

NESL E-Infrastructure Limited

CIN: U72200MH2017GOI302982

Balance Sheet as at March 31, 2020

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

Particulars	Note	2020	2019
ASSETS			
Non-current Assets			
Right-of-use asset	4	365	-
Financial Assets	5		
Other financial assets	5.1	-	8,600
Deferred tax assets (net)	6	7	43
Other non-current Assets	7	21	1
Current Assets			
Financial Assets	8		
Trade receivables	8.1	5,311	307
Cash and cash equivalents	8.2	1,911	4,719
Other bank balances	8.3	8,600	-
Other financial assets	8.4	492	268
Other Current Assets	9	2,273	1,767
		18,980	15,705
EQUITY AND LIABILITIES			
Equity			
Equity share capital	10	10,000	10,000
Other equity	11	543	97
Non current liabilities			
Financial liabilities	12		
Lease liabilities	12.1	273	-
Current Liabilities			
Financial liabilities	13		
Lease liabilities	13.1	180	-
Trade payables	13.2		
a) Total outstanding dues of micro and small enterprises		-	-
b) Total outstanding dues of creditors other than micro and small enterprises		3,281	3,567
Other financial liabilities	13.3	905	969
Other current liabilities	14	2,241	347
Provisions	15	1,557	725
		18,980	15,705

Significant accounting policies

3

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

As per our report of even date attached

For **Belur and co**

Chartered Accountants

Firm registration number: 000416S

Harsha Hegde

Partner

Membership No. 226965

Date: 08-08-2020

Place: Bengaluru



For and on behalf of the Board of Directors of

NESL E-Infrastructure Limited

S. Sadagopan
Director

DIN: 00118285

Sivasubramanian Ramann
Director

DIN: 07685657

Date: 08-08-2020

Place: Bengaluru



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

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

Particulars	Note	2020	2019
Revenue from operations	16	4,524	6,587
Other income	17	683	445
Total Income (A)		5,207	7,032
Expenses:			
Cost of services	18	3,227	6,583
Finance costs	19	46	-
Other expenses	20	1,137	560
Depreciation and amortisation expense	4	166	-
Total Expenses (B)		4,576	7,143
Profit/(Loss) before exceptional items and tax (A - B)		631	(111)
Current tax		(130)	82
Deferred tax	6	(36)	(99)
Profit/(Loss) for the period from continuing operations		465	(128)
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods		-	-
Income tax effect on above		-	-
Items that will be reclassified to profit or loss in subsequent periods		-	-
Income tax effect on above		-	-
Total other comprehensive income for the year		-	-
Total comprehensive profit/ (loss) for the year		465	(128)
Earning per equity share of face value of Rs.10 each			
Basic and Diluted (Amount in ₹. Per share)	25	0.47	(0.13)

Significant accounting policies

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NESL E-Infrastructure Limited
CIN: U72200MH2017GOI302982
Cash Flow Statement for the year ended March 31, 2020
(All amounts are in INR thousands, unless otherwise stated)

Particulars	Note	2020	2019
Cash Flow from Operating Activities			
Profit/ (Loss) for the period before tax		631	(111)
Adjustment to reconcile net profit to net cash provided by operating activities			
Depreciation		166	-
Finance cost		46	-
Gain on lease modification		(8)	-
Interest income		(628)	(445)
Operating cash flow before working capital changes		207	(556)
Changes in			
Trade payables		(285)	(2,489)
Other financial liabilities		(65)	969
Other Current Liabilities		1,894	(394)
Short-term provisions		849	(11)
Trade receivables		(5,006)	5,481
Other Financial Assets		(218)	1,013
Other Current/non current Assets		(1,232)	(619)
Cash generated from operations		(3,856)	3,394
Income Taxes (paid)/refund		576	(470)
Net cash generated by operating activity (A)		(3,280)	2,924
Cash Flow from Investing Activities			
Interest received on investments		624	440
Investment in FD's		-	(8,600)
Net cash used in investing activities (B)		624	(8,160)
Cash Flow from Financing Activities			
Repayment of Lease liability on Right of Use assets - IndAS 116*		(115)	-
Interest paid Lease liability on Right of Use assets - IndAS 116*		(37)	-
Share issue expenses net of tax		-	-
Issue of shares		-	-
Net cash generated in financing activities (C)		(152)	-
Net increase/(decrease) in Cash or Cash equivalents		(2,808)	(5,236)
Cash and Cash Equivalent at the beginning		4,719	9,955
Cash and Cash Equivalent at the close		1,911	4,719
Components of cash and cash equivalents	8.2		
Balances with banks			
Current accounts		1,197	4,719
Fixed deposits		714	-
Total cash and cash equivalents		1,911	4,719


