



NATIONAL E-GOVERNANCE SERVICES LIMITED

**FOURTH ANNUAL REPORT
2019-20**

Regd. Office : 4th floor, Gresham Assurance House, Sir P M Road, Fort, Mumbai-400001.

Phone 022-62606655 Email: nesl@nesl.co.in CIN U72900MH2016GOI282855

Website: www.nesl.co.in

4th Annual General Meeting

Date: 29th September, 2020

Day: Tuesday

Time: 12.00 Noon

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BOARD OF DIRECTORS

SARVASHRI

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

CHAIRMAN & INDEPENDENT DIRECTOR
INDEPENDENT DIRECTOR
INDEPENDENT DIRECTOR
INDEPENDENT DIRECTOR
NOMINEE OF LIC
NOMINEE OF ICICI BANK
MANAGING DIRECTOR & CEO

Key Managerial Personnel

Vinod Shenoy M	Chief Financial Officer
Mruthunjaya Murthy	Company Secretary & Legal Counsel

STATUTORY AUDITORS

M/s. Abarna & Ananthan, 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 Fourth Annual General Meeting of the members of **National E-Governance Services Limited** (CIN: U72900MH2016GOI282855) will be held on Tuesday the 29th September, 2020 at 12.00 Noon through video conference to transact the following business:

Ordinary Business:

Item No. 1 – Adoption of Audited Standalone Financial Statements:

To receive, consider and adopt the Audited Standalone Financial Statements of the Company (Standalone) for the Financial Year ended 31st March, 2020 and the Reports of the Board of Directors and the Auditors thereon

Item No. – Adoption of Audited Consolidated Financial Statements:

To receive, consider and adopt the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2020 and the Reports the Auditors thereon.

Item No. 3- Re-Appointment of Mr. Anindya Banerjee, Director who retires by rotation and being eligible, offered himself for re-appointment

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

Item No. 4 –Appointment of Auditors:

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

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the members do and hereby appoint M/s. Abarna & Ananthan, Chartered Accountants (Firm Registration No. BA0245) as the Statutory Auditors of the Company as advised by the Comptroller and Auditor General (C&AG) of India vide their letter dated 14 August, 2020, to conduct the audit for the financial year 2020-21 at the remuneration of Rs.3.00 Lakhs (Rupees Three Lakhs) payable plus GST as applicable, and reimbursement of out-of-pocket expenses incurred.”

Special Business

5.To consider and if thought fit to pass with or without modification the following resolution as ordinary resolution :

RESOLVED THAT pursuant to the recommendation of Nomination and Remuneration Committee and approval of Board of Directors and pursuant to the provisions of Section 196, 197, 198, 201 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including rules, notifications and statutory modification, amendment or re-enactment thereof for the time being in force and as may be enacted from time to time) read with Schedule V of the said act, and such other approvals, permissions and sanctions of such authorities and/or agencies as may be required in this regard and subject to the provisions of the Articles of Association of the Company, approval of the members be

and is hereby accorded to the revision in the remuneration of Shri. S. Ramann (DIN: 07685657), Managing Director & CEO of the company with effect from 1 April 2020 for the remaining period of his first term tenure which is valid till November, 2021 by providing Rent Free Accommodation in place of payment of House Rent allowance as hitherto subject to company leasing the accommodation subject to a limit of Rupees One Lakh per month towards lease rent and the cost of maintenance charges, electricity and water charges at actuals within a limit of Rs. 25,000/- (Rupees Twenty Five Thousands) per month.

RESOLVED FURTHER THAT where in any financial year during the tenure of Shri. S. Ramann, the company has no profits or profits are inadequate, the aforesaid remuneration or remuneration as may be approved by the Board of Directors of the company from time to time shall be paid as minimum remuneration.

RESOLVED FURTHER THAT any of the directors or the Company Secretary of the company be and are hereby severally authorised to do all such acts deeds, matters and things as may in their absolute discretion deem necessary, proper or desirable and settle any questions, difficulty or doubt that may arise in this regard.”

Date: 4 September, 2020 Place: Bengaluru	For NeSL Asset Data Limited By Order of the Board of Directors
<p><u>Registered Office:</u> Gresham Assurance House 4th Floor, Sir P M Road Fort Mumbai 400001</p>	<p>Sd/- Mruthunjaya Murthy Company Secretary & Legal Counsel ACS : 11766</p>

Explanatory Statement as required under the provisions of Section 102 of the Companies Act, 2013.

EXPLANATORY STATEMENT AS REQUIRED UNDER THE PROVISION OF SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE OF ANNUAL GENERAL MEETING.

The Members are hereby informed that Mr. S Ramann, Managing Director & CEO of NESL is on deputation from C & AG since December, 2016 and the salary and fitment was fixed at the time of appointment based on the C & AG norms along with deputation allowance.

The Company has made progressive growth and registered profitable operations for the financial year ended March 2020 under the able leadership of Shri. S Ramann. At present his annual Cost to Company (CTC) is Rs. 48.16 Lakhs which includes HRA of Rs. 6,04,080. It is proposed to provide Rent Free Accommodation with company lease subject to rent for such accommodation with a limit of Rupees One Lakh per month and the cost of maintenance fees, water and electricity on actual basis subject to limit of Rs. 25,000 (Rupees Twenty Five Thousands) per month with effect from April 2020.

Mr Ramann may be defrayed the differential cost incurred in this behalf till the premises is leased by the company, which may be effective from October 2020 subject to the limits laid down as above. The proposal will amount to an increase in the gross remuneration of Rs. 8,95,920/- PA.

Your Board commends the adoption of resolution at No.5 – Special Business of the Agenda.

None of the directors is concerned or interested in the resolution except Mr. S Ramann, in his capacity as director of the company.

NOTES:

In view of the massive outbreak of the COVID-19 pandemic, social distancing is to be a pre-requisite and pursuant to the **General Circular Nos. (i) 20/2020 dated 5th May, 2020 (AGM Circular), (ii) 14/2020, dated 08.04.2020 (EGM Circular – I) and (iii) 17/2020 dated 13.04.2020 (EGM Circular – II)]** issued by the Ministry of Corporate Affairs, physical attendance of the Members to the AGM venue is not required. Hence, Members have to attend and participate in the ensuing AGM through VC/OAVM.

The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.

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

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

2. In terms of Section 113 of the Companies Act, 2013, a body corporate whether a company within the meaning of the Act or not, which is a member of this Company, may by a resolution of its Board, authorise such person as it thinks fit to act as representative at any meeting of the Company and a person so authorised shall be entitled to exercise the same powers on behalf of the Company which he represents, as if he is an individual shareholder of the Company.
3. Pursuant to Section 139 (5) read with Section 142 (1) of the Companies Act, 2013, the Auditors of a Government Company are appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is fixed by the Company in the Annual General Meeting. The shareholders may authorize the Board to fix up an appropriate remuneration of Auditors for the year 2020-21 as may be deemed fit by the Board.
4. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business is enclosed for the perusal of members.
5. The report from the Comptroller and Auditor General of India, is attached along with the 4th Annual Report of the company.

Date: 4 September, 2020 Place: Bengaluru	For National E-Governance Services Limited By Order of the Board of Directors
Registered Office: Gresham Assurance House 4th Floor, Sir P M Road Fort Mumbai 400001	Sd/- Mruthunjaya Murthy Company Secretary & Legal Counsel ACS 11766

DIRECTOR`S REPORT

To the Members,

The Directors are pleased to present the fourth Annual Report of **National E-Governance Services Ltd.** (CIN: U72900MH2016GOI282855) ("**The Company**" or "**NeSL**") along with the audited financial statements (Standalone) and Consolidated for NeSL Group for the financial year (FY) ended March 31, 2020.

1. FINANCIAL RESULTS

(in INR THOUSANDS.)

Particulars	STANDALONE		CONSOLIDATED	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Gross revenue from operations	288,790	73,943	293,314	80,530
Total expenditure before finance cost, depreciation (net of expenditure transferred to capital)	101,647	131,215	109,283	142,614
Operating Profit	187,143	(57,272)	184,031	(62,084)
Add: Other income	44,219	40,911	46,461	43,112
Profit before finance cost, depreciation, exceptional items and taxes	231,362	(16,361)	230,492	(18,972)
Less: Finance costs	3,010	66	3,212	66
Profit before depreciation, exceptional items and taxes	228,352	(16,427)	227,280	(19,038)
Less: Depreciation	39,306	18,078	40,153	18,096
Profit/(Loss) before exceptional items & tax	189,046	(34,505)	187,127	(37,134)
Add/(Less): Exceptional Items	-			
Profit before taxes	189,046	(34,505)	187,127	(37,134)
Less: Tax Expense				
Current Tax	21,756	-	21,886	111
Deferred Tax	26,155	8,934	25,630	9,525
Net Profit/(Loss) for the Period	141,135	(25,571)	139,611	(27,498)

Other comprehensive income (OCI)	(1097)	(34)	(1,129)	(34)
Deferred tax	194	9	202	9
Total comprehensive income for the year	(903)	(25)	(927)	(25)
Net Profit/(Loss)	140,232	(25,596)	138,684	(27,523)
Retained Earnings: Balance brought forward from the previous year	(62,947)	(37,351)	(65,423)	(37,900)
Add: Share issue expenses			(190)	
Add: Profit for the period	140,232	(25,596)	138,684	(27,523)
Add: Transition impact of Ind AS 116	(2,977)		(3,020)	
Retained Earnings: Balance to be carried forward	74,308	(62,947)	70,051	(65,423)

2. COVID-19 – Pandemic

Towards the end of the Financial Year 2019-20, Covid-19 pandemic rapidly spread across the country and turned into a worldwide crisis, resulting in enforced lockdowns, severely curtailing economic activities. The Company switched to 'Work from Home' mode to offset any adverse effect on its business, buttressed, as it were, by its operation being digital. The Company simultaneously shifted its focus to ensuring suitable precautionary measures for the well-being and safety of its personnel in all possible ways.

The Company also, on its part, as a responsible Corporate Citizen, contributed its mite to the PM CARES Fund towards massive efforts underway, in dealing with the enormous public health crisis.

The Directors of your company regret the loss of lives owing to Covid-19 pandemic and expressed their gratitude and respectful appreciation for all the Covid Warriors who put themselves in the forefront, risking their life and safety in taking on the pandemic.

3. Change in the nature of Business:

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

4. 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.

5. Dividend:

No dividend is proposed by your Directors with a view to conserving the resources in these times.

6. Reserves:

The balance of the retained earnings of the year, after adjustment of the accumulated loss, was Rs.7.43 Crore.

7. Performance and Outlook

The Company during the year under report, firmly ensconced itself as India's first and only (so far) Information Utility (IU) in terms of the Insolvency and Bankruptcy Code (IBC) and as a service provider gained the confidence of its clients (Financial and Operational Creditors) and its Constituents. The services of IU were accessed and scaled to upload data and documents pertaining to loans and financial debts, besides, for provision of authenticated financial information.

7.1 The company on a standalone basis registered a revenue of Rs.33.30 Crore during the year under review as against Rs. 11.48 Crore in the previous year, a significant upward jump of 290%. The Profit after Tax (PAT) was Rs. 14.11 Crore as compared to loss of Rs.2.56 Crore in the previous year. The year's profit absorbed the accumulated loss upto date and resulted in accretion to Retained earnings of Rs.7.43 Crores.

The Consolidated Revenue for financial year 2020 was Rs._33.98 Crores, higher by 274% over the previous year's revenue of Rs.12.39 Crores. The PAT for financial year 2020 was Rs.13.96 Crores as against loss of Rs.2.75 Crores in the previous year.

7.2 The IU on-boarded loan records submitted in the region of 98.62 lakhs during the year, inter-alia having the corporate loan value of Rs.66.54 lakh Crores, which broadly represents the entire set of corporate debts provided by the Banking and NBFC Sectors. This bears success of the Government of India's (GOI's) Insolvency and Bankruptcy Code initiative. The IU also stored data from operational creditors of a value of about Rs.16,000 Crores. The success of the onboarded Volume is attributable to significant efforts made in creating awareness through meetings, scaled up marketing, Seminars, Conferences at various Professional and Business forums and especially due to the positive support from the Reserve Bank of India.

7.3 The Company's quality initiative of implementation on its IU Platform, the Digital Documentation Execution (DDE) – an advanced fully automated contract execution platform as a mode of submission of data by a financial creditors is at an advanced stage of going on stream. This initiative is undertaken with the support of the IBBI and in concert with Stockholding Corporation of India and encouraging response has been received from the State Governments with whom the Company is in regular

communication. The Government of India has advised the States and Union Territories to move towards use of NeSL Platform to permit the Digital E-stamping as a Value mode of payment of Stamp Duty. This initiative in the days to come will gain currency and would become part of the larger E-Governance Infrastructure and help in `ease of doing business, besides increasing the revenue potential.

7.4 Your Directors are sanguine that barring unforeseen circumstances, the Company's Performance shall continue to grow and excel with continual pursuit of newer and varied provision of services on the IU Platform for the ease and benefit of users.

8. Share Capital:

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 during the year.

9. Deposits from Public:

Your company has neither invited nor accepted any fixed deposits as defined in Chapter V of the Companies Act, 2013 (Act) 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.

10. 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.)

SI No	Name of the Company	Amount invested
1.	NESL Asset Data Limited (NADL)	5,00,00,000
2.	NESL E Infrastructure Limited (NEIL)	1,00,00,000

Your company made additional investments to an extent of Rs. 2.00 Crores in one of its wholly owned subsidiary company, NADL by subscribing to the Right Issue of shares. The Company did not give any loans, advances and provide any guarantees to any other corporates. It maintained term deposits/investment with scheduled banks/mutual funds.

11. Subsidiary Companies:

The Company has two wholly owned subsidiaries as on March 31, 2020 and is not an associate or in Joint Venture in terms of Companies Act, 2013 (Act).

The two wholly-owned subsidiary companies are as below:

(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) as on the date of this reporting has received the certificate of registration as an NBFC Account Aggregator from the Reserve Bank of India (RBI).

(ii) NESL E Infrastructure Limited (NEIL):

NEIL was incorporated with an objective of delivering e-governance services across various business segments like Aadhaar based OKYC, e-sign platform and related services. NEIL as of 31st March 2020 has 12 entities which have been on boarded to provide the OKYC, E-Sign and allied activities. During the year under review the company generated revenue from its operations of Rs. 43 Lakhs and earned an interest income of Rs. 6 Lakhs. The company's profit for the year was Rs. 3.37 lakhs.

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

12. Related Party transactions:

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

13. Directors and KMP:

There was no change in the Board Constitution during the year under review. However, after the Balance Sheet date Shri. Partha Pratim Sengupta (Nominee Director of State Bank of India) resigned following his elevation as Managing Director of a Public Sector Bank.

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

The Company has received the necessary declaration from each of the Independent Directors in accordance with Section 149(7) of the Act, that he/she meets the criteria of independence as laid out in Section 149(6) of the Act.

14. 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 view that the Company's Internal Financial Controls, with required policies put in place, are considered reasonably adequate and effective.

In terms of aforesaid and pursuant to Section 134(5) of the Act, 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 (including the Standard that came into force during the year) have been followed and there are no 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.

15. Risk Management:

During the year under review and as a continuous process the 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 being technology based entity has in place a proper 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.

16. Corporate Social Responsibility:

The provisions of the Act, on Corporate Social Responsibility do not apply to your company for the financial year. However, after considering the current year's profit approved by the shareholders, the company will take steps to comply with the provisions of Section 135 of the Act, and put on place the CSR Committee in the current year.

As a responsible Corporate Citizen and active participant in the economy, your company supported the country's efforts to deal with COVID 19 crisis, contributed Rs. 21 Lakhs (Rupees Twenty One Lakhs only) to PMCARES fund during the year under review.

17. Disclosures

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.

17.2 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. During the year under review the company has not received any complaints in this regard from any person.

18. 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 the Business of the Company.

C. Foreign Exchange Earnings and Outgo: NIL

19. Auditors:

Statutory Auditors:

As per the advise and direction of C&AG of India vide its letter M/s Abarna & Ananthan, Chartered Accountants (bearing Firm registration number BA0245), were appointed as the Statutory Auditors of the company for the year ending March 31, 2020 by the shareholders in the Annual General Meeting held on 7th September, 2019 and they will hold the office till the conclusion of the ensuing Annual General Meeting and the company has written to the Comptroller and Auditor General of India (C&AG) to recommend the auditors to be appointed for the financial year 2020-21. The company will appoint the auditors based on the recommendation of the C&AG.

19.2 Internal Auditors:

In accordance with the provisions of Section 138 of Companies Act, 2013, the Company has appointed, M/s. Deloitte Touche Tohmatsu India LLP Bengaluru as Internal Auditors of the Company for FY 2019-20.

