

7TH ANNUAL REPORT 2022-23



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BOARD OF DIRECTORS

SARVASHR



R. Gandhi

Chairman and Independent Director



P.N. Prasad

Independent Director



Sudha Krishnan

Independent Director



Rajesh Doshi

Independent Director



J.S. Tolia

Nominee Director (LIC)



Ajay Kumar Gupta

Nominee Director (ICICI Bank Ltd.)



Joydeep Dutta Roy

Nominee Director (Bank of Baroda)



Debajyoti Ray Chaudhuri

Managing Director & CEO

KEY MANAGERIAL PERSONNEL

E P NIVEDITA

EXECUTIVE DIRECTOR & CRO

DIWAKAR KANNAN

CHIEF TECHNOLOGY OFFICER

VINOD SHENOY M

CHIEF FINANCIAL OFFICER

S PADMAVATHY

COMPANY SECRETARY

STATUTORY AUDITORS

M/S. ABARNA & ANANTHAN, CHARTERED ACCOUNTANTS, BANGALORE

REGISTRARS AND TRANSFER AGENTS

LINK INTIME INDIA PRIVATE LIMITED

C- 101, 247 PARK,
L.B. S MARG, VIKHROLI (WEST),
MUMBAI – 400083

Notice of the 7th Annual General Meeting of National E-Governance Services Limited

NOTICE is hereby given that the **Seventh Annual General Meeting** of the members of **National E-Governance Services Limited (CIN: U72900MH2016GOI282855)** will be held on 29th day of September, 2023 at 12.00 noon through video conference/ OAVM at shorter notice to transact the following business. The venue of the meeting shall be deemed to be the registered office of the Company at 4th Floor, Gresham Assurance House, Sir PM Road, Fort, Mumbai- 400 001

Ordinary Business:

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

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

To receive, consider and adopt the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st March, 2023 and the Reports of the Board of Directors and the Auditors (Statutory & C&AG) thereon.

Item No. 2 – 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, 2023 and the Reports of the Board of Directors and the Auditors (Statutory & C&AG) thereon.

Item No. 3 – Appointment of Auditors:

“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 the Statutory Auditors of the Company as advised by the Comptroller and Auditor General (C&AG) of India to conduct the audit for the financial year 2023-24 at the remuneration as may be fixed by the Board of Directors of the Company on the recommendation of the Audit Committee on intimation to C&AG.”

Item No. 4- Re-Appointment of Shri. Ajay Gupta (DIN: 07580795), Director who retires by rotation and being eligible, offered himself for re-appointment

To appoint a director in place of Shri. Ajay Gupta (DIN: 07580795), who retires by rotation pursuant to Section 152(6) of the Companies Act, 2013 and regulations made there under, and being eligible, offers himself for re-appointment.

Special Business:

Item No. 5 – To consider and if thought fit to pass with or without modification the following resolution as a Special resolution:

Amendment to the object clause of the Memorandum of Association of the company by inserting sub-clause (f) clause III A. 2)

“RESOLVED THAT pursuant to the provisions of Section 13 and other applicable provisions, if any, of Companies Act, 2013, (including any statutory modifications or re-enactment thereof, for the time being in force), and the rules framed there under, approval of the members of the Company be and is hereby accorded, to amend the objects clause by inserting sub-clause (f) to clause III A. 2), of the Memorandum of Association of the Company as below:

2) To carry on the business of providing core services as an information utility service provider by creating and storing financial information in a universally accessible format, a) To accept electronic submission of financial information in such form and manner as may be specified by the regulations (description of regulations' as defined in Preliminary, Part I of the Insolvency and Bankruptcy Code, 2016); b) to record the financial information accurately and secure such information; c) to authenticate and verify the financial information submitted by a person; d) to provide access to information stored with the Company to persons as may be specified by the regulations; e) to do any other function related to carrying out the core services, as may be required or specified by the regulations from time to time, and in this regard to offer services to individuals as a public utility service related to work of verification

or authentication or Central-Know Your Customer(C-KYC) and integration of back end process and processing system; to facilitate integrated service, f) *With the approval of the Insolvency and Bankruptcy Board of India, the company may;*

(i) Provide products & services to Insolvency Professionals and other stakeholders under the Insolvency & Bankruptcy Code, 2016.

(ii) Offer other services and incidental services as provided respectively in Regulations 3(a) and 17 of IBBI (IU) Regulations, 2017, in addition to its primary objective of providing core services.”

FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Managing Director & CEO and Company Secretary of the Company be and are hereby authorized on behalf of the Company to severally/jointly, do all acts, deeds, matters and things as deemed necessary, proper or desirable and to sign and execute all necessary documents, applications and returns for the purpose of giving effect to the aforesaid resolution along with filing of necessary E-form as return of appointment with the ROC.”

For National E-Governance Services Limited
By Order of the Board of Directors

Sd/-

S. Padmavathy
Company Secretary
M.No. A37997

Date: 26.09.2023
Place: Bengaluru

NOTES:

1. The Ministry of Corporate Affairs vide their circulars, **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)]** and subsequent circulars issued in this regard, the latest being 10/2022 dated December 28, 2022 (collectively referred to as “MCA Circulars”) has permitted the holding of the annual general meeting through Video Conferencing (“VC”) or through other audio-visual means (“OAVM”), without the physical presence of the Members at a common venue.
2. 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.
3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. Since the AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM. The Proxy Form as well as the Attendance Slip and the Route Map of the Registered office are therefore, not annexed to this Notice
4. 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, authorize such person as it thinks fit to act as representative at any meeting of the Company and a person so authorized 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.
5. 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.

Registered Office: Gresham Assurance House 4th Floor, Sir P M Road Fort Mumbai 400001

For National E-Governance Services Limited
By Order of the Board of Directors

Sd/-

S. Padmavathy
Company Secretary
M.No. A37997

Date: 26.09.2023
Place: Bengaluru

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

For National E-Governance Services Limited
By Order of the Board of Directors

Sd/-

S. Padmavathy
Company Secretary
M.No. A37997

Date: 26.09.2023

Place: Bengaluru

Item No. 5

The IBBI (IU) Regulations, 2017 (IU Regulations) provide for the activities that can be carried out by NeSL as an IU. IBBI has since permitted NeSL to render incidental services, besides core services and other services, as provided under Regulation 17(2) of the IU Regulations. It has therefore become necessary to amend the objects clause of the (MOA) of NeSL in consonance with clause 3(a) of the IU Regulations, to include incidental services as per Regulation 17(2) of the IU Regulations

In this regard, it is proposed to align the object clause III A. 2) of Memorandum of Association (MOA) of the company in line with the aforementioned IBBI approval and the services provided by NeSL, other than the core services mentioned in clause III A. 1) of the MOA, as incidental services as per regulation 17(2) of IBBI (IU) Regulations, 2017, by inserting sub-clause (f) to clause III A. 2) to the object clause.

This matter was discussed at the Board meeting of NeSL held on 14th June 2023 and it was resolved to amend the objects clause of the Memorandum of the company in consonance with provisions of IU Regulations. The Board now seek Members' approval at this Annual General Meeting (AGM). The company has also informed the IBBI about the proposed amendment to MOA.

The proposed change of object clause requires the approval of shareholders through Special Resolution pursuant to the provisions of Section 13 of the Companies Act, 2013.

None of the Directors, Key Managerial Persons (KMPs) of the Company or any relatives of such Director or KMPs, shall be considered to be concerned or interested in the proposed Special Resolutions



BOARD'S REPORT

BOARD'S REPORT

To the Members,

The Board of Directors of **National E-Governance Services Ltd.** (CIN: U72900MH2016GOI282855) ("**The Company**" or "**NeSL**") are pleased to present the Seventh Annual Report along with the audited financial statements (Standalone and Consolidated) for NeSL & Group for the financial year (FY) ended March 31st, 2023.

I. Financial Performance

a. Standalone and consolidated financial results:

(In INR THOUSANDS.)

Particulars	STANDALONE		CONSOLIDATED	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Gross revenue from operations	8,11,844	6,29,819	8,20,583	6,43,296
Total expenditure before finance cost, depreciation (net of expenditure transferred to capital)	3,19,360	2,57,242	3,49,789	2,81,776
Operating Profit	4,92,484	3,72,578	4,70,794	3,61,520
Add: Other income	82,677	66,395	85,326	68,966
Profit before finance cost, depreciation, exceptional items and taxes	5,75,161	4,38,973	5,56,120	4,30,486
Less: Finance costs	5,989	1,941	6,169	2,170
Profit before depreciation, exceptional items and taxes	5,69,172	4,37,032	5,49,951	4,28,316
Less: Depreciation	61,177	64,271	67,996	68,690
Profit/(Loss) before exceptional items & tax	5,07,995	372,761	4,81,955	3,59,626
Add/(Less): Exceptional Items	85,326	(83,783)	58,226	(56,683)
Profit before taxes	5,93,321	2,88,978	5,40,181	3,02,943
Less: Tax Expense	-	-	-	-
Current Tax	1,37,057	1,04,062	1,37,062	1,05,496
Adj of Tax PY	94	-	126	-
Deferred Tax	9,700	(23,530)	(5,384)	(19,824)
Net Profit/(Loss) for the Period	4,46,470	2,08,446	4,08,377	2,17,271
Other comprehensive income (OCI)	(1,257)	(2,231)	(1,230)	(2,103)
Deferred tax	316	562	309	528
Total comprehensive loss for the year	(941)	(1,669)	(921)	(1,575)
Net Profit/(Loss)	4,45,529	2,06,777	4,07,456	2,15,696
Retained Earnings: Balance brought forward from the previous year	5,55,784	3,49,007	5,55,682	3,39,986
Add: Profit for the period	4,45,529	2,06,777	4,07,456	2,15,696
Balance	10,01,313	5,55,784	9,63,138	5,55,682
Total Appropriations	(75,000)	-	(75,667)	-
Retained Earnings: Balance to be carried forward	9,26,313	5,55,784	8,87,471	5,55,682

b. Overview of company performance

Your Directors are pleased to inform you that the company on a standalone basis registered a revenue of Rs. 81.18 Crores during the year under review as against Rs. 62.98 Crores in the previous year, with a significant upward jump of 28.90 %. The Profit after Tax (PAT) was Rs. 44.55 Crores as compared to Rs. 20.67 Crores in the previous year and resulted in retained earnings of Rs. 92.63 Crores as on 31st March, 2023.

During the year ended 2022, the Company assessed its investments in subsidiaries for impairment. Based on the assessment, an impairment of Rs. 2.73 crores had been recognised as per the accounting policies of the Company. For 2023, the Company observed certain positive indicators for reversal of impairment, including:

- A. NADL has seen an increase in its active customer base, billing and revenue against last year.
- B. There have been changes in the business outlook of NADL evidenced by increase in integrations, marketing efforts, customer trust and billing.

Based on this evidence of positive indicators, a valuation exercise was carried out and accordingly, the impairment of Rs. 2.73 crores has been written back.

During the year ended 2022, the Company had identified a contract to be onerous and had provided Rs. 5.64 crores. Subsequently, and after sustained negotiations with vendor, the contract was re-negotiated. Therefore, the provision under onerous contract of Rs. 5.80 crores (including financial effect) has been reversed.

The Consolidated Revenue for the financial year 2022-23 was Rs. 82.06 Crores, higher by 27.57 % over the previous year's revenue of Rs. 64.32 Crores. The PAT for financial year 2023 was Rs. 40.74 Crores as against profit/loss of Rs. 21.56 Crores in the previous year.

II. Operational Performance

a. Information on Debt Record

The total number of unique debt records as on 31st March, 2023 was 2,76,26,022 compared to 1,47,71,107 as on 31st March, 2022. The amount of outstanding debt in respect of these records was Rs. 2,05,76,173 crores as on 31st March 2023 compared to Rs 1,59,74,366 crores of the previous year. Similarly the number of unique debtors in respect of whom information was submitted increased to 1,78,66,420 as on 31st March 2023 from 92,29,484 in the previous year. A unique feature of the Information Utility is that it has information relating to operation creditors (OC) and Debenture Trustees (DT). For operational creditors the number of debt records increased from 1,86,108 as on 31st March 2022 to 3,35,140 as on 31st March 2023 and outstanding debt in respect of these records increased from Rs 45,450 crores to Rs 56,741 crores during the same period. For DTs the number of debt records increased from 10,707 on 31st March 2022 to 12,636 as on 31st March, 2023, with outstanding debt involved going up from Rs 42,07,151 crores to Rs 53,28,605 crores during the same period.

A snapshot of the performance as on 31st March 2023 compared to previous year

Unique Debtors in Information Utility					
As of March 2023			As of March 2022		
1,78,66,420			92,29,484		
Debtor (Fc)	Debtor (Oc)	Both	Debtor (Fc)	Debtor (Oc)	Both
1,78,54,261	4,232	7,927	92,25,669	760	3,055

Active Debt Records in Information Utility					
As of March 2023			As of March 2022		
2,76,26,022			1,47,71,017		
Corporates	Other Businesses	Individuals	Corporates	Other Businesses	Individuals
25,47,152	48,29,132	2,02,49,738	21,04,939	32,20,028	94,46,050

Outstanding Amount of Active Debt Records (Amount in Rs. Crores)					
As of March 2023			As of March 2022		
2,05,76,173			1,59,74,366		
Corporates	Other Businesses	Individuals	Corporates	Other Businesses	Individuals
1,71,90,654	17,96,611	15,88,907	1,40,15,802	13,24,339	6,34,225

Submitters of Information					
As of March 2023			As of March 2022		
2,662			2,236		
Financial Creditor	Operational Creditor	Both	Financial Creditor	Operational Creditor	Both
1,458	1,151	53	1,234	955	47

b. Digital Document Execution (DDE)

DDE initiative of the company was launched in the FY 21, and gained momentum during the year under review. There was substantial increase in the number of the transactions from 3,58,418 as on 31st March 2022 to 17,03,466 as on 31st March 2023. The number of states which had granted approval to NeSL's digital e-stamping was 23 as on 31st March, 2023.

c. Electronic Bank Guarantee (e-BG)

e-BG was launched by the company during the year and many banks, both in the private and public sector have now implemented NeSL's e-BG. The total number of e-BGs issued was 570 as on 31st March, 2023 of an aggregate amount of Rs 1,495 crores.

d. The PDA service

PDA service offered by your company has been empanelled by IBBI to provide services to Insolvency professionals registered under the Insolvency and Bankruptcy Code. It faces some challenges which are being addressed in consultation with the IBBI.

III. OTHER IMPORTANT DEVELOPMENTS DURING THE YEAR

a. Senior Management

Keeping in view the requirements of a growing organisation and the need to infuse fresh blood, the senior management team of your company was strengthened. The new members bring with them a wealth of experience and your company is confident that they will contribute to the continued growth of the company.

b. Five years of the IU

The Information Utility as an institution has no parallel anywhere in the world. The hard work and intensive efforts by the management and the Regulator, IBBI has yielded results and now your company now has substantial information. With DDE and e-BG, your company has the potential of becoming an institution of national importance. NeSL's first certificate of registration from IBBI was valid for 5 years till 2022, and your company has now received a fresh certificate of registration from IBBI, valid for another 5 years till 2027.

c. Launch of e-BG:

The e-BG project was conceived in association with IBA to address the requirements of the banking industry for

- a digital product that would address the concerns in the existing physical process of issuance of a BG. The issuance of the first e-BG was therefore an important milestone and soon it paved the way for other banks to issue e-BGs on the NeSL platform.

d. Landmark of 1 Million DDE transactions

DDE of the company was envisaged with the larger objective of dematerialisation of contracts, akin to what happened in the securities markets in the 1990s. While the concept found favour with all banks, scaling up took time as it involved integration with banks' accounting software, security clearances and also overcoming the initial resistance towards any change. Therefore, it was satisfying to achieve the landmark of 1 million transactions. As on date of this report, your company is close to the landmark figure of 3 million transactions.

e. Recognition by way of IFTA Reg Tech award

DDE provides a seamless process of digital e-stamping through arrangement with individual state governments and e-signing, thus providing a one stop documentation solution for all credit products. Therefore, recognition by way of Best Innovation in Reg Tech award, in IFTA 2022 was an important development.

f. Events

The company participated in important industry events like IBA's Annual Banking Technology Conference, IBBI International Research Conference, SPM Summit organised by ISPMA and used these fora to showcase its products and services. Towards the end of year, NeSL, jointly with NCLT, organised a Colloquium which had participation from Hon'ble President NCLT and Hon'ble NCLT members from all over India. IBBI was represented by its Executive Director. NeSL used the Colloquium to explain to Hon'ble members about the various features of the ROD and how it could facilitate in establishing default.

g. Visit of IBBI Chairperson, WTM IBBI and Joint Secretary, MCA

At the request of NeSL, the Chairperson of IBBI, your company's regulator, Mr Ravi Mital and the Whole Time Member, IBBI, Shri Jayanti Prasad paid a visit to NeSL's office in Bengaluru. NeSL made a presentation on the business of the company and the key initiatives like e-BG and DDE, which was appreciated by all.

Joint Secretary, MCA Ms Anita Shah and Mr Saurabh Gautam, Director MCA also visited the Bengaluru office of NeSL, a presentation was made about the services rendered by the IU.

h. Regulatory Update

The year ended on a positive note as IBBI, at the request of NeSL, accorded its approval to your company for offering DDE services to cover all documentation requirements of Financial Service providers (FSP) and departments of state and central governments apart from debt related documents. This has the potential to increase the penetration of DDE to a bouquet of services to regulated entities and not just banks. During the year, IBBI also took several initiatives to enhance the effectiveness of the IU. The Regulations now provide that before filing an application to initiate corporate insolvency resolution process under section 7 or 9, the creditor shall file the information of default, with the IU. IBBI also decided to forward the application for initiating insolvency received by it to the IU to enable NeSL to take necessary action like informing other creditors, give the notice to the applicant to file information of default and process the information of default and issue ROD. The annual fee payable to IBBI was enhanced to 10% of the turnover from the operations of the company, which was a substantial increase.

IV. Subsidiaries, Associates and Joint Ventures

A report on the financial performance of each of the Subsidiaries, Associates and Joint Ventures included in the Consolidated Financial Statements is provided in Form AOC-1 (Annexure 1) and forms part of this Report. The audited financial statements of all the subsidiaries are available on the website of the Company www.nesl.co.in.

V. Performance of Subsidiary Companies

The Company has two wholly owned subsidiaries as on 31st March, 2023 and is not an associate or in Joint Venture in terms of Companies Act, 2013 (Act). A brief on the wholly-owned subsidiary companies are as below:

i) NESL Asset Data Limited (NADL)

NADL, an NBFC- Account Aggregator has commenced its commercial operations and has entered the business of account aggregator of Financial Assets (Bank deposits, Insurance Policies, Capital Market Instruments,

MF schemes, Pension Funds, etc).

NADL has commenced integration with various financial institutions and in the process of signing agreements with other banks and other financial institutions.

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.

VI. Dividend

During the year under review, Board of Directors of your Company after considering the Company's Dividend Declaration Policy has declared and paid interim dividend at the rate of 10%, Re 1 on each fully paid-up equity share capital of Rs 10 each at the Board meeting held on 23rd January 2023.

Board of Directors of your Company, have not recommended for Final Dividend for the current financial year.

VII. RESERVES

The balance of the retained earnings, after appropriation and adjustments of the year was Rs. 92.63 Crores on a standalone basis.

VIII. 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.

XI. Change in the nature of Business

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

X. Material changes and commitment if any affecting the financial position of the company which have occurred between the end of the financial year of the Company to which financial statements relate and the date of the report

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.

