annual Report of the company.

Date: 14 <sup>th</sup> August, 2019 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 Mruthunjaya Murthy</b> <b>Company Secretary</b> <b>ACS: 11766</b>

## Route Map:





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 3rd AGM of the Company, to be held on Saturday, 7<sup>th</sup> September, 2019 at 3.00 PM at the 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 (Standalone)			
2	Adoption of financial statements ( Consolidated)			
3	Re-appointment of Shri. G S Chawla, Director who retires by rotation and being eligible offers himself for reappointment.			
4	Appointment of Auditors			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

<p>Affix revenue stamp of not less than Re 1</p>
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\_\_\_\_\_  
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 5<sup>th</sup> September, 2019, at 3 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. 022-62606655 Email [nesl@nesl.co.in](mailto:nesl@nesl.co.in) website [www.nesl.com](http://www.nesl.com)

3<sup>rd</sup> Annual General Meeting –7<sup>th</sup> September, 2019

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 3<sup>rd</sup> Annual General Meeting of the Company at its Registered Office on 7<sup>th</sup> September, 2019 at 3.00 p.m.

\_\_\_\_\_  
Name of the member/proxy

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

(in BLOCK letters)

*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.*

## DIRECTOR'S REPORT

To the Members,

Your Directors are pleased to present the third Annual Report of **National E-Governance Services Ltd.**(CIN: U72900MH2016GOI282855) ("**The Company**" or "**NeSL**") along with the audited financial statements (Standalone) and Consolidated for the NeSL Group for the financial year ended March 31, 2019

### STATEMENT OF AFFAIRS

(in INR THOUSANDS.)

Particulars	STANDALONE		CONSOLIDATED	
	2018-19	2017-18	2018-19	2017-18
Gross revenue from operations	73,943	140	80,530	6,636
Total expenditure before finance cost, depreciation (net of expenditure transferred to capital)	1,31,215	73,331	1,42,614	81,042
Operating Profit	(57,272)	(73,191)	(62,084)	(74,406)
Add: Other income	40,911	45,559	43,112	46,655
Profit before finance cost, depreciation, exceptional items and taxes	(16,361)	(27,632)	(189,72)	(27,751)
Less: Finance costs	66	5	66	5
Profit before depreciation, exceptional items and taxes	(16,427)	(27,537)	(19,038)	(27,756)
Less: Depreciation	18,078	3,659	18,096	3,659
Profit/(Loss) before exceptional items & tax	(34,505)	(31,296)	(37,134)	(31,415)
Add/(Less): Exceptional Items		-		-
Profit before taxes	(34,505)	(31296)	(37,134)	(31,415)
Less: Tax Expense				
Current Tax	-	-	111	(403)
Deferred Tax	8,934	7,731	9,525	8,087
Net Profit/(Loss) for the Period	(25,571)	(23,565)	(27,498)	(23,731)
<b>Other comprehensive income (OCI)</b>				
Re-measurements of defined benefit plan actuarial Gains/Losses	(34)	(192)	(34)	(192)
Deferred tax	9	49	9	49
Total comprehensive loss for the year	(25)	(143)	(25)	(143)
Total Comprehensive Loss for the period	(25,596)	(23,708)	(27,523)	(23,874)
Earnings Per Share: Basic & Diluted	(0.34)	(0.35)	(0.37)	(0.36)

### Performance Outlook :

The Company's established Information Utility (IU) Services can be accessed through its web portal or other specialized means provided to financial institutions. The IU Services are open to all hues of creditors or any other party to a financial debt that may desire to submit data on IU as also to operational creditors. The IU services are being actively used by Banks and financial institutions for loans provided by them to Corporates, non-corporate businesses and Individuals with requests being sent out to them for subsequent authentication.

Your Company during the year under review brought on board 21 Public Sector and 40 Private Sector banks and 112 NBFCs by entering into agreements for availing its IU services,

of which 114 entities have filed information in the IU. The total number of loan records in respect of corporate borrowers as on 31 March, 2019 stood at 19.55 lakhs, which represented substantial portion of Corporate debt granted by the Banking Sector signifying success of the Insolvency and Bankruptcy Code (IBC) initiative of the Government of India.

The company during the year under review earned an operating revenue of Rs. 7.39 crore and an interest income on the deposits of Rs. 4.09 crore. Your Directors are satisfied that the company's operations have stabilized and performance shall continue to excel in the years to come barring unforeseen circumstances

**Change in the nature of Business:**

There has been no change in the nature of business of the Company during the year.

**Dividend:**

In view of the loss incurred during the year under review, your Directors are unable to recommend any Dividend.

**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 did not issue any equity shares or any equity share 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:**

The company has two wholly owned subsidiaries in which it holds investment by way of their respective Share Capital as under:

(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 has 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/investment with scheduled banks/mutual funds.

**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:**

Following are the two wholly owned subsidiary companies

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

NADL seeks to enter the business of Asset Aggregation of Financial Assets (Bank deposits, Insurance Policies, Capital Market Instruments, MF schemes, Pension Funds, etc)

The subsidiary Company (NADL) is in the process of seeking resitration as an NBFC Account Aggregator with the Reserve Bank of India (RBI) and the RBI vide its letter dated 20<sup>th</sup> November 2017, granted an in-an principle approval and has since further granted extension for completion of the requirements of registration.

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

NEIL was incorporated with an objective of delivering e-governance services across various business segments like Aadhaar, eKYC, e-sign platform and related services. NEIL as of 31st March 2019 has 3 entities which have been on boarded to provide the OKYC, E-Sign and allied activities. During the year under review the company has generated revenue from its operations of Rs. 65.87 Lakhs and earned an interest income of Rs. 4.45 Lakhs and incurred a loss of Rs. 1.28 lakhs.

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 occurred during the year.

1. Shri. N. Rangachary, Chairman of the Board resigned as Chairman and Independent Director vide his letter dated 13 October, 2018 due to changes in the Regulatory framework made effective from 11 October, 2018. Your Board places on record its deep sense of appreciation for the visionary leadership and yeoman efforts of Shri. N. Rangachary, as founder chairman.
2. Shri. T S Vishwanath, Independent Director was elected as the Chairman by the Board Members in their meeting held on 28 January, 2019
3. Shri. Y M Deosthalee, Independent Director resigned from the office for his personal reasons, with effect from 20<sup>th</sup> December, 2018. The Board placed on record its appreciation for the valuable contribution made by Shri. Deosthalee during his tenure as Independent Director.
4. The State Bank of India (SBI) substituted its nominee (Shri. Karnam Sekar) with ShriPartha Pratim Sengupta effective from 3rd November, 2018 . Your Board places on record its appreciation for the contribution made by Shri. Karnam Sekar during his tenure as director of the company.
5. The ICICI Bank (ICICI) substituted its nominee (Shri. P Sanker) Nominee Director with Shri. Anindya Banerjee effective from 16<sup>th</sup> January, 2019. Your Board places on record its appreciation for the contribution made by Shri. P. Sanker during his tenure as director of the company.

6. As required under the IU Regulations issued by IBBI Prof. S. Sadgopan and Dr. Nivedita Haran are completing their tenure of three years as independent directors and your board has decided to seek approval of IBBI for continuance of their appointment for the further period of 3 years having regard to the immense contribution made by them. The said Directors were appointed for a term of five years in consonance with the provisions of the Companies Act.

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

The Company has received the necessary declaration from each of the ID in accordance with Section 149(7) of the Companies Act, 2013 (Act) that he/she meets the criteria of independence as laid out 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 required policies put in place, are considered reasonably 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 (Act) on Corporate Social Responsibility do not apply to your company. As a responsible participant in the economy your company shall take

appropriate initiatives for compliance and implementation of Corporate Social Responsibility immediately upon falling within the ambit of the limits stipulated under the Act.

**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 27<sup>th</sup> July, 2018, 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, 2019 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 2019-20. 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 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. 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 2018-19. 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/qualification or any disclaimers on the financial statements, 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 is posted on the website of the company at [www.nesl.co.in](http://www.nesl.co.in).

#### 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 wish to bring out the following report.

#### 1. Board Aspects:

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

The Board 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.	R Gandhi	Independent Director	03341633	17/04/2018
7.	P Sanker***	Nominee Director (ICICI)	00008187	18/01/2017
8.	Anindya Banerjee	Nominee Director (ICICI)	08235110	16/01/2019
9.	G S Chawla	Nominee Director (LIC)	07534356	07/07/2016
10.	Karnam Sekar***	Nominee Director (SBI)	07400094	07/07/2016
11.	Partha Pratim Sengupta	Nominee Director (SBI)	08273324	03/11/2018
12.	S Ramann	Managing Director & CEO	07685657	01/12/2016

- Shri. Rangachary resigned from the Directorship effective 13 October, 2018.

- Shri. Y M Deosthalee resigned from the Directorship effective 20<sup>th</sup> December, 2018.
- ICICI Bank Ltd substituted its nominee Shri. P Sanker with Shri. Anindya Banerjee effective 16<sup>th</sup> January, 2019.
- State Bank of India (SBI) substituted its nominee Shri. Karnam Sekar with Shri. Partha Pratim Sengupta effective 25 October, 2018.

### 1.2. KMPs of the company:

Sl No	Name of KMP	Designation	Date of Appointment	Date of Resignation
1.	S. Ramann	Managing Director & CEO	1/12/2016	-
2.	Mruthunjaya Murthy	Company Secretary & Legal Counsel	04/06/2018	-
3.	Vinod Shenoy M	Chief Financial Officer	11/07/2018	-

### 1.3. Meetings of the Board:

The Board met seven times during the financial year :

Sl No	Date of Meeting	No of Directors eligible to Attend	No of Directors attended	No of Directors not attended
1.	28 April, 2018	10	9	1
2.	26 May, 2018	10	6	4
3.	28 July, 2018	10	10	-
4.	25 October, 2018	8	7	1
5.	30 November 2018	8	8	-
6.	28 January, 2019	8	6	2
7.	23 March, 2019	8	6	2

### 1.4. Attendance of Directors:

Details of attendance of Directors at the Board Meetings held during the financial year 2018-19 are provided below:

Sl No	Name of Director	Designation	No of Meetings attended
1.	N Rangachary (till 13 October, 2018)	Independent Director	3
2.	N Haran	Independent Director	7
3.	S Sadagopan	Independent Director	5
4.	T S Vishwanath	Independent Director	7
5.	Y M Deosthalee (till 03 January, 2019)	Independent Director	1
6.	R Gandhi	Independent Director	6
7.	P Sanker (till 28 January 2019)	Nominee Director (ICICI )	4
8.	G S Chawla	Nominee Director (LIC)	7
9.	Karnam Sekar (till 25 October, 2018)	Nominee Director (SBI)	1
10.	S Ramann	Managing Director & CEO	7
11.	Partha Pratim Sengupta (From 25 October, 2018)	Nominee Director (SBI)	3
12.	Anindya Banerjee (from 28 January, 2019)	Nominee Director (ICICI )	1

Also as required under the Schedule V of the Companies Act 2013, meeting of Independent Directors of the Company was held on 28 July, 2018 and was attended to by all Independent Directors.

The Annual General Meeting of the Company was held on 28 September, 2018 and following directors attended the AGM / EGM.

Sl No	Name of the Director	AGM (28 September, 2018)
1.	N Rangachary	Attended
2.	Nivedita Haran	Attended
3.	S Sadagopan	Not Attended
4.	T S Vishwanath	Attended
5.	Y M Deosthalee	Not attended
6.	P Sanker	Not Attended
7.	G S Chawla	Not Attended
8.	Karnam Sekar	Not Attended
9.	S Ramann	Attended
10.	R Gandhi	Not attended

## 2. Committees of the Board:

Your Board with a view to having efficient Corporate Governance has formed 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 January 28, 2019 and the reconstituted Committee is consisting of following members:

Sl No	Name of the Director	Designation
1.	Prof. S Sadagopan	Chairman
2.	T S Vishwanath – Chairman till January 28, 2019	Member
3.	Partha Pratim Sengupta 30 November, 2018	Member
4.	Karnam Sekar till 25 October, 2018	Member

#### 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.	28 July, 2018	3	3	-
2.	27 February, 2019	3	2	1

### 2.1.4 Attendance of Directors:

Details of attendance of Directors at the Audit Committee Meetings held during the reporting period:

Sl No	Name of Director	Designation	No of Meetings attended
1.	S Sadagopan	Independent Director	2
2.	T S Vishwanath	Independent Director	2
3.	Karnam Sekar	Nominee Director till 25 October, 2018	1
4.	Partha Pratim Sengupta	Nominee Director w.e.f 30 November, 2018	-

## 2.2. Nomination and Remuneration Committee:

### 2.2.1 Composition of the Committee:

The Nomination and Remuneration Committee of the company was reconstituted on 28 January, 2019 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.	R Gandhi w.e.f. 30 November, 2018	Member ( Independent Director)
4.	Anindya Banerjee w.e.f. 28 January, 2019	Member (Nominee Director)
5.	N. Rangachary till October 13, 2018	Member (Independent Director)

### Terms of Reference:

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;
- Review stockholder proposals relating to Board's composition and recommend an appropriate course of action;
- 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

### 2.2.2 Meetings of the Nomination and Remuneration Committee:

The Committee met thrice during the financial year :

Sl No	Date of Meeting	No of Directors eligible to Attended	No of Directors attended	No of Directors not attended
1.	April 26, 2018	4	4	-
2.	30 November, 2018	4	4	-
3.	23 March, 2019	4	3	1

### 2.2.3 Attendance of Directors:

Details of attendance of Directors at the Nomination and Remuneration Committee Meetings held during the year 2018-19, are provided below:

Sl No	Name of Director	Designation	No of Meetings attended
1.	N Haran	Independent Director	3
2.	G S Chawla	Nominee Director	3
3.	P Sanker	Nominee Director	2
4.	Anindya Banerjee	Nominee Director	1
5.	R Gandhi	Independent Director	1

Mr. Gandhi and Anindya Banerjee were inducted to the Committee effective from 30 November, 2018 and 28 January, 2019 respectively.

### 3. Evaluation:

The Board sought the feedback from Directors on various criteria to evaluate the effectiveness of its functioning, that of its committees and of individual Directors. The criteria broadly were:

- Healthy of fulfilment of key responsibilities towards stakeholders (by way of oversight of corporate governance practices, critical and objective participation in the key and strategic issues, etc.)
- The structure, composition and role clarity of the Board and Committees;
- Extent of co-ordination and cohesiveness between the Board and its Committees;
- Robustness of the deliberations; and

- Relationship between Board Members and the Management.