*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 61 thousand continue to be disclosed under Cash Flow from Operating Activities.


As per our report of even date attached
For **Belur and co**
Chartered Accountants
Firm registration number: 000416S


Harsha Hegde
Partner
Membership No. 226965
Date: 08-08-2020
Place: Bengaluru



For and on behalf of the Board of Directors of
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NESL E-Infrastructure Limited

CIN: U72200MH2017GOI302982

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

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

a) Equity share capital**Equity shares of Rs 10 each issued, subscribed and fully paid**

	2020		2019	
	Nos.	Amount	Nos.	Amount
<u>Equity shares</u>				
At the beginning of the year	1,000	10,000	1,000	10,000
Changes during the year	-	-	-	-
At the end of the year	1,000	10,000	1,000	10,000

b) Other equity

Particulars	Retained earnings	Total
	Note 11	
Opening balance as at April 1, 2018	225	225
Loss for the year	(128)	(128)
Share issue expenses net of taxes	-	-
Other comprehensive income	-	-
Balance as at March 31, 2019	97	97
Opening balance as at April 1, 2019	97	97
Profit for the year	465	465
Transition impact of Ind AS 116	(19)	(19)
Other comprehensive income	-	-
Balance as at March 31, 2020	543	543

As per our report of even date attached

For **Belur and co**

Chartered Accountants

Firm registration number: 000416S

Harsha Hegde

Partner

Membership No. 226965

Date: 08-08-2020

Place: Bengaluru

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DIN: 00118285

Sivasubramanian Ramann

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Date: 08-08-2020

Place: Bengaluru



Company overview and significant accounting policies

1. Corporate information

NESL E-Infrastructure Limited ('Company'), was incorporated on 18th December, 2017. The Company has its registered office in Mumbai and its administrative office in Bengaluru. The main object of the Company is to function as a digital locker service provider, digital repository for digital locker authority, offer services of Aadhaar based authentication user agency/ know your customer user agency, offer services of electronic signatures by enrolling as a certifying authority and other e-infrastructure services. The Company currently provides Central Know Your Customer services ('CKYC services') and Offline Know Your Customer Services ('OKYC services') under master direction on KYC by RBI.

The Financial Statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on August 08, 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:

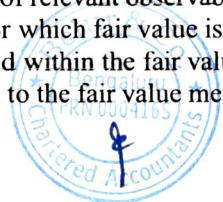
- certain financial instruments that are measured at fair values at the end of each reporting period under IndAS as suitably described in the accounting policies.
- certain arrangements which, are treated as being leases under Ind AS 116 Leases and, are capitalized as Right of Use assets, at fair value 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 22 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.

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



Company overview and significant accounting policies

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 and revenue share, 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.

Income from operational activities

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.

Interest income

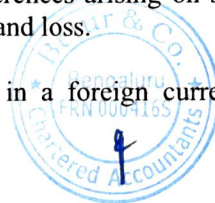
Interest income is recognized, on a time proportionate basis with respect to principal balance outstanding using effective interest rate method.

(b) Functional currency

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are not



Company overview and significant accounting policies

retranslated. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income ("OCI") or profit and loss are also recognized in OCI or 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:

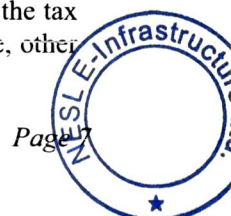
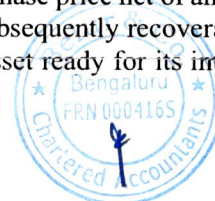
- when the deferred tax liability or asset arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary 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 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.