XI. 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.

b. Foreign Exchange Earnings and Outgo

Nil

XII. Directors and KMP

a. Appointments/Re-appointments/ Resignations

- i) Prof. S. Sadagopan and Dr. Nivedita Haran ceased to be the Independent Directors of the company with effect from 24.06.2022, due to retirement
- ii) Shri Ajay Kumar Gupta was appointed as Nominee Director representing ICICI Bank w.e.f 06.07.2022 in place of Shri Anindya Banerjee.
- iii) Shri. Mruthunjaya Murthy, retired as Company Secretary of the Company w.e.f 30.09.2022. In his place, Smt. S Padmavathy was appointed as Company Secretary of the Company w.e.f 01.10.2022.
- iv) Smt. Nivedita E P, Executive Director & CRO of the Company was appointed as KMP w.e.f 15.03.2023.
- v) Shri J S Tolia was appointed as Nominee Director representing Life Insurance Corporation of India w.e.f. 06.06.2023 in place of Shri Parkash Chand.
- vi) Shri Joydeep Dutta Roy was appointed as Nominee Director representing Bank of Baroda w.e.f 16.06.2023.

b. 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 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.

XIII. Corporate Social Responsibility

Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, your Company as part of its CSR initiatives has undertaken projects/programs in accordance with the CSR Policy as disclosed on the website of the company www.nesl.co.in. The details of the CSR activities are given as **Annexure 'IV'** forming part of this Report.

XIV. Employees

a. Particulars of Remuneration of Directors, KMPs and Employees

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 the Managing Director & CEO of the Company following were paid:

SN	Name	Period	Amt. (INR in '000s)
1	Shri. Debajyoti Ray Chaudhuri	01/04/2022 to 31/03/2023	7,966

b. Smt. Shajitha Lobo, Executive Vice -President & Chief Marketing Officer of the Company was appointed as Director & COO (Executive) in NeSL E-Infrastructure Limited (NEIL) w.e.f 17th November 2022

As per the terms of appointment, the Board of NEIL fixed a remuneration to Smt. Shajitha Lobo by way of Commission at 5% of the net profits of the Company as per section 197 of the Companies Act 2013, or within the limits as provided under Part II of Schedule V of the Companies Act, 2013 in case of no profit or inadequate profit during a year, subject to the approval of shareholders of NEIL.

c. 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.

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

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('POSH Act') and Rules made thereunder, your Company has constituted Internal Complaints Committee for providing a redressal mechanism pertaining to sexual harassment of women

employees at workplace. During the year under review, the Internal Complaints Committee received one complaint and it was disposed as per the provisions of POSH ACT.

XV. Governance/Secretarial

A Report on Corporate Governance for the financial year ended 31st March 2023.

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

a. Annual Return

Pursuant to the provisions of Section 134 (3) (a) of the Companies Act, 2013 read with the rules made thereunder, the Annual Return of the Company has been disclosed on the website of the Company.

b. Whistle Blower Policy:

The Whistle Blower Policy of the Company has been disclosed on the website of the Company. During the year under review the company/management has not received any whistle blower complaint from any person.

c. Board Performance 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 it and the management's ability to discharge the duties enjoined upon them.

The Independent Directors also separately met once on 15th March 2023 and took note of the situation/affairs of the company.

(in INR)

d. 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 a 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.

Smt. Nivedita E P, Executive Director was appointed as the Chief Risk Officer (CRO) of the Company on 15th March 2023 and an internal Risk Management committee was formed, chaired by the CRO to look into the overall risk aspects of the Company.

e. Independent Director

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.

f. Related Party transactions

The particulars of contracts or arrangements during the year under review 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.

g. 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.

h. Particulars of Loans, Advances, Guarantees and Investments under section 186

The company has two wholly owned subsidiaries in which it holds investment by way of their respective Share Capital as under as on 31st March, 2023:

SN	Name of the Company	Amount invested
1.	NESL Asset Data Limited (NADL)	9,90,00,000
2.	NESL E Infrastructure Limited (NEIL)	1,00,00,000

The Company did not give any loans, advances and has not provided any guarantees to any of other corporates. It maintained term deposits/investments with scheduled banks/mutual funds and also invested in selected State Government bonds.

i. Significant and Material Orders passed by the Regulators

There were no significant and material orders passed by the Regulators or Courts or Tribunals during the year impacting the going concern status and the operations of the Company in future.

XVI. Auditors

a. Statutory Auditors

As per the advice and directions of the C&AG of India vide its letter dated 29th August, 2022 M/s Abarna & Ananthan, Chartered Accountants (bearing FRN 000003S), were appointed as the Statutory Auditors of the company for the Financial year 2022-23 by the shareholders in the Annual General Meeting held on 28th September, 2022 and they will hold the office till the conclusion of the ensuing Annual General Meeting. 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 2023-24. The company will appoint the auditors based on the recommendation of the C&AG.

The Statutory Auditors have confirmed that they are not disqualified from continuing as Auditors of the Company. The Statutory Auditors Report does not contain any qualifications, reservations or adverse remarks on the financial statements of the Company for financial year 2022-23

b. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company appointed M/s. Chartered Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2022-2023.

The Secretarial Audit Report for the financial year 2022-23 does not contain any adverse remark, qualification or reservation. The Secretarial Audit Report for financial year 2022-23 is given as Annexure III to this Report.

c. Internal Auditors

In accordance with the provisions of Section 138 of Companies Act, 2013, the Company has appointed, M/s. Deloitte, Touche & Tomatsu LLP India, Chartered Accountant firm as Internal Auditors of the Company for the FY 2022-23.

d. Reporting of Frauds by Auditors:

During the year under review, the Auditors have not reported any instances of frauds committed in the Company by its Officers or Employees to the Audit Committee under Section 143(12) of the Companies Act, 2013.

e. Report under Regulation 34 of IBBI (IU) Regulations, 2017

Regulation 34 of the IBBI (IU) Regulations, 2017, provides that an IU shall appoint an external auditor to audit 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. The report submitted was considered by the Board and as provided in the Regulations, it was submitted to IBBI.

f. C&AG Report

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

XVII. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016

There were no applications or any proceedings pending under the Insolvency & bankruptcy Code, 2016 during the year under review.

XVIII. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons there of

The Company has not obtained any loans from Banks or Financial Institutions.

XIX. Compliance with Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued by the "Institute of Company Secretaries of India".

Report on Corporate Governance

1. Board Aspects

1.1 Composition of the Board & KMP

The Board comprised of the following directors

SN	Name of Director	Designation	DIN	Date of Appointment
1.	Shri. Ramasubramaniam Gandhi	Independent Director	03341633	17/04/2018
2.	Smt. Sudha Krishnan	Independent Director	02885630	15/02/2022
3.	Shri. Parameswaran Pillai Naga Prasad	Independent Director	07430506	15/02/2022
4.	Shri. Rajesh Doshi	Independent Director	00059903	07/05/2022
5.	Shri Anindya Banerjee #	Nominee Director	08325110	10/12/2018
6.	Prof. Sowmyanarayanan Sadagopan**	Independent Director	00118285	24/06/2016
7.	Dr. Nivedita Haran **	Independent Director	06441500	24/06/2016
8.	Shri. Subrata Biswas	Nominee Director (SBI)	09402920	07/05/2022
9.	Shri. Ajay Kumar Gupta	Nominee Director (ICICI)	08235110	16/07/2022
10.	Shri. Parkash Chand*	Nominee Director (LIC)	07507069	15/07/2021
11.	Shri J S Tolia	Nominee Director (LIC)	09617044	06/06/2023
12.	Shri Joydeep Dutta Roy	Nominee Director (Bank of Baroda)	08055872	16/06/2023
13.	Shri. Debajyoti Ray Chaudhuri	Managing Director & CEO	09242571	26/07/2021

#Withdrawal of Nomination w.e.f 10/06/2022

*Resigned w.e.f 06/06/2023

**Retired w.e.f 24/06/2022

1.2 Date of Resignation/Retirement

SN	Name of KMP	Designation	Date of Appointment	Date of Retirement
1.	Shri. Debajyoti Ray Chaudhuri	Managing Director & CEO	18/08/2021	-
2.	Shri. Mruthunjaya Murthy	Company Secretary & Legal Counsel	04/06/2018	30/09/2022
3.	Shri. Vinod Shenoy M	Chief Financial Officer	11/07/2018	-
4.	Smt. S Padmavathy	Company Secretary	01/10/2022	-
5.	Shri. Diwakar Kannan	Chief Technology Officer	18/01/2020	-
6.	Smt. Nivedita E P	Executive Director & CRO	15/03/2023	-

1.3 Meetings of the Board

The Board met five times during the financial year:

SN	Date of Meeting	No of Directors eligible to Attend	No of Directors attended	No of Directors not attended
1.	14 th June 2022	10	9	1
2.	19 th September 2022	8	6	2
3.	4 th October 2022	8	6	2
4.	23 rd January 2023	8	8	0
5.	15 th March 2023	8	7	1

1.4 Attendance of Directors:

Details of attendance of Directors at the Board Meetings held during the financial year 2022-2023 are provided below:

SN	Name of Director	Designation	No of Meetings attended
1.	Dr. Nivedita Haran	Independent Director	1
2.	Prof. S. Sadagopan	Independent Director	1
3.	Shri. Ramasubramaniam Gandhi	Independent Director	5
4.	Smt. Sudha Krishnan	Independent Director	5
5.	Shri P N Prasad	Independent Director	5
6.	Shri. Parkash Chand	Nominee Director (LIC)	3
7.	Shri. Anindya Banerjee	Nominee Director (ICICI)	0
8.	Shri Rajesh Doshi	Independent Director	5
9.	Shri Subrata Biswas	Nominee Director (SBI)	2
10.	Shri Ajay Kumar Gupta	Nominee Director (ICICI)	4
11.	Shri Debajyoti Ray Chaudhuri	MD & CEO	5

1.5 Independent Directors Meetings held on 15th March, 2023:

SN	Name of Director	Designation	Attendance
1.	Shri. Ramasubramaniam Gandhi	Independent Director	Attended
2.	Smt. Sudha Krishnan	Independent Director	Attended
3.	Shri P N Prasad	Independent Director	Attended
4.	Shri Rajesh Doshi	Independent Director	Attended

1.6 The 6th Annual General Meeting of the Company was held on 28th September 2022 and following directors attended the AGM:

SN	Name of the Director	6th AGM
1.	Shri. Ramasubramaniam Gandhi	Attended
2.	Shri Rajesh Doshi	Attended
3.	Shri P N Prasad	Attended
4.	Shri Parkash Chand	Attended
5.	Shri. Debajyoti Ray Chaudhuri	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:

SN	Name of the Director	Designation
1.	Smt. Sudha Krishnan, Independent Director	Chairperson
2.	Shri. R. Gandhi, Independent Director	Member
3.	Shri. Subrata Biswas, Nominee Director	Member
4.	Prof. S Sadagopan *	Member

*Retired w.e.f. 24/06/2022

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 Committee shall inter alia be responsible for:

SN	Date of Meeting	No of Directors eligible to Attended	No of Directors attended	No of Directors not attended
1.	14 th June 2022	4	4	0
2.	23 rd January 2023	3	3	0

2.1.4. Attendance of Directors:

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

SN	Name of Director	Designation	No of Meetings attended
1.	Prof. S. Sadagopan	Independent Director	1
2.	Shri. Ramasubramaniam Gandhi	Independent Director	2
3.	Smt. Sudha Krishnan	Independent Director	2
4.	Shri. Subrata Biswas	Nominee Director (SBI)	2

2.2. Nomination and Remuneration Committee

2.2.1. Composition of the Committee:

The Nomination and Remuneration Committee of the company consisted of the following members as on 31st March 2023:

SN	Name of the Director	Designation
1.	Shri P N Prasad	Chairman (Independent Director)
2.	Shri. Ramasubramaniam Gandhi	Member (Independent Director)
3.	Shri. Parkash Chand	Member (Nominee Director-LIC)

The Nomination & Remuneration Committee was reconstituted on 6th June 2023 with following members:

SN	Name of the Director	Designation
1.	Shri P N Prasad	Chairman (Independent Director)
2.	Shri. Ramasubramaniam Gandhi	Member (Independent Director)
3.	Shri. Ajay Kumar Gupta	Member (Nominee Director-ICICI Bank)

2.2.2. Terms of Reference:

The Committee shall inter alia be responsible for:

- i. 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;
- ii. Review and concur the appointments of KMP's, Directors and senior management team one level below the Board.
- iii. Ensure the compliance in terms of constitution and reconstitution of various Committees and advise the Board accordingly.
- iv. Recommend new Board members in light of resignation of current members or a planned expansion of the Board;
- v. Review stockholder proposals relating to Board's composition and recommend an appropriate course of action;
- vi. Review key corporate governance processes not specifically assigned to other committees, and recommend changes needed to ensure that the company is at best practice;
- vii. 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;
- viii. 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.
- ix. Review and recommend the incremental compensation and variable pay for Executive Directors to the Board, KMP's and Senior Management Cadre;
- x. 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.
- xi. Perform other activities related to this Charter as requested by the Board of Directors or to address issues related to any significant subject within its term of reference.

2.2.3. Meetings of the Nomination and Remuneration Committee:

The Committee met thrice during the financial year:

SN	Date of Meeting	No of Directors eligible to Attended	No. of Directors attended	No of Directors not attended
1.	27 th July 2022	3	3	0
2.	4 th October 2022	3	2	1
3.	16 th February 2023	3	3	0

2.2.4. Attendance of Directors

Details of attendance of Directors at the Nomination and Remuneration Committee Meetings held during the year 2022-23, are provided below:

SN	Name of Director	Designation	No of Meetings attended
1.	Shri P N Prasad	Independent Director	3
2.	Shri. Ramasubramaniam Gandhi	Independent Director	3
3.	Shri. Parkash Chand	Nominee Director (LIC)	2

2.3. Corporate Social Responsibility Committee:

2.3.1. Composition of the Committee:

The Corporate Social Responsibility Committee of the company consists of the following members:

SN	Name of the Director	Designation
1.	Shri. Ramasubramaniam Gandhi	Chairman, Independent Director
2.	Shri. P N Prasad	Member, Independent Director
3.	Smt. Sudha Krishnan	Member, Independent Director
4.	Shri. Subrata Biswas	Member, Nominee Director – SBI

2.3.2. Terms of Reference:

The Committee shall inter alia be responsible for:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy (CSR Policy) which will indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act.
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a)
- Monitor the Corporate Social Responsibility Policy of the company from time to time.
- Monitor the amount approved by the Board is spent for the purpose and report the same to the Board.

2.3.3. Meetings of the Corporate Social Responsibility Committee:

The Committee met once during the financial year:

SN	Date of Meeting	No of Directors eligible to Attended	No of Directors attended	No of Directors not attended
1.	19 th December 2022	4	3	1

2.3.4. Attendance of Directors:

Details of attendance of Directors at the Corporate Social Responsibility Committee Meetings held during the year 2022-23, are provided below:

SN	Name of Director	Designation	No. of Meetings attended
1.	Shri. Ramasubramaniam Gandhi	Independent Director	1
2.	Shri. P N Prasad	Independent Director	1
3.	Smt. Sudha Krishnan	Independent Director	1
4.	Shri. Subrata Biswas	Nominee Director, SBI	0

3. 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/-	Sd/-
Date: 1 st September, 2023	Debajyoti Ray Chaudhuri	Ramasubramaniam Gandhi
Place: Bengaluru	DIN: 09242571	DIN: 03341633

ANNEXURE - I

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

Rs. In thousands

SN	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	01-04-2022 To 31-03-2023	01-04-2022 To 31-03-2023
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	99,000	10,000
5	Reserves & surplus	(45,431)	6,589
6	Total assets	67,591	26,109
7	Total Liabilities	14,022	9,520
8	Investments	-	-
9	Turnover	3,138	5,601
10	Profit before taxation	(25,880)	(134)
11	Provision for taxation	15,030	11
12	Profit after taxation	(10,815)	(123)
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 - NA
- 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		
	Sd/-	Sd/-
Date: 1 st September, 2023	Debajyoti Ray Chaudhuri	Ramasubramaniam Gandhi
Place: Bengaluru	DIN: 09242571	DIN:03341633

ANNEXURE – II

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

SN	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 not at Arm's length basis

SN	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 st April 2022 to 31 st March 2023
d.	Salient terms of the contracts or arrangements or transaction including the value, if any	To be billed annually by NeSL: Value: NADL: Rs 33.18 Lakhs NEIL: Rs 10.76 Lakhs To be billed by NADL and NEIL NADL: 0.02 Lakhs NEIL: Rs 118.35 Lakhs
e.	Date of approval by the Board	14 th June 2022
f.	Amount paid as advances, if any	-

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

	sd/-	sd/-
Date: 1 st September, 2023	Debajyoti Ray Chaudhuri	Ramasubramaniam Gandhi
Place: Bengaluru	DIN: 09242571	DIN: 03341633



ANNEXURE – III
Secretarial Audit Report

ANKUSH SETHI

Company Secretary in Practice

Form No. MR – 3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023

*[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
Reg Off: Gresham Assurance House,
4th Floor, Sir PM Road, Fort Mumbai,
Mumbai City – 400 001

I have conducted Secretarial Audit of compliance with applicable statutory provisions and adherence to good corporate practices by **National E-Governance Services Limited** (hereinafter called 'the Company') for the Financial Year ended **31 March, 2023** ('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.

It is further to be noted that all the records of the Company are maintained at the **Corporate Office** of the Company, situated at 5th Floor, The Estate Building, 121, Dickenson Road, Bengaluru-560042 and the requisite filings towards the same have been complied.

Based on my 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, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended 31st March, 2023 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.

I 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, 2023 according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and rules made thereunder – **Not applicable as there was no reportable event during the audit period;**
- (iii) The 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;**
- (iv) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- (v) Goods and Services Tax Act 2017 – to the extent of filing of returns.
- (vi) Income Tax Act 1961



- (vii) Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017
- (viii) The Information Technology Act, 2000

I have also reviewed the systems and mechanisms established by the Company for ensuring compliances under other Applicable Acts, Laws, Rules, Regulations, Guidelines, applicable to the Company and categorized under the following:

1. Air (Prevention and Control of Pollution) Act, 1961
2. Water (Prevention and Control of Pollution) Act, 1974
3. The Water (Prevention and Control of Pollution) Cess Act, 1977
4. Environment (Protection) Act 1986
5. Consumer Protection Act, 1986
6. Industrial Disputes Act 1947
7. Factories Act, 1948
8. Maternity Benefit Act
9. Contract Labour (Regulation & Abolition) Act 1970 – Matter is sub-judice, hence we refrain to comment on the same.
10. Payment of Bonus Act, 1956
11. Payment of Wages Act, 1936

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

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

During the period under review, the Company has, *other than as provided in annexure to this report*, complied with provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

I further report that:

- Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director.
- The Company has constituted following committees:
 - Audit Committee
 - CSR (Corporate Social Responsibility) Committee
 - Nomination and Remuneration Committee
- Changes in the composition of Board of Directors (and as Consequence to the Committees) that took place during the audit period were carried out in compliance with provisions of the Act;
- All decisions of the Board and Committee thereof were carried with requisite majority.
- The minutes of all the meeting(s) are properly maintained.
- Owing to organization structure; adequate notice is been served for the Board Meetings, and requisite Agenda papers are circulated in advance.

I further report that:



ANKUSH SETHI

Company Secretary in Practice

Based on review of compliance mechanism established by the Company, am 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.

I 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.