The Board considered and discussed the feedback received. The Board was satisfied that the evaluation process justified its confidence in its and the management's ability to discharge the duties enjoined upon them, cohesiveness inter-se amongst its members and in its healthy relationship with the management.

The Independent Directors also met once (on 28 July, 2018) and took stock of the situation/affairs of the company.

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

The Independent Directors and non-executive directors/nominee directors of your Company are not remunerated in any form except for the sitting fees paid to them for attending the Board and Committee meetings in which they are members. Further Mr. S. Ramann, the Managing Director of the Company was paid a gross remuneration of Rs. 43,02,000/- for the Financial Year 2018-19.

#### **5. Criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board, remuneration for the directors, key managerial personnel and other employees:**

- The criteria and process of Induction of Independent directors is described in the code of conduct of independent directors and published in our website: [https://www.nesl.co.in/wp-content/uploads/2019/02/Code-of-conduct-for-Independent-Directors\\_NeSL.pdf](https://www.nesl.co.in/wp-content/uploads/2019/02/Code-of-conduct-for-Independent-Directors_NeSL.pdf)
- The criteria for appointment of nominee directors and managing director, is specified in clause 18 of articles of association of the company.
- No remuneration other than sitting fees is paid to any directors other than the managing director. The Managing Director of the company is on deputation from the C & AG, hence the remuneration equal to an officer in the cadre of joint secretary to the Govt. of India is being paid along with a deputation allowance as recommended by the NRC and approved by the Board of Directors.
- The remuneration to the KMPs and other employees are governed by the HR policy of the company, followed by the approval of NRC, wherever required.

#### **ACKNOWLEDGEMENT**

Your directors place on record their sincere thanks to the 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 of India and their officials for extending support and guidance.

	<b>For and on behalf of the Board of National E-Governance Services Limited</b>
	Sd/-
Date: 30 May 2019	<b>T S Vishwanath</b>
Place: Bengaluru	<b>Chairman &amp; Independent Director</b> <b>DIN: 00023065</b>

**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.)*

Sl. No.	Particulars	NADL	NEIL
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	01-04-2018 To 31-03-2019	01-04-2018 To 31-03-2019
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	33165000	15705000
7	Total Liabilities	33165000	15705000
8	Investments	-	-
9	Turnover	-	6587000
10	Profit before taxation	(2518000)	(111000)
11	Provision for taxation	719000	(17000)
12	Profit after taxation	(1799000)	(128000)
13	Proposed Dividend	-	-
14	% of shareholding	100	100

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

- Names of subsidiaries which are yet to commence operations - NADL
- 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>
	Sd/-
Date: 30 May, 2019	<b>T S Vishwanath</b>
Place: Bengaluru	<b>Chairman &amp; Independent Director DIN: 00023065</b>

**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.

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

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

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NESL Asset Data Limited & NESL E-Infrastructure Limited Wholly Owned Subsidiaries
b)	Nature of contracts/arrangements/transaction	Providing support services
c)	Duration of the contracts/ arrangements/ transaction	1 April 2018 to 31 March 2019
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	to be billed annually: Value: NADL : 15,26,501 NEIL: 17,38,296
e)	Date of approval by the Board	18 January, 2018
f)	Amount paid as advances, if any	-

	<b>For and on behalf of the Board of National E-Governance Services Limited</b>
	Sd/-
Date: 30 May, 2019	<b>T S Vishwanath</b>
Place: Bengaluru	<b>Chairman &amp; Independent Director DIN: 00023065</b>

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

**COMPANY SECRETARIES**

**FIRM REGISTRATION NO. P1991MH040400**

10/26, Brindaban, Thane (W) – 400 601 | Tel: 25345648, 25432704 | Email: snaco@snaco.net | Website: www.snaco.net

**Form No. MR – 3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

*[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, 2019** ('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, 2019 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.

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, 2019 according to the provisions of:



# S. N. ANANTHASUBRAMANIAN & CO.

## COMPANY SECRETARIES

FIRM REGISTRATION NO. P1991MH040400

10/26, Brindaban, Thane (W) – 400 601 | Tel: 25345648, 25432704 | Email: snaco@snaco.net | Website: www.snaco.net

- 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 not 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 as effective till 09<sup>th</sup> November, 2018 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as effective from 10<sup>th</sup> November, 2018;
  - 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 – **Not applicable as the Company is not registered as a Registrar to an Issue and Share Transfer Agent during the audit period;**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;



# S. N. ANANTHASUBRAMANIAN & CO.

## COMPANY SECRETARIES

FIRM REGISTRATION NO. P1991MH040400

10/26, Brindaban, Thane (W) – 400 601 | Tel: 25345648, 25432704 | Email: snaco@snaco.net | Website: www.snaco.net

- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 as effective till 10<sup>th</sup> September, 2018 and Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 as effective from 11<sup>th</sup> September, 2018; 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;
  - d) All relevant Circulars, Notifications, Regulations and Guidelines issued by Insolvency and Bankruptcy Board of India.

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 audit period, the Company has complied with the 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 the 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 (W) – 400 601 | Tel: 25345648, 25432704 | Email: snaco@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 except where consent of Directors was received for circulation of notice, agenda and detailed notes on agenda at a shorter notice, 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;
- 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 functional heads 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; and

- As informed, the Company has not received any notice from any statutory/ regulatory authority.

**We further report that** during the audit period, there were no events/ actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.

This report is to be read with our letter of even date which is annexed as Annexure A hereto and forms an integral part of this report.

**For S. N. ANANTHASUBRAMANIAN & CO.**  
**Company Secretaries**  
**Firm Registration No. P1991MH040400**

*S. N. Ananthasubramanian*  
**S. N. Ananthasubramanian**

**Partner**

**FCS : 4206**

**COP No. : 1774**



**27<sup>th</sup> May, 2019**  
**Thane**

# S. N. ANANTHASUBRAMANIAN & CO.

## COMPANY SECRETARIES

FIRM REGISTRATION NO. P1991MH040400

10/26, Brindaban, Thane (W) – 400 601 | Tel: 25345648, 25432704 | Email: snaco@snaco.net | Website: www.snaco.net

**Annexure – A**

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.

### 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. Our Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2019 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*  
**S. N. Ananthasubramanian**  
**Partner**

**FCS : 4206**  
**COP No. : 1774**



**27<sup>th</sup> May, 2019**  
**Thane**



गोपनीय/शीघ्र डाक

संख्या: जीए/सीए-111/नैशनल ई-गवर्नेंस सर्विसेस /लेखा/2018-19/४6

सेवा में,

प्रबंध निदेशक और सीईओ  
नैशनल ई-गवर्नेंस सर्विसेस लिमिटेड  
5 वीं मंजिल स्पेंसर टावर्स,  
86, एम.जी. रोड  
बेंगलुरु - 5600 001

31 JUL 2019

विषय: 31 मार्च 2019 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 2019 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।

भवदीया

(रूप राशी)

महानिदेशक 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) 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 2019**

The preparation of consolidated financial statements of National E-Governance Services Limited for the year ended 31 March 2019 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 30 May 2019.

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 2019 under section 143(6)(a) of the Act.

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



(Roop Rashi)

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

Place : Mumbai

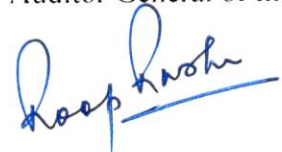
Date : 31 July 2019.

**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 2019**

The preparation of financial statements of National E-Governance Services Limited for the year ended 31 March 2019 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 30 May 2019.

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 2019 under section 143(6)(a) of the Act.

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



(Roop Rashi)

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

Place : Mumbai

Date : 31 July 2019.



Ref. :

Date :

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF NATIONAL E-GOVERNANCE SERVICES LIMITED

#### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of **National E-Governance Services Limited** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup>, March 2019, and the Statement of Profit and Loss, the Statement of changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31<sup>st</sup>, 2019, and Loss, Changes in Equity and its Cash Flows for the year ended on that date.

#### Basis for Opinion

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

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, Changes in Equity and Cash Flows of the Company in accordance with the Accounting standards specified under Section 133 of the Act and other accounting principles generally accepted in India. The responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

A further description of our responsibilities for the audit of the financial statements is included in "Annexure – A" of this Auditor's Report. This description forms part of our Auditor's Report.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies [Auditor's Report] Order, 2016 ("the Order"), issued by the Central Government of India in terms of S.143(11) of the Act, we give in the "Annexure – B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable

2. As required by Section 143(3) of the Act, based on our audit we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 3 of the companies (Indian Accounting Standards) Rules 2015, as amended subsequently up till 2018
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



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



**Chartered Accountants**

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

h) With respect to directions under section 143(5), refer to our separate report in "Annexure – D"

For B V SWAMI & Co  
Chartered Accountants



A. AMARANATH

Partner

Membership No : 213629

Firm Reg No : 009151S

Date: 30<sup>th</sup> May 2019

Place: Bengaluru

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

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

Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also, from the matters communicated with those charged with governance, determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.



**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of NATIONAL E-GOVERNANCE SERVICES LIMITED of even date).**

i. In respect of the Company's fixed assets:

(a) The Company is maintaining proper records showing full particulars including quantitative details and situation of its Fixed Assets.

(b) The management of the Company has a regular program of physical verification of its tangible fixed assets at reasonable intervals and no material discrepancies were noticed on such verification.

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 on 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 March 31, 2019 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. In respect of Statutory dues

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, professional tax, Goods and Service tax and TDS, though there has been a slight delay in a few cases, with the appropriate authorities. In no case, the remittance was beyond six months

b. According to the records of the company examined by us and according to the information and explanations given to us all statutory dues of Income tax or GST or Duty of Customers or Duty of excise, as applicable, have been deposited on time or with marginal delays and there is no dispute pending on the part of company

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 moneys by way of initial public offer or further public offer (including debt instruments), during the year under review.



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

*Chartered Accountants*

x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or 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 managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is 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 Companies Act where applicable, and details of such transactions have been disclosed in the financial statements as required under applicable Accounting Standards.

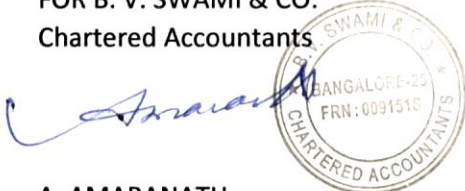
xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

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

Membership No : 213629

Firm Reg. No : 009151S

Date: 30<sup>th</sup> May 2019

Place: Bengaluru

**ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of National E-Governance Services Limited of even date)

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

We have audited the internal financial controls over financial reporting of **National E-Governance Services Limited** ("the Company") as of March 31<sup>st</sup>, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



### Meaning of Internal Financial Controls Over Financial Reporting

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


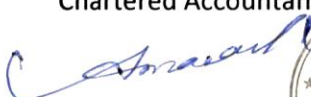
### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

### Opinion

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

For B V SWAMI & Co  
Chartered Accountants



A. AMARANATH  
Partner

Membership No : 213629

Firm Reg No : 009151S

Date: 30<sup>th</sup> May 2019

Place: Bengaluru

**ANNEXURE D TO INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2(h) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of National E-Governance Services Limited of even date)

**Report on The Directions Issued by Cag Under Section 143(5) of the Companies Act, 2013-:**

<b>SPECIFIC FOR THE COMPANY – SERVICE SECTOR</b>	
I. Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system in place to process all the accounting transactions through tally, but invoices are made manually in word format and management is having Robust system in place to process the accounting transaction related to invoicing outside IT system.
II. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated.	<b>NOT APPLICABLE</b> as the company has not taken any loan.
III. Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	<b>NOT APPLICABLE</b> as no funds were received or receivable for specific schemes from Central/State Agencies by the company.

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


A. AMARANATH

Partner

Membership No : 213629

Firm Reg. No : 009151S

Date: 30<sup>th</sup> May 2019

Place: Bengaluru

**National E-Governance Services Limited**  
**Balance Sheet as at March 31, 2019**  
(All amounts are in INR thousands, unless as otherwise stated)

Particulars	Note	2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	4	8,920	11,450
Other intangible assets	4	77,430	54,248
Intangible assets under development	4	9,572	-
Financial assets	5		
Investments	5.1	50,884	55,620
Other financial assets	5.2	1,10,347	327
Deferred tax assets (net)	6	19,490	10,547
Other non-current assets	7	229	204
<b>Current assets</b>			
Financial assets	8		
Investments	8.1	12,380	68,182
Trade receivables	8.2	76,723	2,946
Cash and cash equivalents	8.3.1	19,193	6,176
Other bank balances	8.3.2	3,90,025	5,47,317
Other financial assets	8.4	5,207	5,622
Other current assets	9	30,295	22,472
		<b>8,10,695</b>	<b>7,85,111</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	7,50,000	7,50,000
Other equity	11	(62,947)	(37,351)
<b>Non current liabilities</b>			
Financial liabilities	12		
Other financial liabilities	12.1	1,070	1,005
Provisions	13	2,277	1,764
<b>Current liabilities</b>			
Financial liabilities	14		
Trade payables	14.1		
a) Total outstanding dues of micro and small enterprises		448	-
b) Total outstanding dues of creditors other than micro and small enterprises		36,794	50,643
Other financial liabilities	14.2	40	-
Other current liabilities	15	67,342	7,053
Provisions	16	15,671	11,997
		<b>8,10,695</b>	<b>7,85,111</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

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

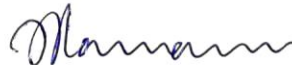


A. Amaranath  
Partner  
Membership No: 213629  
Date:  
Place: Bengaluru

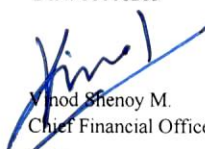




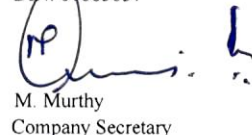
S. Sadagopan  
Director  
DIN: 00118285



S. Ramann  
Managing Director & CEO  
DIN: 07685657



Vinod Shenoy M.  
Chief Financial Officer  
Date:



M. Murthy  
Company Secretary

Place: Bengaluru

30 MAY 2019

30 MAY 2019

**National E-Governance Services Limited**  
**Statement of Profit and Loss for the year ended March 31, 2019**  
(All amounts are in INR thousands, unless as otherwise stated)