19.3 Secretarial Auditors:

In accordance with the provisions of Section 204 of Companies Act, 2013 and the rules made thereunder, M/s. S. N. Ananthasubramanian & Co. Practicing Company Secretaries firm, Mumbai were appointed as Secretarial Auditors for the Company for the FY 2019-20. They have submitted their report and the same is annexed to this report.

19.4 Technology Audit Report:

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

19.5 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.

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

20. Extract of Annual Return:

An extract of the annual return as provided under section 92(3) of the Act is posted on the website of the company at www.nesl.co.in.

21. Report on Corporate Governance:

Corporate governance is an ethically driven business process that is percipient to principles 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 interests of all the stakeholders.

In accordance with provisions of Section 134 of Companies Act, 2013 (Act) 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:

SI No	Name of Director	Designation	DIN	Date of Appointment
1.	T S Vishwanath	Independent Director & Chairman	00023065	16/06/2017
2.	N Haran	Independent Director	06441500	24/06/2016
3.	S Sadagopan	Independent Director	00118285	24/06/2016
4.	R Gandhi	Independent Director	03341633	17/04/2018
5.	Anindya Banerjee	Nominee Director (ICICI)	08235110	16/01/2019
6.	G S Chawla	Nominee Director (LIC)	07534356	07/07/2016

7.	Partha Pratim Sengupta	Nominee Director (SBI)	08273324	03/11/2018
8.	S Ramann	Managing Director & CEO	07685657	01/12/2016

1.2. KMPs of the company:

SI 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 four times during the financial year:

SI No	Date of Meeting	No of Directors eligible to Attend	No of Directors attended	No of Directors not attended
1.	30 th May, 2019	8	5	3
2.	25 th July, 2019	8	5	3
3.	24 th September, 2019	8	7	1
4.	18 th January, 2020	8	7	1

1.4. Attendance of Directors:

Details of attendance of Directors at the Board Meetings held during the financial year 2019-20 are provided below:

SI No	Name of Director	Designation	No of Meetings attended
1.	T S Vishwanath	Independent Director	3
2.	N Haran	Independent Director	3
3.	S Sadagopan	Independent Director	2
4.	R Gandhi	Independent Director	3
5.	G S Chawla	Nominee Director (LIC)	4
6.	S Ramann	Managing Director & CEO	4
7.	Parthapratim Sengupta	Nominee Director (SBI)	1
8.	Anindya Banerjee	Nominee Director (ICICI)	2

Also as required under the Schedule IV of the Act, meeting of Independent Directors of the Company was held on 24 September, 2019 and was attended to by all Independent Directors.

The Annual General Meeting of the Company was held on 7th September 2019 at the Registered Office of the Company at 4th Floor, Gresham Assurance House, Sir PM Road, Fort, Mumbai-400001 and following directors attended the AGM.

SI No	Name of the Director	AGM (7 th September, 2019)
1.	T S Vishwanath	Attended
2.	S Ramann	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 Act, 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 consists of the following members:

SI No	Name of the Director	Designation
1.	Prof. S Sadagopan	Chairman
2.	T S Vishwanath	Member
3.	Partha Pratim Sengupta	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:

SI No	Date of Meeting	No of Directors eligible to Attended	No of Directors attended	No of Directors not attended
1.	30 th May, 2019	3	2	1
2.	17 th August, 2019	3	2	1
3.	18 th December, 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:

SI No	Name of Director	Designation	No of Meetings attended
1.	S Sadagopan	Independent Director	3
2.	T S Vishwanath	Independent Director	3
3.	Parthapratim Sengupta	Nominee Director	-

2.2. Nomination and Remuneration Committee:

2.2.1 Composition of the Committee:

The Nomination and Remuneration Committee of the company consists of the following members:

SI No	Name of the Director	Designation
1.	N Haran	Chairperson (Independent Director)
2.	G S Chawla	Member (Nominee Director)
3.	R Gandhi	Member (Independent Director)
4.	Anindya Banerjee	Member (Nominee Director)

Terms of Reference:

The Committee shall *inter alia* be responsible for:

- (a) 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;
- (b) Review and concur the appointments of KMP's, Directors and senior management team one level below the Board.
- (c) Ensure the compliance in terms of constitution and reconstitution of various Committees and advise the Board accordingly.
- (d) Recommend new Board members in light of resignation of current members or a planned expansion of the Board;
- (e) Review stockholder proposals relating to Board's composition and recommend an appropriate course of action;
- (f) Review key corporate governance processes not specifically assigned to other committees, and recommend changes needed to ensure that the company is at best practice;
- (g) Formulate criteria for determining qualifications, positive attributes and independence of director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- (h) Review and recommend to the Board the appointment and fixation of compensation payable to KMP's, whole time directors, non executive directors and draw up the policy on ESOP and recommend the same to the Board for its adoption.

- (i) Review and recommend the incremental compensation and variable pay for Executive Directors to the Board, KMP`s and Senior Management Cadre;
- (j) Draw up the structure for review and performance of Board, Committees, Directors (excluding nominee Directors) and evaluate the performance of Board, Committees and Directors and submit the report about the performance every year.
- (k) Perform other activities related to this Charter as requested by the Board of Directors or to address issues related to any significant subject within its term of reference

2.2.2 Meetings of the Nomination and Remuneration Committee:

The Committee met once during the financial year :

SI No	Date of Meeting	No of Directors eligible to Attended	No of Directors attended	No of Directors not attended
1.	18 th January, 2020	4	4	-

2.2.3 Attendance of Directors:

Details of attendance of Directors at the Nomination and Remuneration Committee Meetings held during the year 2019-20, are provided below:

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

3. Evaluation:

The Board carried out an Annual Evaluation based on the feedback sought from Directors on various criteria to evaluate the effectiveness of its functioning, that of its committees and of individual Directors. The criteria broadly comprised Board Composition, Structure, Effectiveness and Oversight of Processes, Deliberations, overall functioning, etc.

The Board on the basis of compilation of the feedback received was satisfied that the evaluation process justified its confidence in its and the management's ability to discharge the duties enjoined upon them.

The Independent Directors also separately met once (on 24 September, 2019) 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, towards the gross remuneration (CTC) of Mr. S. Ramann, the Managing Director, the Company paid Rs. 48.16 Lakhs in the Financial Year 2019-20.

22. ACKNOWLEDGEMENTS

The Directors thank the Government of India, Governments in various States and Union Territories in India, Concerned Government Departments, Insolvency and Bankruptcy Board of India, Reserve Bank of India and other Professional Bank-Association and Business Forums for their support and co-operation.

The Directors also in particular thank the dedicated company employees, client Banks, Vendors, Investors and Professional Associates.

	For and on behalf of the Board of National E-Governance Services Limited	
		Sd/-
Date: 24 August, 2020		T S Vishwanath
Place:		DIN: 00023065

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	01-04-2019 To 31-03-2020	01-04-2019 To 31-03-2020
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	50000000	10000000
5	Reserves & surplus	-	-
6	Total assets		
7	Total Liabilities		
8	Investments		
9	Turnover		
10	Profit before taxation		
11	Provision for taxation		
12	Profit after taxation		
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

	For and on behalf of the Board of National E-Governance Services Limited	
Date: 24 August, 2020		Sd/- T S Vishwanath
Place:		DIN: 00023065

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 2019 to 31 March 2020
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	to be billed annually NESL (parent company): Value:(Amount in lakhs) NADL : 44.72 NEIL: 26.00 to be billed annually by NADL and NEIL . (Amt. in Lakhs)

		NADL-12.97 NEIL- 00.02
e)	Date of approval by the Board	30 May, 2019
f)	Amount paid as advances, if any	-

	For and on behalf of the Board of National E-Governance Services Limited	
		Sd/-
Date: 24 August, 2020		T S Vishwanath
Place:		DIN: 00023065



S. N. ANANTHASUBRAMANIAN & CO
Company Secretaries

10/25-26, 2nd Floor, Brindaban,
Thane (W) – 400 601
T: +91 22 25345648 | +91 22 25432704
E:snaco@snaco.net | W: www.snaco.net
ICSI Unique Code: P1991MH040400

FORM NO. MR – 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2020

*[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, 4th 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 31st March, 2020** ('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 31st March, 2020** 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 31st March, 2020** according to the provisions of:

MALATI
ANIL
KUMAR

Digitally signed by MALATI ANIL KUMAR
DN: cn=MALATI ANIL KUMAR,
o=S. N. ANANTHASUBRAMANIAN & CO.,
ou=COMPANY SECRETARIES, email=snaco@snaco.net,
c=IN
Date: 2020.03.23 14:32:25 +05'30'



Page 1 of 5



S. N. ANANTHASUBRAMANIAN & CO

Company Secretaries

- (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, 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;
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

MALATI
ANIL
KUMAR

Digitally signed by MALATI KUMAR
DN: cn=MALATI KUMAR, o=S. N. ANANTHASUBRAMANIAN & CO., ou=PARTNER, email=MALATI.KUMAR@S.N.ANANTHASUBRAMANIAN.CO, c=IN
Date: 2023.08.10 10:58:45 +05'30'



Page 2 of 5



S. N. ANANTHASUBRAMANIAN & CO Company Secretaries

(vi) Management has identified and confirmed the following laws as being 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:

- (i) 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;
- (ii) 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;
- (iii) All decisions of the Board and Committee thereof were carried through with requisite majority.

MALATI
ANIL
KUMAR

Digitally signed by MALATI KUMAR
DN: cn=MALATI KUMAR, o=S. N. ANANTHASUBRAMANIAN & CO., ou=COMPANY SECRETARIES, email=m.kumar@snsa.com, c=IN
Date: 2023.08.25 18:30:42 +05'30'





S. N. ANANTHASUBRAMANIAN & CO **Company Secretaries**

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

ICSI Unique Code: P1991MH040400

Peer Review Cert. No.: 606/2019

MALATI
ANIL KUMAR

Malati Kumar
Partner

ACS: 15508 | COP No.: 10980

ICSI UDIN: A015508B000546491

3rd August, 2020 | Thane





S. N. ANANTHASUBRAMANIAN & CO
Company Secretaries

Annexure A

To,
The Members,
National E-Governance Services Limited
CIN: U72900MH2016GOI282855
Gresham Assurance House, 4th Floor, Sir PM Road,
Fort, Mumbai – 400 001.

Management's Responsibility

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

Auditor's Responsibility

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

Disclaimer

5. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted 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
ICSI Unique Code: P1991MH040400
Peer Review Cert. No.: 606/2019

MALATI
ANIL KUMAR

Malati Kumar
Partner

ACS: 15508 | COP No.: 10980
ICSI UDIN: A015508B000546491



3rd August, 2020 | Thane

INDEPENDENT AUDITORS' REPORT

To the Members of National E-Governance Services Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **National E-Governance Services Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2020, and its profit including other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

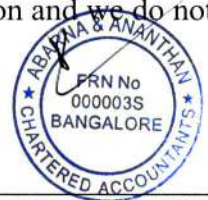
Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the 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 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 opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report and Shareholder's information but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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✉ : audit@abarna-ananthan.com

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management 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 including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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, the 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 the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.



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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 control 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.



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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.

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 sub-section (11) of section 143 of the Act, we give in the "**Annexure 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, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 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 B**".



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- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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.

3. On the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanations given to us, we are enclosing our report in terms of Section 143(5) of the Act, on the directions and sub directions issued by the Comptroller and Auditor General of India in "Annexure C"

For **Abarna & Ananthan**
Chartered Accountants
Firm Registration No: 000003S



R Ramalingam
Partner
Membership No: 023253



UDIN: 20023253AAAAEK8769

Place: Bangalore
Date: 24/08/2020



Head Office: #521, 3rd Main, 6th Block, 2nd Phase, BSK 3rd Stage, Bangalore 560 085

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“ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

With reference to the Annexure A referred to in the Independent Auditors’ Report to the members of the Company on the standalone financial statements for the year ended 31st March 2020, we report the following:

- (i) (a) The Company has maintained proper records showing full, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not hold any Immovable property. Accordingly reporting under Clause 3 (i) (c) of the Order is not applicable.
- (ii) The nature of activity carried upon does not entail to hold any inventory. Accordingly reporting under clause 3 (ii) of the order is not applicable.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 (‘the Act’). Thus, reporting under clause 3(iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loan or made any investments or given any guarantee or security in respect of which the provisions of the sections 185 and 186 of the Act are applicable. Hence, reporting under clause 3(iv) of the Order is not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) As informed to us, the maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.
- (vii)(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess and other material statutory dues applicable to it with appropriate authorities, though there has been a slight delay in a few cases.



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CHARTERED ACCOUNTANTS
ABARNA & ANANTHAN

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess and other material statutory dues in arrears as at 31st March 2020 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Income tax, Service tax, Goods and Services Tax, Value added tax / Sales tax and Cess which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence, reporting under clause 3 (viii) of the Order is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Hence, reporting under clause 3 (ix) of the Order is not applicable to the Company.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the company by the officers and employees of the Company 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 Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Hence, reporting under clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of all transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placements of shares or debentures during the year. Hence, reporting under clause 3(xiv) of the Order is not applicable.



Head Office: #521, 3rd Main, 6th Block, 2nd Phase, BSK 3rd Stage, Bangalore 560 085

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Branch at : Chennai

✉ : audit@abarna-ananthan.com

- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with them. Hence, reporting under clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanation given to us and in our opinion the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Abarna & Ananthan
Chartered Accountants
Firm Registration No: 000003S



R Ramalingam
Partner
Membership No.023253



UDIN: 20023253AAAAEK8769

Place: Bangalore
Date: 24/08/2020

Head Office: #521, 3rd Main, 6th Block, 2nd Phase, BSK 3rd Stage, Bangalore 560 085

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ANNEXURE “B” 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 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 31st March 2020 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 Company’s management 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 (‘Guidance Note’) issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company’s business, including adherence to the 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 Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s 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.



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Our audit involves performing procedures to obtain audit evidence about the adequacy of the Internal financial controls 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's Internal financial controls over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's Internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's Internal financial controls over financial reporting include 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



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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, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31st March 2020, based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Abarna & Ananthan**
Chartered Accountants
Firm Registration No: 000003S



R Ramalingam
Partner
Membership No: 023253



UDIN: 20023253AAAAEK8769

Place: Bangalore
Date: 24/08/2020



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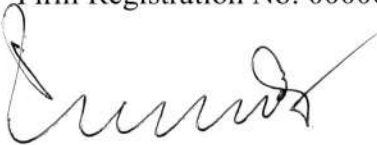
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ANNEXURE “C” TO THE INDEPENDENT AUDITOR’S REPORT

Report under Section 143(5) of the Companies Act, 2013 relating to the directions issued by the Comptroller and Auditor General of India

Sl. No.	Directions	Compliance
1	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, however the invoices are prepared manually in word format and management is having adequate system in place to process the accounting transaction related to invoicing outside IT system.
2	Whether there is any restructuring of an existing loan or cases of waiver/write off to 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.	The Company has not availed any loan facilities from Banks & Financials Institutions. Hence restructuring or waiver/write off of loans/debts/interest does not arise.
3	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.	No funds were received or receivable for specific schemes from Central/State Agencies by the company

For **Abarna & Ananthan**
Chartered Accountants
Firm Registration No: 000003S



R Ramalingam
Partner
Membership No: 023253



UDIN: 20023253AAAAEK8769

Place: Bangalore
Date: 24/08/2020

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Branch at : Chennai

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National E-Governance Services Limited
CIN: U72900MH2016GOI282855
Balance Sheet as at March 31, 2020
(All amounts are in INR thousands, unless as otherwise stated)

Particulars	Note	2020	2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	6,218	8,920
Right-of-use asset	5	33,250	-
Other intangible assets	4	86,163	77,430
Intangible assets under development	4	9,500	9,572
Financial assets	6		
Investments	6.1	71,845	50,884
Other financial assets	6.2	1,13,328	1,10,347
Deferred tax assets (net)	7	-	19,490
Other non-current assets	8	580	229
Current assets			
Financial assets	9		
Investments	9.1	21,480	12,380
Trade receivables	9.2	3,38,520	76,723
Cash and cash equivalents	9.3.1	14,141	19,193
Other bank balances	9.3.2	5,22,700	3,90,025
Other financial assets	9.4	15,865	5,207
Other current assets	10	31,282	30,295
		12,64,872	8,10,695
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	7,50,000	7,50,000
Other equity	12	74,308	(62,947)
Non current liabilities			
Financial liabilities	13		
Lease liabilities	13.1	27,012	-
Other financial liabilities	13.2	1,140	1,070
Provisions	14	4,264	2,272
Deferred tax liabilities (net)	7	6,471	-
Other non-current liabilities	15	1,22,731	-
Current liabilities			
Financial liabilities	16		
Lease liabilities	16.1	12,023	-
Trade payables	16.2		
a) Total outstanding dues of micro and small enterprises		2,582	448
b) Total outstanding dues of creditors other than micro and small enterprises		15,989	36,794
Other financial liabilities	16.3	2,112	40
Other current liabilities	17	2,36,925	67,342
Provisions	18	9,315	15,676
		12,64,872	8,10,695