Date: 01.09.2023

Place: Bengaluru

Ankush Sethi

Mem No: 42050

C.P. No: 15741

UDIN: F012836E000916508



ANKUSH SETHI

Company Secretary in Practice

Annexure A

To,
The Members,
National E-Governance Services Limited
CIN: U72900MH2016GOI282855
Reg Off: Gresham Assurance House
4thFloor, Sir PM Road, Fort Mumbai,
Mumbai City – 400 001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company, Income Tax Returns and GST Returns.
4. Where ever required, have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: 01.09.2023

Place: Bengaluru

Ankush Sethi

Mem No: 42050

C.P. No: 15741

UDIN: F012836E000916508

ANNEXURE – IV

NATIONAL E-GOVERNANCE SERVICES LIMITED CIN: U72900MH2016GOI282855
Regd. Office, 4th Floor, Gresham Assurance House, Sir PM Road, Fort, Mumbai 400001. Administrative Office:
Fifth Floor, #121 "The Estate", Dickenson Road, Bangalore 560042

The Annual Report on CSR Activities forming part of the Board's Report for the Financial Year 2022-23

1. Brief outline on CSR Policy of the Company.: The CSR Policy of the company as approved by the Board of Directors mention that, the amount determined for CSR spending shall be spent for the following health projects:

- A. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;
- B. Ensuring environmental sustainability, ecological balance, protection of flora & Fauna, animal welfare, agroforestry, conservation of natural resources, & maintaining quality of soil, air & water (including contribution to Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga)
- C. In addition to the above listed items the company shall have the omnibus item for contributing to PMCARES fund or PM Relief Fund as an option.

2. Composition of CSR Committee: The Committee is comprising of following members:

SN	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri. Ramasubramaniam Gandhi	Chairman & Independent Director	1	1
2	Shri. P N Prasad	Member & Independent Director	1	1
3	Smt. Sudha Krishnan	Member & Independent Director	1	1
4	Shri. Subrata Biswas	Member & Nominee Director (SBI)	1	1

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. www.nesl.co.in.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report). NIL

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

SN	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
1	-	-	-
	Total	-	-

6. Average net profit of the company as per section 135(5). Rs.31,21,02,491/-

7. a. Two percent of average net profit of the company as per section 135(5)- Rs 62,42,050.00
 b. Surplus arising out of the CSR projects or programmes or activities of the previous financial years - NIL
 c. Amount required to be set off for the financial year, if any - NIL
 d. Total CSR obligation for the financial year (7a+7b-7c)- Rs 62,42,050.00
8. a. CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
62,42,050.00	Amount. NIL	Date of transfer -	Name of the Fund -	Amount. NIL	Date of transfer -

b. Details of CSR amount spent against ongoing projects for the financial year: NA

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
S N	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration number

c. Details of CSR amount spent against other than ongoing projects for the financial year:

(1) S N	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Amount spent for the project (in Rs.).	(7) Mode of implementation - Direct (Yes/No).	(8) Mode of implementation - Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care" and sanitation	Sub Clause (i) of Schedule VII	Yes	Karnataka, Bangalore		43,42,000/-	Yes	Sri Sankara Cancer foundation	CSR00004616
2.	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care" and sanitation	Sub Clause (i) of Schedule VII	Yes	Karnataka, Bangalore		9,66,142/-	Yes	Canara Bank relief & Welfare Society	CSR00006960
3.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	Sub Clause (iv) of Schedule VII	Yes	Karnataka, Bangalore		5,40,000/-	Yes	Indian Institute of Management	CSR00003458
4.	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation	Sub Clause (i) of Schedule VII	Yes	Karnataka, Bangalore		4,00,000/-	Yes	The Canara Bank Jubilee Education Fund	CSR00044425
Total						62,48,142			

d. Amount spent in Administrative Overheads - NIL

e. Amount spent on Impact Assessment, if applicable - NIL

f. Total amount spent for the Financial Year (8b+8c+8d+8e) - Rs 62,48,142/-

c. Excess amount for set off, if any

SN	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	62,42,050/-
(ii)	Total amount spent for the Financial Year	62,48,142/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	6,092/-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Nil

9. a. Details of Unspent CSR amount for the preceding three financial years:

SN	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs.).	Date of transfer.	
1.	-	-	-	-	-	-	-
	Total						

b. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
SN	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs.).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
1	-	-	-	-	-	-	-	-
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year-**NIL**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Not applicable

<p>sd/-</p> <p>Debajyoti Ray Chaudhuri (Managing Director & CEO) DIN: 09242571</p>	<p>Sd/-</p> <p>Ramasubramaniam Gandhi (Chairman of CSR Committee) DIN: 03341633</p>
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**REPORT OF INDEPENDENT AUDITORS ON
STANDALONE FINANCIAL STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

**To the Members of National E-Governance Services Limited
Report on the Audit of the Standalone Financial Statements**

Opinion

We have audited the accompanying standalone financial statements of **National E-Governance Services Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2023, 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 March 31, 2023, 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 on the standalone financial statements.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report but does not include the standalone financial statements and our auditor's report thereon. The Board's Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information identified above and when it becomes available 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.

When we read the Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

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.

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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.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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 Statement of Cash Flows 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.
- e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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**".
- 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.
- d) 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.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or

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CHARTERED ACCOUNTANTS **ABARNA & ANANTHAN**

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

Sd/-

Mohan Rao Gadath

Partner

Membership No: 203737

UDIN:23203737BGZDEP9495

Place: Bangalore

Date: 01-09-2023

share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.
 - vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from April 1, 2023, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable.
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

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

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

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Property, Plant and Equipment 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 Property, Plant and Equipment 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.
- (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
- (e) There are no proceedings initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The nature of activity carried upon by the Company does not entail to hold any inventory. Accordingly reporting under clause 3 (ii)(a) of the Order is not applicable.
- (b) The Company has not been sanctioned any working capital limit from banks or financial

institutions on the basis of security of current assets at any point of time during the year, hence reporting under clause 3(ii)(b) of the Order is not applicable.

- (iii) Based on our examination of records and according to the information and explanations given to us, the Company has made investment in a subsidiary company during the year and not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or any Other Parties, in respect of which:
 - (a) The Company has not provided any loans or advances in the nature of loans or stood guarantee or provided security to any other entity during the year, and hence reporting under clause 3(iii)(a), 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order is not applicable.
 - (b) In our opinion, the investments made during the year are, prima facie, not prejudicial to the Company's interest.
- (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

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statutory dues applicable to it with the appropriate authorities, though there have been slight delays in few cases.

According to the information and explanations given to us 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 March 31, 2023 for a period of more than six months from the date they became payable except below: -

Name of the Statute	Nature of Dues	Amount (Rs in thousands)	Period to which the amount relates	Due date	Date of Payment
Central Goods and Services Tax Act, 2017	GST	1.8	October-21	20/11/2021	06/07/2023
Central Goods and Services Tax Act, 2017	GST	0.27	February-22	20/03/2022	06/07/2023
Central Goods and Services Tax Act, 2017	GST	2.61	June-22	20/07/2022	06/07/2023
Central Goods and Services Tax Act, 2017	GST	1.08	July-22	20/08/2022	06/07/2023
Central Goods and Services Tax Act, 2017	GST	14.04	August-22	20/09/2022	06/07/2023

(b) According to the information and explanations given to us, there are no dues of Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess which have not been deposited with the appropriate authorities on account of any dispute.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence, reporting under clause 3(ix)(a) of the Order is not applicable.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) Based on our examination of records of the Company and according to the information and explanations given to us, the Company did not

raise any funds during the year. Accordingly, reporting under clause 3(ix)(d) of the Order is not applicable.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

(f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). Hence, reporting under clause 3 (x)(a) of the Order is not applicable to the Company.

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

(xi) (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit

and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(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) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(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) (a) The provisions of section 45-1A of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities, hence, reporting under clause (xvi)(b) of the Order is not applicable to the Company

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi) (c) of the Order is not applicable to the Company.

(d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) (d) of the Order is not applicable to the Company.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios disclosed in note 35 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer of Fund specified in Schedule VII to the Act or special account in compliance with provision of sub- section (6) of section 135 of said Act. Accordingly, reporting under clause (xx) of the order is not applicable for the year.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **ABARNA & ANANTHAN**
CHARTERED ACCOUNTANTS
Firm Registration No: 000003S

Sd/-

Mohan Rao Gadath

Partner

Membership No.20373

UDIN:23203737BGZDEP9495

Place: Bangalore

Date: 01-09-2023

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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 March 31, 2023 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.

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.

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 March 31, 2023, 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

Sd/-

Mohan Rao Gadath
Partner
Membership No: 203737
UDIN: 23203737BGZDEP9495

Place: Bangalore
Date: 01-09-2023

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

☎ : +91 8880097322 /+91 80 26426022 / 📠: 2672 7430

Branch at : Chennai

✉: audit@abarna-ananthan.com

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 a system in place to process all the accounting transactions electronically. 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. Whether such case are properly accounted for? (In case, lender is a Government Company, then this direction is also applicable for statutory auditor of lender company).	The Company has not availed any facilities from Banks/Financials Institutions during year under audit and in the previous year. Hence restructuring of an existing loan or cases of waiver/write off to debts/loans/interest etc does not arise.
3	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation.	No funds (grants/subsidy etc.) were received for specific schemes from Central/State Agencies by the Company.

For **ABARNA & ANANTHAN**
CHARTERED ACCOUNTANTS
Firm Registration No: 000003S

Sd/-

Mohan Rao Gadath

Partner

Membership No: 203737

UDIN: 23203737BGZDEP9495

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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NATIONAL E-GOVERNANCE SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of National E-Governance Services Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 01 September 2023.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of National E-Governance Services Limited for the year ended 31 March 2023 under section 143(6)(a) of the Act.

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

Sd/-

(Guljari Lal)
Director General of Audit (Shipping), Mumbai

Place: Mumbai
Date: 20.09.2023



STANDALONE FINANCIAL STATEMENTS

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Balance Sheet as at March 31, 2023

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

Particulars	Note	2023	2022
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	8,006	7,549
Right-of-use asset	5	64,631	77,035
Other intangible assets	4	6,197	32,638
Intangible assets under development	4	32	-
Financial assets	6		
Investments	6.1	3,93,977	1,37,877
Other financial assets	6.2	2,35,277	1,18,317
Deferred tax assets (net)	7	10,253	19,637
Other non-current assets	8	1,523	2,235
Current assets			
Financial assets	9		
Investments	9.1	34,097	32,256
Trade receivables	9.2	4,64,507	3,11,519
Cash and cash equivalents	9.3.1	1,29,326	78,348
Other bank balances	9.3.2	11,70,043	11,96,687
Other financial assets	9.4	31,535	24,135
Other current assets	10	35,390	14,615
		25,84,794	20,52,848
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	7,50,000	7,50,000
Other equity	12	9,26,313	5,55,784
Non current liabilities			
Financial liabilities	13		
Lease liabilities	13.1	51,886	57,440
Other financial liabilities	13.2	-	1,293
Provisions	14	20,331	47,948
Other non-current liabilities	15	2,29,902	1,38,535
Current liabilities			
Financial liabilities	16		
Lease liabilities	16.1	19,994	24,288
Trade payables	16.2		
a) Total outstanding dues of micro and small enterprises		428	369
b) Total outstanding dues of creditors other than micro and small enterprises		18,249	13,604
Other financial liabilities	16.3	28,939	10,710
Other current liabilities	17	4,98,804	3,95,515
Provisions	18	39,948	57,362
		25,84,794	20,52,848

Significant accounting policies

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
Date: 01 September, 2023
Place: Bengaluru

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

Sd/-
R. Gandhi
Director
DIN: 03341633

Sd/-
Vinod Shenoy M.
Chief Financial Officer
Date: 01 September, 2023
Place: Bengaluru

Sd/-
Debajyoti Ray Chaudhuri
Managing Director & CEO
DIN: 09242571

Sd/-
Padmavathy S.
Company Secretary
M. No. A37997

Sd/-
Nivedita E. P.
Executive Director & CRO

3

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Statement of Profit and Loss for the year ended March 31, 2023

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

Particulars	Note	2023	2022
Revenue from operations	19	8,11,844	6,29,819
Other income	20	82,677	66,395
Total income		8,94,521	6,96,214
Expenses			
Cost of services	21	96,868	90,992
Employee benefit expenses	22	1,67,076	1,25,365
Finance costs	23	5,989	1,941
Depreciation and amortization expense	4 & 5	61,177	64,271
Impairment loss/(reversal of impairment)	24	(27,317)	27,317
Provision/(reversal of provision) for onerous contract	34	(58,009)	56,466
Other expenses	25	55,416	40,884
Total Expenses		3,01,200	4,07,236
Profit/(Loss) before tax		5,93,321	2,88,978
Tax expense			
Current tax		(1,37,057)	(1,04,062)
Adjustments of tax relating to previous year		(94)	-
Deferred tax	7	(9,700)	23,530
Profit/(Loss) for the year from continuing operations		4,46,470	2,08,446
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)		(1,257)	(2,231)
Deferred tax		316	562
Total other comprehensive income for the year		(941)	(1,669)
Total comprehensive profit for the year		4,45,529	2,06,777
Earning per equity share of face value of Rs.10 each			
Basic and Diluted (amount in ₹ per share)	32	5.95	2.78

Significant accounting policies

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
Date: 01 September, 2023
Place: Bengaluru

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

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Date: 01 September, 2023
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Nivedita E. P.
Executive Director & CRO

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Cash Flow Statement for the the year ended March 31, 2023

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

Particulars	Note	2023	2022
Cash flow from operating activities			
Profit/(Loss) for the year before tax		5,93,321	2,88,978
Adjustment to reconcile net profit to net cash provided by operating activities			
Depreciation		61,177	64,271
Profit from sale of mutual funds		-	(1,001)
Long term gain from sale of mutual funds		-	(2,612)
(Gain)/Loss on fair value restatement of mutual funds		(1,841)	1,897
Interest income from fixed deposits		(69,861)	(56,660)
Interest income from government securities		(10,604)	(4,953)
Finance costs - Leases (IndAS 116)		4,362	1,862
Impairment loss		(27,317)	27,317
Provision for onerous contract		(58,009)	56,466
Assets written off		9	32
(Profit)/loss on sale of assets		(309)	-
Insurance claim received in excess of w.d.v of lost asset		(11)	-
Gain on lease modification (IndAS 116)		549	(526)
Change in assets & liabilities			
Trade payables		4,907	3,749
Other financial liabilities current/non-current		16,936	7,030
Other liabilities current/non-current		1,94,656	1,39,614
Provisions current/non-current		(11,676)	507
Trade receivables		(1,52,988)	(1,12,432)
Other financial assets current/non-current		916	(99)
Other current assets current/non-current		(5,050)	1,318
Cash generated from operations		5,39,167	4,14,758
Income taxes paid		(1,28,730)	(83,800)
Net cash generated by operating activity		4,10,437	3,30,958
Cash flow from investing activities			
Expenditure on property plant and equipment		(4,594)	(4,030)
Expenditure on intangible assets and intangible assets under progress		(5,478)	(10,351)
Proceeds from sale of property plant and equipment		642	72
Investment in fixed deposits		(12,58,620)	(11,11,780)
Proceeds from redemption/maturity of fixed deposits		11,68,629	7,07,159
Interest received on fixed deposits		61,221	61,740
Payment to acquire liquid mutual funds		-	(11,999)
Proceeds from redemption of mutual funds		-	74,610
Investment in government securities		(2,07,289)	-
Interest received on government securities		7,893	4,817
Investment in subsidiaries		(19,000)	(15,000)
Net cash used in investing activities		(2,56,596)	(3,04,762)
Cash flow from financing activities			
Payment of lease liabilities		(23,417)	(16,560)
Payment of interest on lease liabilities		(4,446)	(2,381)
Payment of interim dividend		(75,000)	-
Net cash generated in financing activities		(1,02,863)	(18,941)
Net increase in cash or cash equivalents		50,978	7,255
Cash and cash equivalent at the beginning		78,348	71,093
Cash and cash equivalent at the close		1,29,326	78,348
Components of cash and cash equivalents	9.3.1		
Cash in hand		7	-
Balances with banks			
Current accounts		55,256	16,997
In deposit account with original maturity within 3 months from the date of deposit		74,063	61,351
Total cash and cash equivalents		1,29,326	78,348

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
Date: 01 September, 2023
Place: Bengaluru

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

Sd/-
R. Gandhi
Director
DIN: 03341633
Sd/-
Vinod Shenoy M.
Chief Financial Officer
Date: 01 September, 2023
Place: Bengaluru

Sd/-
Debajyoti Ray Chaudhuri
Managing Director & CEO
DIN: 09242571
Sd/-
Padmavathy S.
Company Secretary
M. No. A37997

Sd/-
Nivedita E. P.
Executive Director & CRO

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Statement of Changes in Equity for the year ended March 31, 2023

(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

	2023		2022	
	Nos. (,000)	Amount	Nos. (,000)	Amount
At the beginning of the year	75,000	7,50,000	75,000	7,50,000
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance 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, 2021	3,49,007	3,49,007
Changes in accounting policy or prior period errors	-	-
Restated balance at the April 1, 2021	3,49,007	3,49,007
Profit/(Loss) for the year	2,08,446	2,08,446
Other comprehensive income not reclassifiable to profit and loss	(1,669)	(1,669)
Balance as at March 31, 2022 (Refer Note 12)	5,55,785	5,55,785
Balance as at April 1, 2022	5,55,785	5,55,785
Changes in accounting policy or prior period errors	-	-
Restated balance at the April 1, 2022	5,55,785	5,55,785
Profit/(Loss) for the year	4,46,470	4,46,470
Other comprehensive income not reclassifiable to profit and loss	(941)	(941)
Dividends:		
Interim dividend (2022-23 @ Rs 1 per share)	(75,000)	(75,000)
Balance as at the year ended March 31, 2023 (Refer Note 12)	9,26,313	9,26,313

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
Date: 01 September, 2023
Place: Bengaluru

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

Sd/-
R. Gandhi
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Date: 01 September, 2023
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Sd/-
Nivedita E. P.
Executive Director & CRO

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2023

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

Company overview and significant accounting policies

1. Equity share capital

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, 2023 were approved by the Board of Directors and authorized for issue on 01 September, 2023.

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 as amended from time to time upto March 31, 2023.

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.

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 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.

Assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified 12 months as its operating cycle.

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

Under IndAS 115, the Company applies a five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenues based on the fulfillment of performance obligation.

Contract with customer would mean (1) signed contract if available or price based on- arrangement, business practice and standard operating procedures. The price could be specific negotiated price (like for PDA services, storage, bidding services) and (2) the tariff schedule as applicable for each financial year. These are interpreted collectively to ascertain scope including performance obligation and pricing for each financial year.

The Company based on evidence evaluates, at the start of each financial year, as to whether a service is perceived as a distinct benefit by the customer and is a separate performance obligation, or the service is perceived to be bundled along with other service as a bundle of performance obligation, or a service is mere perfunctory or incidental in nature not constituting a performance obligation. While assessing whether a service is a separate performance obligation, the Company for each review period assesses whether service, in a bundled offering, is highly dependent, highly interrelated with other service in the bundle including if the customer has an option to not purchase the service without significantly affecting the other promised goods. Such an assessment would include whether one of such services in the bundle is independently priced in the tariff, as published and available in the Company website, leading to an indicator that the service could be a performance obligation in itself as per Ind AS115. Such an assessment is carried out periodically starting with the beginning of each financial year.

The Company has tiered pricing structure for certain IU services. Based on its assessment, the Company has assessed there is no identifiable significant material rights in its pricing structure which can be separately valued and accounted, as the services are in the nature of utility services which are by nature universal, uniform in terms of its pricing and offering to the customer ecosystem. The Company is an information utility regulated by the IBBI (Insolvency and Bankruptcy Board of India). The Company charges fees based on a publicly declared tariff which is uniformly applicable to all the market participants of such category in the ecosystem. The information is submitted to the IU by the credit institutions, other customers in order to aid compliance in the ecosystem and the fees charged is a passthrough for the credit institutions to be recovered from their end customers.