Company overview and significant accounting policies

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 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.

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.

Useful lives of property, plant and equipment

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

(e) Intangible assets

Intangible assets acquired, if any, 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 computer software is capitalized and amortized on a straight-line basis over the useful life of three years, as estimated by the management.

(f) Borrowing costs

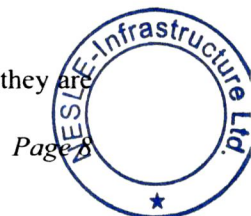
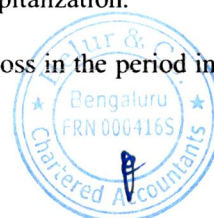
Borrowing costs include:

- (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.



Company overview and significant accounting policies

(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 benefit 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 is recorded under other finance costs on present valuing the lease liability in the subsequent years.

Any change in terms of the arrangement is evaluated, as to whether such change constitutes a modification or a separate lease. Any reduction in specific identified in lease, is accounted as modification of leases. The new lease arrangement is recorded present valuing the remaining payments for the asset under the arrangement. Any gain or loss is recorded on comparison of changes in value of Right of use asset and lease liability between the original and modified lease terms, calculated as on modification date.

Arrangements which contain low value leases with monthly outflow of less than Rs 10,000 or arrangements which contain lease with original term of upto 12 months are not accounted as lease arrangements under Ind AS 116.

The Company has adopted Ind AS 116, as on April 1, 2019, using the modified retrospective approach with a charge/ credit to retained earnings on application of the standard the existing arrangement containing lease as on the such date. Refer note 22, describing the impact of adoption of Ind AS 116 on disclosures and balances in these financial statements.

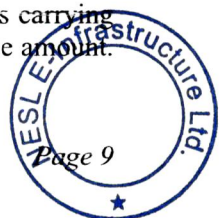
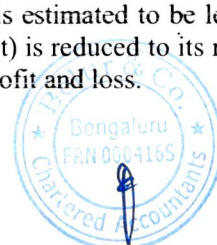
(h) Impairment of non-financial assets

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.



Company overview and significant accounting policies

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

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

(i) Provisions

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

(j) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company 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

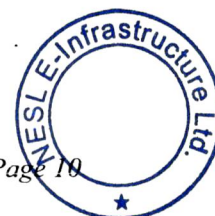
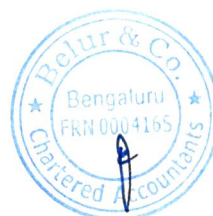
Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting 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



Company overview and significant accounting policies

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 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, if any, 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.

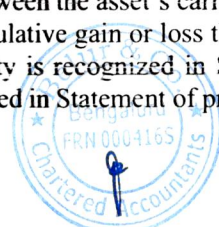
De-recognition

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



Company overview and significant accounting policies

on disposal of that financial asset.

Impairment of financial assets

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

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

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

Financial liabilities

Initial recognition and measurement

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

Subsequent measurement

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

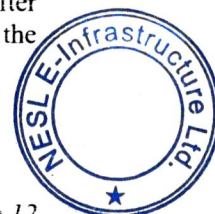
After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the amortization process. Amortized cost is calculated 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 off direct issue cost.



Company overview and significant accounting policies

Offsetting of financial instruments

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

(l) Cash and cash equivalents

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

(m) Contingent liabilities

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

(n) Earnings per share

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

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

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:

- 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



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

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

Non - current assets

4 Right of use asset

Description	Cost			Depreciation/amoritsation			Carrying amount			
	As on	Additions	Deletion	As on	As on	For the	Withdrawals	Upto	WDV as on	WDV as on
	01-04-2019*			31-03-2020	01-04-2019	Year		31-03-2020	31-03-2020	31-03-2019
Servers	649		118	531	-	166	-	166	365	-
Total	649	-	118	531	-	166	-	166	365	-
<i>Previous year comparatives (FYE 2019)</i>	-	-	-	-	-	-	-	-	-	-

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



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Non-current Assets

5 Financial assets

5.1 Other financial assets

Particulars	2020	2019
Fixed deposits with maturity more than 12 months from the balance sheet date	-	8,600
Total	-	8,600

6 Deferred tax asset (net)

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
Preliminary expenses u/s 35D of the Income Tax Act, 1961	11	(4)	-	-	7
Deferred tax asset on carry forward income tax losses	32	(32)	-	-	-
Total	43	(36)	-	-	7

- The tax rates under Income Tax Act 1961, considered is 26% (2019) and 26% (2020). The Company has opted for regular rate 26% under the Finance Act instead of 25.168% available under section 115 BAA, Income Tax Act, 1961.