Particulars	Note	2019	2018
Revenue from operations	17	73,943	140
Other Income	18	40,911	45,559
<b>Total Revenue</b>		<b>1,14,854</b>	<b>45,699</b>
<b>Expenses</b>			
Cost of services	19	56,513	13,127
Employee benefit expenses	20	45,591	34,586
Finance costs	21	66	5
Depreciation and amortization expense	4	18,078	3,659
Other expenses	22	29,111	25,618
<b>Total Expenses</b>		<b>1,49,359</b>	<b>76,995</b>
<b>Loss before tax</b>		<b>(34,505)</b>	<b>(31,296)</b>
Tax expense			
Current tax		-	-
Deferred tax		8,934	7,731
<b>Loss for the period from continuing operations</b>		<b>(25,571)</b>	<b>(23,565)</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)		(34)	(192)
Deferred tax		9	49
<b>Total other comprehensive loss for the year</b>		<b>(25)</b>	<b>(143)</b>
<b>Total comprehensive loss for the period</b>		<b>(25,596)</b>	<b>(23,708)</b>
<b>Earning per equity share of face value of Rs.10 each</b>			
Basic and Diluted (amount in ₹ per share)	28	(0.34)	(0.35)

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

*Amaranath*

A. Amaranath  
Partner

Membership No: 213629

Date:

Place: Bengaluru

130 MAY 2019



For and on behalf of the Board of Directors of

**National E-Governance Services Limited**

*S. Sadagopan*  
S. Sadagopan  
Director

DIN: 00118285

*Vinod Shenoy M.*  
Vinod Shenoy M.  
Chief Financial Officer

Date:  
Place: Bengaluru

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

DIN: 07685657

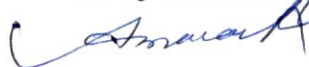
*M. Murthy*  
M. Murthy  
Company Secretary

130 MAY 2019

**National E-Governance Services Limited**  
**Cash Flow Statement for the year ended March 31, 2019**  
(All amounts are in INR thousands, unless as otherwise stated)

Particulars	Note	2019	2018
<b>Cash flow from operating activities</b>			
Loss for the period before tax		(34,505)	(31,296)
Adjustment to reconcile net profit to net cash provided by operating activities			
Depreciation		18,078	3,659
Profit from sale of mutual funds		(2,339)	(5,390)
Profit on fair value restatement of mutual funds		(814)	(749)
Interest income		(37,336)	(39,314)
Assets written off		44	-
Change in assets & liabilities			
Trade payables		3,536	3,598
Other financial liabilities current/non-current		105	1,005
Other current liabilities		60,289	5,993
Provisions current/non-current		3,604	13,539
Trade receivables		(73,777)	(2,946)
Other financial assets current/non-current		(289)	(327)
Other current assets current/non-current		3,022	(17,480)
Cash generated from operations		<b>(60,382)</b>	<b>(69,708)</b>
Income taxes paid		(10,871)	(3,956)
<b>Net cash generated by operating activity</b>		<b>(71,253)</b>	<b>(73,664)</b>
<b>Cash flow from investing activities</b>			
Expenditure on property plant and equipment		(830)	(11,599)
Expenditure on intangible assets		(63,903)	(11,741)
Investment in fixed deposits (net of redemption)		47,292	(1,61,217)
Interest received on investments		38,021	34,796
Payment to acquire liquid mutual funds		(1,54,063)	(5,58,300)
Proceeds from redemption of mutual funds		2,17,753	5,00,736
Payment to acquire shares in NESL Asset Data Ltd		-	(30,000)
Payment to acquire shares in NESL E-Infrastructure Ltd		-	(10,000)
<b>Net cash used in investing activities</b>		<b>84,270</b>	<b>(2,47,325)</b>
<b>Cash flow from financing activities</b>			
Issue of shares		-	3,22,800
Share issue expenses net of taxes		-	(495)
<b>Net cash generated in financing activities</b>		<b>-</b>	<b>3,22,305</b>
Net increase in cash or cash equivalents		13,017	1,316
Cash and cash equivalent at the beginning		6,176	4,860
<b>Cash and cash equivalent at the close</b>		<b>19,193</b>	<b>6,176</b>
<b>Components of cash and cash equivalents</b>	<b>8.3.1</b>		
Cash in hand		0	8
Balances with banks			
Current accounts		19,193	6,168
<b>Total cash and cash equivalents</b>		<b>19,193</b>	<b>6,176</b>

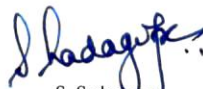
As per our report of even date attached  
For **B.V. Swami and Co**  
Chartered accountants  
Firm registration number: 09151S



A. Amaranath  
Partner  
Membership No: 213629  
Date:  
Place: Bengaluru

30 MAY 2019

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



S. Sadagopan  
Director  
DIN: 00118285



Vinod Shenoy M.  
Chief Financial Officer  
Date:  
Place: Bengaluru

30 MAY 2019



S. Ramann  
Managing Director & CEO  
DIN: 07685657



M. Murthy  
Company Secretary

Page 3

**National E-Governance Services Limited**  
**Statement of Changes in Equity for the year ended March 31, 2019**  
(All amounts are in INR thousands, unless as otherwise stated)

**a) Equity share capital**

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


	2019		2018	
	Nos. (,000)	Amount	Nos. (,000)	Amount
At the beginning of the year	75,000	7,50,000	25,470	2,54,700
Changes during the year	-	-	49,530	4,95,300
<b>At the end of the year</b>	<b>75,000</b>	<b>7,50,000</b>	<b>75,000</b>	<b>7,50,000</b>

Refer note 10, for equity shareholders holding of 5% or more

**b) Other equity**

Particulars	Shares pending allotment	Retained earnings	Total
Opening balance as at April 1, 2017	1,72,500	(13,148)	1,59,352
Shares allotted during the year	(1,72,500)	-	(1,72,500)
Loss for the year	-	(23,565)	(23,565)
Share issue expenses net of taxes	-	(495)	(495)
Other comprehensive loss not reclassifiable to profit and loss	-	(143)	(143)
<b>Balance as at March 31, 2018</b>	(Refer Note 11)	<b>(37,351)</b>	<b>(37,351)</b>
Opening balance as at April 1, 2018	-	(37,351)	(37,351)
Loss for the year	-	(25,571)	(25,571)
Other comprehensive loss not reclassifiable to profit and loss	-	(25)	(25)
<b>Balance as at March 31, 2019</b>	(Refer Note 11)	<b>(62,947)</b>	<b>(62,947)</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:  
Place: Bengaluru


**30 MAY 2019**



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

  
S. Sadagopan  
Director  
DIN: 00118285

  
S. Ramann  
Managing Director & CEO  
DIN: 07685657

  
Vinod Shenoy M.  
Chief Financial Officer  
Date:  
Place: Bengaluru

  
M. Murthy  
Company Secretary

**30 MAY 2019**

## National E-Governance Services Limited

### Notes to the standalone Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

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 financial year 2017-18, 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

The financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorized for issue on May 30, 2019

#### 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 as amended subsequently by applicable amendment rules during 2017 and 2018.

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 Ind AS, 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 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

**National E-Governance Services Limited**

**Notes to the standalone Ind AS financial statements for the year ended March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

Company overview and significant accounting policies

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.

Previous year's figures, where necessary have been regrouped, recast and reclassified suitably to correspond with those of current year's figures. All amounts stated in the financial statements and notes to accounts have been rounded off to the nearest thousands as per the requirement of Schedule III Division 2, unless otherwise stated.

**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.

*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 statement of profit and 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 statement of profit and loss are also recognized in OCI or statement of profit and 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year

**Company overview and significant accounting policies**

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 and 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. An individual item of property, plant and equipment with value less than Rs 5,000/- is not recognized for capitalization and is written off in the statement of profit and loss.

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 the statement of profit and 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. The value of the residual value is limited to 5% of the original cost of Property, Plant and Equipment as per the requirement of Schedule II to the Companies Act, 2013.

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.

**(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.

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. Additional software development costs of modules are amortised over balance future useful life of Information utility software. 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

Company overview and significant accounting policies  
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 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.

In terms of Notification by Ministry of Corporate Affairs issued on March 30, 2019, Ind AS 116 has been made effective in place of Ind AS 17 for application from April 01, 2019

The said standard offers two possible methods of transition and the company proposes to adopt "modified retrospective approach" whereby the cumulative adjustment shall be taken to retained earnings on the date of initial application (April 01, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be adjusted retrospectively. The effect of adoption of Ind AS 116, as on the transition date, following evaluation shall be suitably recognized in the financial statements for the following year ending March 31, 2020.

Company overview and significant accounting policies

**(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 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 statement of profit and 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 and loss.

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.

**(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 statement of profit and loss in subsequent periods.

Company overview and significant accounting policies

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.

**(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 statement of profit and loss, 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 statement of profit and loss 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 FVTPL. Financial asset included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Company overview and significant accounting policies

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and 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:

- 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 statement of profit and 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*

**Company overview and significant accounting policies**

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

**Significant accounting judgments, estimates and assumptions**

In the application of the Company's accounting policies, which are described in this 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:

- Estimated useful life of intangible assets
- Estimated useful life of property, plant and equipment
- Estimation of defined benefit obligation
- Recognition of deferred taxes
- Impairment of trade receivables

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National E-Governance Services Limited

Notes to the standalone Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

Non - current assets

4 Property Plant and Equipment, Other intangible assets and, Intangible assets under development

Description	Cost			Depreciation			Carrying amount			
	As on 01-04-2018	Additions	Deletion	As on 31-03-2019	As on 01-04-2018	For the Year	Withdrawals	Upto 31-03-2019	WDV as on 31-03-2019	WDV as on 31-03-2018
<b>Tangible assets</b>										
Vehicles	1,947	-	-	1,947	322	293	-	615	1,332	1,625
Computers	3,500	437	-	3,937	583	1,174	-	1,757	2,180	2,917
Servers and networks	1,989	-	-	1,989	166	315	-	481	1,508	1,823
Furniture and fittings	599	206	3	802	35	71	-	106	696	564
Leasehold premises improvements	2,442	-	-	2,442	92	902	-	994	1,448	2,350
Office Equipments	2,375	81	45	2,411	204	455	4	655	1,756	2,171
<b>Total</b>	<b>12,852</b>	<b>724</b>	<b>48</b>	<b>13,528</b>	<b>1,402</b>	<b>3,210</b>	<b>4</b>	<b>4,608</b>	<b>8,920</b>	<b>11,450</b>
<i>Previous year comparatives (FYE 2018)</i>	<i>929</i>	<i>11,923</i>	<i>-</i>	<i>12,852</i>	<i>151</i>	<i>1,251</i>	<i>-</i>	<i>1,402</i>	<i>11,450</i>	
<b>Other intangible assets</b>										
IU software	49,903	37,934	-	87,837	1,695	13,510	-	15,205	72,632	48,208
IU License fees	5,000	-	-	5,000	515	1,000	-	1,515	3,485	4,485
Other software	1,754	116	-	1,870	199	358	-	557	1,313	1,555
<b>Total</b>	<b>56,657</b>	<b>38,050</b>	<b>-</b>	<b>94,707</b>	<b>2,409</b>	<b>14,868</b>	<b>-</b>	<b>17,277</b>	<b>77,430</b>	<b>54,248</b>
<i>Previous year comparatives (FYE 2018)</i>	<i>18</i>	<i>56,639</i>	<i>-</i>	<i>56,657</i>	<i>1</i>	<i>2,408</i>	<i>-</i>	<i>2,409</i>	<i>54,248</i>	
<b>Intangible assets under development</b>										
IU software under development	-	9,572	-	9,572	-	-	-	-	9,572	-
<b>Total</b>	<b>-</b>	<b>9,572</b>	<b>-</b>	<b>9,572</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,572</b>	<b>-</b>
<i>Previous year comparatives (FYE 2018)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

Note: Based on change in policy, of not recognising individual items of assets with value below Rs 5,000/-, being adopted this year, assets of such nature earlier recognised, aggregating to Rs 48 thousands as reduced by the accumulated depreciation of Rs 4 thousands have been withdrawn and written off to the statement of profit and loss

## Non-current assets

## 5 Financial assets

## 5.1 Investments

Particulars	2019	2018
<b>Non current investments:</b>		
<b>Investments in equity instruments</b>		
<b>Subsidiaries (Unquoted)</b>		
NESL Asset Data Limited - 30,00,000 shares (PY: 30,00,000 shares) of Rs. 10/- each fully paid up	30,000	30,000
NESL E-infrastructure Limited - 10,00,000 shares (PY: 10,00,000 shares) of Rs. 10/- each fully paid up	10,000	10,000
	<u>40,000</u>	<u>40,000</u>
<b>Investments in mutual funds (quoted) measured at fair value through Profit and Loss</b>		
Investment in SBI Debt Fund Series C-7 (1190 days) Direct Growth 10,00,000 units (PY: 10,00,000) at market price (NAV).	10,884	10,164
Investment in UTI Fixed Term Income Fund - Series XXV - IX (1098 Days) (G) Nil units (PY: 5,00,000) units at market price (NAV).	-	5,456
	<u>10,884</u>	<u>15,620</u>
	<u>50,884</u>	<u>55,620</u>

Note: 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	2019	2018
Security deposits	347	327
Bank deposits with maturity more than 12 months from balance sheet date	1,10,000	-
	<u>1,10,347</u>	<u>327</u>

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

## 6 Deferred tax asset

Particulars	Balance as at 2018	Recognised/ (reversed) during the year in statement of Profit and Loss	Recognised/ (reversed) during the year in OCI	Recognised/ (reversed) during the year in Equity	Balance as at 2019
Depreciation	(2,738)	(3,574)	-	-	(6,312)
Preliminary expenses u/s 35D	659	(220)	-	-	439
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	93	157	9	-	259
Expenses disallowed under sec 40 (a) (ia) of the Income Tax Act, 1961 for non-deduction of TDS	778	(752)	-	-	26
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	393	(31)	-	-	362
Mutual funds - fair value adjustments under Ind AS	(267)	(212)	-	-	(479)
Deferred tax asset for carried forward tax loss*	11,731	13,464	-	-	25,195
Deferred tax asset reversal on account of income tax rate change**	(102)	102	0	-	0
<b>Total</b>	<u>10,547</u>	<u>8,934</u>	<u>9</u>	<u>-</u>	<u>19,490</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.