Revenue is measured at transaction price which is the consideration, received or receivable net of discounts, taking into account contractually defined terms and excluding taxes, duties collected on behalf of the government. Revenue is recognized as and when the control of promised product or services are transferred to the customer.

If there is uncertainty as to collectability, then revenue recognition is postponed until such uncertainty is resolved.

The Company charges the fees in advance for more than one year period for the following category of services, (1) IU services – individual category and (2) PDA – storage services. This requires the Company to assess whether any significant financing component is included in the consideration charged. The company charges the fees over multiple terms for these services for administrative convenience. Due to the regulatory nature of the services the fees charged are nominal and are intended to improve compliance in the ecosystem. The Company, based on the facts and the intent of pricing and its product offering, has assessed that there is no significant financing component in the consideration charged for the aforesaid services.

The transaction price is determined for each performance obligation identified excluding amounts collected on behalf of third parties net of discounts. The Company is a utility in the nature of IU which charges transaction price at the published tariff rate from time to time. The Company allocates the transaction price for services under the contract to each separately identifiable performance obligations/ bundle of performance obligation based on standalone selling price using the three approaches, as applicable, under IndAS 115. Standalone selling prices are determined based on transaction prices for the components when it is regularly sold separately, in cases where the Company is unable to determine the standalone selling price the Company uses third-party prices for similar deliverables. Under IndAS 115, the Company may use (1) adjusted market assessment approach, (2) expected cost plus a margin approach, (3) residual method or a combination of these methods to arrive at allocable transaction price for each performance obligation or bundle of performance obligations identified. Discount provided to one of the distinct performance obligation in the service offering is allocated or averaged across all the performance obligations in the contract/ arrangement unless such a discount is offered at a standalone price of a performance obligation.

The Company exercises judgement in determining whether the performance obligation, evidencing the transfer of control, is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. Where the services under performance obligation is made available on when and if available basis for a tenure, the customer benefits accrue evenly during the contract and the revenue is recognized for such performance obligation on a straight line attribution method over such tenure. The selection of the method to measure progress towards completion requires judgment and is based on the whether the nature of the promised products or services to be provided at a point in time or is provided or made available for a specific period. In case of bundled service obligations which are not separable, a single measurement method is adopted.

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

Information Utility ("IU") income

The Company provides information utility services to its clients. The services include receiving of data/documents related to loans/advances submitted by financial creditors, operational creditors, operational debtors and other participants such as resolution professionals. Revenue from information utility services is recognized as the services are performed over time on a monthly basis, from the month of submission/ upload of information into the Information Utility system.

The financial information hosted are billed based on the published tariff rate schedule. The period for the service and hosting obligations are specified for each category of loan records. These category as per the tariff structure for IU services are as below.

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- a. Financial information of Companies and Other Commercial entities are recognised over a tenure of 1 year.
- b. Financial information of individuals including Gold, Micro Finance Institutions (MFI) debts, SHG/JLG debts, Agriculture debts are recognised over a tenure of 5 years from initial submission of information and over 1 year after completion of 5 year initial period based on hosting period under anniversary billing.
- c. Revenue from information utility services for submissions from Operational Creditor, Homebuyers and other participants are recognized on submission/ upload of information into the Information Utility system.
- d. The Company provides digital document execution (IU DDE) services as a part of its IU services to its clients. The service includes execution of documents using digital signature and/or digital e-stamping, access, storage and retrieval, digital ledger and tracking service for IU DDE in addition to information utility services for data, and breakup of the tariff is specified at a component level of IU services allowing customer choice at individual service component level. The revenue from IU DDE services is recognized at a point in time when such a service is complete.
- e. Revenue from E-Sign services is recognized when E-sign counts are consumed by the customer indicating a transfer of control unless express acceptance is required as a part of the contract or arrangement.

Income from Platform for Distressed Asset (PDA), case management services and auction services

PDA services and case management services are offered to the customer on subscription basis. Revenue is recognized over the tenure of such subscription, as and when performance obligation are fulfilled over subscription period. Revenue from auction services are recognized on avilment of auction services (specific event) by the customer.

If a revenue recognition event meets criteria for net basis accounting under IndAS 115, the related costs like revenue share is netted off against such

- revenue recognized instead of showing such related costs separately as an expense.

Interest income

Interest income is recognized using the 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 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 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:

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

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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 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 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.

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.

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.

Onerous contracts are accounted as per IndAS 37. Such contract entail a provision of present value of obligations net of any economic benefits under such contract.

Obligations under such contract is lower of penalties/compensation under contract for exit or incremental cost of fulfilling such contracts, Onerous contract are assessed at the contract level. Any asset supporting such onerous contract is impaired based on assessment of cash flow. The provision for onerous contract is assessed each for reversals, re-adjust the provisions for any change in circumstances and passage of time. The interest expense relating to unwinding of discount with passage of time on such provision is disclosed as finance costs. Any reversal which represents other than ordinary use/application of the provision, like closure of the onerous contract, is recognized separately in the Statement of Profit and Loss at gross and not netted off against the ordinary expenses under such onerous contract.

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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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 assessed for and impairment provision is recognised if considered necessary immediately to state the value of net investment to its recoverable value. Recoverable value is higher of the value in use and value in sale for net investment in subsidiary.

De-recognition

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

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

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

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

Impairment of financial assets

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

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the

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- 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 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.

I. 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.

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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, 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
- Assessment of Performance obligation in revenue recognition including timing of satisfaction of performance obligation, allocation of transaction price, presence of material right to purchase additional services, presence of significant financing component and amounts allocated to performance obligations.

- Estimation of defined benefit obligation
- Estimation of provisions.
- 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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Non - current assets

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

Description	Cost				Depreciation/amortisation and impairment				Carrying amount		
	As on 01/04/2022	Additions	Deletion	As on 31/03/2023	As on 01/04/2022	For the Year	Withdrawals	Impairment	Upto 31/03/2023	WDV as on 31/03/2023	WDV as on 31/03/2022
Tangible assets											
Vehicles	2,242	2,394	1,108	3,528	875	560	775	-	660	2,868	1,367
Computers	10,114	763	156	10,721	6,268	2,052	125	-	8,195	2,526	3,846
Servers and networks	2,244	108	-	2,352	1,419	367	-	-	1,786	566	823
Furniture and fittings	204	-	-	204	75	19	-	-	94	110	129
Leasehold premises improvements - Mumbai	2,442	-	-	2,442	2,319	-	-	-	2,319	123	123
Leasehold premises improvements - Bangalore	96	148	96	148	56	52	91	-	17	131	40
Office Equipment's	3,034	952	-	3,986	1,815	489	-	-	2,304	1,682	1,219
Total	20,376	4,365	1,360	23,381	12,827	3,539	991	-	15,375	8,006	7,549
Previous year comparatives (FYE 2022)	16,721	3,808	153	20,376	9,972	2,904	49	-	12,827	7,549	-
Other intangible assets											
IT software	1,51,525	-	-	1,51,525	1,21,310	30,215	-	-	1,51,525	-	30,215
IT License fees	5,000	5,000	5,000	5,000	4,518	997	5,000	-	515	4,485	482
Other software	4,345	472	-	4,817	2,404	701	-	-	3,105	1,712	1,941
Total	1,60,870	5,472	5,000	1,61,342	1,28,232	31,913	5,000	-	1,55,145	6,197	32,638
Previous year comparatives (FYE 2022)	1,60,481	389	-	1,60,870	81,014	47,218	-	-	1,28,232	32,638	-
Intangible assets under development											
Trademarks under progress*	-	32	-	32	-	-	-	-	-	32	-
Total	-	32	-	32	-	-	-	-	-	32	-
Previous year comparatives (FYE 2022)	-	-	-	-	-	-	-	-	-	-	-

*During the year the Company has applied for registration of trademark of logos related to Electronic Bank Guarantee and DDE, which is under progress with the trademark authority as on 31st March 2023.

Intangible assets under development	Amount in cWIP for a period of				Total
	Less than 1-2 years	2-3 years	More than 3		
Projects in progress	32	-	-	32	
Projects temporarily suspended	-	-	-	-	

Note: There were no intangible under progress for the FYE 2022. Hence, comparative ageing for the FYE 2022 is not provided.

5 Right of use asset

Description	Cost				Depreciation/amortisation and impairment				Carrying amount		
	As on 01/04/2022	Additions	Deletion	As on 31/03/2023	As on 01/04/2022	For the Year	Withdrawals	Impairment	Upto 31/03/2023	WDV as on 31/03/2023	WDV as on 31/03/2022
Leasehold property - Gresham house, Mumbai	2,737	-	-	2,737	498	1,493	-	-	1,991	746	2,239
Leasehold property - The Estate, Bangalore	9,337	-	-	9,337	7,301	2,036	-	-	9,337	-	2,036
Leasehold property - Castle Homes	66,892	5,524	-	72,416	1,884	11,668	-	-	13,552	58,864	65,008
Servers- Virtual machines	20,905	4,222	-	25,127	16,346	5,970	-	-	22,316	2,811	4,559
Servers- Storage space	9,094	2,488	-	11,582	6,898	3,090	-	-	9,988	1,594	2,196
Servers- Datawarehouse	1,539	491	-	2,030	837	842	-	-	1,679	351	702
Servers- E-Auction	649	207	-	856	354	354	-	-	708	148	295
Servers- PDA ⁽¹⁾	475	172	-	647	475	272	-	(217)	530	117	-
Total	1,11,628	13,104	-	1,24,732	34,593	25,725	-	(217)	60,101	64,631	77,035
Previous year comparatives (FYE 2022)	45,433	73,637	7,442	1,11,628	20,227	14,149	-	217	34,593	77,035	-

(1) Refer note 24

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Non-current assets

6 Financial assets

6.1 Investments

Particulars	2023	2022
Non current investments:		
Investments in equity instruments		
Subsidiaries - wholly owned (Unquoted)		
NESL Asset Data Limited - 99,00,000 shares (PY: 80,00,000 shares) of Rs. 10/- each fully paid up	99,000	52,900
NESL E-infrastructure Limited - 10,00,000 shares (PY: 10,00,000 shares) of Rs. 10/- each fully paid up	10,000	10,000
Total	1,09,000	62,900
Investments in government securities at amortised cost (quoted)		
Investment in IN1920200434 Karnataka SDL 2030	5,871	5,871
Investment in IN1920200459 Karnataka SDL 2030	19,208	19,211
Investment in IN3120200222 Tamil Nadu SDL 2030	23,591	23,574
Investment in IN3120200347 Tamil Nadu SDL 2031	6,404	,689
Investment in IN3120200362 Tamil Nadu SDL 2030	19,956	20,632
Investment in IN1520220030 Gujarat SDL 2032	21,012	-
Investment in IN1520220055 Gujarat SDL 2032	19,565	-
Investment in IN1520220063 Gujarat SDL 2032	17,468	-
Investment in IN3120220105 Tamil Nadu SDL 2032	20,266	-
Investment in IN1520220253 Gujarat SGS 2033	75,526	-
Investment in IN1920220028 Karnataka SGS 2032	30,904	-
Investment in IN2220220189 Maharashtra SGS 2033	25,206	-
Total	2,84,977	74,977
Total	3,93,977	1,37,877
Aggregate amount of quoted investment	2,84,977	74,977
Market value of quoted investment	2,78,239	72,277
Aggregate amount of unquoted investments	1,09,000	62,900
Aggregate amount of impairment in value of investments.	-	(27,100)

Note:

- Government securities are classified as held to maturity investments and carried at amortised cost.
- Investment in NESL Asset Data Limited (NaDL) reported as at March 31, 2022 for Rs 80,000 thousand is net of provision for impairment of Rs 27,100 thousand. This impairment has been reversed during the year (refer note 24).

6.2 Other financial assets

Particulars	2023	2022
Security deposits - non current refundable	5,277	4,952
Bank deposits with maturity more than 12 months from balance sheet date	2,30,000	1,13,365
Total	2,35,277	1,18,317

Note: Security deposits are fair valued under effective interest rate method using discount rate prevalent for FDs of similar term at the time of origination of such security deposits.

7 Deferred tax asset/(liability)

Particulars	Balance as at 2022	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 2023
Depreciation	671	4,463	-	-	5,134
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	2,153	933	316	-	3,402
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	1,794	660	-	-	2,454
Mutual funds - fair value adjustments under Ind AS	(274)	(463)	-	-	(737)
On account of provision for bad debts	1,082	(1,082)	-	-	-
On account of provision for onerous contract	14,211	(14,211)	-	-	-
Total	19,637	(9,700)	316	-	10,253

8 Other non-current assets

Particulars	2023	2022
Prepaid expenses - non current	1,523	2,235
Total	1,523	2,235

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Notes to the standalone Ind AS financial statements the year ended March 31, 2023

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

Current assets

9 Financial assets

9.1 Investments

Particulars	2023	2022
Current investments:		
Investments in mutual funds (quoted) measured at fair value through Profit and Loss		
Investment in LD72SG SBI Liquid Fund Direct Growth 9677.532 units (PY: 9677.532 units) at market price (NAV).	34,097	32,256
Total	34,097	32,256
Aggregate amount of quoted investment	34,097	32,256
Market value of quoted investment	34,097	32,256
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments.	-	-

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	2023	2022
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured		
Receivable from related parties	1,357	-
Receivable from others	4,63,150	3,11,519
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - credit impaired	6,815	4,297
Sub-total	4,71,322	3,15,816
Impairment Allowance (Allowance for bad and doubtful debts)		
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	-	-
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - credit impaired	(6,815)	(4,297)
Sub-total	(6,815)	(4,297)
Total	4,64,507	3,11,519

Ageing of Trade receivables outstanding for March 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	2,55,537	1,79,657	24,420	2,778	2,115	-	4,64,507
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	83	1,967	4,763	2	6,815
Total trade receivables due	2,55,537	1,79,657	24,503	4,745	6,878	2	4,71,322

Ageing of Trade receivables outstanding for FYE 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	2,11,971	65,843	25,893	7,800	12	-	3,11,519
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	4,297	-	-	4,297
Total trade receivables	2,11,971	65,843	25,893	12,097	12	-	3,15,816

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Notes to the standalone Ind AS financial statements

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

9.3.1 Cash and cash equivalents

Particulars	2023	2022
Cash in hand	7	-
Balance with banks (of the nature of cash and cash equivalents)		
In current account	55,256	16,997
In deposit account with original maturity within 3 months from the date of deposit	74,004	61,058
Income accrued but not due on fixed deposits (Cash and Cash equivalent)	59	293
Total	1,29,326	78,348

9.3.2 Other bank balances

Particulars	2023	2022
In deposit account with maturity within 12 months of balance sheet date*	11,70,043	11,96,687
Total	11,70,043	11,96,687

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 1,100 thousand in fixed deposit, offered as security/lien for the purpose of performance bank guarantee (refer note 36).

9.4 Other financial assets

Particulars	2023	2022
Recoverable from related parties:		
Recoverable from NESL Asset Data Ltd.	329	-
Unbilled revenue - Others	389	344
Security deposits - current refundable	120	1,734
Income accrued but not due on fixed deposits	30,697	22,057
Total	31,535	24,135

10 Other current assets

Particulars	2023	2022
Income tax paid	23,840	8,863
GST input credit/TDS	1,323	194
GST recoverable	106	-
Prepaid expenses - current	7,632	2,997
Other advances	2,489	2,561
Total	35,390	14,615

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Equity

11 Share capital

Particulars	2023	2022
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	2023		2022	
	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	2023		2022	
	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%

Particulars of shares held by the promoters:

Name of the shareholder	2023		2022	
	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%
New India Assurance Co. Ltd	3,750	5.00%	3,750	5.00%
Union Bank of India	3,750	5.00%	3,750	5.00%
Central Depository Services (India) Ltd	3,000	4.00%	3,000	4.00%
ICICI Bank	7,425	9.90%	7,425	9.90%

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, 2023 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, 2023

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

12 Other equity

Particulars	2023	2022
Retained earnings		
Opening balance	5,55,784	3,49,007
Add: Profit/(Loss) for the year	4,46,470	2,08,446
Add: Other comprehensive income	(941)	(1,669)
Interim dividend paid (2022-23 @ Rs 1 per share)	(75,000)	-
Total	9,26,313	5,55,784

Note: Retained earnings represents the accumulated undistributed earnings of the Company as at balance sheet date.

Non – current liabilities

13 Financial liabilities

13.1 Lease liabilities

Particulars	2023	2022
Lease liability	51,886	57,440
Total	51,886	57,440

13.2 Other financial liabilities

Particulars	2023	2022
Security deposits received	-	1,293
Total	-	1,293

Note: Security deposits received are fair valued under effective interest rate method using discount rate prevalent for FDs of similar term at the time of origination of such deposits.

14 Provisions (non-current)

Particulars	2023	2022
Provision for gratuity (non-current)	11,450	6,535
Provision for leave encashment (non-current)	8,881	6,173
Provision for onerous contract (non-current) (refer note 34)	-	35,240
Total	20,331	47,948

15 Other non-current liabilities

Particulars	2023	2022
Deferred income – Financial creditors (non current)	2,18,457	1,34,747
Deferred income – Others (non current)	11,445	3,788
Total	2,29,902	1,38,535

Current liabilities

16 Financial liabilities

16.1 Lease liabilities

Particulars	2023	2022
Lease liability – current	19,994	24,288
Total	19,994	24,288

16.2 Trade payables

Particulars	2023	2022
Total outstanding dues of micro and small enterprises	428	369
Total outstanding dues of creditors other than micro and small enterprises		
Related Parties	2,886	765
Others		
Creditors for supplies & services	13,942	12,353
Creditors for expenses	1,420	486
Total	18,676	13,973

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.

Trade payables ageing outstanding for March 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<i>Undisputed</i>						
(i) MSME	428	-	-	-	-	428
(ii) Others	13,325	4,923	-	-	-	18,248
<i>Disputed</i>						
(iii) MSME	-	-	-	-	-	-
(iv) Others	-	-	-	-	-	-
Total Trade payables	13,753	4,923	-	-	-	18,676

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Trade payables ageing outstanding for FYE 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<i>Undisputed</i>						
(i) MSME	369	-	-	-	-	369
(ii) Others	7,868	5,736	-	-	-	13,604
<i>Disputed</i>						
(iii) MSME	-	-	-	-	-	-
(iv) Others	-	-	-	-	-	-
Total Trade payables	8,237	5,736	-	-	-	13,973

16.3 Other financial liabilities

Particulars	2023	2022
Advances returnable	27,562	10,710
Security deposits received - current	1,377	-
Total	28,939	10,710

Note: Security deposits received are fair valued under effective interest rate method using discount rate prevalent for FDs of similar term at the time of origination of such deposits.

17 Other current liabilities

Particulars	2023	2022
Statutory liabilities	40,148	32,248
Deferred income - Financial creditors (current)	4,54,244	3,55,467
Deferred income - Ind AS fair value adjustment	1	75
Deferred income - Others	4,377	5,391
Advance received from customers - non returnable	34	2,334
Total	4,98,804	3,95,515

18 Provisions (current)

Particulars	2023	2022
Provision for expenses	13,615	19,820
Provision for taxation (net)	23,397	13,340
Provision for gratuity (current)	2,068	2,021
Provision for leave encashment (current)	868	955
Provision for onerous contract (current) (refer note 34)	-	21,226
Total	39,948	57,362

Movement of provision as shown in note 14 and note 18:

Particulars	Balance at 2022	Additions	Allowance for financial effect	Applications/ Reversals	Balance at 2023
Provisions (non-current)					
Provision for onerous contract (non-current)	35,240	-	580	(35,820)	-
	35,240	-	580	(35,820)	-
Provisions (current)					
Provision for onerous contract (current)	21,226	-	963	(22,189)	-
Provision for taxation (net)	13,340	23,397	-	(13,340)	23,397
Provision for expenses	19,820	13,260	-	(19,465)	13,615
	54,386	36,657	963	(54,994)	37,012

Note: For provision for gratuity and leave encashment refer note 27. Allowance for financial effect represents unwinding of discount for passage of time until the date of reversal of provision for onerous contract.