7 Other non-current assets

Particulars	2020	2019
Security deposit - non current non refundable	21	1
Total	21	1

Current Assets

8 Financial Assets

8.1 Trade receivables

Particulars	2020	2019
(a) Trade Receivables considered good - Secured;	-	-
(b) Trade Receivables considered good - Unsecured;	5,311	307
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - credit impaired	-	-
Total	5,311	307

8.2 Cash and cash equivalents

Particulars	2020	2019
Balance with banks (of the nature of cash and cash equivalents)		
In current accounts	1,197	4,719
In fixed deposits (Refer note below)	713	-
Income accrued but not due on fixed deposits (Cash and cash equivalent)	1	-
Total	1,911	4,719

8.3 Other bank balances

Particulars	2020	2019
Fixed deposits with maturity less than 12 months from the balance sheet date	8,600	-
Total	8,600	-

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, if any, from the balance sheet date are classified as "Other bank balances".

8.4 Other financial assets

Particulars	2020	2019
Income accrued but not due on fixed deposits	5	4
Security deposit - current refundable*	285	-
Unbilled revenue	202	264
Total	492	268

*This includes Rs 2,85,000/- paid to LIC as security deposit for leasing of premises, for which an agreement was yet to be entered as on 31st March 2020

9 Other current assets

Particulars	2020	2019
TDS receivable	222	927
Prepaid expenses	1,517	28
Advances paid	3	44
Input GST	531	768
Total	2,273	1,767



10 Share capital

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

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	1,000	10,000	1,000	10,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	1,000	10,000	1,000	10,000

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
The holding company National E-Governance Services Limited, together with its nominee	1,000	100%	1,000	100%

Particulars of shares held by holding company

	2020		2019	
	Number of shares (,000)	Paid up capital	Number of shares (,000)	Paid up capital
The holding company National E-Governance Services Limited, together with its nominee	1,000	10,000	1,000	10,000

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.



NESL E-Infrastructure Limited

CIN: U72200MH2017GOI302982

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

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

Equity**11 Other equity**

Particulars	2020	2019
Opening balance	97	225
Profit/(Loss) for the period	465	(128)
Transition impact of Ind AS 116 (Refer note 22)	(19)	-
Total	543	97

Non-current liabilities**12 Financial liabilities****12.1 Lease liabilities**

Particulars	2020	2019
Lease liability (Refer note 22)	273	-
Total	273	-

Current liabilities**13 Financial liabilities****13.1 Lease liabilities**

Particulars	2020	2019
Lease liability - current (Refer note 22)	180	-
Total	180	-

13.2 Trade payables

Particulars	2020	2019
Total outstanding dues of micro enterprises and small enterprises		
Total outstanding dues of creditors other than micro and small enterprises		
Related parties	2,675	3,297
Others:		
Creditors for supplies & services	606	270
Total	3,281	3,567

Note: According to the data available with the Company there are no parties who are registered as micro and small enterprises under the "The Micro, Small and Medium Enterprises Act, 2006" to whom the Company has paid interest for delayed payment or any such interest is payable on balances outstanding as at March 31, 2020.