\*\* The tax rates under income tax act 1961, has changed from 25.75% ( 2018) to 26% ( 2019)

## 7 Other non-current assets

Particulars	2019	2018
Prepaid expenses - non current	229	204
	<u>229</u>	<u>204</u>

## Current assets

## Financial assets

## 8.1 Investments

Particulars	2019	2018
<b>Current investments:</b>		
<b>Investments in mutual funds (quoted) measured at fair value through Profit and Loss</b>		
Investment in SBI Magnum Insta Cash Fund - Direct Plan - Growth Nil units (PY: 17,741 units) at market price (NAV).	-	68,182
Investment in LD72SG SBI Liquid Fund Direct Growth 2205.037 units (PY: NIL units) at market price (NAV).	6,457	-
Investment in UTI Fixed Term Income Fund - Series XXV - IX (1098 Days) (G) 5,00,000 units (PY Nil units) at market price (NAV).	5,923	-
<b>Total</b>	<b>12,380</b>	<b>68,182</b>

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

## 8.2 Trade receivables

Particulars	2019	2018
(a) Trade Receivables considered good - Secured;	-	-
(b) Trade Receivables considered good - Unsecured;	-	-
Receivable from related parties	6,195	2,946
Receivable from others*	70,528	-
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - credit impaired	-	-
<b>Total</b>	<b>76,723</b>	<b>2,946</b>

\*The receivables of Rs 705 lakhs are against Rs 1,346 lakhs of billings of which Rs 738 lakhs is recognised in profit and loss account (note 17) as per revenue recognition policy, the balance of Rs 608 lakhs is disclosed as deferred income - financial creditors under other financial assets (note 15).

## 8.3.1 Cash and cash equivalents

Particulars	2019	2018
Cash in hand	0	8
<b>Balance with banks (of the nature of cash and cash equivalents)</b>		
In current account	19,193	6,168
<b>Total</b>	<b>19,193</b>	<b>6,176</b>

## 8.3.2 Other bank balances

Particulars	2019	2018
In deposit account with maturity within 12 months of balance sheet date	3,90,025	5,47,317
<b>Total</b>	<b>3,90,025</b>	<b>5,47,317</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".

## 8.4 Other financial assets

Particulars	2019	2018
Unbilled revenue	1	-
Expenses recoverable from NESL Asset Data Ltd.	148	-
Expenses recoverable from NESL E-Infrastructure Ltd.	62	-
Advances recoverable	58	-
Income accrued but not due on fixed deposits	4,938	5,622
<b>Total</b>	<b>5,207</b>	<b>5,622</b>

## 9 Other current assets

Particulars	2019	2018
Income tax- TDS	15,857	4,987
GST input credit	12,605	16,523
Prepaid expenses -current	683	565
Other advances	1,150	397
<b>Total</b>	<b>30,295</b>	<b>22,472</b>

## Equity

## 10 Share capital

Particulars	2019	2018
<b>Authorised share capital</b>		
10,00,00,000 (previous period: 10,00,00,000) equity shares of Rs. 10/- each.	10,00,000	10,00,000
	<b>10,00,000</b>	<b>10,00,000</b>
<b>Issued, subscribed and fully paid-up share capital</b>		
7,50,00,000 (previous period: 7,50,00,000) equity shares of Rs 10/- each.	7,50,000	7,50,000
	<b>7,50,000</b>	<b>7,50,000</b>

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

Particulars	2019		2018	
	Number of shares (,000)	Amount	Number of shares (,000)	Amount
Number of shares at the beginning of the year/period	75,000	7,50,000	25,470	2,54,700
Shares issued during the year/period	-	-	49,530	4,95,300
<b>Shares outstanding at the end of the year/period</b>	<b>75,000</b>	<b>7,50,000</b>	<b>75,000</b>	<b>7,50,000</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	2019		2018	
	Number of shares (,000)	Percentage holding	Number of shares (,000)	Percentage holding
Life Insurance Corporation	4,500	6.00%	4,500	6.00%
State Bank of India	7,500	10.00%	7,500	10.00%
Canara Bank	7,500	10.00%	7,500	10.00%
Bank of Baroda	7,500	10.00%	7,500	10.00%
ICICI Bank	7,425	9.90%	7,425	9.90%
Axis Bank Ltd.	7,125	9.50%	7,125	9.50%
Karnataka Bank Ltd.	4,500	6.00%	4,500	6.00%

**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 March 31, 2019. Further, the Company has not issued any bonus shares or issued shares for consideration other than cash during the year and period from date of inception to March 31, 2019.

11 Other equity		
Particulars	2019	2018
<b>Retained earnings</b>		
Opening balance	(37,351)	(13,148)
Share issue expenses net of taxes	-	(495)
Add: Loss for the year	(25,571)	(23,565)
Add: Other comprehensive loss	(25)	(143)
<b>Total</b>	<b>(62,947)</b>	<b>(37,351)</b>

**Non - current liabilities****12 Financial liabilities****12.1 Other financial liabilities**

Particulars	2019	2018
Deposits received	1,070	1,005
<b>Total</b>	<b>1,070</b>	<b>1,005</b>

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

**13 Provisions (non-current)**

Particulars	2019	2018
Provision for gratuity	994	356
Provision for leave encashment (non-current)	1,283	1,408
<b>Total</b>	<b>2,277</b>	<b>1,764</b>

**Current liabilities****14 Financial liabilities****14.1 Trade payables**

Particulars	2019	2018
Total outstanding dues of micro and small enterprises	448	-
Total outstanding dues of creditors other than micro and small enterprises		
Related Parties	-	-
Others		
Creditors for supplies & services	34,815	49,800
Creditors for expenses	1,979	843
<b>Total</b>	<b>37,242</b>	<b>50,643</b>

Note: Payments due to parties who are registered as micro and small enterprises under the "The Micro, Small and Medium Enterprises Act, 2006" were made within stipulated time under that Act.

**14.2 Other financial liabilities**

Particulars	2019	2018
Advances returnable	40	-
<b>Total</b>	<b>40</b>	<b>-</b>

**15 Other current liabilities**

Particulars	2019	2018
Statutory liabilities	6,080	6,681
Deferred income - Financial creditors	60,794	372
Deferred income - Ind AS fair value adjustment	298	-
Advance received from customers	170	-
<b>Total</b>	<b>67,342</b>	<b>7,053</b>

**16 Provisions (current)**

Particulars	2019	2018
Provision for expenses	15,562	11,893
Provision for leave encashment (current)	109	104
<b>Total</b>	<b>15,671</b>	<b>11,997</b>

<b>17 Revenue from operations</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
IU fee- Financial creditors*	73,834	-
IU fee- Operational creditors	109	64
Technical fee	-	76
<b>Total</b>	<b>73,943</b>	<b>140</b>
<b>* Summary of financial creditors billing for the year ended Mar'19</b>		
Total financial creditors billing for the year ended Mar'19	1,34,627	
(-) Deferred revenue ( disclosed in note 15)	(60,794)	
(+) Unbilled revenue ( disclosed in note 8.4)	1	
<b>Revenue recognised for the year ended Mar'19</b>	<b>73,834</b>	
<b>18 Other income</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Interest on fixed deposits	37,336	39,314
Interest on security deposits	20	10
Interest on IT refund	78	-
Gain on redemption of mutual funds- current investments	2,339	5,390
Gain on restatement of mutual funds at fair value	814	749
Miscellaneous income	324	96
<b>Total</b>	<b>40,911</b>	<b>45,559</b>
<b>19 Cost of services</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
IU annual fee	5,000	5,000
IU technology expenses	44,473	5,035
IU operational expenses	7,040	3,092
<b>Total</b>	<b>56,513</b>	<b>13,127</b>
<b>20 Employee benefit expenses</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Salary & allowances	39,000	29,231
Contribution to provident fund & superannuation fund	2,450	2,182
Gratuity expense	604	134
Leave encashment and compensated leave benefits	1,102	1,511
Staff welfare expenses	2,435	1,528
<b>Total</b>	<b>45,591</b>	<b>34,586</b>
<b>21 Finance costs</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Interest expense on security deposit received	66	5
<b>Total</b>	<b>66</b>	<b>5</b>
<b>22 Other expenses</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Rent	3,321	2,979
Repairs and maintenance	798	1,246
Subscription, rates and taxes	885	414
Professional charges	7,682	6,291
Communication expenses	1,401	570
Advertisement and business promotion	680	1,256
Auditors' remuneration		
- Statutory audit	200	200
- Tax audit	100	-
Secretarial audit	200	200
Internal audit	1,000	1,200
Travelling, boarding and conveyance	7,752	7,607
Directors' sitting fees	1,719	1,575
Other miscellaneous/administrative expenses	3,373	2,080
<b>Total</b>	<b>29,111</b>	<b>25,618</b>

Note: 1. GST related to these expenses are classified as a part of GST input credit (Note 9 - Other current assets).

2. Other miscellaneous/administrative expenses include, for 2019, assets written off, Rs 44 thousands, consequent to a policy of not capitalising assets with individual value of below Rs 5000 ( Refer policy 3(d) - property, plant and equipment, depreciation and amortisation).

**National E-Governance Services Limited**

Notes to the standalone Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

**23 Related party disclosures**

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

Subsidiaries	:	NESL Asset Data Limited NESL E-Infrastructure Limited
Key management personnel	:	Mr. S. Ramann, Managing Director Mr. S. Raghunathan, Executive Director (Upto: March 25, 2019) Mr. Vinod Shenoy M, Chief Financial Officer (W.e.f July 11, 2018) Ms. S. Padmavathy, Company Secretary (Upto: June 3, 2018) Mr. M. Murthy, Company Secretary (W.e.f: June 4, 2018)

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	
	2019	2018	2019	2018	2019	2018
<b>A. Transactions during the year</b>						
<b>Investment in subsidiary</b>						
NESL Asset Data Limited	-	30,000	-	-	-	30,000
NESL E-Infrastructure Limited	-	10,000	-	-	-	10,000
	-	40,000	-	-	-	40,000
<b>Expenses paid on behalf of subsidiaries</b>						
NESL Asset Data Limited	2,859	1,598	-	-	2,859	1,598
NESL E-Infrastructure Limited	3,214	1,348	-	-	3,214	1,348
	6,073	2,946	-	-	6,073	2,946
<b>Remuneration*</b>						
Mr. S. Ramann	-	-	4,302	4,334	4,302	4,334
Mr. S. Raghunathan (Upto: March 25, 2019)	-	-	6,218	4,479	6,218	4,479
Mr. Vinod Shenoy M. (W.e.f July 11, 2018)	-	-	2,537	-	2,537	-
Ms. S. Padmavathy (Upto: June 3, 2018)	-	-	103	583	103	583
Mr. M. Murthy (W.e.f: June 4, 2018)	-	-	2,470	-	2,470	-
	-	-	15,630	9,396	15,630	9,396
	6,073	42,946	15,630	9,396	21,703	52,342

\*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		2019	2018
	2019	2018	2019	2018		
<b>Investment in subsidiary</b>						
NESL Asset Data Limited	30,000	30,000	-	-	30,000	30,000
NESL E-Infrastructure Limited	10,000	10,000	-	-	10,000	10,000
	40,000	40,000	-	-	40,000	40,000
<b>Expenses reimbursable/receivable from subsidiaries</b>						
NESL Asset Data Limited	3,046	1,598	-	-	3,046	1,598
NESL E-Infrastructure Limited	3,359	1,348	-	-	3,359	1,348
	6,405	2,946	-	-	6,405	2,946
<b>Remuneration</b>						
Mr. S. Ramann	-	-	-	-	-	-
Mr. S. Raghunathan (Upto: March 25, 2019)	-	-	-	-	-	-
Mr. Vinod Shenoy M. (W.e.f July 11, 2018)	-	-	-	-	-	-
Ms. S. Padmavathy (Upto: June 3, 2018)	-	-	-	-	-	-
Mr. M. Murthy (W.e.f: June 4, 2018)	-	-	22	-	22	-
	-	-	22	-	22	-
	46,405	42,946	22	-	46,427	42,946

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**National E-Governance Services Limited**

Notes to the standalone Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

**24.1 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>2019</b>	<b>2018</b>
Present Value of Funded Defined Benefit Obligation	994	356
Fair value of Plan Assets	-	-
	994	356
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>994</b>	<b>356</b>
<b>Net Defined Benefit Cost/(Income) included in Statement of Profit &amp; Loss at Period-End</b>	<b>2019</b>	<b>2018</b>
Service Cost	427	90
Net Interest Cost	45	6
Past Service Cost	132	38
Administration Expenses	-	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
<b>Total Defined Benefit Cost/(Income) included in Profit &amp; Loss</b>	<b>604</b>	<b>134</b>
<b>Current / Non-Current Bifurcation</b>	<b>2019</b>	<b>2018</b>
Current Benefit Obligation	5	5
Non - Current Benefit Obligation	989	351
<b>(Asset)/Liability Recognised in the Balance Sheet</b>	<b>994</b>	<b>356</b>
<b>Actual Return on Plan Assets</b>	<b>2019</b>	<b>2018</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-End</b>	<b>2019</b>	<b>2018</b>
Amount recognized in OCI, Beginning of Period	192	-
<b>Remeasurements due to :</b>		
Effect of Change in financial assumptions	7	(14)
Effect of Change in demographic assumptions	-	-
Effect of experience adjustments	27	206
(Gain)/Loss on Curtailments/Settlements	-	-
Return on plan assets (excluding interest)	-	-
Changes in asset ceiling	-	-
<b>Total remeasurements recognized in OCI</b>	<b>34</b>	<b>192</b>
<b>Amount recognized in OCI, End of Period</b>	<b>226</b>	<b>192</b>
<b>Total Defined Benefit Cost/(Income) included in Profit &amp; Loss and Other Comprehensive Income</b>	<b>2019</b>	<b>2018</b>
Amount recognized in P&L, End of Period	604	134
Amount recognized in OCI, End of Period	34	192
<b>Total Net Defined Benefit Cost/(Income) Recognized at Period-End</b>	<b>638</b>	<b>326</b>
<b>Change in the Unrecognised Asset due to the Asset Ceiling During the Period</b>	<b>2019</b>	<b>2018</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>

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**National E-Governance Services Limited**  
**Notes to the standalone Ind AS financial statements for the year ended March 31, 2019**  
(All amounts are in INR thousands, unless as otherwise stated)