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19 Revenue from operations

Particulars	2023	2022
IU Services		
Financial creditors – IU	7,71,031	6,21,033
Financial creditors – DDE	38,694	8,155
Operational creditors	355	73
Fee from PDA services	1,764	558
Total	8,11,844	6,29,819
* Summary of Financial creditors – IU billing	2023	2022
Opening balance: Deferred revenue and Unbilled revenue	4,90,215	3,71,668
Total billing for the period	9,53,517	7,39,580
(-) Deferred income (disclosed in note 15 & 17)	(6,72,701)	(4,90,215)
(+) Unbilled revenue (disclosed in note 9.4)	-	-
Revenue recognised for the period	7,71,031	6,21,033
* Summary of Financial creditors – DDE billing	2023	2022
Opening balance: Deferred revenue and Unbilled revenue	7,613	453
Total billing for the period	45,611	15,315
(-) Deferred income (disclosed in note 15 & 17)	(14,530)	(7,957)
(+) Unbilled revenue (disclosed in note 9.4)	-	344
Revenue recognised for the period	38,694	8,155
* Summary of PDA billing	2023	2022
Opening balance: Deferred revenue and Unbilled revenue	1,221	32
Total billing for the period	1,446	1,747
(-) Deferred income (disclosed in note 15 & 17)	(1,292)	(1,221)
(+) Unbilled revenue (disclosed in note 9.4)	389	-
Revenue recognised for the period	1,764	558

20 Other income

Particulars	2023	2022
Interest on fixed deposits	69,861	56,660
Interest on security deposits	391	161
Interest on government securities	10,604	4,953
Interest on IT refund	-	1,657
Profit on sale of motor car	309	-
Insurance claim received in excess of w.d.v of lost asset	11	-
Gain on redemption of mutual funds- current investments	-	1,001
Long term gain on redemption of mutual funds	-	2,612
Gain/(loss) on restatement of mutual funds at fair value	1,841	(1,897)
Gain/(loss) on lease modification	(549)	526
Bad debts written off - recovered	85	-
Miscellaneous income	124	722
Total	82,677	66,395

21 Cost of services

Particulars	2023	2022
IU annual fee*	-	5,000
IU technology expenses		
Technology resource expenses	24,208	27,014
IT data center expenses	13,557	7,184
Datawarehouse expenses	8,692	5,600
Other IT expenses	23,707	12,852
CIRP and VDR expenses	14,000	25,517
IU operational expenses	12,704	7,825
Total	96,868	90,992

*Note: As per Regulation 6(2)(e) of the IBBI (IU) Regulations, 2017, no annual fee shall be payable in the financial year in which an information utility is granted registration or renewal of existing registration. The certificate of registration was renewed on 25 September 2022. Hence, the annual fee is not payable for the financial year 2022-23.

22 Employee benefit expenses

Particulars	2023	2022
Salary & allowances	1,43,876	1,07,563
Contribution to provident fund & superannuation fund	8,277	5,654
Gratuity expense	3,705	2,831
Leave encashment and compensated leave benefits	5,304	4,771
Staff welfare expenses	5,914	4,546
Total	1,67,076	1,25,365

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23 Finance costs

Particulars	2023	2022
Interest expense on lease liabilities	4,362	1,862
Interest expense on onerous provision	1,543	-
Interest expense on security deposit received	84	79
Total	5,989	1,941

24 Impairment loss/(reversal of impairment)

Particulars	2023	2022
Impairment loss/(reversal of impairment) on investment in subsidiary ⁽¹⁾	(27,100)	27,100
Impairment/(reversal of impairment) of Right of use assets ⁽²⁾	(217)	217
Total	(27,317)	27,317

(1) During the year ended 2022, the Company assessed its investments in subsidiaries for impairment. Based on the assessment, an impairment of Rs 27,100 Thousand has been recognised as per the accounting policies of the Company. During the year, the Company has re-assessed the impairment the Company observed certain positive indicators for reversal of impairment. These indicators include a) NaDL has seen an increase in its active customer base, billing and revenue against last year. b) There have been changes in the business outlook of NaDL evidenced by increase in integrations, marketing efforts, customer trust and billing. This exercise quantitatively demonstrated the possibility of reversing the impairment due to the augmentation of the value in use, surpassing the equity invested by the Company in NaDL.

(2) During the year ended 2022 the company has identified certain contracts to be onerous. The right of use asset associated with these onerous contract were tested for impairment and an impairment of Rs 217 thousand was made. During the year ended 2023, the provision on onerous contract has been reversed (refer note 34) and the impairment previously recognized on the right-of-use asset linked to the onerous contract was also reversed during this period.

25 Other expenses

Particulars	2023	2022
Rent, Repairs and maintenance +	1,071	2,710
Subscription, rates and taxes	2,456	3,584
Professional charges	18,839	5,957
Legal fees	1,471	2,120
Communication expenses	2,513	2,052
Advertisement and business promotion	3,101	1,534
Auditors' remuneration		
- Statutory audit	300	300
- Tax audit	150	100
- Out of pocket expenses	21	5
Secretarial audit	75	125
Internal audit	1,400	1,300
Travelling, boarding and conveyance	4,619	1,970
Insurance expenses	1,369	1,356
Directors' sitting fees	2,750	2,250
Assets written off	9	32
Bad debts written off	-	2,393
Provision for bad debts	2,518	4,297
CSR expenses*	6,248	3,530
Other miscellaneous/administrative expenses	6,506	5,269
Total	55,416	40,884

+ Rental expenses for year ended March 2023 consists of laptop and printer rental of Rs 60 thousand and for the year ended March 2022 consists of laptop rental Rs 14 thousand and short term lease rental of Rs.1503 thousand, refer note 28(a). long term lease rental on premises is accounted as per IndAS 116 -Leases under note 5.

*Refer note - 33 Corporate social responsibility (CSR)

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26 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. Debajyoti Ray Chaudhuri, Managing Director & CEO (from August 18, 2021) Mr. S. Ramann, Managing Director & CEO (till April 19, 2021) Mrs. EP Nivedita, Executive Director (from August 02, 2021) Mr. Vinod Shenoy M, Chief Financial Officer Mr. M. Murthy, Company Secretary (till September 30, 2022) Mrs. S. Padmavathy, Company Secretary (from October 01, 2022)

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	
	2023	2022	2023	2022	2023	2022
A. Transactions during the year						
Investment in subsidiary						
NESL Asset Data Limited	19,000	15,000	-	-	19,000	15,000
NESL E-Infrastructure Limited	-	-	-	-	-	-
	19,000	15,000	-	-	19,000	15,000
Income from subsidiaries*						
NESL Asset Data Limited	1,320	1,265	-	-	1,320	1,265
NESL E-Infrastructure Limited	972	1,159	-	-	972	1,159
	2,292	2,424	-	-	2,292	2,424
Reimbursement from subsidiaries						
NESL Asset Data Limited	1,998	2,276	-	-	1,998	2,276
NESL E-Infrastructure Limited	104	4,380	-	-	104	4,380
	2,102	6,656	-	-	2,102	6,656
Expenses from subsidiaries						
NESL Asset Data Limited	2	1,370	-	-	2	1,370
NESL E-Infrastructure Limited	11,835	3,282	-	-	11,835	3,282
	11,837	4,652	-	-	11,837	4,652
Loans and advances						
Mr. Debajyoti Ray Chaudhuri	-	-	-	1,000	-	1,000
	-	-	-	1,000	-	1,000

* The income from subsidiaries is netted off against employee benefit expenses appearing in note 22 for the financial year 2022

Remuneration to key management personnel as on 31 March 2023

Key management personnel	Short-term employee benefits	Post-employment gratuity and medical benefits	Termination benefits	Share based payment transactions	Total compensation
Mr. Debajyoti Ray Chaudhuri	7,966	-	-	-	7,966
Mr. S. Ramann	-	-	-	-	-
Mrs. EP Nivedita	5,111	652	-	-	5,763
Mr. Vinod Shenoy M	6,048	-	-	-	6,048
Mr. M. Murthy (till September 30, 2022)	2,857	-	-	-	2,857
Mrs. S. Padmavathy (from October 01, 2022)	1,010	-	-	-	1,010
Total	22,992	652	-	-	23,644

Remuneration to key management personnel as on 31 March 2022

Key management personnel	Short-term employee benefits	Post-employment gratuity and medical benefits	Termination benefits	Share based payment transactions	Total compensation
Mr. Debajyoti Ray Chaudhuri	4,380	-	-	-	4,380
Mr. S. Ramann	301	41	-	-	342
Mrs. EP Nivedita	2,865	409	-	-	3,274
Mr. Vinod Shenoy M	4,914	-	-	-	4,914
Mr. M. Murthy	4,968	-	-	-	4,968
Total	17,428	450	-	-	17,878

Note: The remuneration to key managerial personnel other than the executive director who is on deputation from the C&AG, 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.

National E-Governance Services Limited

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Notes to the standalone Ind AS financial statements

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

B. Balances outstanding as at year end

Particulars	Subsidiaries		Key Management Personnel		Total	
	2023	2022	2023	2022	2023	2022
Investment in subsidiary						
NESL Asset Data Limited	99,000	52,900	-	-	99,000	52,900
NESL E-Infrastructure Limited	10,000	10,000	-	-	10,000	10,000
	1,09,000	62,900	-	-	1,09,000	62,900
Trade receivable from subsidiaries						
NESL Asset Data Limited	1,357	-	-	-	1,357	-
NESL E-Infrastructure Limited	-	-	-	-	-	-
	1,357	-	-	-	1,357	-
Recoverable from subsidiaries						
NESL Asset Data Limited	329	-	-	-	329	-
NESL E-Infrastructure Limited	-	-	-	-	-	-
	329	-	-	-	329	-
Trade payable to subsidiaries						
NESL Asset Data Limited	-	66	-	-	-	66
NESL E-Infrastructure Limited	2,886	699	-	-	2,886	699
	2,886	765	-	-	2,886	765
Remuneration						
Mr. Debajyoti Ray Chaudhuri	-	-	-	-	-	-
Mr. S. Ramann	-	-	-	-	-	-
Mrs. EP Nivedita	949	-	-	-	949	-
Mr. Vinod Shenoy M	-	-	-	-	-	-
Mr. M. Murthy	-	-	-	-	-	-
Mrs. S. Padmavathy	-	-	-	-	-	-
	949	-	-	-	949	-
Loans and advances						
Mr. Debajyoti Ray Chaudhuri	-	-	-	700	-	700
	-	-	-	700	-	700

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Notes to the standalone Ind AS financial statements the year ended March 31, 2023

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

27.1 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	2023	2022
Present Value of Unfunded Defined Benefit Obligation	13,518	8,556
Fair value of Plan Assets	-	-
	13,518	8,556
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	13,518	8,556
Net Defined Benefit Cost/(Income) included in Statement of Profit & Loss at Period-End	2023	2022
Service Cost	3,064	2,497
Net Interest Cost	641	334
Past Service Cost	-	-
Administration Expenses	-	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Total Defined Benefit Cost/(Income) included in Profit & Loss	3,705	2,831
Current / Non-Current Bifurcation	2023	2022
Current Benefit Obligation	2,068	2,021
Non - Current Benefit Obligation	11,450	6,535
(Asset)/Liability Recognised in the Balance Sheet	13,518	8,556
Actual Return on Plan Assets	2023	2022
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	2023	2022
Amount recognized in OCI, Beginning of Period	4,058	1,828
Remeasurements due to :		
Effect of Change in financial assumptions	(194)	429
Effect of Change in demographic assumptions	-	-
Effect of experience adjustments	1,450	1,802
(Gain)/Loss on Curtailments/Settlements	-	-
Return on plan assets (excluding interest)	-	-
Changes in asset ceiling	-	-
Total remeasurements recognized in OCI	1,257	2,231
Amount recognized in OCI, End of Period	5,315	4,059
Total Defined Benefit Cost/(Income) included in Profit & Loss and Other Comprehensive Income	2023	2022
Amount recognized in P&L, End of Period	3,705	2,831
Amount recognized in OCI, End of Period	1,257	2,231
Total Net Defined Benefit Cost/(Income) Recognized at Period-End	4,962	5,062
Change in the Unrecognised Asset due to the Asset Ceiling During the Period	2023	2022
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	2023	2022
Defined Benefit Obligation, Beginning of Period	8,556	3,494
Net Current Service Cost	3,064	2,497
Interest Cost on DBO	641	334
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	1,257	2,231
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture*	-	636
Benefits Paid	-	(636)
Past Service Cost	-	-
Losses / (Gains) on Curtailments/Settlements	-	-
Defined Benefit Obligation, End of Period	13,518	8,556

*Amount of Rs. 636,288 has been transferred from NESL Asset Data Limited to National E-Governance Services Ltd as on 1st Feb 2022.

National E-Governance Services Limited

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Notes to the standalone Ind AS financial statements the year ended March 31, 2023

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

Change in Fair value of Plan Assets during the Period	2023	2022
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	2023	2022
Balance Sheet (Asset)/Liability, Beginning of Period	8,556	3,494
Total Charge/(Credit) Recognised in Profit and Loss	3,705	2,831
Total Remeasurements Recognised in OC (Income)/Loss	1,257	2,231
Acquisitions/Business Combinations/Divestitures	-	636
Actual Employer Contribution	-	(636)
Other Events	-	-
Balance Sheet (Asset)/Liability, End of Period	13,518	8,556

Financial Assumptions Used to Determine the Defined Benefit Obligation	2023	2022
Discount Rate	7.30%	7.06%
Salary Escalation Rate	12.00%	12.00%

Financial Assumptions Used to Determine the Profit & Loss Charge	2023	2022
Discount Rate	7.30%	7.06%
Salary Escalation Rate	12.00%	12.00%
Expected Return on Plan Assets	N.A.	N.A.

Demographic Assumptions Used to Determine the Defined Benefit Obligation	2023	2022
Withdrawal Rate	10.00%	10.00%
Mortality Rate	IALM (2012-14) Ult	IALM (2012-14) Ult
Retirement Age	60 years	60 years

Asset Category	2023	2023	2023
	Quoted Value	Non-Quoted Value	Total
Government of India Securities (Central and State)	0.00%	0.00%	0.00%
High quality corporate bonds (including Public Sector Bonds)	0.00%	0.00%	0.00%
Equity shares of the Company	0.00%	0.00%	0.00%
Insurer Managed Funds & T-bills	0.00%	0.00%	0.00%
Cash (including Bank Balance, Special Deposit Scheme)	0.00%	0.00%	0.00%
Others	0.00%	0.00%	0.00%
Total	0.00%	0.00%	0.00%

Expected Cashflows for the Next Ten Years	2023
Year - 2024	2,143
Year - 2025	774
Year - 2026	912
Year - 2027	1,174
Year - 2028	1,213
Year - 2029 to 2033	6,225

Defined Benefit Obligation by Participant Status	2023
a. Actives	13,518
b. Vested Deferreds	-
c. Retirees	-
Total Defined Benefit Obligation	13,518

Sensitivity Analysis	2023
Defined Benefit Obligation - Discount Rate + 100 basis points	(749)
Defined Benefit Obligation - Discount Rate - 100 basis points	846
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	458
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(343)

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Notes to the standalone Ind AS financial statements the year ended March 31, 2023

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

27.2 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	2023	2022
Present Value of Unfunded Defined Benefit Obligation	9,749	7,128
Fair value of Plan Assets	-	-
	9,749	7,128
Present Value of Funded Defined Benefit Obligation	-	-
Unrecognised Asset due to Asset Ceiling	-	-
(Asset)/Liability Recognised in the Balance Sheet	9,749	7,128

Amounts Recognised in Statement of Profit & Loss at Period-End	2023	2022
Service Cost	2,286	579
Net Interest Cost	550	314
Past Service Cost	-	-
Remeasurements	2,468	3,878
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Administration Expenses	-	-
Total Expense/(Income) included in "Employee Benefit Expense"	5,304	4,771

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

Change in Defined Benefit Obligation during the Period	2023	2022
Defined Benefit Obligation, Beginning of Period	7,128	4,498
Net Current Service Cost	2,286	579
Interest Cost on DBO	550	314
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	2,468	3,878
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture*	-	449
Benefits Paid	(2,683)	(2,590)
Past Service Cost	-	-
Losses / (Gains) on Curtailments/Settlements	-	-
Defined Benefit Obligation, End of Period	9,749	7,128

*Amount of Rs. 448,513 has been transferred from NESL Asset Data Limited to National E-Governance Services Ltd as on 1st Feb 2022.

Change in Fair value of Plan Assets during the Period	2023	2022
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 the year ended March 31, 2023

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

28 Disclosures under IndAS 116

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

Particulars	2023	2022
Expenses relating to short term leases	-	1,503
Expenses relating to leases of low-value	60	14
Total	60	1,517

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

Particulars	2023	2022
Future lease payments (undiscounted)		
2022-23	-	28,657
2023-24	24,191	13,447
2024-25	14,821	13,357
2025-26	15,562	14,025
2026-27	16,340	14,726
More than five years	12,762	11,485
Total future lease payments (undiscounted)	83,676	95,697
Total future finance costs	(11,796)	(13,969)
Lease liability	71,880	81,728
Short-term portion presented under current liabilities (refer note 16.1)	19,994	24,288
Long-term portion presented under non-current liabilities (refer note 13.1)	51,886	57,440

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Notes to the standalone Ind AS financial statements the year ended March 31, 2023

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

29 The carrying value and fair value of financial instruments by categories as at the year ended March 31, 2023 are as follows.

Particulars	Note	Carrying value	Fair value	Carrying value	Fair value
		2023	2023	2022	2022
Financial assets					
Amortised cost					
Investments in government securities	6.1	2,84,977	2,78,239	74,977	72,277
Other financial assets (Bank deposits)	6.2	2,30,000	2,30,000	1,13,365	1,13,365
Trade receivables	9.2	4,64,507	4,64,507	3,11,519	3,11,519
Cash and cash equivalents	9.3.1	1,29,326	1,29,326	78,348	78,348
Other bank balances	9.3.2	11,70,043	11,70,043	11,96,687	11,96,687
Other financial assets	9.4	31,535	31,535	24,135	24,135
Fair value through profit and loss (FVTPL)					
Investments in mutual funds (quoted)	9.1	34,097	34,097	32,256	32,256
Other financial assets (Security deposits)	6.2 & 9.4	5,397	5,397	6,686	6,686
Total financial assets		23,49,882	23,43,144	18,37,973	18,35,273
Financial liabilities					
Amortised cost					
Lease liability	13.1 & 16.1	71,879	71,879	81,727	81,727
Trade payables	16.2	18,676	18,676	13,973	13,973
Other financial liabilities	16.3	27,562	27,562	10,710	10,710
Fair value through profit and loss (FVTPL)					
Other financial liabilities (Security deposits)	16.3 & 13.2	1,377	1,377	1,293	1,293
Total financial liabilities		1,19,494	1,19,494	1,07,703	1,07,703

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 the year ended March 31, 2023

Particulars	Note	Fair value measurement using			
		Total	Level 1	Level 2	Level 3
Assets measured at fair value:					
Investments in mutual funds (quoted)	34,097	34,097	-	-	-
Other financial assets (Security deposits)	5,397	-	5,397	-	-
Liabilities measured at fair value:					
Other financial liabilities (Security deposits)	1,377	-	1,377	-	-

Financial assets and liability measured at fair value - recurring fair value measurement as at March 31, 2022

Particulars	Note	Fair value measurement using			
		Total	Level 1	Level 2	Level 3
Assets measured at fair value:					
Investments in mutual funds (quoted)	32,256	32,256	-	-	-
Other financial assets (Security deposits)	6,686	-	6,686	-	-
Liabilities measured at fair value:					
Other financial liabilities (Security deposits)	1,293	-	1,293	-	-

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

- 1) The use of quoted market prices
- 2) Security deposits and Deposits received are fair valued under effective interest rate method using discount rate prevalent for FDs of similar term at the time of origination of such deposits.