13.3 Other financial liabilities

Particulars	2020	2019
RFP security deposit	900	900
Other security deposits	5	-
Expenses reimbursable to holding company	-	62
Expenses reimbursable to fellow subsidiary	-	7
Total	905	969

14 Other current liabilities

Particulars	2020	2019
Statutory Remittances	556	299
Sitting fees payable	-	45
Deferred revenue	1,682	-
Honorarium payable	3	3
Total	2,241	347

15 Provisions

Particulars	2020	2019
Provision for expenses	1,557	725
Total	1,557	725

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16 Revenue from operations

Particulars	2020	2019
Central Know Your Customer Services income	815	6,587
Offline Know Your Customer services income:		
One Time Installation Setup Fee	3,330	-
OKYC services	379	-
Total	4,524	6,587

*** Summary of billing and revenue recognised**

	2020	2019
Opening balance: Deferred revenue and Unbilled revenue	(264)	(1,277)
Total billing for the period	7,223	7,600
(-) Deferred revenue (disclosed in note 14)	(1,682)	-
(+) Unbilled revenue (disclosed in note 8.4)	202	264
(-) Revenue share payable	(955)	-
Revenue recognised for the period	4,524	6,587

17 Other Income

Particulars	2020	2019
Interest on fixed deposits	628	439
Interest on IT Refund	47	-
Gain on lease modification (Refer note 22)	8	-
RFP application fees	-	6
Total	683	445

18 Cost of services

Particulars	2020	2019
Offsite data entry & cropping work	63	419
Onsite data entry & cropping work	-	778
Subscription charges for trackwizz CKYC	72	2,662
IT Consulting Expenses	439	727
Virtual machine infrastructure service* (Refer note 22)	114	209
Other IT expenses	110	-
Other operating expenses	2,429	1,788
Total	3,227	6,583

*On adoption of IndAS 116, portion of the expenses are capitalised as Right of Use assets (Refer note 4). These are depreciated like regular PPE. Refer note 22 (d).

19 Finance costs

Particulars	2020	2019
Interest expense on lease liabilities (Refer note 22)	46	-
Total	46	-

20 Other Expenses

Particulars	2020	2019
Auditors remuneration	50	50
Internal audit	50	50
Directors' sitting fee	175	225
Rates & taxes	2	44
Other expenses	860	191
Total	1,137	560



NESL E-Infrastructure Limited

CIN: U72200MH2017GOI302982

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

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

21 Related Party DisclosuresNames of related parties

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

Holding Company : National E-Governance Services Limited

Fellow Subsidiary : NESL Asset Data Limited

Note: There are no key management personnel in the company

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

Particulars	Transactions		Total	
	2020	2019	2020	2019
A. Transactions during the year				
Investment by holding company				
National E-Governance Services Limited	-	-	-	-
Expenses from holding company				
National E-Governance Services Limited	2,600	3,214	2,600	3,214
Income from holding company				
National E-Governance Services Limited	2	-	2	-
Expenses from fellow subsidiary				
NESL Asset Data Limited	166	7	166	7
Total	2,768	3,221	2,768	3,221

B. Balances outstanding as at year end

Particulars	Balances		Total	
	2020	2019	2020	2019
Investment by holding company				
National E-Governance Services Limited	10,000	10,000	10,000	10,000
Payable to holding company				
National E-Governance Services Limited	2,472	3,359	2,472	3,359
Payable to fellow subsidiary				
NESL Asset Data Limited	203	7	203	7
Total	12,675	13,366	12,675	13,366

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22 Disclosures under IndAS 116

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

a 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
Servers- virtual machines	649	685	(19)	365	453
Total	649	685	(19)	365	453

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 2018. As on the date of initial application, April 1, 2019 the lease period remaining was 46 months. The arrangement comprises of two components 1) Servers and 2) Network bandwidth and related charges. The component - Servers 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.

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

Particulars	2020
Expenses relating to short term leases	-
Expenses relating to leases of low-value	-
Total	-

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 Profit and Loss statement:

Particulars	2020	2019
Servers- virtual machines	199	128
Network bandwidth and firewall (not capitalised under IndAS 116, as Right of Use asset)	114	81
Short term leases (not capitalised under IndAS 116, as Right of Use asset)	-	-
Low-value leases (not capitalised under IndAS 116, as Right of Use asset)	-	-
Lease expenses under IndAS 17	313	209
Expenses capitalised as part of Leases	(199)	-
Lease expenses to Profit and Loss statement		
Depreciation for Right of Use assets	166	-
Interest expense on Lease liability	46	-
Gain on lease modification	(8)	-
Lease expenses under IndAS 116 adopted with effect from April 1, 2019	318	209
Impact of adoption of IndAS 116 in Profit and Loss statement	(5)	-