	2019	2018	
<b>Change in Defined Benefit Obligation during the Period</b>			
Defined Benefit Obligation, Beginning of Period	356	30	
Net Current Service Cost	427	90	
Interest Cost on DBO	45	6	
Actual Plan Participants' Contributions	-	-	
Actuarial (Gains)/Losses	34	192	
Changes in Foreign Currency Exchange Rates	-	-	
Acquisition/Business Combination/Divestiture	-	-	
Benefits Paid	-	-	
Past Service Cost	132	38	
Losses / (Gains) on Curtailments/Settlements	-	-	
<b>Defined Benefit Obligation, End of Period</b>	<b>994</b>	<b>356</b>	
<b>Change in Fair value of Plan Assets during the Period</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	-	-	
<b>Fair value of Plan Assets, End of Period</b>	<b>-</b>	<b>-</b>	
<b>Reconciliation of Balance Sheet Amount</b>			
Balance Sheet (Asset)/Liability, Beginning of Period	356	30	
True-up	-	-	
Total Charge/(Credit) Recognised in Profit and Loss	604	134	
Total Remeasurements Recognised in OC (Income)/Loss	34	192	
Acquisitions/Business Combinations/Divestitures	-	-	
Actual Employer Contribution	-	-	
Other Events	-	-	
<b>Balance Sheet (Asset)/Liability, End of Period</b>	<b>994</b>	<b>356</b>	
<b>Financial Assumptions Used to Determine the Defined Benefit Obligation</b>			
Discount Rate	7.78%	7.87%	
Salary Escalation Rate	8.00%	8.00%	
<b>Financial Assumptions Used to Determine the Profit &amp; Loss Charge</b>			
Discount Rate	7.78%	7.87%	
Salary Escalation Rate	8.00%	8.00%	
Expected Return on Plan Assets	N.A.	N.A.	
<b>Demographic Assumptions Used to Determine the Defined Benefit Obligation</b>			
Withdrawal Rate	5.00%	5.00%	
Mortality Rate	IALM (2012-14) Ult	IALM (2006-08) Ult	
Retirement Age	60 years	60 years	
<b>Asset Category</b>			
	2019	2019	2019
	Quoted Value	Non-Quoted Value	Total
Government of India Securities (Central and State)	0.00%	0.00%	0.00%
High quality corporate bonds (including Public Sector Bonds)	0.00%	0.00%	0.00%
Equity shares of the Company	0.00%	0.00%	0.00%
Insurer Managed Funds & T-bills	0.00%	0.00%	0.00%
Cash (including Bank Balance, Special Deposit Scheme)	0.00%	0.00%	0.00%
Others	0.00%	0.00%	0.00%
<b>Total</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

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**National E-Governance Services Limited**

**Notes to the standalone Ind AS financial statements for the year ended March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

**24.2 Leave Encashment & Compensated absence scheme**

The following table sets out the status of leave Encashment & Compensated absence scheme as required by Ind AS 19 - 'Employee benefits'.

<b>Amounts in Balance Sheet at Period-End</b>	<b>2019</b>	<b>2018</b>
Defined Benefit Obligation	1,392	1,512
Fair value of Plan Assets	-	-
Funded Status - (Surplus)/Deficit	1,392	1,512
Present Value of Unfunded Defined Benefit Obligation	-	-
Unrecognised Asset due to Asset Ceiling	-	-
<b>(Asset)/Liability Recognised in the Balance Sheet</b>	<b>1,392</b>	<b>1,512</b>

<b>Amounts Recognised in Statement of Profit &amp; Loss at Period-End</b>	<b>2018 to 2019</b>	<b>2017 to 2018</b>
Service Cost	129	1,512
Net Interest Cost	120	-
Past Service Cost	-	-
Remeasurements	853	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Administration Expenses	-	-
<b>Total Expense/(Income) included in "Employee Benefit Expense"</b>	<b>1,102</b>	<b>1,512</b>

Note : The actuarial gains & losses are recognised, immediately, through profit & loss account.

<b>Change in Defined Benefit Obligation during the Period</b>	<b>2018 to 2019</b>	<b>2017 to 2018</b>
Defined Benefit Obligation, Beginning of Period	1,512	-
Net Current Service Cost	129	1,512
Interest Cost on DBO	120	-
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	853	-
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture	-	-
Benefits Paid	(1,222)	-
Past Service Cost	-	-
Losses / (Gains) on Curtailments/Settlements	-	-
<b>Defined Benefit Obligation, End of Period</b>	<b>1,392</b>	<b>1,512</b>

<b>Change in Fair value of Plan Assets during the Period</b>	<b>2018 to 2019</b>	<b>2017 to 2018</b>
Fair value of Plan Assets, Beginning of Period	-	-
Interest Income on 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)	-	-
Benefit Paid	-	-
Acquisition/Business Combination/Divestiture	-	-
Assets extinguished on Settlements/Curtailments	-	-
<b>Fair value of Plan Assets, End of Period</b>	<b>-</b>	<b>-</b>

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National E-Governance Services Limited

Notes to the standalone Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

25 The carrying value and fair value of financial instruments by categories as at March 31, 2019 are as follows.

Particulars	Note	Carrying value	Fair value	Carrying value	Fair value
		2019	2019	2018	2018
<b>Financial assets</b>					
<b>Amortised cost</b>					
Investments in equity instruments of subsidiaries	5.1	40,000	40,000	40,000	40,000
Other financial assets (Bank deposits)	5.2	1,10,000	1,10,000	-	-
Trade receivables	8.2	76,723	76,723	2,946	2,946
Cash and cash equivalents	8.3.1	19,193	19,193	6,176	6,176
Other bank balances	8.3.2	3,90,025	3,90,025	5,47,317	5,47,317
Other financial assets	8.4	5,207	5,207	5,622	5,622
<b>Fair value through profit and loss (FVTPL)</b>					
Investments in mutual funds (quoted)	5.1 & 8.1	23,264	23,264	83,802	83,802
Other financial assets (Security deposits)	5.2	347	347	327	327
<b>Total financial assets</b>		<b>6,64,759</b>	<b>6,64,759</b>	<b>6,86,190</b>	<b>6,86,190</b>
<b>Financial liabilities</b>					
<b>Amortised cost</b>					
Trade payables	14.1	37,242	37,242	50,643	50,643
Other financial liabilities	14.2	40	40	-	-
<b>Fair value through profit and loss (FVTPL)</b>					
Other financial liabilities (Security deposits)	12.1	1,070	1,070	1,005	1,005
<b>Total financial liabilities</b>		<b>38,352</b>	<b>38,352</b>	<b>51,648</b>	<b>51,648</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

26.1 Financial assets and liability measured at fair value - recurring fair value measurement as at March 31, 2019

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)		23,264	23,264	-	-
Other financial assets (Security deposits)		347	-	347	-
<b>Liabilities measured at fair value:</b>					
Other financial liabilities (Security deposits)		1,070	-	1,070	-

26.2 Financial assets and liability measured at fair value - recurring fair value measurement as at March 31, 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)		83,802	83,802	-	-
Other financial assets (Security deposits)		327	-	327	-
<b>Liabilities measured at fair value:</b>					
Other financial liabilities (Security deposits)		1,005	-	1,005	-

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

1) The use of quoted market prices

2) The security deposits, given and received, 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. Other financial assets (non current) and other bank balances are deposits with Bank of Baroda, Canara Bank and SBI, listed public sector undertakings, and carry negligible risks except concentration risk. The deposits mature over a term of 13 to 15 months. 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 (current) 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.

**27 Capital management**

The company is subject to capital maintenance as per regulatory requirements by Insolvency and Bankruptcy Code ( IBC), to maintain minimum capital of Rs 5000 Lakhs computed as Net Worth (as defined in Companies Act, 2013), during any year. Net Worth is the total of Equity Share Capital and Other Equity as disclosed in the balance sheet. The management has assessed that the Company is currently sufficiently capitalised in terms of the Net Worth requirements during, and, as at the end of, current and previous financial year.

**28 Earning per share**

Particulars	2019	2018
Profit attributable to equity shareholders of the company	(25,571)	(23,565)
Number of shares outstanding as on the balance sheet date (units in thousands)	75,000	75,000
Weighted average number of shares purpose of EPS basic and diluted (units in thousands)	75,000	66,745
<b>Earnings per share basic and diluted (in ₹ per share)</b>	<b>(0.34)</b>	<b>(0.35)</b>

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

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

ii) Commitments

**Non cancellable operating lease**

The Company has certain IT infrastructure on lease, which mature within 4 years of this financial year end (i.e. 2019). The lease entitle company for renewal rights. The Company expects outgo and commitments of Rs 684,20 thousands based on the present requirements and utilisation of the IT infrastructure.

Particulars	Amount
Upto 1 year	17,849
Later than 1 year and upto 5 years	50,571
Later than 5 years	-
	<b>68,420</b>

iii) The Company does not have any contingent liability which require recognition or disclosure in the financial statements

iv) No provision of taxation is necessitated in the absence of taxable income.

v) The Company has only one operating segment and monitors its performance for the business as a whole, hence segment reporting is not applicable.





गोपनीय/शीघ्र डाक

संख्या: जीए/सीए-111/नैशनल ई-गवर्नेंस सर्विसेस/लेखा/2018-19/४6

सेवा में,

प्रबंध निदेशक और सीईओ  
नैशनल ई-गवर्नेंस सर्विसेस लिमिटेड  
5 वीं मंजिल स्पेंसर टावर्स,  
86, एम.जी. रोड  
बेंगलुरु - 5600 001

31 JUL 2019

विषय: 31 मार्च 2019 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 2019 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।

भवदीया

(रूप राशी)

महानिदेशक 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) 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 2019**

The preparation of consolidated financial statements of National E-Governance Services Limited for the year ended 31 March 2019 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 30 May 2019.

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 2019 under section 143(6)(a) of the Act.

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



(Roop Rashi)

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

Place : Mumbai

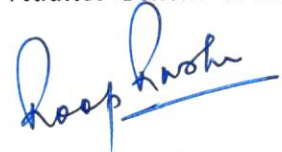
Date : 31 July 2019.

**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 2019**

The preparation of financial statements of National E-Governance Services Limited for the year ended 31 March 2019 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 30 May 2019.

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 2019 under section 143(6)(a) of the Act.

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



(Roop Rashi)

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

Place : Mumbai

Date : 31 July 2019.



Ref. : **INDEPENDENT AUDITOR'S REPORT**

Date :

**TO THE MEMBERS OF NATIONAL E-GOVERNANCE SERVICES LIMITED**

**Report on the Audit of the Consolidated Financial Statements**

**Opinion**

We have audited the accompanying Consolidated financial statements of **National E-Governance Services Limited** (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated balance sheet as at 31<sup>st</sup>, March 2019, and the Consolidated statement of Profit and Loss, the Consolidated statement of changes in Equity and Consolidated Cash Flows statement for the year then ended, and notes to the Consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated financial statements").

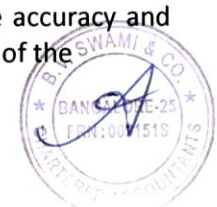
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their Consolidated state of affairs of the Company as at March 31<sup>st</sup>, 2019, of Consolidated Loss, Consolidated changes in Equity and its Consolidated Cash Flows for the year ended on that date.

**Basis for Opinion**

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

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated financial statements in term of the requirement of the Companies Act, 2013 that give a true and fair view of the Consolidated financial position, Consolidated financial performance, Consolidated changes in Equity and Cash Flows of the Group in accordance with the Accounting Standards specified under Section 133 of the Act and other accounting principles generally accepted in India. 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 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



Consolidated 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 financial statements by the directors of the Holding company, as aforesaid.

In preparing the Consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

A further description of our responsibilities for the audit of the financial statements is included in "Annexure – A" of this Auditor's Report. This description forms part of our Auditor's Report.

### **Other Matters**

We did not audit the financial statements of **NESL Asset Data Limited and NESL E-Infrastructure Limited** subsidiaries of **National E-Governance Services Limited** whose financial statements reflect total assets of **Rs. 375 Lakhs** as at 31<sup>st</sup> March 2019, total revenues of **Rs. 87.88 Lakhs** and net decrease in cash flows amounting to **Rs. 269.62 Lakhs** for the year ended on that date, as considered in the Consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act is based solely on the reports of the other auditors.

Our opinion on the Consolidated financial statements, 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 the work done and the reports of the other auditors and the financial statements certified by the Management.



**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 financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated 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 and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 3 of the companies (Indian Accounting Standards) Rules 2015, as amended subsequently up till 2018.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of Group companies is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us 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 Group does not have any pending litigations which would impact its financial position.
  - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



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

**Chartered Accountants**

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding company and its subsidiary companies.

h) With respect to directions under section 143(5), refer to our separate report in “Annexure – C”

For B V SWAMI & Co  
Chartered Accountants

*Amaranath*



A. AMARANATH

Partner

Membership No : 213629

Firm Reg No : 009151S

Date: 30<sup>th</sup> May 2019

Place: Bengaluru

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

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

Identify and assess the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the Consolidated financial statements, including the disclosures, and whether the Consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also, from the matters communicated with those charged with governance, determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.



**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of National E-Governance Services Limited of even date)

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

We have audited the internal financial controls over financial reporting of **National E-Governance Services Limited** ("the company") and its subsidiaries as of March 31<sup>st</sup>, 2019 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company and its subsidiary companies is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company and its subsidiary companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

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

**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

Date: 30<sup>th</sup> May 2019

Place: Bengaluru

**ANNEXURE C TO INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of National E-Governance Services Limited of even date)



**Report on The Directions Issued by Cag Under Section 143(5) Of the Companies Act, 2013 -:**

<b>SPECIFIC FOR THE GROUP COMPANY – SERVICE SECTOR</b>	
I. Whether the Group company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has system in place to process all the accounting transactions through tally, but invoices are made manually in word format and management is having Robust system in place to process the accounting transaction related to invoicing outside IT system.
II. Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the Group company due to the Group company's inability to repay the loan? If yes, the financial impact may be stated.	<b>NOT APPLICABLE</b> as the group company has not taken any loan.
III. Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.	<b>NOT APPLICABLE</b> as no funds were received or receivable for specific schemes from Central/State Agencies by the group company.

**Other matters**

Our aforesaid report under Section 143(5) of the Act on report on the directions issued by C&AG insofar as it relates to Subsidiaries which are incorporated in India, is based on the corresponding report of the auditors of such companies.