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Notes to the standalone Ind AS financial statements the year ended March 31, 2023

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

30.4 Financial risks, 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). Other financial assets (current) consists of accrued interest (on deposits with Union Bank of India, Bank of Baroda, Canara Bank and SBI) which carry same risks as cash and cash equivalents. Investments include investment in subsidiaries, investment in mutual fund (Debt or liquid funds) and investment in state government securities. Investments in state government securities carry interest rate risks. These are intended to be held upto their maturity and classified as held to maturity. 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	39.92
2	4 to 12 months	77.08
3	1 year to 2 year	23.00
Total		140.00

31 Capital management

The company is obligated to adhere to capital maintenance as per regulatory requirements of Insolvency and Bankruptcy Code (IBC), to maintain minimum capital of Rs 5000 Lakhs computed as Net Worth 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	2023	2022
Profit attributable to equity shareholders of the company	4,46,470	2,08,446
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)	5.95	2.78

33 Corporate social responsibility (CSR)

The Company has made a profit of more than 5 crores in the previous year. Hence, the Company is required to spend 2% of its average net profit for the immediately preceding 3 financial years on CSR activities as per Section 135 and Schedule VII of the Companies Act as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the year the Company has incurred the following expenditure in CSR activities:

Particulars	2023	2022
Promoting Healthcare	5,308	3,530
Promotion of Education	400	-
Environmental causes	540	-
Total	6,248	3,530
a) Amount required to be spent by the Company during the year	6,242	3,480
b) Amount spent during the year:		
(i) Construction/acquisition of Asset	-	-
(ii) On purposes other than (i) above	6,248	3,530
Total	6,248	3,530
Shortfall/(surplus) for the year (a - b)	(6)	(50)

Note: i) There are no related party transactions entered during the year for CSR activities.

ii) There are no unspent CSR amount. Hence, provision for liability is not recognised.

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Notes to the standalone Ind AS financial statements the year ended March 31, 2023

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

34 Provision/(reversal of provision) for onerous contract

The Company reviews its contract with vendors from time to time; during the year ended 2022, the Company has identified certain contracts to be onerous and has provided Rs. 56,466 thousand. The amount represents present value of incremental costs net of economic benefits from net contracts as per requirement of Ind AS 37 (refer note no. 3 (i)). Subsequently, the Company and the vendor discussed and mutually agreed to set aside the term and pricing under the onerous contract and entered into fresh pricing and tenure to support each others efforts in business. Therefore, the provision under onerous contract Rs 58,009 (Rs 56,466 thousand opening along with allowance for financial effect of Rs. 1,543 thousand upto the date of reversal) has been reversed during the year ended 2023.

35 Key ratios:

The various analytical ratios for the year ended March 31, 2023 and March 31, 2022 are as below:

Particulars	Numerator	Denominator	2023 Ratio	2022 Ratio	Variance in %
Current ratio (in times)	Current assets	Current liabilities	3.08	3.30	-6.88%
Debt-Equity Ratio (in times) ⁽¹⁾	Total Debt	Shareholders Equity	NA	NA	NA
Debt Service Coverage ratio (in %) ⁽¹⁾	Earnings available for debt service	Debt Service	NA	NA	NA
Return on equity ratio (in %)	Total comprehensive income	Average shareholders Equity	29.88%	17.20%	12.68%
Inventory turnover ratio ⁽²⁾	Cost of goods sold	Average inventory	NA	NA	NA
Trade receivables turnover ratio (in times)	Net credit sales	Average trade receivable	2.58	2.95	-12.55%
Trade payables turnover ratio (in times)	Net credit purchases	Average trade payables	8.28	8.94	-7.41%
Net Capital turnover ratio (in times)	Revenue	Working capital	0.65	0.54	18.37%
Net profit ratio (in %)	Net profit after taxes	Revenue	54.88%	32.83%	22.05%
Return on Capital employed (in %)	EBIT	Average capital employed	36.63%	24.98%	11.65%
<i>Return on investment (in %)</i>					
Equity	Income generated from investments	Time weighted average investments	-14.77%	-23.52%	8.75%
Mutual fund	Income generated from investments	Time weighted average investments	5.90%	3.42%	2.48%
Government Securities	Income generated from investments	Time weighted average investments	6.91%	6.62%	0.29%

36 Contingent liabilities and commitments

The Company has given a performance bank guarantee of Rs 10 Lakhs to its regulator the IBBI, for offering Insolvency Professional Module services. This was done in compliance with the terms of the RFP of IBBI in which the Company had participated and won. The company has commitments worth Rs. 19.21 Lakhs as on March 31, 2023.

In light of the amendment to regulation 6 sub regulation (e) of The Information Utilities Regulations, 2017, commencing from the financial year 2023-24, the Company is required to remit annual fees calculated at a rate of 10% of the revenue instead of fixed annual fee amounting to Rs. 50 Lakhs. For the Financial year 2023-24, the Company estimated an expenditure of Rs. 8.12 Crore as Information Utilities (IU) annual fees.

37 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: 000003S

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
Date: 01 September, 2023
Place: Bengaluru

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

Sd/-
R. Gandhi
Director
DIN: 03341633

Sd/-
Vinod Shenoy M.
Chief Financial Officer
Date: 01 September, 2023
Place: Bengaluru

Sd/-
Debajyoti Ray Chaudhuri
Managing Director & CEO
DIN: 09242571

Sd/-
Padmavathy S.
Company Secretary
M. No. A37997

Sd/-
Nivedita E. P.
Executive Director & CRO



**REPORT OF INDEPENDENT AUDITORS ON
CONSOLIDATED FINANCIAL STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

**To the Members of National E-Governance Services Limited
Report on the Audit of the Consolidated Financial Statements**

Qualified 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"), as listed in Annexure "A", which comprise the consolidated Balance Sheet as at March 31, 2023, 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, except for the effects of the matters described under the "Basis for Qualified Opinion" section of our report, 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, 2023 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 Qualified Opinion

We draw attention to the following qualifications to the audit opinion of the financial statements of NESL Asset Data Limited, a subsidiary of the Holding Company issued by an independent firm of Chartered Accountants vide their report dated August 30, 2023, reproduced by us as under: -

a. Creation of Excess Provision:

Attention to be drawn on Note 18 to the Consolidated Financial Statements on Provisions (Current Liabilities),

includes an amount of Rs.2,289 thousand which has been found to be the excess provision created without sufficient appropriate audit evidence. There are no evidences that the Company has incurred the relevant expenditure for the above provision. Following are the points which should have been found to justify the provisions from the Management:-

1. There should be evidence to show that such expenditure has been incurred during the relevant financial year.
2. The vendor (Service Provider) should have given the service quotation along with the Estimate on time and amount involved.
3. Based on the competitiveness of the Quotation, the Company should have issued the Work Order, mentioning the timeline and amount.
4. After the completion of work (service), the service provider should have submitted the work completion letter to the Company.
5. There would be work completion certificate from the technical department, a copy of which should have been issued to the Finance Department.

Based on the above, if these are pertaining to the relevant financial year, the Accountant will look for the relevant invoice from the service provider. For some reason, if the invoice has not been received by the Company, then the Provision entry can be passed during that year only if the other compliances are found and is duly approved by the Management.

This excess provision has increased the expenditure and thereby increased the Net Loss in the Statement of Profit and Loss. On the other hand, this has increased the Current Liabilities in the Balance Sheet to that extent.

a) Amount not shown as Revenue: -

Attention to be drawn on Note 19 to the Consolidated Financial Statements on Revenue from Operations, an amount of Rs.197 thousand has not been taken to Revenue (Sales), where GST invoice has already been raised and declared the same as Sales in the GST Return. As the GST sales is the conclusive evidence for the Revenue from Operations, the decision of the

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Management of not taking the said amount as Revenue is not acceptable to us. This has resulted in reduction of Revenue from Operations in the Statement of Profit and Loss and the resulting non-decrease of Net Loss. On the other side, there is no decrease of Accumulated Loss to that extent under the head 'Equity' of the Balance Sheet.

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 qualified opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year ended March 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Below Key Audit Matters have been reproduced from the report, dated August 30, 2023, on the audit of standalone financial statements of NESL Asset Data Limited, a subsidiary of the Holding Company.

The auditors of subsidiary company have performed following audit procedures: -

Key audit matters	How our audit addressed the key audit matter
<p>Capital Management of NESL Asset Data Limited- (NADL)</p> <p>The Company, in compliance with the master direction of RBI, and requirements under certificate of registration ('CoR') as an Account Aggregator issued by RBI, is required and has maintained capital [Net Owned Fund (NoF)] of minimum Rs.20,000 thousand at all times during financial year ended March 31, 2023. This requirement of NoF is a continuous requirement and is an essential condition for continued validity of such CoR.</p>	<p>Procedures performed:</p> <p>We have performed the following procedure to test such capital management and adequacy.</p> <ol style="list-style-type: none"> 1. We have verified the calculation of NoF prepared by the Management under such guidelines which is Rs. 25,100 thousand as per Master Direction- Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016. 2. The company has invested in Fixed deposits of Rs.20,000 thousand and does not use such funds for normal operations. 3. As the Company is under loss since its inception, it would need further infusion of capital to offset the accumulated loss and maintain the capital in term of NoF for the continued validity of CoR for future. The Management has represented that they have infused Rs.30,000 thousand for sufficiency of capital in terms of NoF to meet the requirements of CoR.

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 information included in the Board's Report but does not include the standalone financial statements and our auditor's report thereon. The Board's Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information identified above and when it becomes available 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.

When we read the Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

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 Responsibilities 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

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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.

- 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, 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report

because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of both the subsidiaries whose financial statements reflect total assets of Rs.93,700 thousand as at March 31, 2023, total revenues of Rs.11,401 thousand and net cash flows amounting to Rs.356 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 on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure B", a statement on the matter specified in paragraph 3(xxi) of CARO 2020.
2. 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. Except for the effects of the matter described in the Basis for Qualified Opinion section of our report above, the Consolidated Balance Sheet

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- 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. Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e. The matters described in the Basis for Qualified Opinion section above, in our opinion, may not have an adverse effect on the functioning of the Company.
- f. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 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 March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- g. 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 C".
- h. 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.
- i. 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.
 - iv. a) The respective Managements of the Company and its subsidiaries whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b) The respective Managements of the Company and its subsidiaries, whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief, no funds have been received by the Company or any of such subsidiaries from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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- c) Based on the audit procedures, that have been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries companies whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The interim dividend declared and paid by the Holding Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or any of its subsidiary companies only with effect from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

For **ABARNA & ANANTHAN**
CHARTERED ACCOUNTANTS
Firm Registration Number: 000003S

Sd/-
Mohan Rao Gadath
Partner
Membership Number: 203737

UDIN: 23203737BGZDEQ1843

Place: Bangalore

Date: 01-09-2023

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Annexure-A

List of entities consolidated as at 31 March 2023

SI No	Name of the Company	Relationship with the Holding Company
1	NESL Asset Data Limited	Subsidiary
2	NESL E-Infrastructure Limited	Subsidiary

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“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 1 under “Report on Other Legal and Regulatory Requirements” Section of our Report of even date to the members of National E-Governance Services Limited on the Consolidated Financial Statements as of and for the year ended March 31, 2023.

According to the information and explanations given to us following companies included in the consolidated financial statements, have certain remarks included in their reports under Companies (Auditor’s Report) Order, 2020 (“CARO”), which have been reproduced as per the requirements of the Guidance Note on CARO: -

S.No.	Name of the Company	CIN	Holding Company/S subsidiary	Date of the respective auditor’s report	Paragraph number in the respective CARO reports
1	National E-Governance Services Limited	U72900MH2016GOI282855	Holding Company	01-09-2023	(vii)(a)

For **ABARNA & ANANTHAN**
CHARTERED ACCOUNTANTS

Firm Registration Number: 000003S

Sd/-

Mohan Rao Gadath

Partner

Membership Number: 203737

UDIN: 23203737BGZDEQ1843

Place: Bangalore

Date: 01-09-2023

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"ANNEXURE C" 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 March 31, 2023, 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 respective Board of Directors of the Holding company and 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.

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.

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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 March 31,2023, 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.

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

Sd/-

Mohan Rao Gadath

Partner

Membership No: 203737

UDIN: 23203737BGZDEQ1843

Place: Bangalore

Date: 01-09-2023

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COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF NATIONAL E-GOVERNANCE SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of consolidated financial statements of National E-Governance Services Limited for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 01 September 2023.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the Consolidated Financial Statements of National E-Governance Services Limited for the year ended 31 March 2023 under section 143(6)(a) read with section 129(4) of the Act.

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

Sd/-

(Guljari Lal)
Director General of Audit (Shipping), Mumbai

Place: Mumbai

Date: 20.09.2023



CONSOLIDATED FINANCIAL STATEMENTS

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Consolidated Balance Sheet as at March 31, 2023

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

Particulars	Note	2023	2022
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	8,831	8,129
Right-of-use asset	5	65,742	79,138
Other intangible assets	4	19,729	50,028
Intangible assets under development	4	32	-
Financial assets	6		
Investments	6.1	2,84,977	74,977
Other financial assets	6.2	2,35,323	1,18,317
Deferred tax assets (net)	7	25,281	19,678
Other non-current assets	8	1,544	2,299
Current assets			
Financial assets	9		
Investments	9.1	37,433	39,246
Trade receivables	9.2	4,67,747	3,12,565
Cash and cash equivalents	9.3.1	1,35,751	84,415
Other bank balances	9.3.2	12,04,688	12,33,663
Other financial assets	9.4	32,699	25,264
Other current assets	10	45,142	21,835
		25,64,919	20,69,554
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	7,50,000	7,50,000
Other equity	12	8,87,471	5,55,682
Non current liabilities			
Financial liabilities	13		
Lease liabilities	13.1	51,886	57,440
Other financial liabilities	13.2	-	1,293
Provisions	14	21,889	48,949
Deferred tax liabilities (net)	7	-	90
Other non-current liabilities	15	2,29,902	1,38,536
Current liabilities			
Financial liabilities	16		
Lease liabilities	16.1	22,804	28,187
Trade payables	16.2		
a) Total outstanding dues of micro and small enterprises		1,770	1,738
b) Total outstanding dues of creditors other than micro and small enterprises		22,463	16,836
Other financial liabilities	16.3	30,737	12,953
Other current liabilities	17	5,01,311	3,97,092
Provisions	18	44,686	60,758
		25,64,919	20,69,554

Significant accounting policies

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
Date: 01 September, 2023
Place: Bengaluru

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

Sd/-
R. Gandhi
Director
DIN: 03341633

Sd/-
Vinod Shenoy M.
Chief Financial Officer
Date: 01 September, 2023
Place: Bengaluru

Sd/-
Debajyoti Ray Chaudhuri
Managing Director & CEO
DIN: 09242571

Sd/-
Padmavathy S.
Company Secretary
M. No. A37997

Sd/-
Nivedita E. P.
Executive Director & CRO

3

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

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

Particulars	Note	2023	2022
Revenue from operations	19	8,20,583	6,43,296
Other income	20	85,326	68,966
Total income (A)		9,05,909	7,12,262
Expenses			
Cost of services	21	1,06,003	99,965
Employee benefit expenses	22	1,83,015	1,37,034
Finance costs	23	6,169	2,170
Depreciation and amortization expense	4 & 5	67,996	68,690
Impairment loss	24	(217)	217
Provision for onerous contract	36	(58,009)	56,466
Other expenses	25	60,771	44,777
Total expenses (B)		3,65,728	4,09,319
Profit before exceptional items and tax (A - B)		5,40,181	3,02,943
Tax expense			
Current tax		(1,37,062)	(1,05,496)
Adjustments of tax relating to previous year		(126)	-
Deferred tax	7	5,384	19,824
Profit for the year from continuing operations		4,08,377	2,17,271
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)		(1,230)	(2,103)
Deferred tax	7	309	528
Total other comprehensive income for the year		(921)	(1,575)
Total comprehensive profit for the year		4,07,456	2,15,696
Earning per equity share of face value of Rs.10 each			
Basic and Diluted (amount in ₹ per share)	33	5.45	2.90

Significant accounting policies

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

Sd/-
Mohar Rao Gadath
Partner
Membership No: 203737
Date: 01 September, 2023
Place: Bengaluru

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

Sd/-
R. Gandhi
Director
DIN: 03341633

Sd/-
Vinod Shenoy M.
Chief Financial Officer
Date: 01 September, 2023
Place: Bengaluru

Sd/-
Debajyoti Ray Chaudhuri
Managing Director & CEO
DIN: 09242571

Sd/-
Padmavathy S.
Company Secretary
M. No. A37997

Sd/-
Nivedita E. P.
Executive Director & CRO

3

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

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

Particulars	Note	2023	2022
Cash Flow from Operating Activities			
Profit/ (Loss) for the year before tax		5,40,181	3,02,943
Adjustment to reconcile net profit to net cash provided by operating activities			
Depreciation		67,996	68,690
Profit from Sale of Mutual Funds		(528)	(1,221)
Long term gain from sale of mutual funds		-	(2,612)
(Gain)/Loss on fair value restatement of mutual funds		(1,659)	1,897
Interest Income		(71,768)	(59,045)
Interest income from government securities		(10,604)	(4,953)
Finance costs - Leases (IndAS 116)		4,542	2,091
Impairment loss		(217)	217
Provision for onerous contract		(58,009)	56,466
Assets written off		9	32
(Profit)/loss on sale of assets		(309)	-
Insurance claim received in excess of w.d.v of lost asset		(11)	
(Gain)/loss on lease modification (IndAS 116)		548	(424)
Change in Assets & Liabilities			
Trade Payables		5,499	6,003
Other financial liabilities current/non-current		16,492	7,156
Other current/non-current Liabilities		1,95,585	1,38,375
Provisions current/non-current		(9,750)	852
Trade Receivables		(1,55,181)	(1,16,842)
Other financial assets current/non-current		893	1,429
Other current assets current/non-current		(7,011)	(347)
Cash generated from operations		5,16,698	4,00,707
Income Taxes paid		(1,29,297)	(86,296)
Net cash generated by operating activity		3,87,401	3,14,411
Cash flow from investing activities			
Expenditure on property plant and equipment		(4,783)	(4,477)
Expenditure on intangible assets/intangible assets under progress		(5,478)	(14,072)
Proceeds from sale of property, plant and equipment		642	72
Investment in fixed deposits		(12,58,935)	(11,34,456)
Proceeds from redemption/maturity of fixed deposits		11,71,229	7,26,959
Interest received on investments		63,116	64,152
Payment to acquire liquid mutual funds		(10,000)	(17,598)
Proceeds from redemption of mutual funds		14,000	74,609
Investment in government securities		(2,07,289)	-
Interest received on government securities		7,893	4,817
Net cash used in investing activities		(2,29,605)	(2,99,994)
Cash flow from financing activities			
Payment of Lease liability		(26,142)	(18,959)
Payment of Interest on Lease liability		(4,651)	(2,676)
Payment of interim dividend		(75,000)	-
Share issue expenses		(667)	-
Net Cash generated in financing activities		(1,06,460)	(21,635)
Net increase in cash or cash equivalents		51,336	(7,218)
Cash and cash equivalent at the beginning		84,415	91,633
Cash and Cash Equivalent at the close		1,35,751	84,415
Components of cash and cash equivalents	9.3.1		
Cash in hand		7	-
Balances with banks			
Current accounts		59,282	17,682
Fixed deposits		76,462	66,733
Total cash and cash equivalents		1,35,751	84,415

As per our report of even date attached

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

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Mohan Rao Gadath
Partner
Membership No: 203737
Date: 01 September, 2023
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Executive Director & CRO

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Consolidated Statement of Changes in Equity for the year ended March 31, 2023

(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	2023		2022	
	Nos. (,000)	Amount	Nos. (,000)	Amount
At the beginning of the year	75,000	7,50,000	75,000	7,50,000
Changes in equity share capital due to prior period errors	-	-	-	-
Restated balance 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, 2021	3,39,986	3,39,986
Changes in accounting policy or prior period errors	-	-
Restated balance at the April 1, 2021	3,39,986	3,39,986
Profit for the year	2,17,271	2,17,271
Other comprehensive income not reclassifiable to profit and loss	(1,575)	(1,575)
Balance as at March 31, 2022 (Refer Note 12)	5,55,682	5,55,682
Balance as at April 1, 2022	5,55,682	5,55,682
Changes in accounting policy or prior period errors	-	-
Restated balance at the April 1, 2022	5,55,682	5,55,682
Profit for the year	4,08,377	4,08,377
Other comprehensive income not reclassifiable to profit and loss	(921)	(921)
Dividends:		
Interim dividend (2022-23 @ Rs 1 per share)	(75,000)	(75,000)
Share issue expenses net of taxes	(667)	(667)
Balance as at March 31, 2023 (Refer Note 12)	8,87,471	8,87,471

As per our report of even date attached

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
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National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2023

(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 financial year 2017-18, 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, 2023 were approved by the Board of Directors and authorized for issue on 01 September, 2023.