Significant accounting policies 3

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

As per our report of even date attached

For **Abarna & Ananthan**

Chartered accountants

Firm registration number: 000003S

R Ramalingam

Partner

Membership No: 023253

Date: 24/08/2020

Place: Bengaluru



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

S. Sadagopan
S. Sadagopan
Director
DIN: 00118245

Shri M. Sheno M.
M. Sheno M.
Chief Financial Officer
Date: 24/08/2020
Place: Bengaluru

Place: Bengaluru

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

S. Ramann
Managing Director & CEO
DIN: 07685657

Mruthunjaya Murthy
Mruthunjaya Murthy
Company Secretary



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Statement of Profit and Loss for the year ended March 31, 2020

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

Particulars	Note	2020	2019
Revenue from operations	19	2,88,790	73,943
Other Income	20	44,219	40,911
Total Revenue		3,33,009	1,14,854
Expenses			
Cost of services	21	16,241	56,513
Employee benefit expenses	22	49,514	45,591
Finance costs	23	3,010	66
Depreciation and amortization expense	4 & 5	39,306	18,078
Other expenses	24	35,892	29,111
Total Expenses		1,43,963	1,49,359
Profit/(Loss) before tax		1,89,046	(34,505)
Tax expense			
Current tax		(21,756)	-
Deferred tax	7	(26,155)	8,934
Profit/(Loss) for the year from continuing operations		1,41,135	(25,571)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurements of defined benefit plan actuarial gains/ (losses)		(1,097)	(34)
Deferred tax		194	9
Total other comprehensive income for the year		(903)	(25)
Total comprehensive profit/ (loss) for the year		1,40,232	(25,596)
Earning per equity share of face value of Rs.10 each			
Basic and Diluted (amount in ₹ per share)	32	1.88	(0.34)

Significant Accounting Policies

3

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

As per our report of even date attached

For **Abarna & Ananthan**

Chartered accountants

Firm registration number: 000003S

R Ramalingam
Partner

Membership No: 023253

Date: 24/08/2020

Place: Bengaluru



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: 24/08/2020

Place: Bengaluru

S. Ramann
Managing Director & CEO

DIN: 07685657

Mruthunjaya Murthy
Company Secretary



National E-Governance Services Limited
CIN: U72900MH2016GOI282855
Cash Flow Statement for the year ended March 31, 2020
(All amounts are in INR thousands, unless as otherwise stated)

Particulars	Note	2020	2019
Cash flow from operating activities			
Profit(Loss) for the year before tax		1,89,046	(34,505)
Adjustment to reconcile net profit to net cash provided by operating activities			
Depreciation		39,306	18,078
Profit from sale of mutual funds		(1,597)	(2,339)
Long term gain from sale of mutual funds		(652)	-
Gain on fair value restatement of mutual funds		(150)	(814)
Interest income		(37,804)	(37,336)
Finance costs - Leases (IndAS 116)		2,940	-
Assets written off		663	44
Profit on sale of motor car		(81)	-
Gain on lease modification (IndAS 116)		(1,243)	-
Change in assets & liabilities			
Trade payables		(11,271)	3,536
Other financial liabilities current/non-current		2,142	105
Other current liabilities		2,92,314	60,289
Provisions current/non-current		1,688	3,604
Trade receivables		(2,61,797)	(73,777)
Other financial assets current/non-current		(1,012)	(289)
Other current assets current/non-current		9,731	3,022
Cash generated from operations		<u>2,22,223</u>	<u>(60,382)</u>
Income taxes paid		(32,825)	(10,871)
Net cash generated by operating activity		<u>1,89,398</u>	<u>(71,253)</u>
Cash flow from investing activities			
Expenditure on property plant and equipment		(1,704)	(830)
Expenditure on intangible assets		(46,059)	(63,903)
Proceeds from sale of motor car		520	-
Investment in fixed deposits (net of redemption)		(1,34,476)	47,292
Interest received on investments		26,978	38,021
Payment to acquire liquid mutual funds		(1,94,850)	(1,54,063)
Proceeds from redemption of mutual funds		1,87,189	2,17,753
Investment in subsidiaries		(20,000)	-
Net cash used in investing activities		<u>(1,82,402)</u>	<u>84,270</u>
Cash flow from financing activities			
Repayment of Lease liability on Right of Use assets - IndAS 116*		(9,184)	-
Interest paid Lease liability on Right of Use assets - IndAS 116*		(2,864)	-
Net cash generated in financing activities		<u>(12,048)</u>	<u>-</u>
Net increase in cash or cash equivalents		(5,052)	13,017
Cash and cash equivalent at the beginning		19,193	6,176
Cash and cash equivalent at the close		<u>14,141</u>	<u>19,193</u>
Components of cash and cash equivalents	9.3.1		
Cash in hand		21	0
Balances with banks			
Current accounts		8,391	19,193
In deposit account with original maturity within 3 months from the date of deposit		5,729	-
Total cash and cash equivalents		<u>14,141</u>	<u>19,193</u>

*The Cash Flow Statements, disclose payments towards the Right of Use Assets under Cash Flow from Financing Activities for 2020 whereas for 2019, similar cash flows amounting to Rs 15,796 (Rs. in thousands) continue to be disclosed under Cash Flow from Operating Activities.

As per our report of even date attached

For **Abarna & Ananthan**

Chartered accountants

Firm registration number: 000003S



R Ramalingam

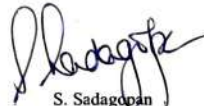
Partner

Membership No: 023253

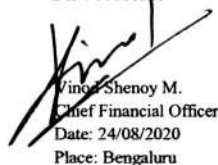
Date: 24/08/2020

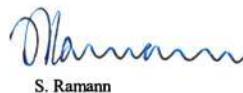
Place: Bengaluru

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: 24/08/2020
Place: Bengaluru


S. Ramann
Managing Director & CEO

DIN: 07685657


Mruthunjaya Murthy
Company Secretary



Page 3

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Statement of Changes in Equity for the year ended March 31, 2020

(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

	2020		2019	
	Nos. (,000)	Amount	Nos. (,000)	Amount
At the beginning of the year	75,000	7,50,000	75,000	7,50,000
Changes during the year	-	-	-	-
At the end of the year	75,000	7,50,000	75,000	7,50,000

Refer note 11, for equity shareholders holding of 5% or more

b) Other equity

Particulars	Retained earnings	Total
Balance as at April 1, 2018	(37,351)	(37,351)
Loss for the year	(25,571)	(25,571)
Other comprehensive income not reclassifiable to profit and loss	(25)	(25)
Balance as at March 31, 2019 (Refer Note 12)	(62,947)	(62,947)
Balance as at April 1, 2019	(62,947)	(62,947)
Profit/(Loss) for the year	1,41,135	1,41,135
Other comprehensive income not reclassifiable to profit and loss	(903)	(903)
Transition impact of Ind AS 116	(2,977)	(2,977)
Balance as at March 31, 2020 (Refer Note 12)	74,308	74,308

As per our report of even date attached

For **Abarna & Ananthan**

Chartered accountants

Firm registration number: 000003S

R Ramalingam

Partner

Membership No: 023253

Date: 24/08/2020

Place: Bengaluru




For and on behalf of the Board of Directors of

National E-Governance Services Limited


S. Sadagan
Director

DIN: 00118285



Vinod Shenoy M.
Chief Financial Officer

Date: 24/08/2020

Place: Bengaluru


S. Ramann
Managing Director & CEO

DIN: 07685657


Mruthunjaya Murthy
Company Secretary



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

(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 6.1
NESL E-Infrastructure Limited	18/12/2017	Refer schedule 6.1

The financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on August 24, 2020

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, 2018 and 2019

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
- certain arrangements which, are treated as being leases under Ind AS 116 Leases and are capitalized as Right of Use assets, at fair value of estimated cash flows towards such rights over estimated lease term. Ind AS 116 is adopted by the Company using the modified retrospective approach, with effect to retained earnings. The details including impact of adoption are detailed in note 27 and accounting policies for leases.

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.



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

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

Company overview and significant accounting policies

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

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

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

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

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

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 from financial creditor 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. Revenue from information utility services for submissions from Operational Creditor and other participants are recognized on submission/ upload of information into the Information Utility system.

Interest income

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

(b) Functional currency

The standalone Ind AS financial statements are presented in INR, which is also the Company's functional currency. Transactions in foreign currencies, if any, are initially recorded by the Company at



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

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

Company overview and significant accounting policies

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



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

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, except vehicles, as follows:

<u>Category</u>	<u>Useful life (years)</u>	<u>Life as per Schedule II</u>
Furniture and fixtures	10	10
Computers and accessories	3	3
Server	6	6
Office equipment	5	5 ^v
Vehicles	6	8

Vehicles consisting of company car, is depreciated over useful life of 6 years, instead of 8 years prescribed under Companies Act, 2013. Due to faster technology obsolescence, constantly evolving emission standards and maintenance costs, it is considered prudent by the management to replace cars earlier than the prescribed 8 years under Schedule II, Companies Act, 2013.

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



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Company overview and significant accounting policies

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 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.

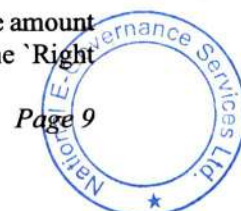
All other borrowing costs are recognized in statement of profit and loss in the period in which they are incurred.

(g) Leases

The arrangements, including contracts, are evaluated if they are a lease or have a lease component. This determination is made at the inception of the contract. In case of arrangement having lease and non-lease components, these are separately accounted. Leases identified are accounted individually as separate leases.

Arrangements whose fulfilment depend on a specific asset which is identified under the arrangement to fulfil obligations, either expressly or in substance and the Company has substantive right to use such specific asset over a period of time under arrangement, and to obtain substantially all economic benefits over such period of time constitute leases. Lease term includes non-cancellable period under arrangement and period during which the company is reasonably certain to use such identified assets. Such Lease arrangements identified are recorded as 'Right of Use' assets along with a lease liability by discounting the future cash flows under the lease arrangement, using implicit rate or incremental borrowing rate applicable for the lease term. 'Right of Use' assets are depreciated over the lease term and interest expense on lease liability is recorded under other finance costs.

Lease modification(s) are evaluated to ascertain, whether the modification is a separate lease. The amount of the re-measurement of lease liability due to modification is recognised as an adjustment to the 'Right of Use' asset and Statement of Profit and Loss, depending on the nature of modification.



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Company overview and significant accounting policies

The Application of IND AS 116 – Leases has not been elected for arrangements which contain short term lease that have a lease term of upto 12 months and leases for which the underlying asset is of low value. The lease payments associated with the abovesaid arrangements are recognised as an expense.

The Company has adopted IND AS-116 Leases as on April 1, 2019, using the modified retrospective 'approach' with a charge/credit to retained earnings, on application of the said standard.

(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.



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(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.

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

Paid compensated absences

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The cost incurred towards paid compensated absences, including the gain or loss on such actuarial valuation, is recognized in the statement of profit and loss.

(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

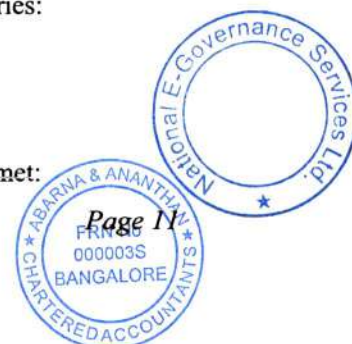
All financial assets, other than financial assets fair valued through statement of profit and loss, are recognized initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. Transaction costs that are attributable to the acquisition of the financial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



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Company overview and significant accounting policies

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

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

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

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

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

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



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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 lease liabilities, 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 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



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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.

Significant accounting judgments, estimates and assumptions

In the application of the Company's accounting policies, which are described in this note 3, the Company is 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:

- Estimated useful life of intangible assets
- Estimated useful life and residual value of property, plant and equipment
- Estimation of defined benefit obligation
- Recognition of deferred taxes
- Impairment of trade receivables
- Estimated useful life and implicit interest rate/incremental borrowing rate used for recognizing Right of Use assets



Non - current assets

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

Description	Cost			Depreciation/amoritsation				Carrying amount		
	As on 01/04/2019	Additions	Deletion	As on 31/03/2020	As on 01/04/2019	For the Year	Withdrawals	Upto 31/03/2020	WDV as on 31/03/2020	WDV as on 31/03/2019
Tangible assets										
Vehicles	1,947	-	839	1,108	615	195	400	410	698	1,332
Computers	3,937	1,254	-	5,191	1,757	1,304	-	3,061	2,130	2,180
Servers and networks	1,989	155	100	2,044	481	323	36	768	1,276	1,508
Furniture and fittings	802	-	598	204	106	51	120	37	167	696
Leasehold premises improvements - Mumbai	2,442	-	-	2,442	994	905	-	1,899	543	1,448
Leasehold premises improvements - Bangalore	-	96	-	96	-	6	-	6	90	-
Office Equipments	2,411	123	188	2,346	655	443	66	1,032	1,314	1,756
Total	13,528	1,628	1,725	13,431	4,608	3,227	622	7,213	6,218	8,920
<i>Previous year comparatives (FYE 2019)</i>	<i>12,852</i>	<i>724</i>	<i>48</i>	<i>13,528</i>	<i>1,402</i>	<i>3,210</i>	<i>4</i>	<i>4,608</i>	<i>8,920</i>	
Other Intangible assets										
IU software	87,837	33,886	-	1,21,723	15,205	23,832	-	39,037	82,686	72,632
IU License fees	5,000	-	-	5,000	1,515	1,003	-	2,518	2,482	3,485
Other software	1,870	60	-	1,930	557	378	-	935	995	1,313
Total	94,707	33,946	-	1,28,653	17,277	25,213	-	42,490	86,163	77,430
<i>Previous year comparatives (FYE 2019)</i>	<i>56,657</i>	<i>38,050</i>	<i>-</i>	<i>94,707</i>	<i>2,409</i>	<i>14,868</i>	<i>-</i>	<i>17,277</i>	<i>77,430</i>	
Intangible assets under development										
IU software under development	9,572	17,007	17,079	9,500	-	-	-	-	9,500	9,572
Total	9,572	17,007	17,079	9,500	-	-	-	-	9,500	9,572
<i>Previous year comparatives (FYE 2019)</i>	<i>-</i>	<i>9,572</i>	<i>-</i>	<i>9,572</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>9,572</i>	

5 Right of use asset

Description	Cost			Depreciation/amoritsation				Carrying amount		
	As on 01/04/2019*	Additions	Deletion	As on 31/03/2020	As on 01/04/2019	For the Year	Withdrawals	Upto 31/03/2020	WDV as on 31/03/2020	WDV as on 31/03/2019
Leasehold property - Gresham house, Mumbai	1,543	-	-	1,543	-	1,029	-	1,029	514	-
Leasehold property - The Estate, Bangalore	-	15,388	-	15,388	-	1,282	-	1,282	14,106	-
Servers- virtual machines	33,590	913	16,015	18,488	-	6,286	-	6,286	12,202	-
Servers - storage space	8,697	-	-	8,697	-	2,269	-	2,269	6,428	-
Total	43,830	16,301	16,015	44,116	-	10,866	-	10,866	33,250	-
<i>Previous year comparatives (FYE 2019)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	

*Right of use assets are recognised as on April 1, 2019 on adoption of IndAS 116 using modified retrospective approach.



Non-current assets**6 Financial assets****6.1 Investments**

Particulars	2020	2019
Non current investments:		
Investments in equity instruments		
Subsidiaries - wholly owned (Unquoted)		
NESL Asset Data Limited - 50,00,000 shares (PY: 30,00,000 shares) of Rs. 10/- each fully paid up	50,000	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>60,000</u>	<u>40,000</u>
Investments in mutual funds (quoted) measured at fair value through Profit and Loss		
Investment in SBI Debt Fund Series C-7 (1190 days) Direct Growth 10,00,000 units (PY: 10,00,000) at market price (NAV).	11,845	10,884
	<u>11,845</u>	<u>10,884</u>
	<u>71,845</u>	<u>50,884</u>

Note:

1. The Company has infused Rs 200 lakhs in Jan-2020 into its wholly owned subsidiary NESL Asset Data Limited (NaDL). This is to maintain capital adequacy requirement, measured in terms of Net owned Funds (NoF) at NaDL, mandated by RBI.