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

A. AMARANATH  
Partner

Membership No : 213629

Firm Reg. No : 009151S

Date: 30<sup>th</sup> May 2019

Place: Bengaluru

**National E-Governance Services Limited**  
**Consolidated Balance Sheet as at March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

Particulars	Note	2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	4	9,043	11,450
Other intangible assets	4	77,430	54,248
Intangible assets under development	4	11,199	-
Financial assets	5		
Investments	5.1	10,884	15,620
Other financial assets	5.2	1,39,447	327
Deferred tax assets (net)	6	20,437	10,903
Other non-current assets	7	229	204
<b>Current assets</b>			
Financial assets	8		
Investments	8.1	12,380	68,182
Trade receivables	8.2	70,835	5,787
Cash and cash equivalents	8.3.1	33,069	47,014
Other bank balances	8.3.2	3,90,025	5,47,317
Other financial assets	8.4	5,276	6,900
Other current assets	9	32,899	23,424
		<b>8,13,153</b>	<b>7,91,376</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	7,50,000	7,50,000
Other equity	11	(65,423)	(37,900)
<b>Non current liabilities</b>			
Financial liabilities	12		
Other financial liabilities	12.1	1,070	1,005
Provisions	13	2,277	1,764
<b>Current liabilities</b>			
Financial liabilities	14		
Trade payables	14.1		
a) Total outstanding dues of micro and small enterprises		448	-
b) Total outstanding dues of creditors other than micro and small enterprises		37,083	55,651
Other financial liabilities	14.2	2,152	-
Other current liabilities	15	68,047	7,954
Provisions	16	17,499	12,902
		<b>8,13,153</b>	<b>7,91,376</b>

Significant accounting policies

3

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

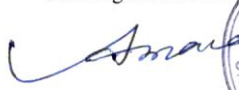
As per our report of even date attached

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


Chartered accountants

Firm registration number: 09151S


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


  
A. Amaranath  
Partner  
Membership No: 213629  
Date:  
Place: Bengaluru



  
S. Sadagopan  
Director  
DIN: 00118285

  
S. Ramann  
Managing Director & CEO  
DIN: 07685657

  
Vinod Shenoy M.  
Chief Financial Officer  
Date:  
Place: Bengaluru

  
M. Murthy  
Company Secretary

**30 MAY 2019**

**30 MAY 2019**

**National E-Governance Services Limited**  
**Consolidated Statement of Profit and Loss for the year ended March 31, 2019**  
(All amounts are in INR thousands, unless as otherwise stated)

Particulars	Note	2019	2018
Revenue from operations	17	80,530	6,636
Other Income	18	43,112	46,655
<b>Total Revenue</b>		<b>1,23,642</b>	<b>53,291</b>
<b>Expenses</b>			
Cost of services	19	63,096	18,797
Employee benefit expenses	20	45,591	34,586
Finance costs	21	66	5
Depreciation and amortization expense	4	18,096	3,659
Other expenses	22	33,927	27,659
<b>Total Expenses</b>		<b>1,60,776</b>	<b>84,706</b>
<b>Loss before tax</b>		<b>(37,134)</b>	<b>(31,415)</b>
Tax expense			
Current tax		111	(403)
Deferred tax		9,525	8,087
<b>Loss for the period from continuing operations</b>		<b>(27,498)</b>	<b>(23,731)</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)		(34)	(192)
Deferred tax		9	49
<b>Total other comprehensive loss for the year</b>		<b>(25)</b>	<b>(143)</b>
<b>Total comprehensive loss for the period</b>		<b>(27,523)</b>	<b>(23,874)</b>
<b>Earning per equity share of face value of Rs.10 each</b>			
Basic and Diluted (amount in ₹ per share)	29	(0.37)	(0.36)

Significant Accounting Policies 3


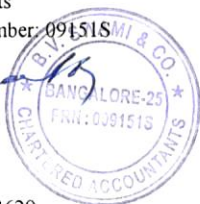
The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

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

Chartered accountants

Firm registration number: 091515

A. Amaranath  
Partner

Membership No: 213629

Date:

Place: Bengaluru


30 MAY 2019

For and on behalf of the Board of Directors of

**National E-Governance Services Limited**

  
S. Sadagopan  
Director

DIN: 00118285

  
Vinod Shenoy M.  
Chief Financial Officer

Date:

Place : Bengaluru

30 MAY 2019

  
S. Ramann  
Managing Director & CEO

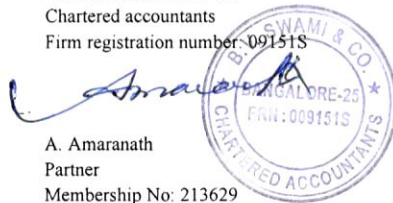
DIN: 07685657

  
M. Murthy  
Company Secretary

**National E-Governance Services Limited**  
**Consolidated Cash Flow Statement for the year ended March 31, 2019**  
(All amounts are in INR thousands, unless as otherwise stated)

Particulars	Note	2019	2018
<b>Cash Flow from Operating Activities</b>			
<b>Loss for the period before tax</b>		(37,134)	(31,415)
Adjustment to reconcile net profit to net cash provided by operating activities			
Depreciation		18,096	3,659
Profit from Sale of Mutual Funds		(2,339)	(5,390)
Profit on fair value restatement of mutual funds		(814)	(749)
Interest Income		(39,524)	(40,410)
Assets written off		44	-
Change in Assets & Liabilities			
Trade Payables		(1,685)	8,606
Other financial liabilities current/non-current		2,217	1,005
Other Current Liabilities		60,343	6,894
Provisions current/non-current		3,401	14,444
Trade Receivables		(65,047)	(5,787)
Other financial assets current/non-current		934	(1,604)
Other current assets current/non-current		1,847	(17,702)
Cash generated from operations		<u>(59,661)</u>	<u>(68,449)</u>
Income Taxes paid		(11,486)	(4,982)
<b>Net cash generated by operating activity</b>		<u>(71,147)</u>	<u>(73,431)</u>
<b>Cash flow from investing activities</b>			
Expenditure on property plant and equipment		(971)	(11,599)
Expenditure on intangible assets		(63,903)	(11,741)
Investment in fixed deposits (net of redemption)		18,192	(1,61,217)
Interest received on investments		40,194	35,891
Payment to acquire liquid mutual funds		(1,54,063)	(5,58,300)
Proceeds from redemption of mutual funds		2,17,753	5,00,736
<b>Net cash used in investing activities</b>		<u>57,202</u>	<u>(2,06,230)</u>
<b>Cash flow from financing activities</b>			
Issue of Shares		-	3,22,800
Share expenses net of taxes		-	(985)
Share Capital Pending Allotment		-	-
<b>Net Cash generated in financing activities</b>		<u>-</u>	<u>3,21,815</u>
Net increase in cash or cash equivalents		(13,945)	42,153
Cash and cash equivalent at the beginning		47,014	4,860
<b>Cash and Cash Equivalent at the close</b>		<u>33,069</u>	<u>47,014</u>
<b>Components of cash and cash equivalents</b>	8.3.1		
Cash in hand		0	8
Balances with banks			
Current accounts		25,355	6,995
Fixed deposits		7,714	40,011
<b>Total cash and cash equivalents</b>		<u>33,069</u>	<u>47,014</u>

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:  
Place: Bengaluru

30 MAY 2019

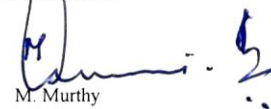
For and on behalf of the Board of Directors of  
**National E-Governance Services Limited**

  
S. Sadagopan  
Director  
DIN: 00118285

  
Vinod Shenoy M.  
Chief Financial Officer  
Date:  
Place: Bengaluru

30 MAY 2019

  
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, 2019**  
 (All amounts are in INR thousands, unless as otherwise stated)

**a) Equity share capital**

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

	2019		2018	
	Nos. (,000)	Amount	Nos. (,000)	Amount
At the beginning of the year	75,000	7,50,000	25,470	2,54,700
Changes during the year	-	-	49,530	4,95,300
<b>At the end of the year</b>	<b>75,000</b>	<b>7,50,000</b>	<b>75,000</b>	<b>7,50,000</b>

Refer note 10, for equity shareholders holding of 5% or more

**b) Other equity**

Particulars	Shares pending allotment	Retained earnings	Total
Balance as at April 1, 2017	1,72,500	(13,148)	1,59,352
Shares allotted during the year	(1,72,500)	-	(1,72,500)
Share issue expenses net of taxes	-	(878)	(878)
Loss for the year	-	(23,731)	(23,731)
Other comprehensive loss not reclassifiable to profit and loss	-	(143)	(143)
<b>Balance as at March 31, 2018</b>	(Refer Note 11)	<b>(37,900)</b>	<b>(37,900)</b>
Balance as at April 1, 2018	-	(37,900)	(37,900)
Loss for the year	-	(27,498)	(27,498)
Other comprehensive loss not reclassifiable to profit and loss	-	(25)	(25)
<b>Balance as at March 31, 2019</b>	(Refer Note 11)	<b>(65,423)</b>	<b>(65,423)</b>

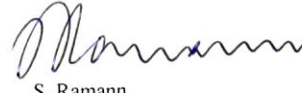
As per our report of even date attached  
 For **B.V. Swami and Co**  
 Chartered accountants  
 Firm registration number: 091518

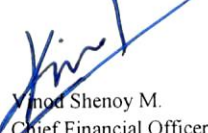
  
 A. Amaranath  
 Partner  
 Membership No: 213629  
 Date:  
 Place: Bengaluru



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

  
 S. Sadagopan  
 Director  
 DIN: 00118285

  
 S. Ramann  
 Managing Director & CEO  
 DIN: 07685657

  
 Vinod Shenoy M.  
 Chief Financial Officer  
 Date:  
 Place: Bengaluru

  
 M. Murthy  
 Company Secretary

13 0 MAY 2019

30 MAY 2019

## National E-Governance Services Limited

### Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

#### Group 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 ended 2018, 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 consolidated financial statements. The consolidated financial statements for the year ended March 31, 2019 were approved by the Board of Directors and authorized for issue on May 30, 2019

##### 2. Basis for preparation and presentation

###### Statement of Compliance

These consolidated 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 as amended subsequently by applicable amendment rules during 2017 and 2018.

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 Ind AS 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.

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 consolidated 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:

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

### **Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

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.

Previous year's figures, where necessary have been regrouped, recast and reclassified suitably to correspond with those of current year's figures. All amounts stated in the consolidated financial statements and notes to accounts have been rounded off to the nearest thousands as per the requirement of Schedule III Division 2, unless otherwise stated.

#### **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*

For 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.

##### *E- Infrastructure services*

For CKYC services, revenue is recognized when the provision of service is accepted and the certificate for completion of service is issued by the customer which is a significant event to recognize revenue.

**National E-Governance Services Limited**  
**Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019**  
(All amounts are in INR thousands, unless as otherwise stated)

*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 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 the statement of profit and 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 statement of profit and loss are also recognized in OCI or statement of profit and 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

**National E-Governance Services Limited**  
**Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019**  
 (All amounts are in INR thousands, unless as otherwise stated)

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 and 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.

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 statement of profit and loss as incurred. An individual item of property, plant and equipment with value less than Rs 5,000/- is not recognized for capitalization and is written off in the statement of profit and loss.

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. The value of the residual value is limited to 5% of the original cost of Property, Plant and Equipment as per the requirement of Schedule II to the Companies Act, 2013.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each

**National E-Governance Services Limited**

**Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**(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.

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. Additional software development costs of modules are amortised over balance future useful life of Information utility software. 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

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

### **Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

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.

In terms of Notification by Ministry of Corporate Affairs issued on March 30, 2019, Ind AS 116 has been made effective in place of Ind AS 17 for application from April 01, 2019

The said standard offers two possible methods of transition and the group proposes to adopt "modified retrospective approach" whereby the cumulative adjustment shall be taken to retained earnings on the date of initial application (April 01, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be adjusted retrospectively. The effect of adoption of Ind AS 116, as on the transition date, following evaluation shall be suitably recognized in the consolidated financial statements for the following year ending March 31, 2020.

#### **(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 statement of profit and 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 and loss.

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.

#### **(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

## National E-Governance Services Limited

### Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

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 statement of profit and 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.

#### **(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

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

### **Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

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 statement of profit and loss.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and 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:

- 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.

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

### **Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

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 statement of profit and 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 statement of profit and loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through statement of profit and loss. Gains or losses on liabilities held for trading are recognized in the statement of profit and 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 statement of profit and 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**

**National E-Governance Services Limited**

**Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

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 consolidated financial statements.

**(n) Earnings per share**

Basic earnings per share are computed by dividing profit or 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 this 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.