Note: In 2019, Lease hold property - Server - virtual machines, network bandwidth and firewall were disclosed under Note 18 - Virtual machine infrastructure service

c. Maturity analysis of lease liability, disclosed under note. 12.1 and 13.1

Particulars	2020
Future lease payments (undiscounted)	
2020-21	203
2021-22	153
2022-23	140
Total future lease payments (undiscounted)	496
Total future finance costs	(43)
Lease liability	453
Short-term portion presented under current liabilities (refer note 13.1)	180
Long-term portion presented under non-current liabilities (refer note 12.1)	273



23 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	
		2020	2020	2019	2019
Financial assets					
Amortised cost					
Other financial assets	5.1	-	-	8,600	8,600
Trade receivables	8.1	5,311	5,311	307	307
Cash and cash equivalents	8.2	1,911	1,911	4,719	4,719
Other bank balances	8.3	8,600	8,600	-	-
Other financial assets	8.4	492	492	268	268
		16,314	16,314	13,894	13,894
Financial liabilities					
Amortised cost					
Lease liability	12.1 & 13.1	453	453	-	-
Trade payables	13.2	3,281	3,281	3,567	3,567
Other financial liabilities	13.3	905	905	969	969
		4,639	4,639	4,536	4,536

24 Fair value hierarchy

This explains the judgements 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 Ind AS financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

24.1.1 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 3
Assets measured at fair value:				
-None-				
Liabilities measured at fair value:				
-None-				

24.1.2 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 3
Assets measured at fair value:				
-None-				
Liabilities measured at fair value:				
-None-				

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

- 1) The use of quoted market prices
- 2) Discounting over the period of the contract using relevant market rate to arrive at fair value

24.3 Financial risks and management and maturity profile

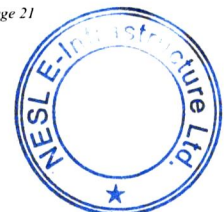
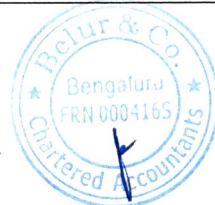
Financial assets are periodically reviewed for credit, liquidity and market risks. Other financial assets (non-current) are deposits with Canara Bank, a listed public sector undertaking, and carry negligible risks except concentration risk. Since Canara Bank is majority owned by Government of India, 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, these deposits mature, during the normal course in October 2020. Trade receivables carry liquidity risks. Other financial assets (current) consists of accrued interest (on deposits with Canara Bank), and unbilled revenue which carries liquidity risk. Liquidity risks on unbilled revenue are managed and monitored through ageing, confirmations and follow-up with customers to mitigate possibilities of default.

*Maturity profile of Fixed deposits disclosed in note 8.3

Sl no.	Maturing within	Amounts in Crores
1	6 to 9 months	0.86
	Total	0.86

25 Earning per share

Particulars	2020	2019
Profit (loss) attributable to equity shareholders of the company	465	(128)
Number of shares outstanding as on the balance sheet date (units in thousands)	1,000	1,000
Weighted average number of shares for the purpose of EPS basic and diluted (units in thousands)	1,000	1,000
Earnings per share basic and diluted (in ₹ per share)	0.47	(0.13)




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Other notes accompanying the standalone financial statements

- i) The Company is maintaining the Books of Account at its Administrative Office in Bengaluru as authorised by the Board of Directors.
- ii) The Company does not have any employees. Hence, disclosure under Ind AS 19 is not applicable to the Company.
- iii) The Company does not have any contingent liability or commitments which require recognition or disclosure in the financial statements


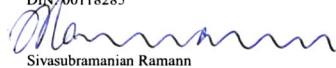
As per our report of even date attached

For **Belur and co**
Chartered Accountants
Firm registration number: 000416S


Harsha Hegde
Partner
Membership No. 226965
Date: **08-08-2020**
Place: Bengaluru



For and on behalf of the Board of Directors of
NESL E-Infrastructure Limited


S. Sridagopan
Director
DIN: 00118285

Sivasubramanian Ramann
Director
DIN: 07685657
Date: **08-08-2020**
Place: Bengaluru