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

6.2 Other financial assets

Particulars	2020	2019
Security deposit - non current non refundable	1,528	347
Bank deposits with maturity more than 12 months from balance sheet date	1,11,800	1,10,000
	<u>1,13,328</u>	<u>1,10,347</u>

Note: Security deposits are measured at fair value using effective interest rate method, at a discount rate in the region of around 6.25%. These are the average interest rate on FDs, for similar term as of the security deposits in the market prevalent at the time of the origination of such security deposits.

7 Deferred tax asset/(liability)

Particulars	Balance as at 2019	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 2020
Depreciation	(6,111)	(1,169)	-	-	(7,280)
Preliminary expenses u/s 35D	425	(213)	-	-	212
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	250	197	196	-	643
Expenses disallowed under sec 40 (a) (ia) of the Income Tax Act, 1961 for non-deduction of TDS	25	(25)	-	-	-
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	351	104	-	-	455
Mutual funds - fair value adjustments under Ind AS	(463)	(38)	-	-	(501)
Deferred tax asset for carried forward tax loss	24,388	(24,388)	-	-	-
Deferred tax asset reversal on account of income tax rate change*	625	(623)	(2)	-	0
Total	<u>19,490</u>	<u>(26,155)</u>	<u>194</u>	<u>-</u>	<u>(6,471)</u>

* The tax rate under Income Tax Act, 1961, has changed from 26% (2019) to 25.168% (2020). The Company has opted for rates under section 115 BAA, which is 25.168% introduced by the Taxation Laws (Amendment) Ordinance, 2019, instead of regular rate of 27.82% under the Finance Act for FY 19-20.

8 Other non-current assets

Particulars	2020	2019
Prepaid expenses - non current	580	229
	<u>580</u>	<u>229</u>

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Current assets

Financial assets

9.1 Investments

Particulars	2020	2019
Current investments:		
Investments in mutual funds (quoted) measured at fair value through Profit and Loss		
Investment in LD72SG SBI Liquid Fund Direct Growth 6,908.616 units (PY: 2205.037 units) at market price (NAV).	21,480	6,457
Investment in UTI Fixed Term Income Fund - Series XXV - IX (1098 Days) (G) Nil units (PY 5,00,000 units) at market price (NAV).	-	5,923
Total	21,480	12,380

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

9.2 Trade receivables

Particulars	2020	2019
(a) Trade Receivables considered good - Secured;	-	-
(b) Trade Receivables considered good - Unsecured;		
Receivable from related parties	5,913	6,195
Receivable from others	3,32,607	70,528
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - credit impaired	-	-
Total	3,38,520	76,723

9.3.1 Cash and cash equivalents

Particulars	2020	2019
Cash in hand	21	0
Balance with banks (of the nature of cash and cash equivalents)		
In current account	8,391	19,193
In deposit account with original maturity within 3 months from the date of deposit	5,724	-
Income accrued but not due on fixed deposits (Cash and Cash equivalent)	5	-
Total	14,141	19,193

9.3.2 Other bank balances

Particulars	2020	2019
In deposit account with maturity within 12 months of balance sheet date*	5,22,700	3,90,025
Total	5,22,700	3,90,025

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

* This includes an amount of Rs 11 lakh in fixed deposit, offered as security/lien for the purpose of bank guarantee (refer note 34).

9.4 Other financial assets

Particulars	2020	2019
Unbilled revenue	-	1
Expenses recoverable from related parties:		
Expenses recoverable from NESL Asset Data Ltd.	-	148
Expenses recoverable from NESL E-Infrastructure Ltd.	-	62
Advances recoverable	-	58
Security deposits - current refundable	100	-
Income accrued but not due on fixed deposits	15,765	4,938
Total	15,865	5,207

10 Other current assets

Particulars	2020	2019
Income tax- TDS	26,927	15,857
GST input credit	2,917	12,605
Prepaid expenses -current	1,287	683
Other advances	151	1,150
Total	31,282	30,295

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Equity

11 Share capital

Particulars	2020	2019
Authorised share capital		
10,00,00,000 (previous year: 10,00,00,000) equity shares of Rs. 10/- each.	10,00,000	10,00,000
	10,00,000	10,00,000
Issued, subscribed and fully paid-up share capital		
7,50,00,000 (previous year: 7,50,00,000) equity shares of Rs 10/- each.	7,50,000	7,50,000
	7,50,000	7,50,000

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

Particulars	2020		2019	
	Number of shares (,000)	Amount	Number of shares (,000)	Amount
Number of shares at the beginning of the year	75,000	7,50,000	75,000	7,50,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	75,000	7,50,000	75,000	7,50,000

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	2020		2019	
	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 (Merged entity)	10,500	14.00%	10,500	14.00%
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 the date of inception to March 31, 2020. Further, the Company has not issued any bonus shares or issued shares for consideration other than cash during the year and period from the date of inception to March 31, 2020.



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Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

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

12 Other equity		
Particulars	2020	2019
Retained earnings		
Opening balance	(62,947)	(37,351)
Share issue expenses net of taxes	-	-
Add: Profit/(Loss) for the year	1,41,135	(25,571)
Add: Other comprehensive income	(903)	(25)
Transition impact of Ind AS 116 (Refer note 27)	(2,977)	-
Total	74,308	(62,947)
Non - current liabilities		
13 Financial liabilities		
13.1 Lease liabilities		
Particulars	2020	2019
Lease liability (Refer note 27)	27,012	-
Total	27,012	-
13.2 Other financial liabilities		
Particulars	2020	2019
Deposits received	1,140	1,070
Total	1,140	1,070
Note: Security deposits are measured at fair value using effective interest rate method, at a discount rate in the region of around 6.25%. These are the average interest rate on FDs, for similar term as of the security deposits in the market prevalent at the time of the origination of such security deposits.		
14 Provisions (non-current)		
Particulars	2020	2019
Provision for gratuity (non-current)	2,546	989
Provision for leave encashment (non-current)	1,718	1,283
Total	4,264	2,272
15 Other non-current liabilities		
Particulars	2020	2019
Deferred income - Financial creditors (non current) (Refer note 28)	1,22,731	-
Total	1,22,731	-
Current liabilities		
16 Financial liabilities		
16.1 Lease liabilities		
Particulars	2020	2019
Lease liability - current (Refer note 27)	12,023	-
Total	12,023	-
16.2 Trade payables		
Particulars	2020	2019
Total outstanding dues of micro and small enterprises	2,582	448
Total outstanding dues of creditors other than micro and small enterprises		
Related Parties	-	-
Others		
Creditors for supplies & services	14,905	34,815
Creditors for expenses	1,084	1,979
Total	18,571	37,242
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.		
16.3 Other financial liabilities		
Particulars	2020	2019
Advances returnable	112	40
Deposits received - current	2,000	-
Total	2,112	40
17 Other current liabilities		
Particulars	2020	2019
Statutory liabilities	35,688	6,080
Deferred income - Financial creditors (current) (Refer note 28)	1,99,376	60,794
Deferred income - Ind AS fair value adjustment	223	298
Advance received from customers	1,638	170
Total	2,36,925	67,342
18 Provisions (current)		
Particulars	2020	2019
Provision for expenses	9,218	15,562
Provision for gratuity (current)	8	5
Provision for leave encashment (current)	89	109
Total	9,315	15,676

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19 Revenue from operations		
Particulars	2020	2019
IU fee- Financial creditors*	2,88,506	73,834
IU fee- Operational creditors	284	109
Total	2,88,790	73,943
* Summary of financial creditors billing		
	2020	2019
Opening balance: Deferred revenue and Unbilled revenue	60,793	-
Total billing for financial creditors for the year	5,49,820	1,34,627
(-) Deferred revenue (disclosed in note 15 & 17)	(3,22,107)	(60,794)
(+) Unbilled revenue (disclosed in note 9.4)	-	1
Revenue recognised for the year	2,88,506	73,834
20 Other income		
Particulars	2020	2019
Interest on fixed deposits	37,804	37,336
Fees for sponsorship services	1,850	-
Interest on security deposits	51	20
Interest on IT refund	218	78
Profit on sale of motor car	81	-
Gain on redemption of mutual funds- current investments	1,597	2,339
Long term gain on redemption of mutual funds	652	-
Gain/(loss) on restatement of mutual funds at fair value	150	814
Gain on lease modification (Refer note 27)	1,243	-
Miscellaneous income	573	324
Total	44,219	40,911
21 Cost of services		
Particulars	2020	2019
IU annual fee	-	5,000
IU technology expenses		
IT contract manpower - Production support and monitoring expenses	5,268	21,289
IT data center expenses* +	2,333	22,069
Other IT expenses	2,536	1,115
IU operational expenses	6,104	7,040
Total	16,241	56,513
*On adoption of IndAS 116, portion of the expenses are capitalised as Right of Use assets (Refer note 5). These are depreciated like regular PPE. Refer note 27 (d).		
+ This consists of short term leases of Rs. 49 (Rs. in thousands) and leases of low-value of Rs. 51 (Rs. in thousands) as disclosed under Note - 27 (c)		
22 Employee benefit expenses		
Particulars	2020	2019
Salary & allowances	42,104	39,500
Contribution to provident fund & superannuation fund	1,785	1,950
Gratuity expense	783	604
Leave encashment and compensated leave benefits	1,738	1,102
Staff welfare expenses	3,104	2,435
Total	49,514	45,591
23 Finance costs		
Particulars	2020	2019
Interest expense on lease liabilities (Refer note 27)	2,940	-
Interest expense on security deposit received	70	66
Total	3,010	66
24 Other expenses		
Particulars	2020	2019
Rent (Refer note 27) +	651	3,321
Repairs and maintenance	752	798
Subscription, rates and taxes	933	885
Professional charges	9,435	7,682
Communication expenses	1,233	1,401
Advertisement and business promotion	5,191	680
Auditors' remuneration		
- Statutory audit	200	200
- Tax audit	100	100
- Out of pocket expenses	4	-
Secretarial audit	150	200
Internal audit	1,210	1,000
Travelling, boarding and conveyance	7,776	7,752
Insurance expenses	237	112
Directors' sitting fees	850	1,719
Assets written off	663	44
Donations - contribution to PM cares fund	2,100	-
Other miscellaneous/administrative expenses	4,407	3,217
Total	35,892	29,111

Note: 1. GST related to these expenses are classified as a part of GST input credit (Note 10 - Other current assets).

+ This consists of short term leases of Rs. 494 (Rs. in thousands) and leases of low-value of Rs. 123 (Rs. in thousands) as disclosed under Note - 27 (c)

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

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

25 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	
	2020	2019	2020	2019	2020	2019
A. Transactions during the year						
Investment in subsidiary						
NESL Asset Data Limited	20,000	-	-	-	20,000	-
NESL E-Infrastructure Limited	-	-	-	-	-	-
	20,000	-	-	-	20,000	-
Income from subsidiaries						
NESL Asset Data Limited	4,472	2,859	-	-	4,472	2,859
NESL E-Infrastructure Limited	2,600	3,214	-	-	2,600	3,214
	7,072	6,073	-	-	7,072	6,073
Expenses from subsidiaries						
NESL Asset Data Limited	1,297	-	-	-	1,297	-
NESL E-Infrastructure Limited	2	-	-	-	2	-
	1,299	-	-	-	1,299	-
Remuneration*						
Mr. S. Ramann	-	-	4,816	4,302	4,816	4,302
Mr. S. Raghunathan (Upto: March 25, 2019)	-	-	-	6,218	-	6,218
Mr. Vinod Shenoy M. (W.e.f July 11, 2018)	-	-	4,017	2,537	4,017	2,537
Ms. S. Padmavathy (Upto: June 3, 2018)	-	-	-	103	-	103
Mr. M. Murthy (W.e.f: June 4, 2018)	-	-	3,452	2,470	3,452	2,470
	-	-	12,285	15,630	12,285	15,630
	27,071	6,073	12,285	15,630	39,356	21,703

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

B. Balances outstanding as at year end

Particulars	Subsidiaries		Key management personnel		Total	
	2020	2019	2020	2019	2020	2019
Investment in subsidiary						
NESL Asset Data Limited	50,000	30,000	-	-	50,000	30,000
NESL E-Infrastructure Limited	10,000	10,000	-	-	10,000	10,000
	60,000	40,000	-	-	60,000	40,000
Receivable from subsidiaries						
NESL Asset Data Limited	3,442	3,046	-	-	3,442	3,046
NESL E-Infrastructure Limited	2,471	3,359	-	-	2,471	3,359
	5,913	6,405	-	-	5,913	6,405
Remuneration						
Mr. S. Ramann	-	-	828	-	828	-
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
	-	-	828	22	828	22
	65,913	46,405	828	22	66,742	46,427

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

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

26.1 Gratuity plan

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

Amount Recognized in Statement of Financial Position at Period-End	2020	2019
Present Value of Unfunded Defined Benefit Obligation	2,554	994
Fair value of Plan Assets	-	-
	2,554	994
Present Value of Funded Defined Benefit Obligation	-	-
Unrecognised Asset due to the Asset Ceiling	-	-
Net Defined Benefit (Asset)/Liability Recognised in Statement of Financial Position	2,554	994
Net Defined Benefit Cost/(Income) included in Statement of Profit & Loss at Period-End	2020	2019
Service Cost	679	427
Net Interest Cost	104	45
Past Service Cost	-	132
Administration Expenses	-	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Total Defined Benefit Cost/(Income) included in Profit & Loss	783	604
Current / Non-Current Bifurcation	2020	2019
Current Benefit Obligation	8	5
Non - Current Benefit Obligation	2,546	989
(Asset)/Liability Recognised in the Balance Sheet	2,554	994
Actual Return on Plan Assets	2020	2019
Interest Income on Plan Assets	-	-
Remeasurements on Plan Assets	-	-
Actual Return on Plan Assets	-	-
Analysis of Amounts Recognised in Other Comprehensive (Income)/Loss at Period-End	2020	2019
Amount recognized in OCI, Beginning of Period	226	192
Remeasurements due to :		
Effect of Change in financial assumptions	768	7
Effect of Change in demographic assumptions	-	-
Effect of experience adjustments	329	27
(Gain)/Loss on Curtailments/Settlements	-	-
Return on plan assets (excluding interest)	-	-
Changes in asset ceiling	-	-
Total remeasurements recognized in OCI	1,097	34
Amount recognized in OCI, End of Period	1,323	226
Total Defined Benefit Cost/(Income) included in Profit & Loss and Other Comprehensive Income	2020	2019
Amount recognized in P&L, End of Period	783	604
Amount recognized in OCI, End of Period	1,097	34
Total Net Defined Benefit Cost/(Income) Recognized at Period-End	1,880	638
Change in the Unrecognised Asset due to the Asset Ceiling During the Period	2020	2019
Unrecognised Asset, Beginning of Period	-	-
Interest on Unrecognised Asset Recognised in P&L	-	-
Other changes in Unrecognised Asset due to the Asset Ceiling	-	-
Unrecognised Asset, End of Period	-	-
Change in Defined Benefit Obligation during the Period	2020	2019
Defined Benefit Obligation, Beginning of Period	994	356
Net Current Service Cost	679	427
Interest Cost on DBO	104	45
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	1,097	34
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture*	(320)	-
Benefits Paid	-	-
Past Service Cost	-	132
Losses / (Gains) on Curtailments/Settlements	-	-
Defined Benefit Obligation, End of Period	2,554	994

*Amount of INR 320 (Rs in thousands) has been transferred from National E-Governance Services Ltd to NESL Asset Data Limited as on 31st March 2020.