- Estimated useful life of intangible assets
- Estimated useful life of property, plant and equipment
- Estimation of defined benefit obligation
- Recognition of deferred taxes
- Impairment of trade receivables

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National E-Governance Services Limited

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

Non - current assets

4 Property Plant and Equipment, Other intangible assets and Intangible assets under development

Description	Cost			Depreciation			Carrying amount			
	As on 01-04-2018	Additions	Deletion	As on 31-03-2019	As on 01-04-2018	For the Year	Withdrawals	Upto 31-03-2019	WDV as on 31-03-2019	WDV as on 31-03-2018
<b>Tangible assets</b>										
Vehicles	1,947	-	-	1,947	322	293	-	615	1,332	1,625
Computers	3,500	578	-	4,078	583	1,192	-	1,775	2,303	2,917
Servers and networks	1,989	-	-	1,989	166	315	-	481	1,508	1,823
Furniture and fittings	599	206	3	802	35	71	-	106	696	564
Leasehold premises improvements	2,442	-	-	2,442	92	902	-	994	1,448	2,350
Office Equipments	2,375	81	45	2,411	204	455	4	655	1,756	2,171
<b>Total</b>	<b>12,852</b>	<b>865</b>	<b>48</b>	<b>13,669</b>	<b>1,402</b>	<b>3,228</b>	<b>4</b>	<b>4,626</b>	<b>9,043</b>	<b>11,450</b>
<i>Previous year comparatives (FYE 2018)</i>	<i>929</i>	<i>11,923</i>	<i>-</i>	<i>12,852</i>	<i>151</i>	<i>1,251</i>	<i>-</i>	<i>1,402</i>	<i>11,450</i>	
<b>Other intangible assets</b>										
IU software	49,903	37,934	-	87,837	1,695	13,510	-	15,205	72,632	48,208
IU License fees	5,000	-	-	5,000	515	1,000	-	1,515	3,485	4,485
Other software	1,754	116	-	1,870	199	358	-	557	1,313	1,555
<b>Total</b>	<b>56,657</b>	<b>38,050</b>	<b>-</b>	<b>94,707</b>	<b>2,409</b>	<b>14,868</b>	<b>-</b>	<b>17,277</b>	<b>77,430</b>	<b>54,248</b>
<i>Previous year comparatives (FYE 2018)</i>	<i>18</i>	<i>56,639</i>	<i>-</i>	<i>56,657</i>	<i>1</i>	<i>2,408</i>	<i>-</i>	<i>2,409</i>	<i>54,248</i>	
<b>Intangible assets under development</b>										
IU software under development	-	9,572	-	9,572	-	-	-	-	9,572	-
AA software under development	-	1,627	-	1,627	-	-	-	-	1,627	-
<b>Total</b>	<b>-</b>	<b>11,199</b>	<b>-</b>	<b>11,199</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,199</b>	<b>-</b>
<i>Previous year comparatives (FYE 2018)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	

Note: Based on change in policy, of not recognising individual items of assets with value below Rs 5,000/-, being adopted this year, assets of such nature earlier recognised, aggregating to Rs 48 thousands as reduced by the accumulated depreciation of Rs 4 thousands have been withdrawn and written off to the statement of profit and loss

National E-Governance Services Limited

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

Non-current assets

5 Financial assets

5.1 Investments

Particulars	2019	2018
<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) Nil units (PY 5,00,000 units) at market price (NAV).	-	5,456
Investment in SBI Debt Fund Series C-7 (1190 days) Direct Growth 10,00,000 units (PY: 10,00,000) at market price (NAV).	10,884	10,164
	<b>10,884</b>	<b>15,620</b>

Note: 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	2019	2018
Security deposits*	347	327
Bank deposits with maturity more than 12 months from balance sheet date	1,39,100	-
	<b>1,39,447</b>	<b>327</b>

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

6 Deferred tax asset

Particulars	Balance as at 2018	Recognised/ (reversed) during the year in statement of Profit and Loss	Recognised/ (reversed) during the year in OCI	Recognised/ (reversed) during the year in Equity	Balance as at 2019
Depreciation	(2,738)	(3,580)	-	-	(6,318)
Preliminary expenses u/s 35D	772	(248)	-	-	524
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	93	157	9	-	259
Expenses disallowed under sec 40 (a) (ia) of the Income Tax Act, 1961 for non-deduction of TDS	1,024	(998)	-	-	26
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	393	(31)	-	-	362
On account of fair value adjustments under Ind AS	(267)	(212)	-	-	(479)
Deferred tax asset for carried forward tax loss*	11,731	14,332	-	-	26,063
Deferred tax asset reversal on account of income tax rate change**	(105)	105	0	-	0
<b>Total</b>	<b>10,903</b>	<b>9,525</b>	<b>9</b>	<b>-</b>	<b>20,437</b>

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

\*\* The tax rates under income tax act 1961, has changed from 25.75% ( 2018) to 26% ( 2019)

7 Other non-current assets

Particulars	2019	2018
Prepaid expenses - non current	229	204
	<b>229</b>	<b>204</b>

**National E-Governance Services Limited**

**Notes to the consolidated financial statements for the year ended March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

**Current assets**

**Financial assets**

**8.1 Investments**

Particulars	2019	2018
<b>Current investments:</b>		
<b>Investments in mutual funds (quoted)</b>		
Investment in SBI Magnum Insta Cash Fund - Direct Plan - Growth Nil units (PY: 17,741 units) at market price (NAV).	-	68,182
Investment in LD72SG SBI Liquid Fund Direct Growth 2205.037 units (PY: NIL units) at market price (NAV).	6,457	-
Investment in UTI Fixed Term Income Fund - Series XXV - IX (1098 Days) (G) 5,00,000 units at market price (NAV).	5,923	-
<b>Total</b>	<b>12,380</b>	<b>68,182</b>

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

**8.2 Trade receivables**

Particulars	2019	2018
(a) Trade Receivables considered good - Secured;	-	-
(b) Trade Receivables considered good - Unsecured;	-	-
Receivable from related parties	-	-
Receivable from others	70,835	5,787
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - credit impaired	-	-
<b>Total</b>	<b>70,835</b>	<b>5,787</b>

\*The receivables pertaining to holding company (NeSL) of Rs 705 lakhs are against Rs 1,346 lakhs of billings of which Rs 738 lakhs is recognised in profit and loss account (note 17) as per revenue recognition policy, the balance of Rs 608 lakhs is disclosed as deferred income - financial creditors under other financial assets (note 15).

**8.3.1 Cash and cash equivalents**

Particulars	2019	2018
Cash in hand	0	8
<b>Balance with banks (of the nature of cash and cash equivalents)</b>		
In current account	25,355	6,995
In fixed deposits	7,707	39,929
Income accrued but not due on fixed deposits - cash and cash equivalent	7	82
<b>Total</b>	<b>33,069</b>	<b>47,014</b>

**8.3.2 Other bank balances**

Particulars	2019	2018
In deposit account with maturity within 12 months of balance sheet date	3,90,025	5,47,317
<b>Total</b>	<b>3,90,025</b>	<b>5,47,317</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".

**8.4 Other financial assets**

Particulars	2019	2018
Advances recoverable	58	-
Income accrued but not due on fixed deposits	4,953	5,623
Unbilled revenue - FC creditors	1	-
Unbilled revenue - CKYC service	264	1,277
<b>Total</b>	<b>5,276</b>	<b>6,900</b>

**9 Other current assets**

Particulars	2019	2018
Income tax- TDS	17,064	5,717
GST input credit	13,928	16,744
Prepaid expenses	712	565
Security deposit	1	1
Other advances	1,194	397
<b>Total</b>	<b>32,899</b>	<b>23,424</b>

**National E-Governance Services Limited**

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

**Equity**

**9 Share capital**

Particulars	2019	2018
<b>Authorised share capital</b>		
10,00,00,000 (previous period: 10,00,00,000) Number of Equity shares of Rs. 10/- each.	10,00,000	10,00,000
	<b>10,00,000</b>	<b>10,00,000</b>
<b>Issued, subscribed and fully paid-up share capital</b>		
7,50,00,000 (previous period: 7,50,00,000) equity shares of Rs 10 each	7,50,000	7,50,000
	<b>7,50,000</b>	<b>7,50,000</b>

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

Particulars	2019		2018	
	Number of shares (000)	Amount	Number of shares (000)	Amount
Number of shares at the beginning of the year/period	75,000	7,50,000	25,470	2,54,700
Shares issued during the year/period	-	-	49,530	4,95,300
<b>Shares outstanding at the end of the year/period</b>	<b>75,000</b>	<b>7,50,000</b>	<b>75,000</b>	<b>7,50,000</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	2019		2018	
	Number of shares (000)	Percentage holding	Number of shares (000)	Percentage holding
Life Insurance Corporation	4,500	6.00%	4,500	6.00%
State Bank of India	7,500	10.00%	7,500	10.00%
Canara Bank	7,500	10.00%	7,500	10.00%
Bank of Baroda	7,500	10.00%	7,500	10.00%
ICICI Bank	7,425	9.90%	7,425	9.90%
Axis Bank Ltd.	7,125	9.50%	7,125	9.50%
Karnataka Bank Ltd.	4,500	6.00%	4,500	6.00%

**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 2019. 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 2019.

11	<b>Other equity</b>		
	<b>Particulars</b>	<b>2019</b>	<b>2018</b>
	<b>Retained earnings</b>		
	Opening balance	(37,900)	(13,148)
	Share issue expenses net of taxes	-	(878)
	Add: Loss for the period	(27,498)	(23,731)
	Add: Other comprehensive loss	(25)	(143)
	<b>Total</b>	<b>(65,423)</b>	<b>(37,900)</b>

**Non - current liabilities****12 Financial liabilities****12.1 Other financial liabilities**

	<b>Particulars</b>	<b>2019</b>	<b>2018</b>
	Deposits received	1,070	1,005
	<b>Total</b>	<b>1,070</b>	<b>1,005</b>

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

**13 Provisions (non-current)**

	<b>Particulars</b>	<b>2019</b>	<b>2018</b>
	Provision for gratuity	994	356
	Provision for leave encashment - non current	1,283	1,408
	<b>Total</b>	<b>2,277</b>	<b>1,764</b>

**Current liabilities****14 Financial liabilities****14.1 Trade payables**

	<b>Particulars</b>	<b>2019</b>	<b>2018</b>
	Total outstanding dues of micro enterprises and small enterprises	448	-
	Total outstanding dues of creditors other than Micro and small enterprises		
	Related Parties	-	-
	Others		
	Creditors for supplies & services	35,104	54,808
	Creditors for expenses	1,979	843
	<b>Total</b>	<b>37,531</b>	<b>55,651</b>

Note: Payments due to parties who are registered as micro and small enterprises under the "The Micro, Small and Medium Enterprises Act, 2006" were made within stipulated time under that Act.

**14.2 Other financial liabilities**

	<b>Particulars</b>	<b>2019</b>	<b>2018</b>
	RFP deposit received	1,791	-
	Other returnable deposits	321	-
	Advances returnable	40	-
	<b>Total</b>	<b>2,152</b>	<b>-</b>

**15 Other current liabilities**

	<b>Particulars</b>	<b>2019</b>	<b>2018</b>
	Statutory Liabilities	6,737	7,562
	Deferred income - Financial creditors	60,794	-
	Deferred income - Ind AS fair value adjustment	298	372
	Advance received from customers	170	-
	Sitting fees payable	45	2
	Honorarium payable	3	18
	<b>Total</b>	<b>68,047</b>	<b>7,954</b>

**16 Provisions (current)**

	<b>Particulars</b>	<b>2019</b>	<b>2018</b>
	Provision for expenses	17,390	12,549
	Provision for current tax	-	249
	Provision for leave encashment - current	109	104
	<b>Total</b>	<b>17,499</b>	<b>12,902</b>

**National E-Governance Services Limited**
**Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

<b>17 Revenue from operations</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
IU fee- Financial creditors	73,834	-
IU fee- Operational creditors	109	64
Technical fee	-	76
Central Know Your Customer Services income	6,587	6,496
<b>Total</b>	<b>80,530</b>	<b>6,636</b>

**\* Summary of financial creditors billing for the year ended Mar'19**

Total financial creditors billing for the year ended Mar'19	1,34,627
(-) Deferred revenue ( disclosed in note 15)	(60,794)
(+) Unbilled revenue ( disclosed in note 8.4)	1
<b>Revenue recognised for the year ended Mar'19</b>	<b>73,834</b>

<b>18 Other income</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Interest on fixed deposits	39,524	40,410
Interest on security deposits	20	10
Interest on IT refund	78	-
Gain on redemption of mutual funds- current investments	2,339	5,390
Gain on restatement of mutual funds at fair value	814	749
RFP application fees	13	-
Miscellaneous income	324	96
<b>Total</b>	<b>43,112</b>	<b>46,655</b>

<b>19 Cost of services</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
IU annual fee	5,000	5,000
IU technology expenses	44,473	5,035
IU operational expenses	7,040	3,092
Offsite data entry & cropping work	419	-
Onsite data entry & cropping work	778	-
Subscription charges for trackwizz CKYC	2,662	405
IT Consulting Expenses	727	1,627
Virtual machine infrastructure service	209	2,830
Other operating expenses	1,788	808
<b>Total</b>	<b>63,096</b>	<b>18,797</b>

<b>20 Employee benefit expenses</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Salary & Allowances	39,000	29,231
Contribution to Provident Fund & Superannuation Fund	2,450	2,182
Gratuity expense	604	134
Leave encashment and compensated leave benefits	1,102	1,511
Staff Welfare Expenses	2,435	1,528
<b>Total</b>	<b>45,591</b>	<b>34,586</b>

<b>21 Finance costs</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Interest expense on security deposit received	66	5
<b>Total</b>	<b>66</b>	<b>5</b>

<b>22 Other expenses</b>		
<b>Particulars</b>	<b>2019</b>	<b>2018</b>
Rent	3,321	2,979
Repairs and maintenance	798	1,246
Subscription, rates and taxes	929	434
Professional charges	8,615	6,495
Communication expenses	1,401	570
Advertisement and business promotion	876	1,256
Auditors' remuneration		
- Statutory audit	300	300
- Tax audit	100	-
Secretarial audit	200	200
Internal audit	1,100	1,300
Travelling, boarding and conveyance	8,913	7,607
Directors' sitting fees	2,394	1,875
Preliminary expenses written off	-	185
Other miscellaneous/administrative expenses	4,980	3,212
<b>Total</b>	<b>33,927</b>	<b>27,659</b>

Note: 1. GST related to these expenses are classified as a part of GST input credit (Note 9 - Other current assets).

2. Other miscellaneous/administrative expenses include, for 2019, assets written off, Rs 44 thousands, consequent to a policy of not capitalising assets with individual value of below Rs 5000 ( Refer policy 3(d) - property, plant and equipment, depreciation and amortisation).