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 from time to time upto March 31, 2023.

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.

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

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

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

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

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.

Assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. Deferred tax assets and liabilities are classified as non-current assets and liabilities. The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified 12 months as its operating cycle.

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

Under IndAS 115, the Group applies a five step approach: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognise revenues based on the fulfillment of performance obligation.

Contract with customer would mean (1) signed contract if available or price based on- arrangement, business practice and standard operating procedures. The price could be specific negotiated price (like for PDA services, storage, bidding services, AA services, KYC services) and (2) the tariff schedule as applicable for each financial year. These are interpreted collectively to ascertain scope including performance obligation and pricing for each financial year.

The Group based on evidence evaluates, at the start of each financial year, as to whether a service is perceived as a distinct benefit by the customer and is a separate performance obligation, or the service is perceived to be bundled along with other service as a bundle of performance obligation, or a service is mere perfunctory or incidental in nature not constituting a performance obligation. While assessing whether a service is a separate performance obligation, the Group for each review period assesses whether service, in a bundled offering, is highly dependent, highly interrelated with other service in the bundle including if the customer has an option to not purchase the service without significantly affecting the other promised goods. Such an assessment would include whether one of such services in the bundle is independently priced in the tariff, as published and available in the Group website, leading to an indicator that the service could be a performance obligation in itself as per Ind AS 115. Such an assessment is carried out periodically starting with the beginning of each financial year.

The Group has tiered pricing structure for certain services. Based on its assessment, the Group has assessed there is no identifiable significant material rights in its pricing structure which can be separately valued and accounted as a liability or asset.

Revenue is measured at transaction price which is the consideration, received or receivable net of discounts, taking into account contractually defined terms and excluding taxes, duties collected on behalf of the government. Revenue is recognized as and when the control of promised product or services are transferred to the customer. If there is uncertainty as to collectability, then revenue recognition is postponed until such uncertainty is resolved.

The Company charges the fees in advance for more than one year period for the following category of services, (1) IU services - individual category and (2) PDA - storage services. This requires the Company to assess whether any significant financing component is included in the consideration charged. The Company charges the fees over multiple terms for these services for administrative convenience. Due to the regulatory nature of the services the fees charged are nominal and are intended to improve compliance in the ecosystem. The Company, based on the facts and the intent of pricing and its product offering, has assessed that there is no significant financing component in the consideration charged for the aforesaid services.

The transaction price is determined for each performance obligation identified excluding amounts collected on behalf of third parties net of discounts. The Group allocates the transaction price for services under the contract to each separately identifiable performance obligations/ bundle of performance obligation based on standalone selling price using the three approaches, as applicable, under IndAS 115. Standalone selling prices are determined based on transaction prices for the components when it is regularly sold separately, in cases where the Group is unable to determine the standalone selling price the Group uses third-party prices for similar deliverables. Under IndAS 115, the Group may use (1) adjusted market assessment approach, (2) expected cost plus a margin approach,

(3) residual method or a combination of these methods to arrive at allocable transaction price for each performance obligation or bundle of performance obligations identified. Discount provided to one of the distinct performance obligation in the service offering is allocated or averaged across all the performance obligations in the contract/ arrangement unless such a discount is offered at a standalone price of a performance obligation.

The Group exercises judgement in determining whether the performance obligation, evidencing the transfer of control, is satisfied at a point in time or over a period of time. The Group considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer.

For performance obligations where control is transferred over time, revenues are recognized by measuring progress towards completion of the performance obligation. Where the services under performance obligation is made available on when and if available basis for a tenure, the customer benefits accrue evenly during the contract and the revenue is recognized for such performance obligation on a straight line attribution method over such tenure. The selection of the method to measure progress towards completion requires judgment and is based on the whether the nature of the promised products or services to be provided at a point in time or is provided or made available for a specific period. In case of bundled service obligations which are not separable, a single measurement method is adopted.

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

Information Utility ("IU") 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.

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2023

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

Revenue from information utility services is recognized as the services are performed over time on a monthly basis, from the month of submission/ upload of information into the Information Utility system.

The financial information hosted are billed based on the published tariff rate schedule. The period for the service and hosting obligations are specified for each category of loan records. These category as per the tariff structure for IU services are as below.

- a. Financial information of Companies and Other Commercial entities are recognised over a tenure of 1 year.
- b. Financial information of individuals including Gold, Micro Finance Institutions (MFI) debts, SHG/JLG debts, Agriculture debts are recognised over a tenure of 5 years from initial submission of information and over 1 year after completion of 5 year initial period based on hosting period under anniversary billing.
- c. Revenue from information utility services for submissions from Operational Creditor, Homebuyers and other participants are recognized on submission/ upload of information into the Information Utility system.
- d. The Company provides digital document execution (IU DDE) services as a part of its IU services to its clients. The service includes execution of documents using digital signature and/or digital e-stamping, access, storage and retrieval, digital ledger and tracking service for IU DDE in addition to information utility services for data, and breakup of the tariff is specified at a component level of IU services allowing customer choice at individual service component level. The revenue from IU DDE services is recognized at a point in time when such a service is complete.
- e. Revenue from E-Sign services is recognized when E-sign counts are consumed by the customer indicating a transfer of control unless express acceptance is required as a part of the contract or arrangement.

Income from Platform for Distressed Asset (PDA), case management services and auction services

PDA services and case management services are offered to the customer on subscription basis.

Revenue is recognized over the tenure of such subscription, as and when performance obligation are fulfilled over subscription period. Revenue from auction services are recognized on availment of auction services (specific event) by the customer.

KYC services

NEiL provides KYC services. For OKYC services, revenue on installation (of the software), as outlined in the customer contract or order or arrangement, 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 provides 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:

1. for annual subscription for AA services and AMC (annual maintenance contract) offered in bulk (and not on per transaction basis or on completion of specific event), over time for which services are contracted to be provided as the AA or AMC services are made available on when if basis during such tenure.
2. for others, as and when the services are provided.

If a revenue recognition event meets criteria for net basis accounting under IndAS 115, the related costs like revenue share is netted off against such revenue recognized instead of showing such related costs separately as an expense.

Interest income

Interest income is recognized using the 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.

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. 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 Group 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:

Category	Useful life (years)	Life as per Schedule II
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 cost of Account Aggregator 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 Account Aggregator software. Account Aggregator 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 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 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.

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.

h. Impairment of non-financial assets

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

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

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

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

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

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

i. Provisions

A provision is recognized when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the 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.

Onerous contracts are accounted as per IndAS 37. Such contract entail a provision of present value of obligations net of any economic benefits under such contract.

Obligations under such contract is lower of penalties/compensation under contract for exit or incremental cost of fulfilling such contracts, Onerous contract are assessed at the contract level. Any asset supporting such onerous contract is impaired based on assessment of cash flow. The provision for onerous contract is assessed each for reversals, re-adjust the provisions for any change in circumstances and passage of time. The interest expense relating to unwinding of discount with passage of time on such provision is disclosed as finance costs. Any reversal which represents other than ordinary use/application of the provision, like closure of the onerous contract, is recognized separately in the Statement of Profit and Loss at gross and not netted off against the ordinary expenses under such onerous contract.

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.

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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

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 assessed for and impairment provision is recognised if considered necessary immediately to state the value of net investment to its recoverable value. Recoverable value is higher of the value in use and value in sale for net investment in subsidiary.

De-recognition

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

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

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

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

Impairment of financial assets

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

ECL is the difference between all contractual cash flows that are due to the Group in accordance

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

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

- Estimated useful life of intangible assets
- Estimated useful life and residual value of property, plant and equipment
- Assessment of Performance obligation in revenue recognition including timing of satisfaction of performance obligation, allocation of transaction price, presence of material right to purchase additional services, presence of significant financing component and amounts allocated to performance obligations.
- Estimation of defined benefit obligation
- Estimation of provisions.
- 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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Non - current assets

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

Description	Cost		Depreciation/amortisation and impairment				Carrying amount				
	As on 01-04-2022	Additions	Deletion	As on 31-03-2023	As on 01-04-2022	For the Year	Withdrawals	Impairment	Upto 31-03-2023	WDV as on 31-03-2022	WDV as on 31-03-2023
Tangible assets											
Vehicles	2,242	2,384	1,108	3,528	875	560	775	-	660	2,568	1,367
Computers	11,123	1,264	156	12,231	6,791	2,331	125	-	8,997	3,234	4,332
Servers and networks	2,244	108	-	2,352	1,419	367	-	-	1,786	566	825
Furniture and fittings	204	-	-	204	75	19	-	-	94	110	129
Leasehold premises improvements - Mumbai	2,442	-	-	2,442	2,319	-	-	-	2,319	123	123
Leasehold premises improvements - Bangalore	96	148	96	148	56	52	91	-	17	131	40
Office Equipment's	3,165	1,003	-	4,168	1,852	517	-	-	2,369	1,799	1,313
Total	21,516	4,917	1,360	25,073	13,387	3,846	991	-	16,242	8,831	8,128
Previous year comparatives (FYE 2022)	17,491	4,178	153	21,516	10,254	3,182	49	-	13,387	8,129	-
Other intangible assets											
IU software	151,525	-	-	151,525	1,21,310	30,215	-	-	1,51,525	-	30,215
IU license fees	5,000	5,000	5,000	5,000	4,518	997	5,000	-	515	4,485	482
AA software	19,099	-	-	19,099	1,863	3,820	-	-	5,683	13,416	17,236
Other software	4,534	472	-	5,006	2,439	739	-	-	3,178	1,828	2,085
Total	1,80,158	5,472	5,000	1,80,630	1,30,130	35,771	5,000	-	1,60,901	19,729	50,028
Previous year comparatives (FYE 2022)	1,60,582	19,576	-	1,80,158	81,019	49,111	-	-	1,30,130	50,028	-
Intangible assets under development											
Trademarks under progress*	-	32	-	32	-	-	-	-	-	32	-
Total	-	32	-	32	-	-	-	-	-	32	-
Previous year comparatives (FYE 2022)	16,480	2,619	19,099	-	-	-	-	-	-	-	-

* During the year the Company has applied for registration of trademark of logos related to Electronic Bank Guarantee and IU DDE, which is under progress with the trademark authority as on 31st March 2023. Ageing of intangible assets under development for FYE 2023

Intangible assets under development	Amount in CWIP for a period of			Total
	Less than 1-2 years	2-3 years	More than 3	
Projects in progress	32	-	-	32
Projects temporarily suspended	-	-	-	-

Note: There were no intangible under progress for the FYE 2022. Hence, comparative ageing for the FYE 2022 is not provided.

5. Right of use asset

Description	Cost		Depreciation/amortisation and impairment				Carrying amount				
	As on 01-04-2022	Additions	Deletion	As on 31-03-2023	As on 01-04-2022	For the Year	Withdrawal	Impairment	Upto 31-03-2023	WDV as on 31-03-2022	WDV as on 31-03-2023
Leasehold property - Gresham house, Mumbai	2,737	-	-	2,737	498	1,493	-	-	1,991	746	2,239
Leasehold property - The Estate, Bangalore	9,337	-	-	9,337	7,301	2,036	-	-	9,337	-	2,036
Leasehold property - Casite Homes	66,892	5,524	-	72,416	1,884	11,668	-	-	13,552	58,864	65,008
Servers - virtual machines	27,757	5,885	-	33,642	21,095	8,624	-	-	29,719	3,923	6,662
Servers - storage space	9,094	2,488	-	11,582	6,898	3,090	-	-	9,988	1,594	2,196
Servers - Datawarehouse	1,539	491	-	2,030	837	843	-	-	1,680	350	702
Servers - E-Auction	649	207	-	856	354	354	-	-	708	148	295
Servers - PDA ⁽¹⁾	475	172	-	647	475	272	-	(217)	530	117	-
Total	1,18,480	14,767	-	1,33,247	39,342	28,360	-	(217)	67,505	65,742	79,138
Previous year comparatives (FYE 2022)	53,540	74,066	7,583	1,20,023	24,271	16,397	-	217	40,885	79,138	-

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

Particulars	2023	2022
Non current investments:		
Investments in government securities at amortised cost		
Investment in IN1920200434 Karnataka SDL 2030	5,871	5,871
Investment in IN1920200459 Karnataka SDL 2030	19,208	19,211
Investment in IN3120200222 Tamil Nadu SDL 2030	23,591	23,574
Investment in IN3120200347 Tamil Nadu SDL 2031	6,404	5,689
Investment in IN3120200362 Tamil Nadu SDL 2030	19,956	20,632
Investment in IN1520220030 Gujarat SDL 2032	21,012	-
Investment in IN1520220055 Gujarat SDL 2032	19,565	-
Investment in IN1520220063 Gujarat SDL 2032	17,468	-
Investment in IN3120220105 Tamil Nadu SDL 2032	20,266	-
Investment in IN1520220253 Gujarat SGS 2033	75,526	-
Investment in IN1920220028 Karnataka SGS 2032	30,904	-
Investment in IN2220220189 Maharashtra SGS 2033	25,206	-
Total	2,84,977	74,977
Aggregate amount of quoted investment	2,84,977	74,977
Market value of quoted investment	2,78,239	72,277
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments	-	-

Note:

- Mutual funds are carried at fair value based on the quoted market price (NAV) of the funds as on balance sheet date.
- Government securities are classified as held to maturity investments and carried at amortised cost.

6.2 Other financial assets

Particulars	2023	2022
Security deposit - non current refundable	5,277	4,952
Bank deposits with maturity more than 12 months from balance sheet date	2,30,046	1,13,365
Total	2,35,323	1,18,317

Note:

- Security deposits are fair valued under effective interest rate method using discount rate prevalent for FDs of similar term at the time of origination of such security deposits.
- Bank deposits amounting to Rs. 46.50 thousand are held as security/lien for the purpose of performance bank guarantee (refer note 37)

7 Deferred tax asset/(liability)

Particulars	Balance as at 2022	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 2023
NeSL					
Depreciation	671	4,462	-	-	5,133
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	2,153	933	316	-	3,402
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	1,794	660	-	-	2,454
On account of fair value adjustments under Ind AS	(274)	(463)	-	-	(737)
On account of provision for bad debts	1,082	(1,082)	-	-	-
On account of provision for onerous contract	14,211	(14,211)	-	-	-
	19,637	(9,701)	316	-	10,252
NaDL					
Depreciation	(523)	(604)	-	-	(1,127)
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	251	(91)	(10)	-	150
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	254	(73)	-	-	181
On account of fair value adjustments under Ind AS	(72)	48	-	-	(24)
Deferred tax asset for carried forward tax loss*	-	15,760	-	-	15,760
	(90)	15,040	(10)	-	14,940
NEIL					
Depreciation	(9)	4	-	-	(5)
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	15	18	3	-	36
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	35	23	-	-	58
	41	45	3	-	89

*The management periodically reviews the deferred tax assets. In 2023, for NaDL the business outlook and projections have shown an improvement. Consequently, the recoverability of tax assets including carry forward of business losses have been reassessed and Rs 15,760 thousand has been recognized as deferred tax asset. Tax asset of Rs 150 thousands related to FY 2017-18 is expected to lapse based and hence not reinstated. The regular tax rates under Income Tax Act, 1961, applicable for the 2023 based on taxable income are: NeSL - 29.12%, NaDL - 26%, NEIL - 26%. 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%."

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Deferred tax asset/(liability)

Particulars	Balance as at 2022	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 2023
NeSL	19,637	(9,701)	316	-	10,252
NaDL	(90)	15,040	(10)	-	14,940
NEIL	41	45	3	-	89
Total	19,588	5,384	309	-	25,281

For the comparative year 2022, deferred tax assets of NeSL and NEIL are disclosed together; whereas deferred tax liability of NaDL is disclosed separately as these are separate taxable entities.

8 Other non-current assets

Particulars	2023	2022
Prepaid expenses - non current	1,523	2,278
Security deposit - non current non refundable	21	21
Total	1,544	2,299

Current assets

9 Financial assets

9.1 Investments

Particulars	2023	2022
Current investments:		
Investments in mutual funds (quoted)		
Investment in SBI Magnum Insta Cash Fund - Direct Plan - Growth Nil units (PY: 17,741 units) at market price (NAV).		
Investment in LD72SG SBI Liquid Fund Direct Growth 10,624.288 units (PY: 11,774.725 units) at market price (NAV).	37,433	39,246
Total	37,433	39,246
Aggregate amount of quoted investment	37,433	39,246
Market value of quoted investment	37,433	39,246
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments.	-	-

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	2023	2022
(a) Trade Receivables considered good - Secured;	-	-
(b) Trade Receivables considered good - Unsecured;	-	-
Receivable from related parties	-	-
Receivable from others	4,67,747	3,12,565
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - credit impaired	6,815	4,297
Sub-total	4,74,562	3,16,862
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	-	-
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - credit impaired	(6,815)	(4,297)
Total	4,67,747	3,12,565

Ageing of Trade receivables outstanding for FYE 2023

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	2,55,082	1,82,387	25,385	2,778	2,115	-	4,67,747
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	83	1,967	4,763	2	6,815
Total trade receivables	2,55,082	1,82,387	25,468	4,745	6,878	2	4,74,562

Ageing of Trade receivables outstanding for FYE 2022

Particulars	Outstanding for following periods from due date of payment						Total
	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	2,12,629	66,214	25,910	7,800	12	-	3,12,565
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - credit impaired	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - credit impaired	-	-	-	4,297	-	-	4,297
Total trade receivables due	2,12,629	66,214	25,910	12,097	12	-	3,16,862

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9.3.1. Cash and cash equivalents

Particulars	2023	2022
Cash in hand	7	-
Balance with banks (of the nature of cash and cash equivalents)		
In current account	59,282	17,682
In deposit account with original maturity within 3 months from the date of deposit	76,402	66,427
Income accrued but not due on fixed deposits (Cash and Cash equivalent)	60	306
Total	1,35,751	84,415

9.3.2. Other bank balances

Particulars	2023	2022
In deposit account with maturity within 12 months of balance sheet date*	12,04,688	12,33,663
Total	12,04,688	12,33,663

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 1,154.60 thousand in fixed deposit, offered as security/lien for the purpose of performance bank guarantee (refer note 37).