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

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

Change in Fair value of Plan Assets during the Period		2020	2019	
Fair value of Plan Assets, Beginning of Period		-	-	
Interest Income Plan Assets		-	-	
Actual Company Contributions		-	-	
Actual Plan Participants' Contributions		-	-	
Actual Taxes Paid		-	-	
Actual Administration Expenses Paid		-	-	
Changes in Foreign Currency Exchange Rates		-	-	
Actuarial Gains/(Losses)		-	-	
Benefits Paid		-	-	
Acquisition/Business Combination/Divestiture		-	-	
Assets extinguished on Settlements/Curtailments		-	-	
Fair value of Plan Assets, End of Period		-	-	
Reconciliation of Balance Sheet Amount		2020	2019	
Balance Sheet (Asset)/Liability, Beginning of Period		994	356	
Total Charge/(Credit) Recognised in Profit and Loss		783	604	
Total Remeasurements Recognised in OC (Income)/Loss		1,097	34	
Acquisitions/Business Combinations/Divestitures		(320)	-	
Actual Employer Contribution		-	-	
Other Events		-	-	
Balance Sheet (Asset)/Liability, End of Period		2,554	994	
Financial Assumptions Used to Determine the Defined Benefit Obligation		2020	2019	
Discount Rate		6.75%	7.78%	
Salary Escalation Rate		10.00%	8.00%	
Financial Assumptions Used to Determine the Profit & Loss Charge		2020	2019	
Discount Rate		6.75%	7.78%	
Salary Escalation Rate		10.00%	8.00%	
Expected Return on Plan Assets		N.A.	N.A.	
Demographic Assumptions Used to Determine the Defined Benefit Obligation		2020	2019	
Withdrawal Rate		5.00%	5.00%	
Mortality Rate		IALM (2012-14) Ult	IALM (2012-14) Ult	
Retirement Age		60 years	60 years	
Asset Category		2020	2020	
		Quoted Value	Non-Quoted Value	
			2020	
			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%
Total		0.00%	0.00%	0.00%
Expected Cashflows for the Next Ten Years			2020	
Year - 2021			8	
Year - 2022			23	
Year - 2023			335	
Year - 2024			95	
Year - 2025			114	
Year - 2026 to 2030			663	
Defined Benefit Obligation by Participant Status			2020	
a. Actives			2,554	
b. Vested Deferreds			-	
c. Retirees			-	
Total Defined Benefit Obligation			2,554	
Sensitivity Analysis			2020	
Defined Benefit Obligation - Discount Rate + 100 basis points			(296)	
Defined Benefit Obligation - Discount Rate - 100 basis points			356	
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points			347	
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points			(296)	

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

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26.2 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'.

Amounts in Balance Sheet at Period-End	2020	2019
Present Value of Unfunded Defined Benefit Obligation	1,807	1,392
Fair value of Plan Assets	-	-
	1,807	1,392
Present Value of Funded Defined Benefit Obligation	-	-
Unrecognised Asset due to Asset Ceiling	-	-
(Asset)/Liability Recognised in the Balance Sheet	1,807	1,392

Amounts Recognised in Statement of Profit & Loss at Period-End	2020	2019
Service Cost	120	129
Net Interest Cost	109	120
Past Service Cost	-	-
Remeasurements	1,509	853
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Administration Expenses	-	-
Total Expense/(Income) included in "Employee Benefit Expense"	1,738	1,102

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

Change in Defined Benefit Obligation during the Period	2020	2019
Defined Benefit Obligation, Beginning of Period	1,392	1,512
Net Current Service Cost	120	129
Interest Cost on DBO	109	120
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	1,509	853
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture*	(362)	-
Benefits Paid	(961)	(1,222)
Past Service Cost	-	-
Losses / (Gains) on Curtailments/Settlements	-	-
Defined Benefit Obligation, End of Period	1,807	1,392

*Amount of INR 362/- (Rs. in thousands) has been transferred from National E-Governance Services Ltd to NESL Asset Data Limited as on 31st March 2020.

Change in Fair value of Plan Assets during the Period	2020	2019
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	-	-
Fair value of Plan Assets, End of Period	-	-

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

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

27 Disclosures under IndAS 116

The Company adopted Ind AS 116 as on April 1, 2019 using the modified retrospective approach. The Company has reviewed all the existing contracts, on the date of adoption, for presence of Right of Use Assets, and discloses as follows:

a (i) Right of use assets and Lease liability recognition summary as on adoption date, April 1, 2019:

Particulars	Right of use assets recognised	Lease liability recognised	Charge to retained earnings	O/s as on March 2020	
				Right of use assets	Lease liability
Leasehold property - Gresham house	1,543	1,618	74	514	560
Servers- virtual machines	33,590	37,416	2,019	12,202	15,432
Servers - storage space	8,697	10,066	884	6,428	8,562
Total	43,830	49,100	2,977	19,144	24,554

a (ii) Right of use assets and Lease liability recognised during the year

Particulars	Right of use assets recognised	Lease liability recognised	Charge to retained earnings	O/s as on March 2020	
				Right of use assets	Lease liability
Leasehold property - The Estate	15,388	15,388	-	14,106	14,481
Total	15,388	15,388	-	14,106	14,481

b. Determination of Leases under IndAS 116

As on the date of adoption of Ind AS 116 and initial application, on April 1, 2019 the following contracts/ arrangements have been recognised as a Right of Use assets with corresponding lease liabilities, with differential impact recognised to retained earning:

Data center services:

The Company had entered into a contract with CtrlS Datacenter Limited for provision of IU Infrastructure on private cloud, in Feb 18. As on the date of initial application, April 1, 2019 the lease period remaining was 46 months. The arrangement comprises of three components 1) Servers, 2) Storage space and 3) Network bandwidth. The components - Servers and Storage space qualify as Leases and therefore are accounted as separate Right of Use assets. Network bandwidth does not constitute as an identifiable lease under Ind AS 116, and has been accounted as expenses for the period. Arrangements which has been entered for a shorter period of time or are of lower value have not been recognised as Leases, and have been expensed.

Leasehold property - Gresham house

The Company had entered into an agreement of leasing of office space with Life insurance corporation for its Mumbai office. As on date of initial application, April 1 2019, the lease period remaining was 18 months and therefore not considered as short term lease under Ind AS 116.

Leasehold property - Spencer towers

The Company has entered into an agreement of leasing of office space with Canara bank for its Bangalore office. As on date of initial application, April 1, 2019, the lease period remaining was 7 months. The period of lease being less than 12 months has been considered a short term lease and the lease rentals has been accounted as expenses.

During the year, the following contract/arrangements have been entered into, and constitute a Right of Use asset under Ind AS 116:

Leasehold property - The Estate

The Company has entered into an agreement of leasing of office space with ACC limited for its Bangalore office from November 2019 onwards for a period of 5 years. This has been accounted for as a lease, and the Right of use asset and lease liability has been recognised.

c. Expenses relating to short term leases or low value leases

Particulars	2020	2019
Expenses relating to short term leases	543	-
Expenses relating to leases of low-value	174	-
Total* +	717	-

* IndAS 116 - Leases was adopted as on April 1, 2019.

+ The expenses relating to short term leases and leases of low-value are disclosed under Note 21 - IT data center expenses and Note 24 - Rent



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

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

d. Total expenses pertaining to leases accounted including short term leases and low value leases disclosed to aid comparison between 2020 and 2019 and assess impact of adopting Ind AS 116 to Statement of Profit and Loss :

Particulars	2020	2019
Leasehold property - Gresham house	1,146	1,146
Leasehold property - The Estate	1,269	-
Servers- virtual machines	7,904	14,026
Servers - storage space	2,916	2,916
Network bandwidth (not capitalised under IndAS 116, as Right of Use asset)	2,980	5,127
Short term leases (not capitalised under IndAS 116, as Right of Use asset)	543	2,210
Low-value leases (not capitalised under IndAS 116, as Right of Use asset)	174	136
Lease expenses under IndAS 17	16,932	25,561
Expenses capitalised as part of Leases	(13,236)	-
Lease expenses to Profit and Loss statement		
Depreciation for Right of Use assets	10,866	-
Interest expense on Lease liability	2,940	-
Gain on lease modification	(1,243)	-
Lease expenses under IndAS 116 adopted with effect from April 1, 2019	16,259	25,561
Impact of adoption of IndAS 116 in Profit and Loss statement	673	-

Note: In 2019, Lease hold property - Gresham house were disclosed under Note 24 - Rent and Server - virtual machines, Servers - storage space and network bandwidth were disclosed under Note 21 - IT data center expenses

e. Maturity analysis of lease liability, disclosed under note. 13.1 and 16.1

Particulars	2020
Future lease payments (undiscounted)	
2020-21	14,232
2021-22	11,701
2022-23	11,881
2023-24	3,971
2024-25	2,383
Total future lease payments (undiscounted)	44,168
Total future finance costs	(5,133)
Lease liability	39,035
Short-term portion presented under current liabilities (refer note 16.1)	12,023
Long-term portion presented under non-current liabilities (refer note 13.1)	27,012

28 Change in tariff structure and revenue recognition

The Board of the Company decided to review the tariff structure, in the board meeting held on Sep 24, 2019. Amongst others, it was decided to offer financial creditors, hosting of records for the category of individuals-secured, for 5 years (instead of 1 year earlier) for same tariff of Rs 50 per record. Similarly for the category of individuals-unsecured, the charge of Rs 25 per record would be a one-time charge. It was decided to extend the benefit of increased hosting period to the existing records of the customers already billed under the earlier tariff based on the market feedback. Accordingly at the start of the financial year, the remaining unamortised deferred revenue was recognised over the remaining unelapsed period, for those existing records, considering a uniform hosting period of 5 years.

Impact of change in hosting period from 1 year for existing records as at the start of the year.

Particulars	Rs in thousands
Billing for individual records in FY 2018-19	19,946
Recognised as revenue in FY 2018-19	12,994
Balance which was to be recognised in FY 2019-20	6,952
Recognised as revenue in FY 2019-20	1,595
Impact in current year - revenue deferred*	(5,357)

* Revenue deferred Rs 5,357/- (Rs in thousands) is split into current portion Rs. 1,595/- disclosed under note 17, Deferred income - Financial creditors (current) and non-current portion Rs 3,762/- disclosed under note 15, Deferred income - Financial creditors (non current).

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

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

29 The carrying value and fair value of financial instruments by categories as at March 31, 2020 are as follows.

Particulars	Note	Carrying value	Fair value	Carrying value	Fair value
		2020	2020	2019	2019
Financial assets					
Amortised cost					
Investments in equity instruments of subsidiaries	6.1	60,000	60,000	40,000	40,000
Other financial assets (Bank deposits)	6.2	1,11,800	1,11,800	1,10,000	1,10,000
Trade receivables	9.2	3,38,520	3,38,520	76,723	76,723
Cash and cash equivalents	9.3.1	14,141	14,141	19,193	19,193
Other bank balances	9.3.2	5,22,700	5,22,700	3,90,025	3,90,025
Other financial assets	9.4	15,765	15,765	5,207	5,207
Fair value through profit and loss (FVTPL)					
Investments in mutual funds (quoted)	6.1 & 9.1	33,324	33,324	23,264	23,264
Other financial assets (Security deposits)	6.2 & 9.4	1,628	1,628	347	347
Total financial assets		10,97,878	10,97,878	6,64,759	6,64,759
Financial liabilities					
Amortised cost					
Lease liability	13.1 & 16.1	39,035	39,035	-	-
Trade payables	16.2	18,571	18,571	37,242	37,242
Other financial liabilities	16.3	2,112	2,112	40	40
Fair value through profit and loss (FVTPL)					
Other financial liabilities (Security deposits)	13.2	1,140	1,140	1,070	1,070
Total financial liabilities		60,858	60,858	38,352	38,352

30 **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

30.1 **Financial assets and liability measured at fair value - recurring fair value measurement as at March 31, 2020**

Particulars	Note	Fair value measurement using			
		Total	Level 1	Level 2	Level 3
Assets measured at fair value:					
Investments in mutual funds (quoted)		33,324	33,324	-	-
Other financial assets (Security deposits)		1,628	-	1,628	-
Liabilities measured at fair value:					
Other financial liabilities (Security deposits)		1,140	-	1,140	-

30.2 **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
Assets measured at fair value:					
Investments in mutual funds (quoted)		23,264	23,264	-	-
Other financial assets (Security deposits)		347	-	347	-
Liabilities measured at fair value:					
Other financial liabilities (Security deposits)		1,070	-	1,070	-

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

1) The use of quoted market prices

2) Security deposits are measured at fair value using effective interest rate method, at a discount rate in the region of around 6.25%. These are the average interest rate on FDs, for similar term as of the security deposits in the market prevalent at the time of the origination of such security deposits.

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2020

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

30.4 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 Union Bank of India, Bank of Baroda, Canara Bank and SBI, listed public sector undertakings, and carry negligible risks except concentration risk. Maturity profile of deposits is given in table below. 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 Bank of Boroda, 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.

*Maturity profile of Fixed deposits disclosed in note 6.2 and 9.3.2

Sl no.	Maturing within	Rs in Crores
1	1 to 3 months	22.70
2	6 to 9 months	25.37
3	10 to 14 months	14.16
4	18 to 20 months	1.22
	Total	63.45

31 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.

32 Earning per share

Particulars	2020	2019
Profit attributable to equity shareholders of the company	1,41,135	(25,571)
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	75,000
Earnings per share basic and diluted (in ₹ per share)	1.88	(0.34)

33 Corporate social responsibility (CSR)

The Company need not provide for CSR expenses (section 135, Companies Act, 2013) as it had incurred net loss in the 3 immediately preceding financial years.

34 Contingent liabilities and commitments

The Company had given a bank guarantee of Rs 10 Lakhs to its regulator the IBBI, for participation in the bid for ready to use Insolvency Professional Module. This was done for compliance with the terms of the RFP in which the Company participated.

35 Other notes accompanying the standalone financial statements

- The Company is maintaining the books of account at its administrative office in Bengaluru as authorised by the Board of Directors.
- The Company has only one operating segment and monitors its performance for the business as a whole, hence segment reporting is not applicable.

As per our report of even date attached

For **Abarna & Ananthan**
Chartered accountants
Firm registration number: 0000035

R. Ramalingam
Partner
Membership No: 023253
Date: 24/08/2020
Place: Bengaluru



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

S. Sadagopan
Director
DIN: 00118286

Amol Shenoy M.
Chief Financial Officer
Date: 24/08/2020
Place: Bengaluru

S. Ramann
Managing Director & CEO
DIN: 07685657

Mruthunjaya Murthy
Company Secretary



INDEPENDENT AUDITOR'S REPORT

To the members of National E-Governance Services Limited

Report on 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 consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the company as at March 31, 2020 and its consolidated profit including other comprehensive 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 (ICAI) together with ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding company's Board of Directors is responsible for the preparation of the other information. The other information comprises the Board's Report including its annexures and shareholders information but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

The Holding 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 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.



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The respective Board of Directors of the companies included in the Group are also responsible for overseeing the Company's financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated 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.

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 control 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 Group 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 the 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 ability of the Group 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 Group to cease to continue as a going concern.



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- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Other Matters

We did not audit the financial statements of two subsidiaries whose financial statements reflect total assets of Rs.78,411/- thousand as at 31st March 2020, total revenues of Rs.7,062/-thousand and net cash flows amounting to Rs.(9,902) thousand 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-section (3) of Section 143 of the Act, in so far as it relates to aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.



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Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 and reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.



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- h) 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 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.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

**For Abarna & Ananthan
Chartered Accountants**

Firm Registration No: 000003S



**R Ramalingam
Partner**

Membership No: 023253



UDIN: 20023253AAAAEL3724

Place: Bangalore
Date: 24/08/2020

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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in our report 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")

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended 31st March, 2020, we have audited the internal financial controls over financial reporting of **National E-Governance Services Limited** ("the Holding Company"), its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Holding company, its subsidiary companies, which are incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, 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 Act, 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 financial statements, whether due to fraud or error.



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We believe that the audit evidence we have obtained, and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding company and its subsidiaries.

Meaning of Internal Financial Controls Over Financial Reporting

A company's Internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's Internal financial controls over financial reporting include 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, and its subsidiary companies, which are companies incorporated in India, have, 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 31st March 2020, based on, the internal control over financial reporting criteria established by the respective 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.



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Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to two subsidiary companies which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies.

**For Abarna & Ananthan
Chartered Accountants**

Firm Registration No: 000003S



**R Ramalingam
Partner**

Membership No: 023253



UDIN:20023253AAAAEL3724

Place: Bangalore

Date: 24/08/2020

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National E-Governance Services Limited
CIN: U72900MH2016GOI282855
Consolidated Balance Sheet as at March 31, 2020
(All amounts are in INR thousands, unless as otherwise stated)

Particulars	Note	2020	2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	6,616	9,043
Right-of-use asset	5	36,603	-
Other intangible assets	4	86,163	77,430
Intangible assets under development	4	23,846	11,199
Financial assets			
Investments	6.1	11,845	10,884
Other financial assets	6.2	1,13,328	1,39,447
Deferred tax assets (net)	7	1,480	20,437
Other non-current assets	8	601	230
Current assets			
Financial assets			
Investments	9.1	30,016	12,380
Trade receivables	9.2	3,37,918	70,835
Cash and cash equivalents	9.3.1	18,115	33,069
Other bank balances	9.3.2	5,57,800	3,90,025
Other financial assets	9.4	16,448	5,276
Other current assets	10	35,741	32,898
		12,76,520	8,13,153
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	7,50,000	7,50,000
Other equity	12	70,051	(65,423)
Non current liabilities			
Financial liabilities			
Lease liabilities	13.1	29,626	-
Other financial liabilities	13.2	1,140	1,070
Provisions	14	4,842	2,272
Deferred tax liabilities (net)	7	6,471	-
Other non-current liabilities	15	1,22,731	-
Current liabilities			
Financial liabilities			
Lease liabilities	16.1	13,592	-
Trade payables	16.2		
a) Total outstanding dues of micro and small enterprises		2,582	448
b) Total outstanding dues of creditors other than micro and small enterprises		17,134	37,083
Other financials liabilities	16.3	4,229	2,152
Other current liabilities	17	2,39,625	68,047
Provisions	18	14,497	17,504
		12,76,520	8,13,153

Significant accounting policies

3

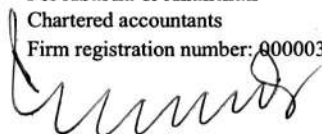
The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For **Abarna & Ananthan**

Chartered accountants

Firm registration number: 000003S



R Ramalingam

Partner

Membership No: 023253

Date: 24/08/2020

Place: Bengaluru



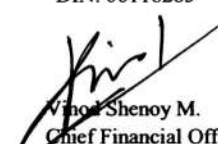
For and on behalf of the Board of Directors of
National E-Governance Services Limited



S. Sadagopan

Director

DIN: 00118285



Vinod Shenoy M.