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**Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019**

(All amounts are in INR thousands, unless as otherwise stated)

**23 Related party disclosures**

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

Subsidiaries	:	NESL Asset Data Limited NESL E-Infrastructure Limited
Key management personnel	:	Mr. S. Ramann, Managing Director Mr. S. Raghunathan, Executive Director (Upto: March 25, 2019) Mr. Vinod Shenoy M, Chief Financial Officer (W.e.f July 11, 2018) Ms. S. Padmavathy, Company Secretary (Upto: June 3, 2018) Mr. M. Murthy, Company Secretary (W.e.f. June 4, 2018)

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

Particulars	Key management personnel		Total	
	2019	2018	2019	2018
<b>A. Transactions during the year</b>				
<b>Remuneration*</b>				
Mr. S. Ramann	4,302	4,334	4,302	4,334
Mr. S. Raghunathan (Upto: March 25, 2019)	6,218	4,479	6,218	4,479
Mr. Vinod Shenoy M. (W.e.f July 11, 2018)	2,537	583	2,537	583
Ms. S. Padmavathy (Upto: June 3, 2018)	103	-	103	-
Mr. M. Murthy (W.e.f. June 4, 2018)	2,470	-	2,470	-
	<b>15,630</b>	<b>9,396</b>	<b>15,630</b>	<b>9,396</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	Key management personnel		Total	
	2019	2018	2019	2018
<b>Remuneration</b>				
Mr. S. Ramann	-	-	-	-
Mr. S. Raghunathan (Upto: March 25, 2019)	-	-	-	-
Mr. Vinod Shenoy M. (W.e.f July 11, 2018)	-	-	-	-
Ms. S. Padmavathy (Upto: June 3, 2018)	-	-	-	-
Mr. M. Murthy (W.e.f. June 4, 2018)	22	-	22	-
	<b>22</b>	<b>-</b>	<b>22</b>	<b>-</b>

**National E-Governance Services Limited**

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

**24.1 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>2019</b>	<b>2018</b>
Present Value of Funded Defined Benefit Obligation	994	356
Fair value of Plan Assets	-	-
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>994</b>	<b>356</b>

<b>Net Defined Benefit Cost/(Income) included in Statement of Profit &amp; Loss at Period-End</b>	<b>2019</b>	<b>2018</b>
Service Cost	427	90
Net Interest Cost	45	6
Past Service Cost	132	38
Administration Expenses	-	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
<b>Total Defined Benefit Cost/(Income) included in Profit &amp; Loss</b>	<b>604</b>	<b>134</b>

<b>Current / Non-Current Bifurcation</b>	<b>2019</b>	<b>2018</b>
Current Benefit Obligation	5	5
Non - Current Benefit Obligation	989	351
<b>(Asset)/Liability Recognised in the Balance Sheet</b>	<b>994</b>	<b>356</b>

<b>Actual Return on Plan Assets</b>	<b>2019</b>	<b>2018</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-End</b>	<b>2019</b>	<b>2018</b>
Amount recognized in OCI, Beginning of Period	192	-
<b>Remeasurements due to :</b>		
Effect of Change in financial assumptions	7	(14)
Effect of Change in demographic assumptions	-	-
Effect of experience adjustments	27	206
(Gain)/Loss on Curtailments/Settlements	-	-
Return on plan assets (excluding interest)	-	-
Changes in asset ceiling	-	-
<b>Total remeasurements recognized in OCI</b>	<b>34</b>	<b>192</b>
<b>Amount recognized in OCI, End of Period</b>	<b>226</b>	<b>192</b>

<b>Total Defined Benefit Cost/(Income) included in Profit &amp; Loss and Other Comprehensive Income</b>	<b>2019</b>	<b>2018</b>
Amount recognized in P&L, End of Period	604	134
Amount recognized in OCI, End of Period	34	192
<b>Total Net Defined Benefit Cost/(Income) Recognized at Period-End</b>	<b>638</b>	<b>326</b>

<b>Change in the Unrecognised Asset due to the Asset Ceiling During the Period</b>	<b>2019</b>	<b>2018</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>

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Notes to the consolidated Ind AS financial statements for the year ended March 31, 2019

(All amounts are in INR thousands, unless as otherwise stated)

<b>Change in Defined Benefit Obligation during the Period</b>	<b>2019</b>	<b>2018</b>
Defined Benefit Obligation, Beginning of Period	356	30
Net Current Service Cost	427	90
Interest Cost on DBO	45	6
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	34	192
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture	-	-
Benefits Paid	-	-
Past Service Cost	132	38
Losses / (Gains) on Curtailments/Settlements	-	-
<b>Defined Benefit Obligation, End of Period</b>	<b>994</b>	<b>356</b>

<b>Change in Fair value of Plan Assets during the Period</b>	<b>2019</b>	<b>2018</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	-	-
<b>Fair value of Plan Assets, End of Period</b>	<b>-</b>	<b>-</b>

<b>Reconciliation of Balance Sheet Amount</b>	<b>2019</b>	<b>2018</b>
Balance Sheet (Asset)/Liability, Beginning of Period	356	30
True-up	-	-
Total Charge/(Credit) Recognised in Profit and Loss	604	134
Total Remeasurements Recognised in OC (Income)/Loss	34	192
Acquisitions/Business Combinations/Divestitures	-	-
Actual Employer Contribution	-	-
Other Events	-	-
<b>Balance Sheet (Asset)/Liability, End of Period</b>	<b>994</b>	<b>356</b>

<b>Financial Assumptions Used to Determine the Defined Benefit Obligation</b>	<b>2019</b>	<b>2018</b>
Discount Rate	7.78%	7.87%
Salary Escalation Rate	8.00%	8.00%

<b>Financial Assumptions Used to Determine the Profit &amp; Loss Charge</b>	<b>2019</b>	<b>2018</b>
Discount Rate	7.78%	7.87%
Salary Escalation Rate	8.00%	8.00%
Expected Return on Plan Assets	N.A.	N.A.

<b>Demographic Assumptions Used to Determine the Defined Benefit Obligation</b>	<b>2019</b>	<b>2018</b>
Withdrawal Rate	5.00%	5.00%
Mortality Rate	IALM (2012-14) Ult	IALM (2006-08) Ult
Retirement Age	60 years	60 years

<b>Asset Category</b>	<b>2019</b>		<b>2019</b>
	<b>Quoted Value</b>	<b>Non-Quoted Value</b>	<b>Total</b>
Government of India Securities (Central and State)	0.00%	0.00%	0.00%
High quality corporate bonds (including Public Sector Bonds)	0.00%	0.00%	0.00%
Equity shares of the Company	0.00%	0.00%	0.00%
Insurer Managed Funds & T-bills	0.00%	0.00%	0.00%
Cash (including Bank Balance, Special Deposit Scheme)	0.00%	0.00%	0.00%
Others	0.00%	0.00%	0.00%
<b>Total</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>

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**24.2 Leave Encashment & Compensated absence scheme**

The following table sets out the status of leave Encashment & Compensated absence scheme as required by Ind AS 19 - 'Employee benefits'.

<b>Amounts in Balance Sheet at Period-End</b>	<b>2019</b>	<b>2018</b>
Defined Benefit Obligation	1,392	1,512
Fair value of Plan Assets	-	-
Funded Status - (Surplus)/Deficit	1,392	1,512
Present Value of Unfunded Defined Benefit Obligation	-	-
Unrecognised Asset due to Asset Ceiling	-	-
<b>(Asset)/Liability Recognised in the Balance Sheet</b>	<b>1,392</b>	<b>1,512</b>

<b>Amounts Recognised in Statement of Profit &amp; Loss at Period-End</b>	<b>2018 to 2019</b>	<b>2017 to 2018</b>
Service Cost	129	1,512
Net Interest Cost	120	-
Past Service Cost	-	-
Remeasurements	853	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Administration Expenses	-	-
<b>Total Expense/(Income) included in "Employee Benefit Expense"</b>	<b>1,102</b>	<b>1,512</b>

Note : The actuarial gains & losses are recognised, immediately, through profit & loss account.

<b>Change in Defined Benefit Obligation during the Period</b>	<b>2018 to 2019</b>	<b>2017 to 2018</b>
Defined Benefit Obligation, Beginning of Period	1,512	-
Net Current Service Cost	129	1,512
Interest Cost on DBO	120	-
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	853	-
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture	-	-
Benefits Paid	(1,222)	-
Past Service Cost	-	-
Losses / (Gains) on Curtailments/Settlements	-	-
<b>Defined Benefit Obligation, End of Period</b>	<b>1,392</b>	<b>1,512</b>

<b>Change in Fair value of Plan Assets during the Period</b>	<b>2018 to 2019</b>	<b>2017 to 2018</b>
Fair value of Plan Assets, Beginning of Period	-	-
Interest Income on 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)	-	-
Benefit Paid	-	-
Acquisition/Business Combination/Divestiture	-	-
Assets extinguished on Settlements/Curtailments	-	-
<b>Fair value of Plan Assets, End of Period</b>	<b>-</b>	<b>-</b>

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(All amounts are in INR thousands, unless as 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
<b>National E-Governance Services Limited</b>								
<i>FYE 2019</i>	94.82%	6,87,053	92.99%	(25,571)	100%	(25)	93.00%	(25,596)
<i>FYE 2018</i>	94.75%	7,12,649	99.30%	(23,565)	100%	(143)	99.30%	(23,708)
<b><u>Subsidiaries</u></b>								
<b>NESL Asset Data Limited</b>								
<i>FYE 2019</i>	3.79%	27,427	6.54%	(1,799)	0%	-	6.53%	(1,799)
<i>FYE 2018</i>	3.89%	29,226	2.21%	(524)	0%	-	2.20%	(524)
<b>NESL E-infrastructure Limited</b>								
<i>FYE 2019</i>	1.39%	10,097	0.47%	(128)	0%	-	0.47%	(128)
<i>FYE 2018</i>	1.36%	10,225	-1.51%	358	0%	-	-1.50%	358
<b>Sub total FYE 2019</b>	<b>100%</b>	<b>7,24,577</b>	<b>100%</b>	<b>(27,498)</b>	<b>100%</b>	<b>(25)</b>	<b>100%</b>	<b>(27,523)</b>
<b>Sub total FYE 2018</b>	<b>100%</b>	<b>7,52,100</b>	<b>100%</b>	<b>(23,731)</b>	<b>100%</b>	<b>(143)</b>	<b>100%</b>	<b>(23,874)</b>
<b>Adjustment arising out of consolidation</b>								
<i>FYE 2019</i>		(40,000)		-		-		-
<i>FYE 2018</i>		(40,000)						
<b>Total FYE 2019</b>		<b>6,84,577</b>		<b>(27,498)</b>		<b>(25)</b>		<b>(27,523)</b>
<b>Total FYE 2018</b>		<b>7,12,100</b>		<b>(23,731)</b>		<b>(143)</b>		<b>(23,874)</b>

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26 The carrying value and fair value of financial instruments by categories as at March 31, 2019 are as follows.

Particulars	Note	Carrying value	Fair value	Carrying value	Fair value
		2019	2019	2018	2018
<b>Financial assets</b>					
<b>Amortised cost</b>					
Other financial assets (Bank deposits)	5.2	1,39,100	1,39,100	-	-
Trade receivables	8.2	70,835	70,835	5,787	5,787
Cash and cash equivalents	8.3.1	33,069	33,069	47,014	47,014
Other bank balances	8.3.2	3,90,025	3,90,025	5,47,317	5,47,317
Other financial assets	8.4	5,276	5,276	6,900	6,900
<b>Fair value through profit and loss (FVPTL)</b>					
Investments in mutual funds (quoted)	5.1 & 8.1	23,264	23,264	83,802	83,802
Other financial assets (Security deposits)	5.2	347	347	327	327
<b>Total financial assets</b>		<b>6,61,916</b>	<b>6,61,916</b>	<b>6,91,147</b>	<b>6,91,147</b>
<b>Financial liabilities</b>					
<b>Amortised cost</b>					
Trade payables	14.1	37,531	37,531	55,652	55,652
Other financial liabilities	14.2	2,152	2,152	-	-
<b>Fair value through profit and loss (FVPTL)</b>					
Other financial liabilities (Security deposits)	12.1	1,070	1,070	1,005	1,005
<b>Total financial liabilities</b>		<b>40,753</b>	<b>40,753</b>	<b>56,657</b>	<b>56,657</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

27.1 **Financial assets and liability measured at fair value - recurring fair value measurement as at 31st March 2019**

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)		23,264	23,264	-	-
Other financial assets (Security deposits)		347	-	347	-
<b>Liabilities measured at fair value:</b>					
Other financial liabilities (Security deposits)		1,070	-	1,070	-

27.2 **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)		83,802	83,802	-	-
Other financial assets (Security deposits)		327	-	327	-
<b>Liabilities measured at fair value:</b>					
Other financial liabilities (Security deposits)		1,005	-	1,005	-

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

- 1) The use of quoted market prices
- 2) The security deposits, given and received, 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. Other financial assets (non current) and other bank balances are deposits with Bank of Baroda, Canara Bank and SBI, listed public sector undertakings, and carry negligible risks except concentration risk. The deposits mature over a term of 13 to 18 months. 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 (current) 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. Liquidity risks on unbilled revenue are managed and monitored through ageing, confirmations. 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 Capital management**

National E-Governance Services Limited:

The company is subject to capital maintenance as per regulatory requirements by Insolvency and Bankruptcy Code ( IBC), to maintain minimum capital of Rs 5000 Lakhs computed as Net Worth (as defined in Companies Act, 2013), during any year. Net Worth is the total of Equity Share Capital and Other Equity as disclosed in the balance sheet. The management has assessed that the Company is currently sufficiently capitalised in terms of the Net Worth requirements during, and, as at the end of, current and previous financial year.

NESL Asset Data Limited:

The company is subject to regulatory requirements by RBI to maintain capital of Rs 200 lakhs at the time of being licensed as Account Aggregator, expected in the next financial year, 2019-20 as per the in principle approval given by RBI to the Company under its Master Directions. RBI requires capital maintenance in terms of Net Owned Fund ( NoF). For NoF calculation, intangibles do not qualify to be capitalised. The management has assessed that the Company is currently sufficiently capitalised in terms of the NoF requirements as at the end of current financial year. Any future capital requirements will be reviewed while the Company seeks to be Licensed as Account Aggregator during FY 2019-20.

**29 Earning per share**

Particulars	2019	2018
Profit attributable to equity shareholders of the company	(27,498)	(23,731)
Number of shares outstanding as on the balance sheet date (units in thousands)	75,000	75,000
Weighted average number of shares purpose of EPS basic and diluted (units in thousands)	75,000	66,745
Earnings per share basic and diluted (in ₹ per share)	(0.37)	(0.36)

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

- i) The Group is maintaining the books of account at its administrative office in Bengaluru as authorised by the Board of Directors.  
 ii) Commitments

a) Non cancellable operating lease

NeSL has certain IT infrastructure on lease, which mature within 4 years of this financial year end (i.e. 2019). The lease entitle company for renewal rights. The Company expects outgo and commitments of Rs 684,20 thousands based on the present requirements and utilisation of the IT infrastructure.

Particulars	Amount
Upto 1 year	17,849
Later than 1 year and upto 5 years	50,571
Later than 5 years	-
	<b>68,420</b>

- b) The subsidiary NESL Asset Data Limited has future capital commitments for Rs 139.75 lakhs towards unexecuted capital contract and related maintenance for Account Aggregation Software

- iii) The Group does not have any contingent liability which require recognition or disclosure in the financial statements  
 iv) No provision of taxation is necessitated in the absence of taxable income.