Chief Financial Officer

Date: 24/08/2020

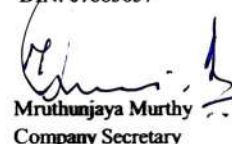
Place: Bengaluru



S. Ramann

Managing Director & CEO

DIN: 07685657



Mruthunjaya Murthy

Company Secretary



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Consolidated Statement of Profit and Loss for the year ended March 31, 2020

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

Particulars	Note	2020	2019
Revenue from operations	19	2,93,314	80,530
Other Income	20	46,461	43,112
Total Revenue		3,39,775	1,23,642
Expenses			
Cost of services	21	20,612	63,096
Employee benefit expenses	22	50,054	45,591
Finance costs	23	3,212	66
Depreciation and amortization expense	4 & 5	40,153	18,096
Other expenses	24	38,617	33,927
Total Expenses		1,52,648	1,60,776
Profit/(Loss) before tax		1,87,127	(37,134)
Tax expense			
Current tax		(21,886)	111
Deferred tax	7	(25,630)	9,525
Profit/(Loss) for the year from continuing operations		1,39,611	(27,498)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods			
Re-measurements of defined benefit plan actuarial gains/ (losses)		(1,129)	(34)
Deferred tax		202	9
Total other comprehensive income for the year		(927)	(25)
Total comprehensive profit/(loss) for the year		1,38,684	(27,523)
Earning per equity share of face value of Rs.10 each			
Basic and Diluted (amount in ₹ per share)	33	1.86	(0.37)

Significant Accounting Policies

3

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

As per our report of even date attached

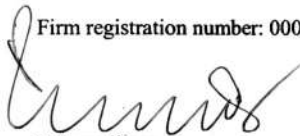
For **Abarna & Ananthan**

Chartered accountants

Firm registration number: 000003S

For and on behalf of the Board of Directors of

National E-Governance Services Limited


R Ramalingam
Partner

Membership No: 023253

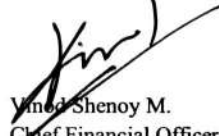
Date: 24/08/2020

Place: Bengaluru



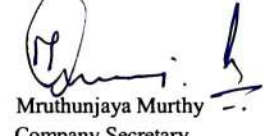

S. Sadagopan
Director

DIN: 00118285


Vinod Shenoy M.
Chief Financial Officer
Date: 24/08/2020
Place: Bengaluru


S. Ramann
Managing Director & CEO

DIN: 07685657


Mruthunjaya Murthy
Company Secretary



National E-Governance Services Limited
 CIN: U72900MH2016GOI282855
Consolidated Cash Flow Statement for the year ended March 31, 2020
 (All amounts are in INR thousands, unless as otherwise stated)

Particulars	Note	2020	2019
Cash Flow from Operating Activities			
Profit/ (Loss) for the year before tax		1,87,127	(37,134)
Adjustment to reconcile net profit to net cash provided by operating activities			
Depreciation		40,153	18,096
Profit from Sale of Mutual Funds		(1,661)	(2,339)
Long term gain from sale of mutual funds		(652)	-
Profit on fair value restatement of mutual funds		(268)	(814)
Interest Income		(40,089)	(39,524)
Finance costs - Leases (IndAS 116)		3,142	-
Assets written off		663	44
Profit on sale of motor car		(81)	-
Gain on lease modification (IndAS 116)		(955)	-
Change in Assets & Liabilities			
Trade Payables		(12,750)	(1,685)
Other financial liabilities current/non-current		2,146	2,217
Other Current Liabilities		2,94,308	60,343
Provisions current/non-current		2,873	3,401
Trade Receivables		(2,67,085)	(65,047)
Other financial assets current/non-current		(1,439)	934
Other current assets current/non-current		6,466	1,847
Cash generated from operations		2,11,898	(59,661)
Income Taxes paid		(31,567)	(11,486)
Net cash generated by operating activity		1,80,331	(71,147)
Cash flow from investing activities			
Expenditure on property plant and equipment		(1,919)	(971)
Expenditure on intangible assets		(53,851)	(63,903)
Proceeds from sale of motor car		520	-
Investment in fixed deposits (net of redemption)		(1,40,476)	18,192
Interest received on investments		29,179	40,194
Payment to acquire liquid mutual funds		(2,09,855)	(1,54,063)
Proceeds from redemption of mutual funds		1,93,839	2,17,753
Net cash used in investing activities		(1,82,563)	57,202
Cash flow from financing activities			
Repayment of Lease liability on Right of Use assets - IndAS 116*		(9,552)	-
Interest paid Lease liability on Right of Use assets - IndAS 116*		(2,980)	-
Share issue expenses		(190)	-
Net Cash generated in financing activities		(12,722)	-
Net increase in cash or cash equivalents		(14,954)	(13,945)
Cash and cash equivalent at the beginning		33,069	47,014
Cash and Cash Equivalent at the close		18,115	33,069
Components of cash and cash equivalents	9.3.1		
Cash in hand		21	0
Balances with banks			
Current accounts		11,651	25,355
Fixed deposits		6,443	7,714
Total cash and cash equivalents		18,115	33,069

*The Cash Flow Statements, disclose payments towards the Right of Use Assets under Cash Flow from Financing Activities for 2020 whereas for 2019, similar cash flows amounting to Rs 15,857 (Rs in thousands) continue to be disclosed under Cash Flow from Operating Activities.

As per our report of even date attached
 For **Abarna & Ananthan**
 Chartered accountants
 Firm registration number: 000003S

R Ramalingam
 Partner
 Membership No: 023253
 Date: 24/08/2020
 Place: Bengaluru



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

S. Sadagepan
 Director
 DIN: 00118285

Vijid Shenoy M.
 Chief Financial Officer
 Date: 24/08/2020
 Place: Bengaluru

S. Ramann
 Managing Director & CEO
 DIN: 07685657

Mrithunjaya Murthy
 Company Secretary



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Consolidated Statement of Changes in Equity for the year ended March 31, 2020

(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

Particulars	2020		2019	
	Nos. (,000)	Amount	Nos. (,000)	Amount
At the beginning of the year	75,000	7,50,000	75,000	7,50,000
Changes during the year	-	-	-	-
At the end of the year	75,000	7,50,000	75,000	7,50,000

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

b) Other equity

Particulars	Retained earnings	Total
Balance as at April 1, 2018	(37,900)	(37,900)
Loss for the year	(27,498)	(27,498)
Other comprehensive income not reclassifiable to profit and loss	(25)	(25)
Balance as at March 31, 2019 (Refer Note 12)	(65,423)	(65,423)
Balance as at April 1, 2019	(65,423)	(65,423)
Share issue expenses net of taxes	(190)	(190)
Profit for the year	1,39,611	1,39,611
Other comprehensive income not reclassifiable to profit and loss	(927)	(927)
Transition impact of Ind AS 116	(3,020)	(3,020)
Balance as at March 31, 2020 (Refer Note 12)	70,051	70,051

As per our report of even date attached

For **Abarna & Ananthan**

Chartered accountants

Firm registration number: 000003S

R Ramalingam

Partner

Membership No: 023253

Date: 24/08/2020

Place: Bengaluru



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: 24/08/2020

Place: Bengaluru

S. Ramann

Managing Director & CEO

DIN: 07685657

Mruthunjaya Murthy

Company Secretary

Page 4



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

(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', 'NeSL') 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 ('NaDL')	08/09/2017	100
NESL E-Infrastructure Limited ('NEiL')	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, 2020 were approved by the Board of Directors and authorized for issue on August 24, 2020.

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, 2018 and 2019

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

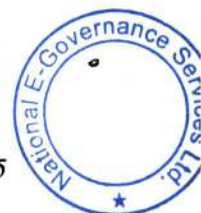
The consolidated financial statements have been prepared on the historical cost convention except for:

- 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
- certain arrangements which, are treated as being leases under Ind AS 116 Leases and are capitalized as Right of Use assets, at fair value of estimated cash flows towards such rights over estimated lease term. Ind AS 116 is adopted by the Group using the modified retrospective approach, with effect to retained earnings. The details including impact of adoption are detailed in note 27 and accounting policies for leases.

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

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

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



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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

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:

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

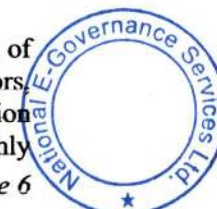
(a) Revenue recognition

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

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 from financial creditor is recognized as the services are performed over time on a monthly



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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

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. Revenue from information utility services for submissions from Operational Creditor and other participants are recognized on submission/ upload of information into the Information Utility system.

KYC services

NEiL provides KYC services. For OKYC services, revenue on installation (of the software), as outlined in the customer contract or order, is recognized on completion of installation platform at the customer's end.

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

Account aggregator service income

NaDL will provide Account Aggregator service to its customers. The account aggregator service includes, onboarding of customers, consent registrations, data requests, revocation of consents and other such activities. Revenue from account aggregator service is recognized, on a time proportionate basis, as the related services are performed over time on a monthly basis.

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 consolidated 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.



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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

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 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, except vehicles, as follows:



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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

<u>Category</u>	<u>Useful life (years)</u>	<u>Life as per Schedule II</u>
Furniture and fixtures	10	10
Computers and accessories	3	3
Server	6	6
Office equipment	5	5
Vehicles	6	8

Vehicles consisting of Company car, is depreciated over useful life of 6 years, instead of 8 years prescribed under Companies Act, 2013. Due to faster technology obsolescence, constantly evolving emission standards and maintenance costs, it is considered prudent by the management to replace cars earlier than the prescribed 8 years under Schedule II, Companies Act, 2013.

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 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



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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

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 arrangements, including contracts, are evaluated if they are a lease or have a lease component. This determination is made at the inception of the contract. In case of arrangement having lease and non-lease components, these are separately accounted. Leases identified are accounted individually as separate leases.

Arrangements whose fulfilment depend on a specific asset which is identified under the arrangement to fulfil obligations, either expressly or in substance and the Group has substantive right to use such specific asset over a period of time under arrangement, and to obtain substantially all economic benefits over such period of time constitute leases. Lease term includes non-cancellable period under arrangement and period during which the Group is reasonably certain to use such identified assets. Such Lease arrangements identified are recorded as 'Right of Use' assets along with a lease liability by discounting the future cash flows under the lease arrangement, using implicit rate or incremental borrowing rate applicable for the lease term. 'Right of Use' assets are depreciated over the lease term and interest expense on lease liability is recorded under other finance costs.

Lease modification(s) are evaluated to ascertain, whether the modification is a separate lease. The amount of the re-measurement of lease liability due to modification is recognised as an adjustment to the 'Right of Use' asset and Statement of Profit and Loss, depending on the nature of modification.

The Application of IND AS 116 – Leases has not been elected for arrangements which contain short term lease that have a lease term of upto 12 months and leases for which the underlying asset is of low value. The lease payments associated with the abovesaid arrangements are recognised as an expense.

The Group has adopted IND AS-116 Leases as on April 1, 2019, using the modified retrospective 'approach' with a charge/credit to retained earnings, on application of the said standard.

(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.



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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 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. The cost incurred towards paid compensated absences, including the gain or loss on such actuarial valuation, is recognized in the statement of profit and loss.

(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.



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Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

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

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

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

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

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

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

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



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asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets

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

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

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



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different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

Equity Instrument

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

Offsetting of financial instruments

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

(l) Cash and cash equivalents

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

(m) Contingent liabilities

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



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- Estimated useful life of intangible assets
- Estimated useful life and residual value of property, plant and equipment
- Estimation of defined benefit obligation
- Recognition of deferred taxes
- Impairment of trade receivables
- Estimated useful life and implicit interest rate/incremental borrowing rate used for recognizing Right of Use assets

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(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/amoritsation				Carrying amount		
	As on 01-04-2019	Additions	Deletion	As on 31-03-2020	As on 01-04-2019	For the Year	Withdrawals	Upto 31-03-2020	WDV as on 31-03-2020	WDV as on 31-03-2019
Tangible assets										
Vehicles	1,947	-	839	1,108	615	195	400	410	698	1,332
Computers	4,078	1,560	-	5,638	1,775	1,378	-	3,153	2,485	2,303
Servers and networks	1,989	155	100	2,044	481	323	36	768	1,276	1,508
Furniture and fittings	802	-	598	204	106	51	120	37	167	696
Leasehold premises improvements - Mumbai	2,442	-	-	2,442	994	905	-	1,899	543	1,448
Leasehold premises improvements - Bangalore	-	96	-	96	-	6	-	6	90	-
Office Equipments	2,411	175	188	2,398	655	452	66	1,041	1,357	1,756
Total	13,669	1,986	1,725	13,930	4,626	3,310	622	7,314	6,616	9,043
<i>Previous year comparatives (FYE 2019)</i>	<i>12,852</i>	<i>865</i>	<i>48</i>	<i>13,669</i>	<i>1,402</i>	<i>3,228</i>	<i>4</i>	<i>4,626</i>	<i>9,043</i>	
Other intangible assets										
IU software	87,837	33,886	-	1,21,723	15,205	23,832	-	39,037	82,686	72,632
IU License fees	5,000	-	-	5,000	1,515	1,003	-	2,518	2,482	3,485
Other software	1,870	60	-	1,930	557	378	-	935	995	1,313
Total	94,707	33,946	-	1,28,653	17,277	25,213	-	42,490	86,163	77,430
<i>Previous year comparatives (FYE 2019)</i>	<i>56,657</i>	<i>38,050</i>	<i>-</i>	<i>94,707</i>	<i>2,409</i>	<i>14,868</i>	<i>-</i>	<i>17,277</i>	<i>77,430</i>	
Intangible assets under development										
IU software under development	9,572	17,007	17,079	9,500	-	-	-	-	9,500	9,572
AA software under development	1,627	12,719	-	14,346	-	-	-	-	14,346	1,627
Total	11,199	29,726	17,079	23,846	-	-	-	-	23,846	11,199
<i>Previous year comparatives (FYE 2019)</i>	<i>-</i>	<i>11,199</i>	<i>-</i>	<i>11,199</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>11,199</i>	

5 Right of use asset

Description	Cost			Depreciation/amoritsation				Carrying amount		
	As on 01/04/2019*	Additions	Deletion	As on 31-03-2020	As on 01-04-2019	For the Year	Withdrawals	Upto 31-03-2020	WDV as on 31-03-2020	WDV as on 31-03-2019
Leasehold property - Gresham house, Mumbai	1,543	-	-	1,543	-	1,029	-	1,029	514	-
Leasehold property - The Estate, Bangalore	-	15,388	-	15,388	-	1,282	-	1,282	14,106	-
Servers- virtual machines	35,101	3,637	16,133	22,605	-	7,050	-	7,050	15,555	-
Servers - storage space	8,697	-	-	8,697	-	2,269	-	2,269	6,428	-
Total	45,341	19,025	16,133	48,233	-	11,630	-	11,630	36,603	-
<i>Previous year comparatives (FYE 2019)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

*Right of use assets are recognised as on April 1, 2019 on adoption of IndAS 116 using modified retrospective approach.



Non-current assets

6 Financial assets

6.1 Investments

Particulars	2020	2019
Non current investments:		
Investments in mutual funds (quoted)		
Investment in SBI Debt Fund Series C-7 (1190 days) Direct Growth 10,00,000 units (PY: 10,00,000) at market price (NAV).	11,845	10,884
	<u>11,845</u>	<u>10,884</u>

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

6.2 Other financial assets

Particulars	2020	2019
Security deposit - non current refundable	1,528	347
Bank deposits with maturity more than 12 months from balance sheet date	1,11,800	1,39,100
	<u>1,13,328</u>	<u>1,39,447</u>

Note: Security deposits are measured at fair value using effective interest rate method, at a discount rate in the region of around 6.25%. These are the average interest rate on FDs, for similar term as of the security deposits in the market prevalent at the time of the origination of such security deposits.

7 Deferred tax asset/(liability)

Particulars	Balance as at 2019	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 2020
NeSL					
Depreciation	(6,111)	(1,169)	-	-	(7,280)
Preliminary expenses u/s 35D	425	(213)	-	-	212
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	250	197	196	-	643
Expenses disallowed under sec 40 (a) (ia) of the Income Tax Act, 1961 for non-deduction of TDS	25	(25)	-	-	-
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	351	104	-	-	455
On account of fair value adjustments under Ind AS	(463)	(38)	-	-	(501)
Deferred tax asset for carried forward tax loss	24,388	(24,388)	-	-	-
Deferred tax asset reversal on account of income tax rate change**	625	(623)	(2)	-	-
	<u>19,490</u>	<u>(26,155)</u>	<u>194</u>	<u>-</u>	<u>(6,471)</u>
NaDL					
Depreciation	(6)	(10)	-	-	(16)
Preliminary expenses u/s 35D	74	(25)	-	-	49
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	-	84	8	-	92
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	-	64	-	-	64
On account of fair value adjustments under Ind AS	-	(31)	-	-	(31)
Deferred tax asset for carried forward tax loss*	836	479	-	-	1,315
	<u>904</u>	<u>561</u>	<u>8</u>	<u>-</u>	<u>1,473</u>
NEiL					
Preliminary expenses u/s 35D	11	(4)	-	-	7
Deferred tax asset for carried forward tax loss	32	(32)	-	-	-
	<u>43</u>	<u>(36)</u>	<u>-</u>	<u>-</u>	<u>7</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 regular tax rates under Income Tax Act, 1961, applicable for the FY 19-20 based on taxable income are: NeSL - 27.82%, NaDL - 26%, NEiL - 26%.

Special tax rate allowed based on an option under section 115 BAA is 25.168%. This option is introduced by the Taxation Laws (Amendment) Ordinance, 2019, instead of regular rates under the Finance Act for FY 19-20.

The Group has opted for tax rates as under: NeSL: Special tax rate opted is 25.168% allowed under Section 115 BAA, NaDL: Regular applicable tax rate 26%, NEiL: Regular applicable tax rate 26%.

Deferred tax asset/(liability)

Particulars	Balance as at 2019	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 2020
NeSL	19,490	(26,155)	194	-	(6,471)
NaDL	904	561	8	-	1,473
NEiL	43	(36)	-	-	7
Total	<u>20,437</u>	<u>(25,630)</u>	<u>202</u>	<u>-</u>	<u>(4,991)</u>

For 2020 deferred tax assets of NaDL and NEiL are disclosed together, whereas deferred tax liability of NeSL is disclosed separately as these are separate taxable entities.



8 Other non-current assets

Particulars	2020	2019
Prepaid expenses - non current	580	229
Security deposit - non current non refundable	21	1
Total	601	230

Current assets**9 Financial assets****9.1 Investments**

Particulars	2020	2019
Current investments:		
Investments in mutual funds (quoted)		
Investment in LD72SG SBI Liquid Fund Direct Growth 9654.308 units (PY: 2205.037 units) at market price (NAV).	30,016	6,457
Investment in UTI Fixed Term Income Fund - Series XXV - IX (1098 Days) (G) Nil units (PY 5,00,000 units) at market price (NAV).	-	5,923
Total	30,016	12,380

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

9.2 Trade receivables

Particulars	2020	2019
(a) Trade Receivables considered good - Secured;	-	-
(b) Trade Receivables considered good - Unsecured;	-	-
Receivable from related parties	-	-
Receivable from others	3,37,918	70,835
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - credit impaired	-	-
Total	3,37,918	70,835

9.3.1 Cash and cash equivalents

Particulars	2020	2019
Cash in hand	21	0
Balance with banks (of the nature of cash and cash equivalents)		
In current account	11,651	25,355
In deposit account with original maturity within 3 months from the date of deposit	6,437	7,707
Income accrued but not due on fixed deposits (Cash and Cash equivalent)	6	7
Total	18,115	33,069

9.3.2 Other bank balances

Particulars	2020	2019
In deposit account with maturity within 12 months of balance sheet date*	5,57,800	3,90,025
Total	5,57,800	3,90,025

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".

* This includes an amount of Rs 11 lakh in fixed deposit, offered as security/lien for the purpose of bank guarantee (refer note 35).

9.4 Other financial assets

Particulars	2020	2019
Advances recoverable	-	58
Security deposits - current refundable	385	-
Unbilled revenue - FC creditors	-	1
Unbilled revenue - CKYC service	202	264
Income accrued but not due on fixed deposits	15,861	4,953
Total	16,448	5,276

10 Other current assets

Particulars	2020	2019
Income tax- TDS	26,747	17,064
GST input credit	6,022	13,928
Prepaid expenses	2,818	712
Other advances	154	1,194
Total	35,741	32,898



Equity

11 Share capital

Particulars	2020	2019
Authorised share capital		
10,00,00,000 (previous year: 10,00,00,000) Number of Equity shares of Rs. 10/- each.	10,00,000	10,00,000
	10,00,000	10,00,000
Issued, subscribed and fully paid-up share capital		
7,50,00,000 (previous year: 7,50,00,000) equity shares of Rs 10 each	7,50,000	7,50,000
	7,50,000	7,50,000

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

Particulars	2020		2019	
	Number of shares (000)	Amount	Number of shares (000)	Amount
Number of shares at the beginning of the year	75,000	7,50,000	75,000	7,50,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	75,000	7,50,000	75,000	7,50,000

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	2020		2019	
	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 (Merged entity)	10,500	14.00%	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 the date of inception to March 31, 2020. Further, the Company has not issued any bonus shares or issued shares for consideration other than cash during the year and period from the date of inception to March 31, 2020.



12 Other equity	2020	2019
Particulars		
Retained earnings		
Opening balance	(65,423)	(37,900)
Share issue expenses net of taxes	(190)	-
Add: Profit/(Loss) for the year	1,39,611	(27,498)
Add: Other comprehensive income	(927)	(25)
Transition impact of Ind AS 116 (Refer note 27)	(3,020)	-
Total	70,051	(65,423)

Non - current liabilities

13 Financial liabilities

13.1 Lease liabilities

Particulars	2020	2019
Lease liability (Refer note 27)	29,626	-
Total	29,626	-

13.2 Other financial liabilities

Particulars	2020	2019
Deposits received	1,140	1,070
Total	1,140	1,070

Note: Security deposits are measured at fair value using effective interest rate method, at a discount rate in the region of around 6.25%. These are the average interest rate on FDs, for similar term as of the security deposits in the market prevalent at the time of the origination of such security deposits.

14 Provisions (non-current)

Particulars	2020	2019
Provision for gratuity - non current	2,895	989
Provision for leave encashment - non current	1,947	1,283
Total	4,842	2,272

15 Other non-current liabilities

Particulars	2020	2019
Deferred income - Financial creditors (non current) (Refer note 28)	1,22,731	-
Total	1,22,731	-

Current liabilities

16 Financial liabilities

16.1 Lease liabilities

Particulars	2020	2019
Lease liability - current (Refer note 27)	13,592	-
Total	13,592	-

16.2 Trade payables

Particulars	2020	2019
Total outstanding dues of micro enterprises and small enterprises	2,582	448
Total outstanding dues of creditors other than Micro and small enterprises		
Related Parties	-	-
Others		
Creditors for supplies & services	16,050	35,104
Creditors for expenses	1,084	1,979
Total	19,716	37,531

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.

16.3 Other financial liabilities

Particulars	2020	2019
RFP deposit received	1,791	1,791
Other returnable deposits	2,326	321
Advances returnable	112	40
Total	4,229	2,152

17 Other current liabilities

Particulars	2020	2019
Statutory Liabilities	36,703	6,737
Deferred income - Financial creditors	1,99,376	60,794
Deferred revenue - OKYC installation fees	1,682	-
Deferred income - Ind AS fair value adjustment	223	298
Advance received from customers	1,638	170
Sitting fees payable	-	45
Honorarium payable	3	3
Total	2,39,625	68,047

18 Provisions (current)

Particulars	2020	2019
Provision for expenses	14,380	17,390
Provision for gratuity - current	11	5
Provision for leave encashment - current	106	109
Total	14,497	17,504



19 Revenue from operations

Particulars	2020	2019
IU fee- Financial creditors*	2,88,506	73,834
IU fee- Operational creditors	284	109
Central Know Your Customer Services income (CKYC)*	815	6,587
Offline Know Your Customer services income (OKYC):		
One Time Installation Setup Fee*	3,330	-
OKYC services*	379	-
Total	2,93,314	80,530

*Refer table below, revenue recognised for the year

Summary of billing and revenue recognised	Financial creditors		CKYC and OKYC	
	2020	2019	2020	2019
Opening balance: Deferred revenue and Unbilled revenue	60,793	-	(264)	(1,277)
Total billing for financial creditors for the year	5,49,820	1,34,627	7,223	7,600
(-) Deferred revenue (disclosed in note 15 & 17)	(3,22,107)	(60,794)	(1,682)	-
(+) Unbilled revenue (disclosed in note 9.4)	-	1	202	264
(-) Revenue share payable	-	-	(955)	-
Revenue recognised for the year	2,88,506	73,834	4,524	6,587

20 Other income

Particulars	2020	2019
Interest on fixed deposits	40,089	39,524
Fees for sponsorship services	1,850	-
Interest on security deposits	51	20
Interest on IT refund	281	78
Profit on sale of motor car	81	-
Gain on redemption of mutual funds- current investments	1,661	2,339
Long term gain on redemption of mutual funds	652	-
Gain on restatement of mutual funds at fair value	268	814
Gain on lease modification (Refer note 27)	955	-
RFP application fees	-	13
Miscellaneous income	573	324
Total	46,461	43,112

21 Cost of services

Particulars	2020	2019
IU annual fee	-	5,000
IU technology expenses		
IT contract manpower - Production support and monitoring expenses	5,268	21,289
IT data center expenses*+	2,641	22,069
Other IT expenses	3,085	1,115
IU operational expenses	6,104	7,040
Offsite data entry & cropping work	63	419
Onsite data entry & cropping work	-	778
Subscription charges for trackwizz CKYC	72	2,662
IT Consulting Expenses	-	727
Virtual machine infrastructure service	-	209
Other operating expenses	3,379	1,788
Total	20,612	63,096

*On adoption of IndAS 116, portion of the expenses are capitalised as Right of Use assets (Refer note 5). These are depreciated like regular PPE. Refer note 27 (d).

+ This consists of short term leases of Rs. 49 (Rs in thousands) and leases of low-value of Rs. 51 (Rs in thousands) as disclosed under Note - 27 (c)

22 Employee benefit expenses

Particulars	2020	2019
Salary & Allowances	42,546	39,500
Contribution to Provident Fund & Superannuation Fund	1,884	1,950
Gratuity expense	783	604
Leave encashment and compensated leave benefits	1,702	1,102
Staff Welfare Expenses	3,139	2,435
Total	50,054	45,591

23 Finance costs

Particulars	2020	2019
Interest expense on lease liabilities (Refer note 27)	3,142	-
Interest expense on security deposit received	70	66
Total	3,212	66

24 Other expenses

Particulars	2020	2019
Rent (Refer note 27)+	651	3,321
Repairs and maintenance	752	798
Subscription, rates and taxes	935	929
Professional charges	9,875	8,615
Communication expenses	1,233	1,401
Advertisement and business promotion	5,191	876
Auditors' remuneration		
- Statutory audit	300	300
- Tax audit	100	100
- Out of pocket expenses	6	-
Secretarial audit	150	200
Internal audit	1,310	1,100
Travelling, boarding and conveyance	8,172	8,913
Insurance expenses	237	112
Directors' sitting fees	1,350	2,394
Assets written off	663	44
Donations - contribution to PM cares fund	2,100	-
Other miscellaneous/administrative expenses+	5,592	4,824
Total	38,617	33,927

Note: 1. GST related to these expenses are classified as a part of GST input credit (Note 10 - Other current assets).

+ This consists of short term leases of Rs. 494 (Rs in thousands) and leases of low-value of Rs. 141 (Rs in thousands) as disclosed under Note - 27 (c)



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Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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25 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	
	2020	2019	2020	2019
A. Transactions during the year				
Remuneration*				
Mr. S. Ramann	4,816	4,302	4,816	4,302
Mr. S. Raghunathan (Upto: March 25, 2019)	-	6,218	-	6,218
Mr. Vinod Shenoy M. (W.e.f July 11, 2018)	4,017	2,537	4,017	2,537
Ms. S. Padmavathy (Upto: June 3, 2018)	-	103	-	103
Mr. M. Murthy (W.e.f: June 4, 2018)	3,452	2,470	3,452	2,470
	12,285	15,630	12,285	15,630

*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	
	2020	2019	2020	2019
Remuneration				
Mr. S. Ramann	828	-	828	-
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
	828	22	828	22

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Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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

26.1 Gratuity plan

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

Amount Recognized in Statement of Financial Position at Period-End	2020	2019
Present Value of Unfunded Defined Benefit Obligation	2,906	994
Fair value of Plan Assets	-	-
	2,906	994
Present Value of Funded Defined Benefit Obligation	-	-
Unrecognised Asset due to the Asset Ceiling	-	-
Net Defined Benefit (Asset)/Liability Recognised in Statement of Financial Position	2,906	994
Net Defined Benefit Cost/(Income) included in Statement of Profit & Loss at Period-End	2020	2019
Service Cost	679	427
Net Interest Cost	104	45
Past Service Cost	-	132
Administration Expenses	-	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Total Defined Benefit Cost/(Income) included in Profit & Loss	783	604
Current / Non-Current Bifurcation	2020	2019
Current Benefit Obligation	11	5
Non - Current Benefit Obligation	2,895	989
(Asset)/Liability Recognised in the Balance Sheet	2,906	994
Actual Return on Plan Assets	2020	2019
Interest Income on Plan Assets	-	-
Remeasurements on Plan Assets	-	-
Actual Return on Plan Assets	-	-
Analysis of Amounts Recognised in Other Comprehensive (Income)/Loss at Period-End	2020	2019
Amount recognized in OCI, Beginning of Period	226	192
Remeasurements due to :		
Effect of Change in financial assumptions	768	7
Effect of Change in demographic assumptions	-	-
Effect of experience adjustments	361	27
(Gain)/Loss on Curtailments/Settlements	-	-
Return on plan assets (excluding interest)	-	-
Changes in asset ceiling	-	-
Total remeasurements recognized in OCI	1,129	34
Amount recognized in OCI, End of Period	1,355	226
Total Defined Benefit Cost/(Income) included in Profit & Loss and Other Comprehensive Income	2020	2019
Amount recognized in P&L, End of Period	783	604
Amount recognized in OCI, End of Period	1,129	34
Total Net Defined Benefit Cost/(Income) Recognized at Period-End	1,912	638
Change in the Unrecognised Asset due to the Asset Ceiling During the Period	2020	2019
Unrecognised Asset, Beginning of Period	-	-
Interest on Unrecognised Asset Recognised in P&L	-	-
Other changes in Unrecognised Asset due to the Asset Ceiling	-	-
Unrecognised Asset, End of Period	-	-
Change in Defined Benefit Obligation during the Period	2020	2019
Defined Benefit Obligation, Beginning of Period	994	356
Net Current Service Cost	679	427
Interest Cost on DBO	104	45
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	1,129	34
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture	-	-
Benefits Paid	-	-
Past Service Cost	-	132
Losses / (Gains) on Curtailments/Settlements	-	-
Defined Benefit Obligation, End of Period	2,906	994

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Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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

	2020	2019	
Change in Fair value of Plan Assets during the Period			
Fair value of Plan Assets, Beginning of Period	-	-	
Interest Income Plan Assets	-	-	
Actual Company Contributions	-	-	
Actual Plan Participants' Contributions	-	-	
Actual Taxes Paid	-	-	
Actual Administration Expenses Paid	-	-	
Changes in Foreign Currency Exchange Rates	-	-	
Actuarial Gains/(Losses)	-	-	
Benefits Paid	-	-	
Acquisition/Business Combination/Divestiture	-	-	
Assets extinguished on Settlements/Curtailments	-	-	
Fair value of Plan Assets, End of Period	-	-	
Reconciliation of Balance Sheet Amount	2020	2019	
Balance Sheet (Asset)/Liability, Beginning of Period	994	356	
Total Charge/(Credit) Recognised in Profit and Loss	783	604	
Total Remeasurements Recognised in OC (Income)/Loss	1,129	34	
Acquisitions/Business Combinations/Divestitures	-	-	
Actual Employer Contribution	-	-	
Other Events	-	-	
Balance Sheet (Asset)/Liability, End of Period	2,906	994	
Financial Assumptions Used to Determine the Defined Benefit Obligation	2020	2019	
Discount Rate	6.75%	7.78%	
Salary Escalation Rate	10.00%	8.00%	
Financial Assumptions Used to Determine the Profit & Loss Charge	2020	2019	
Discount Rate	6.75%	7.78%	
Salary Escalation Rate	10.00%	8.00%	
Expected Return on Plan Assets	N.A.	N.A.	
	2020	2019	
Demographic Assumptions Used to Determine the Defined Benefit Obligation			
Withdrawal Rate	5.00%	5.00%	
Mortality Rate	IALM (2012-14) Ult	IALM (2012-14) Ult	
Retirement Age	60 years	60 years	
Asset Category	2020	2020	
	Quoted Value	Non-Quoted Value	
	2020	2020	
		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%
Total	0.00%	0.00%	0.00%
Expected Cashflows for the Next Ten Years		2020	
Year - 2021		11	
Year - 2022		27	
Year - 2023		704	
Year - 2024		95	
Year - 2025		115	
Year - 2026 to 2030		671	
Defined Benefit Obligation by Participant Status		2020	
a. Actives		2,906	
b. Vested Deferreds		-	
c. Retirees		-	
Total Defined Benefit Obligation		2,906	
Sensitivity Analysis		2020	
Defined Benefit Obligation - Discount Rate + 100 basis points		(307)	
Defined Benefit Obligation - Discount Rate - 100 basis points		369	
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points		359	
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points		(307)	

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Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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26.2 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'.

Amounts in Balance Sheet at Period-End	2020	2019
Present Value of Unfunded Defined Benefit Obligation	2,053	1,392
Fair value of Plan Assets	-	-
	2,053	1,392
Present Value of Funded Defined Benefit Obligation	-	-
Unrecognised Asset due to Asset Ceiling	-	-
(Asset)/Liability Recognised in the Balance Sheet	2,053	1,392

Amounts Recognised in Statement of Profit & Loss at Period-End	2020	2019
Service Cost	120	129
Net Interest Cost	109	120
Past Service Cost	-	-
Remeasurements	1,473	853
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Administration Expenses	-	-
Total Expense/(Income) included in "Employee Benefit Expense"	1,702	1,102

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

Change in Defined Benefit Obligation during the Period	2020	2019
Defined Benefit Obligation, Beginning of Period	1,392	1,512
Net Current Service Cost	120	129
Interest Cost on DBO	109	120
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	1,473	853
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture	-	-
Benefits Paid	(1,041)	(1,222)
Past Service Cost	-	-
Losses / (Gains) on Curtailments/Settlements	-	-
Defined Benefit Obligation, End of Period	2,053	1,392

Change in Fair value of Plan Assets during the Period	2020	2019
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	-	-
Fair value of Plan Assets, End of Period	-	-

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Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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

27 Disclosures under IndAS 116

The Group adopted Ind AS 116 as on April 1, 2019 using the modified retrospective approach. The Group has reviewed all the existing contracts, on the date of adoption, for presence of Right of Use Assets, and discloses as follows:

a (i) Right of use assets and Lease liability recognition summary as on adoption date, April 1, 2019:

Particulars	Right of use assets recognised	Lease liability recognised	Charge to retained earnings	O/s as on March 2020	
				Right of use assets	Lease liability
Leasehold property - Gresham house	1,543	1,618	74	514	560
Servers- virtual machines	35,101	38,987	2,062	15,555	19,616
Servers - storage space	8,696	10,066	884	6,428	8,562
Total	45,340	50,671	3,020	22,497	28,738

a (ii) Right of use assets and Lease liability recognised during the year

Particulars	Right of use assets recognised	Lease liability recognised	Charge to retained earnings	O/s as on March 2020	
				Right of use assets	Lease liability
Leasehold property - The Estate	15,388	15,388	-	14,106	14,480
Total	15,388	15,388	-	14,106	14,480

b. Determination of Leases under IndAS 116

As on the date of adoption of Ind AS 116 and initial application, on April 1, 2019 the following contracts/ arrangements have been recognised as a Right of Use assets with corresponding lease liabilities, with differential impact recognised to retained earning:

Data center services:

The Group had entered into a contract with **CtrlS** Datacenter Limited for provision of IU Infrastructure on private cloud, in Feb 18. As on the date of initial application, April 1, 2019 the lease period remaining was 46 months. The arrangement comprises of three components 1) Servers, 2) Storage space and 3) Network bandwidth and related charges. The components - Servers and Storage space qualify as Leases and therefore are accounted as separate Right of Use assets. Network bandwidth and related charges does not constitute as an identifiable lease under Ind AS 116, and has been accounted as expenses for the period. Arrangements which has been entered for a shorter period of time or are of lower value have not been recognised as Leases, and have been expensed.

Leasehold property - Gresham house

The Company had entered into an agreement of leasing of office space with Life insurance corporation for its Mumbai office. As on date of initial application, April 1 2019, the lease period remaining was 18 months and therefore not considered as short term lease under Ind AS 116.

Leasehold property - Spencer towers

The Company has entered into an agreement of leasing of office space with Canara bank for its Bangalore office. As on date of initial application, April 1, 2019, the lease period remaining was 7 months. The period of lease being less than 12 months has been considered a short term lease and the lease rentals has been accounted as expenses.

During the year, the following contract/arrangements have been entered into, and constitute a Right of Use Asset under Ind AS 116:

Leasehold property - The Estate

The Company has entered into an agreement of leasing of office space with ACC limited for its Bangalore office from November 2019 onwards for a period of 5 years. This has been accounted for as a lease, and the Right of use asset and lease liability has been recognised.

c. Expenses relating to short term leases or low value leases

Particulars	2020	2019
Expenses relating to short term leases	543	-
Expenses relating to leases of low-value	192	-
Total* +	735	-

* IndAS 116 - Leases was adopted as on April 1, 2019.

+ The expenses relating to short term leases and leases of low-value are disclosed under Note 21 - IT data center expenses and Note 24.

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Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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d. Total expenses pertaining to leases accounted including short term leases and low value leases disclosed to aid comparison between 2020 and 2019 and assess impact of adopting Ind AS 116 to Statement of Profit and Loss :

Particulars	2020	2019
Leasehold property - Gresham house	1,146	1,146
Leasehold property - The Estate	1,269	-
Servers- virtual machines	8,829	14,026
Servers - storage space	2,916	2,916
Network bandwidth and related charges (not capitalised under IndAS 116, as Right of Use asset)	3,277	5,127
Short term leases (not capitalised under IndAS 116, as Right of Use asset)	543	2,210
Low-value leases (not capitalised under IndAS 116, as Right of Use asset)	192	136
Lease expenses under IndAS 17	18,172	25,561
Expenses capitalised as part of Leases	(14,161)	-
Lease expenses to Profit and Loss statement		
Depreciation for Right of Use assets	11,630	-
Interest expense on Lease liability	3,142	-
Gain on lease modification	(955)	-
Lease expenses under IndAS 116 adopted with effect from April 1, 2019	17,828	25,561
Impact of adoption of IndAS 116 in Profit and Loss statement	344	-

Note: In 2019, Lease hold property - Gresham house were disclosed under Note 24 - Rent and Server - virtual machines, Servers - storage space and network bandwidth were disclosed under Note 21 - IT data center expenses

e. Maturity analysis of lease liability, disclosed under note. 13.1 and 16.1

Particulars	2020
Future lease payments (undiscounted)	
2020-21	16,027
2021-22	13,160
2022-23	13,219
2023-24	3,971
2024-25	2,382
Total future lease payments (undiscounted)	48,759
Total future finance costs	(5,541)
Lease liability	43,218
Short-term portion presented under current liabilities (refer note 16.1)	13,592
Long-term portion presented under non-current liabilities (refer note 13.1)	29,626

28. Change in tariff structure and revenue recognition

The Board of NeSL decided to review the tariff structure, in the board meeting held on Sep 24, 2019. Amongst others, it was decided to offer financial creditors, hosting of records for the category of individuals-secured, for 5 years (instead of 1 year earlier) for same tariff of Rs 50 per record. Similarly for the category of individuals-unsecured, the charge of Rs 25 per record would be a one-time charge. It was decided to extend the benefit of increased hosting period to the existing records of the customers already billed under the earlier tariff based on the market feedback. Accordingly at the start of the financial year, the remaining unamortised deferred revenue was recognised over the remaining unexpired period, for those existing records, considering a uniform hosting period of 5 years.

Impact of change in hosting period from 1 year for existing records as at the start of the year.

Particulars	Rs in thousands
Billing for individual records in FY 2018-19	19,946
Recongnised as revenue in FY 2018-19	12,995
Balance which was to be recognsied in FY 2019-20	6,952
Recongnised as revenue in FY 2019-20	1,595
Impact in current year - revenue deferred	(5,357)

* Revenue deferred Rs 5,357/- (Rs in thousands) is split into current portion Rs. 1,595/- disclosed under note 17, Deferred income - Financial creditors (current) and non-current portion Rs 3,762/- disclosed under note 15, Deferred income - Financial creditors (non current).

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Notes to the consolidated Ind AS financial statements for the year ended March 31, 2020

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

29 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

Name of the entity	Net assets		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
	as % of consolidated net assets	Amount	as % of consolidated profit and loss	Amount	as % of consolidated other comprehensive income	Amount	as % of consolidated total comprehensive income	Amount
National E-Governance Services Limited								
<i>FYE 2020</i>	93.67%	8,24,308	101.09%	1,41,135	97%	(903)	101.12%	1,40,232
<i>FYE 2019</i>	94.82%	6,87,053	92.99%	(25,571)	100%	(25)	93.00%	(25,596)
Subsidiaries								
NESL Asset Data Limited								
<i>FYE 2020</i>	5.14%	45,200	-1.42%	(1,989)	3%	(24)	-1.45%	(2,013)
<i>FYE 2019</i>	3.79%	27,427	6.54%	(1,799)	0%	-	6.53%	(1,799)
NESL E-infrastructure Limited								
<i>FYE 2020</i>	1.20%	10,543	0.33%	465	0%	-	0.34%	465
<i>FYE 2019</i>	1.39%	10,097	0.47%	(128)	0%	-	0.47%	(128)
Sub total FYE 2020	100%	8,80,051	100%	1,39,611	100%	(927)	100%	1,38,684
Sub total FYE 2019	100%	7,24,577	100%	(27,498)	100%	(25)	100%	(27,523)
Adjustment arising out of consolidation								
<i>FYE 2020</i>		(60,000)		-		-		-
<i>FYE 2019</i>		(40,000)		-		-		-
Total FYE 2020		8,20,051		1,39,611		(927)		1,38,684
Total FYE 2019		6,84,577		(27,498)		(25)		(27,523)



30 The carrying value and fair value of financial instruments by categories as at March 31, 2020 are as follows.

Particulars	Note	Carrying value	Fair value	Carrying value	Fair value
		2020	2020	2019	2019
Financial assets					
Amortised cost					
Other financial assets (Bank deposits)	6.2	1,11,800	1,11,800	1,39,100	1,39,100
Trade receivables	9.2	3,37,918	3,37,918	70,835	70,835
Cash and cash equivalents	9.3.1	18,115	18,115	33,069	33,069
Other bank balances	9.3.2	5,57,800	5,57,800	3,90,025	3,90,025
Other financial assets	9.4	16,063	16,063	5,276	5,276
Fair value through profit and loss (FVPTL)					
Investments in mutual funds (quoted)	6.1 & 9.1	41,861	41,861	23,264	23,264
Other financial assets (Security deposits)	6.2 & 9.4	1,913	1,913	347	347
Total financial assets		10,85,470	10,85,470	6,61,916	6,61,916
Financial liabilities					
Amortised cost					
Lease liability	13.1 & 16.1	43,218	43,218	-	-
Trade payables	16.2	19,716	19,716	37,531	37,531
Other financial liabilities	16.3	4,229	4,229	2,152	2,152
Fair value through profit and loss (FVPTL)					
Other financial liabilities (Security deposits)	13.2	1,140	1,140	1,070	1,070
Total financial liabilities		68,303	68,303	40,753	40,753

31 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 Group 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

31.1 Financial assets and liability measured at fair value - recurring fair value measurement as at 31st March 2020

Particulars	Note	Fair value measurement using			
		Total	Level 1	Level 2	Level 3
Assets measured at fair value:					
Investments in mutual funds (quoted)		41,861	41,861	-	-
Other financial assets (Security deposits)		1,913	-	1,913	-
Liabilities measured at fair value:					
Other financial liabilities (Security deposits)		1,140	-	1,140	-

31.2 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
Assets measured at fair value:					
Investments in mutual funds (quoted)		23,264	23,264	-	-
Other financial assets (Security deposits)		347	-	347	-
Liabilities measured at fair value:					
Other financial liabilities (Security deposits)		1,070	-	1,070	-

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

1) The use of quoted market prices

2) Security deposits are measured at fair value using effective interest rate method, at a discount rate in the region of around 6.25%. These are the average interest rate on FDs, for similar term as of the security deposits in the market prevalent at the time of the origination of such security deposits.



31.4 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 Union Bank of India, Bank of Baroda, Canara Bank and SBI, listed public sector undertakings, and carry negligible risks except concentration risk. Maturity profile of deposits is given in table below. 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 Bank of Boroda, Canara Bank and SBI) which carry same risks as cash and cash equivalents. Investments contain investment in mutual fund (Debt or liquid funds) which carry interest rate risks. The Group reviews its investments in mutual fund and its performance periodically to guard against interest risk by reallocating such investments to other alternatives including cash.

*Maturity profile of Fixed deposits disclosed in note 6.2 and 9.3.2

Sl no.	Maturing within	Rs in Crore
1	1 to 3 months	23.30
2	6 to 9 months	28.28
3	10 to 14 months	14.16
4	18 to 20 months	1.22
	Total	66.96

32 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:

NaDL is subject to regulatory requirements by RBI to maintain capital of Rs 200 lakhs at the time of being licensed as Account Aggregator, as per the in-principle approval given by RBI to NaDL 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. During the year, NeSL has infused Rs. 200 lakhs in Jan-2020 in order to maintain NoF above the regulatory requirements mandated by RBI. The management has assessed that NaDL is currently sufficiently capitalised in terms of the NoF requirements as at the end of current financial year. NaDL has applied for license on September 3, 2019. Any future capital requirements will be reviewed by the management of NaDL to comply with the regulatory requirement.

33 Earning per share

Particulars	2020	2019
Profit/(loss) attributable to equity shareholders of the Group	1,39,611	(27,498)
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	75,000
Earnings per share basic and diluted (in ₹ per share)	1.86	(0.37)

34 Corporate social responsibility (CSR)

The Company need not provide for CSR expenses (section 135, Companies Act, 2013) as it had incurred net loss in the 3 immediately preceding financial years.

35 Contingent liabilities and commitments

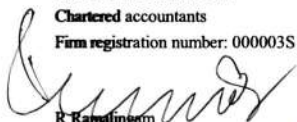
NeSL had given a bank guarantee of Rs 10 Lakhs to its regulator the IBBI, for participation in the bid for ready to use Insolvency Professional Module. This was done for compliance with the terms of the RFP in which the Company participated.

36 Other notes accompanying the standalone financial statements

- The Group is maintaining the books of account at its administrative office in Bengaluru as authorised by the Board of Directors.
- The Group does not have any contingent liability which require recognition or disclosure in the financial statements. NaDL has future capital commitments for Rs 18.75 lakhs towards capital contract for development of modules of Account Aggregation Software.

As per our report of even date attached

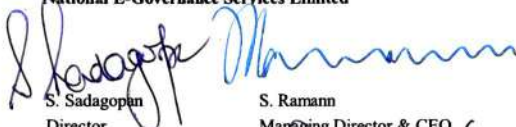
For **Abarna & Ananthan**
 Chartered accountants
 Firm registration number: 000003S


 R Ramalingam
 Partner

Membership No: 023253
 Date: 24/08/2020
 Place: Bengaluru

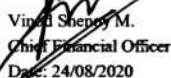


For and on behalf of the Board of Directors of
 National E-Governance Services Limited

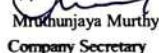

 S. Sadagopan
 Director

DIN: 00118285

S. Ramann
 Managing Director & CEO
 DIN: 07685657


 Vinod Shenoy M.
 Chief Financial Officer

Date: 24/08/2020
 Place: Bengaluru


 Mridunjaya Murthy
 Company Secretary