9.4. Other financial assets

Particulars	2023	2022
Advances recoverable	-	-
Security deposits - current refundable	220	2,119
Unbilled revenue - CKYC service	358	306
Unbilled revenue - AA service	585	-
Unbilled revenue - Others	389	344
Income accrued but not due on Government securities	-	-
Income accrued but not due on fixed deposits	31,147	22,495
Total	32,699	25,264

10. Other current assets

Particulars	2023	2022
Income tax- TDS	25,628	10,122
GST input credit/TDS	8,486	6,052
GST recoverable	268	-
Prepaid expenses	8,230	3,064
Other advances	2,530	2,597
Total	45,142	21,835

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Equity

11 Share capital

Particulars	2023	2022
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	2023		2022	
	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	2023		2022	
	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%

Particulars of shares held by the promoter group:

Name of the shareholder	2023		2022	
	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%
New India Assurance Co. Ltd	3,750	5.00%	3,750	5.00%
Union Bank of India	3,750	5.00%	3,750	5.00%
Central Depository Services (India) Ltd	3,000	4.00%	3,000	4.00%
ICICI Bank	7,425	9.90%	7,425	9.90%

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, 2023. 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, 2023.

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12 Other equity

Particulars	2023	2022
Retained earnings		
Opening balance	5,55,682	3,39,986
Share issue expenses net of taxes	(667)	-
Add: Profit/(Loss) for the year	4,08,377	2,17,271
Add: Other comprehensive income	(921)	(1,575)
Interim dividend paid (2022-23 @ Rs 1 per share)	(75,000)	-
Total	8,87,471	5,55,682

Note: Retained earnings represents the accumulated undistributed earnings of the Group as at balance sheet date.

Non - current liabilities

13 Financial liabilities

13.1 Lease liabilities

Particulars	2023	2022
Lease liability	51,886	57,440
Total	51,886	57,440

13.2 Other financial liabilities

Particulars	2023	2022
Security deposits received - non current	-	1,293
Total	-	1,293

Note: Security deposits received are fair valued under effective interest rate method using discount rate prevalent for FDs of similar term at the time of origination of such deposits.

14 Provisions (non-current)

Particulars	2023	2022
Provision for gratuity - non current	12,168	6,924
Provision for leave encashment - non current	9,721	6,785
Provision for onerous contract (non-current) (Ref note 36)	-	35,240
Total	21,889	48,949

15 Other non-current liabilities

Particulars	2023	2022
Deferred income - Financial creditors (non current)	2,18,457	1,34,748
Deferred income - Others (non current)	11,445	3,788
Total	2,29,902	1,38,536

Current liabilities

16 Financial liabilities

16.1 Lease liabilities

Particulars	2023	2022
Lease liability - current	22,804	28,187
Total	22,804	28,187

16.2 Trade payables

Particulars	2023	2022
Total outstanding dues of micro enterprises and small enterprises	1,770	1,738
Total outstanding dues of creditors other than Micro and small enterprises		
Related Parties	-	-
Others	-	-
Creditors for supplies & services	21,043	16,350
Creditors for expenses	1,420	486
Total	24,233	18,574

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.

Trade payables ageing outstanding for FYE 2023

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<i>Undisputed</i>						
(i) MSME	1,770	-	-	-	-	1,770
(ii) Others	12,397	10,066	-	-	-	22,463
<i>Disputed</i>						
(iii) MSME	-	-	-	-	-	-
(iv) Others	-	-	-	-	-	-
Total Trade payables due	14,167	10,066	-	-	-	24,233

Trade payables ageing outstanding for FYE 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<i>Undisputed</i>						
(i) MSME	1,738	-	-	-	-	1,738
(ii) Others	8,484	8,352	-	-	-	16,836
<i>Disputed</i>						
(iii) MSME	-	-	-	-	-	-
(iv) Others	-	-	-	-	-	-
Total Trade payables due for payment	10,222	8,352	-	-	-	18,574

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16.3 Other financial liabilities

Particulars	2023	2022
Security deposits received - current	3,173	1,792
Other returnable deposits	-	451
Advances returnable	27,564	10,710
Total	30,737	12,953

Note: Security deposits received with fair value of Rs. 1,377 thousand as on 31st March 2023, are fair valued under effective interest rate method using discount rate prevalent for FDs of similar term at the time of origination of such deposits.

17 Other current liabilities

Particulars	2023	2022
Statutory Liabilities	41,534	31,865
Deferred income - Financial creditors	4,54,244	3,55,467
Deferred revenue - OKYC installation fees	-	653
Deferred income - Ind AS fair value adjustment	1	75
Deferred income - Others	5,498	6,591
Advance received from customers - non returnable	34	2,441
Total	5,01,311	3,97,092

18 Provisions (current)

Particulars	2023	2022
Provision for expenses	18,270	23,164
Provision for taxation (net)	23,397	13,340
Provision for gratuity - current	2,070	2,022
Provision for leave encashment - current	949	1,006
Provision for onerous contract (current) (Ref note 36)	-	21,226
Total	44,686	60,758

Particulars	Balance at 2022	Additions	Allowance for financial effect	Applications/ Reversals	Balance at 2023
Provisions (non-current)					
Provision for onerous contract (non-current)	35,240	-	580	(35,820)	-
	35,240	-	580	(35,820)	-
Provisions (current)					
Provision for onerous contract (current)	21,226	-	963	(22,189)	-
Provision for taxation (net)	13,340	23,397	-	(13,340)	23,397
Provision for expenses	23,164	16,837	-	(21,731)	18,270
	57,730	40,234	963	(57,260)	41,667

Note: For provision for gratuity and leave encashment refer note 27. Allowance for financial effect represents unwinding of discount for passage of time upto the date of reversal of provision for onerous contract.

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

19 Revenue from operations

Particulars	2023	2022
IU Services		
Financial creditors - IU ⁽¹⁾	7,71,031	6,21,033
Financial creditors - DDE ⁽²⁾	38,694	8,155
Operational creditors	355	73
Fee from PDA services ⁽³⁾	1,764	558
Central Know Your Customer Services income (CKYC) ⁽⁴⁾	1,314	3,272
Offline Know Your Customer services income (OKYC) ⁽⁴⁾		
One Time Installation Setup Fee	3,767	2,155
OKYC services	520	8,048
Revenue from AA operations ⁽⁵⁾	3,138	2
Total	8,20,583	6,43,296

(1) Summary of financial creditors billing

Particulars	2023	2022
Opening balance: Deferred revenue and Unbilled revenue	4,90,215	3,71,668
Total billing for the year	9,53,517	7,39,380
(-) Deferred revenue (disclosed in note 15 & 17)	(6,72,701)	(4,90,215)
(+) Unbilled revenue (disclosed in note 9.4)	-	-
Revenue recognised for the year	7,71,031	6,20,833

(2) Summary of DDE billing

Particulars	2023	2022
Opening balance: Deferred revenue and Unbilled revenue	7,613	453
Total billing for the year	45,611	15,315
(-) Deferred revenue (disclosed in note 15 & 17)	(14,530)	(7,957)
(+) Unbilled revenue (disclosed in note 9.4)	-	344
Revenue recognised for the year	38,694	8,155

(3) Summary of PDA billing

Particulars	2023	2022
Opening balance: Deferred revenue and Unbilled revenue	1,221	32
Total billing for the year	1,446	1,747
(-) Deferred revenue (disclosed in note 15 & 17)	(1,292)	(1,221)
(+) Unbilled revenue (disclosed in note 9.4)	389	-
Revenue recognised for the year	1,764	558

(4) Summary of CKYC and OKYC billing

Particulars	2023	2022
Opening balance: Deferred revenue and Unbilled revenue	346	(51)
Total billing for the year	6,424	15,349
(-) Deferred revenue (disclosed in note 17)	-	(653)
(+) Unbilled revenue (disclosed in note 9.4)	358	306
(-) Billing to fellow subsidiary	(1)	(153)
(-) Revenue share payable	(1,526)	(1,323)
Revenue recognised for the year	5,601	13,475

(5) Summary of AA operations billing

Particulars	2023	2022
Opening balance: Deferred revenue and Unbilled revenue	1,200	-
Total billing for the year	2,474	1,202
(-) Deferred revenue (disclosed in note 17)	(1,121)	(1,200)
(+) Unbilled revenue (disclosed in note 9.4)	585	-
Revenue recognised for the year	3,138	2

20 Other income

Other income	2023	2022
Particulars	2023	2022
Interest on fixed deposits	71,768	59,045
Interest on security deposits	391	161
Interest on government securities	10,604	4,953
Interest on IT refund	67	1,657
Profit on sale of motor car	309	-
Insurance claim received in excess of w.d.v of lost asset	11	-
Gain on redemption of mutual funds- current investments	528	1,221
Long term gain on redemption of mutual funds	-	2,612
Gain on restatement of mutual funds at fair value	1,659	(1,897)
Gain/(loss) on lease modification	(548)	424
Bad debts written off - recovered	85	-
Miscellaneous income	452	790
Total	85,326	68,966

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21 Cost of services

Particulars	2023	2022
IU annual fee*	-	5,000
IU technology expenses		
Technology resource expenses	24,208	27,014
IT data center expenses	13,922	7,646
Datawarehouse expenses	8,692	5,600
Other IT expenses	23,877	13,696
CIRP and VDR expenses	14,000	25,517
IU operational expenses	12,704	7,825
FIU Gateway and Other Enhancements	5,773	3,231
AA software AMC charges	1,300	636
Offsite data entry & cropping work	204	661
IT Consulting Expenses	583	1,295
Other operating expenses	740	1,844
Total	1,06,003	99,965

*Note: As per Regulation 6(2)(e) of the IBBI (IU) Regulations, 2017, no annual fee shall be payable in the financial year in which an information utility is granted registration or renewal of existing registration. The certificate of registration was renewed on 25 September 2022. Hence, the annual fee is not payable for the financial year 2022-23.

22 Employee benefit expenses

Particulars	2023	2022
Salary & Allowances	1,57,634	1,17,131
Contribution to Provident Fund & Superannuation Fund	9,063	6,358
Gratuity expense	4,062	3,404
Leave encashment and compensated leave benefits	6,019	5,373
Staff Welfare Expenses	6,237	4,768
Total	1,83,015	1,37,034

23 Finance costs

Particulars	2023	2022
Interest expense on lease liabilities	4,542	2,091
Interest expense on onerous provision	1,543	-
Interest expense on security deposit received	84	79
Total	6,169	2,170

24 Impairment loss

Particulars	2023	2022
Impairment of Right of use assets ⁽ⁱ⁾	(217)	217
Total	(217)	217

(i) During the year ended 2022 the company has identified certain contracts to be onerous. The right of use asset associated with these onerous contract were tested for impairment and an impairment of Rs 217 thousand was made. During the year ended 2023, the provision on onerous contract has been reversed (refer note 36) and the impairment previously recognized on the right-of-use asset linked to the onerous contract was also reversed during this period.

25 Other expenses

Particulars	2023	2022
Rent, Repairs and maintenance +	1,549	2,710
Subscription, rates and taxes	2,527	3,608
Professional charges	20,708	8,323
Legal fees	1,471	2,120
Communication expenses	2,710	2,116
Advertisement and business promotion	3,101	1,534
Auditors' remuneration		
- Statutory audit	400	400
- Tax audit	150	100
- Out of pocket expenses	27	5
Secretarial audit	75	125
Internal audit	1,500	1,400
Travelling, boarding and conveyance	5,861	1,970
Insurance expenses	1,369	1,356
Directors' sitting fees	3,400	2,850
Provision for bad debts	2,518	4,297
Assets written off	9	32
Bad debts written off	-	2,393
CSR expenses*	6,248	3,530
Other miscellaneous/administrative expenses	7,148	5,908
Total	60,771	44,777

+ Rental expenses for year ended March 2023 consists of laptop and printer rental of Rs 80 thousand and for the year ended March 2022 consists of laptop rental Rs 14 thousand and short term lease rental of Rs.1503 thousand, refer note 28(a). long term lease rental on premises is accounted as per IndAS 116 -Leases under note 5.

*Refer note - 35 Corporate social responsibility (CSR)

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26 Related party disclosures

Key management personnel	:	Mr. Debajyoti Ray Chaudhuri, Managing Director & CEO (from August 18, 2021)
		Mr. S. Ramann, Managing Director & CEO (till April 19, 2021)
		Mrs. EP Nivedita, Executive Director (from August 02, 2021)
		Mr. Vinod Shenoy M, Chief Financial Officer
		Mr. M. Murthy, Company Secretary (till September 30, 2022)
		Mrs. S. Padmavathy, Company Secretary (from October 01, 2022)

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

Remuneration to key management personnel as on 31 March 2023

Key management personnel	Short-term employee benefits	Post-employment gratuity and medical benefits	Termination benefits	Share based payment transactions	Total compensation
Mr. Debajyoti Ray Chaudhuri	7,966	-	-	-	7,966
Mr. S. Ramann	-	-	-	-	-
Mrs. EP Nivedita	5,111	652	-	-	5,763
Mr. Vinod Shenoy M	6,048	-	-	-	6,048
Mr. M. Murthy (till September 30, 2022)	2,857	-	-	-	2,857
Mrs. S. Padmavathy (from October 01, 2022)	1,010	-	-	-	1,010
Total	22,992	652	-	-	23,644

Remuneration to key management personnel as on 31 March 2022

Key management personnel	Short-term employee benefits	Post-employment gratuity and medical benefits	Termination benefits	Share based payment transactions	Total compensation
Mr. Debajyoti Ray Chaudhuri	4,380	-	-	-	4,380
Mr. S. Ramann	301	41	-	-	342
Mrs. EP Nivedita	2,865	409	-	-	3,274
Mr. Vinod Shenoy M	4,914	-	-	-	4,914
Mr. M. Murthy	4,968	-	-	-	4,968
Total	17,428	450	-	-	17,878

Note: The remuneration to key managerial personnel other than the executive director who is on deputation from the C&AG, 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	
	2023	2022	2023	2022
Remuneration				
Mr. Debajyoti Ray Chaudhuri	-	-	-	-
Mr. S. Ramann	-	-	-	-
Mrs. EP Nivedita	949	-	949	-
Mr. Vinod Shenoy M.	-	-	-	-
Mr. M. Murthy	-	-	-	-
Ms. S. Padmavathy	-	-	-	-
Total	949	-	949	-
Loans and advances				
Mr. Debajyoti Ray Chaudhuri	-	700	-	700
Total	-	700	-	700

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27.1 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	2023	2022
Present Value of Unfunded Defined Benefit Obligation	14,238	8,946
Fair value of Plan Assets	-	-
	14,238	8,946
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	14,238	8,946

Net Defined Benefit Cost/(Income) included in Statement of Profit & Loss at Period-End	2023	2022
Service Cost	3,380	3,011
Net Interest Cost	682	393
Past Service Cost	-	-
Administration Expenses	-	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Total Defined Benefit Cost/(Income) included in Profit & Loss	4,062	3,404

Current / Non-Current Bifurcation	2023	2022
Current Benefit Obligation	2,070	2,022
Non - Current Benefit Obligation	12,168	6,924
(Asset)/Liability Recognised in the Balance Sheet	14,238	8,946

Actual Return on Plan Assets	2023	2022
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	2023	2022
Amount recognized in OCI, Beginning of Period	3,908	1,805
Remeasurements due to :		
Effect of Change in financial assumptions	(184)	406
Effect of Change in demographic assumptions	-	(27)
Effect of experience adjustments	1,414	1,724
(Gain)/Loss on Curtailments/Settlements	-	-
Return on plan assets (excluding interest)	-	-
Changes in asset ceiling	-	-
Total remeasurements recognized in OCI	1,230	2,103
Amount recognized in OCI, End of Period	5,138	3,908

Total Defined Benefit Cost/(Income) included in Profit & Loss and Other Comprehensive Income	2023	2022
Amount recognized in P&L, End of Period	4,062	3,404
Amount recognized in OCI, End of Period	1,230	2,103
Total Net Defined Benefit Cost/(Income) Recognized at Period-End	5,292	5,507

Change in the Unrecognised Asset due to the Asset Ceiling During the Period	2023	2022
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	2023	2022
Defined Benefit Obligation, Beginning of Period	8,946	4,075
Net Current Service Cost	3,380	3,011
Interest Cost on DBO	682	393
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	1,230	2,103
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture	-	-
Benefits Paid	-	(636)
Past Service Cost	-	-
Losses / (Gains) on Curtailments/Settlements	-	-
Defined Benefit Obligation, End of Period	14,238	8,946

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Change in Fair value of Plan Assets during the Period	2023	2022
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	2023	2022
Balance Sheet (Asset)/Liability, Beginning of Period	8,946	4,075
Total Charge/(Credit) Recognised in Profit and Loss	4,062	3,404
Total Remeasurements Recognised in OC (Income)/Loss	1,230	2,103
Acquisitions/Business Combinations/Divestitures	-	-
Actual Employer Contribution	-	(636)
Other Events	-	-
Balance Sheet (Asset)/Liability, End of Period	14,238	8,946

Financial Assumptions Used to Determine the Defined Benefit Obligation	2023	2022
Discount Rate	7.30%	7.06%
Salary Escalation Rate	12.00%	12.00%

Financial Assumptions Used to Determine the Profit & Loss Charge	2023	2022
Discount Rate	7.30%	7.06%
Salary Escalation Rate	12.00%	12.00%
Expected Return on Plan Assets	N.A.	N.A.

Demographic Assumptions Used to Determine the Defined Benefit Obligation	2023	2022
Withdrawal Rate	10.00%	10.00%
Mortality Rate	IALM (2012-14) Ult	IALM (2012-14) Ult
Retirement Age	60 years	60 years

Asset Category	2023		2023
	Quoted Value	Non-Quoted Value	Total
Government of India Securities (Central and State)	0.00%	0.00%	0.00%
High quality corporate bonds (including Public Sector Bonds)	0.00%	0.00%	0.00%
Equity shares of the Company	0.00%	0.00%	0.00%
Insurer Managed Funds & T-bills	0.00%	0.00%	0.00%
Cash (including Bank Balance, Special Deposit Scheme)	0.00%	0.00%	0.00%
Others	0.00%	0.00%	0.00%
Total	0.00%	0.00%	0.00%

Expected Cashflows for the Next Ten Years	2023
Year - 2024	2,144
Year - 2025	794
Year - 2026	944
Year - 2027	1,242
Year - 2028	1,285
Year - 2029 to 2033	6,655

Defined Benefit Obligation by Participant Status	2023
a. Actives	14,238
b. Vested Deferreds	-
c. Retirees	-
Total Defined Benefit Obligation	14,238

Sensitivity Analysis	2023
Defined Benefit Obligation - Discount Rate + 100 basis points	(811)
Defined Benefit Obligation - Discount Rate - 100 basis points	917
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	497
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(382)

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27.2 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	2023	2022
Present Value of Unfunded Defined Benefit Obligation	10,670	7,791
Fair value of Plan Assets	-	-
	10,670	7,791
Present Value of Funded Defined Benefit Obligation	-	-
Unrecognised Asset due to Asset Ceiling	-	-
(Asset)/Liability Recognised in the Balance Sheet	10,670	7,791

Amounts Recognised in Statement of Profit & Loss at Period-End	2023	2022
Service Cost	2,569	709
Net Interest Cost	608	361
Past Service Cost	-	-
Remeasurements	2,842	4,303
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Administration Expenses	-	-
Total Expense/(Income) included in "Employee Benefit Expense"	6,019	5,373

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

Change in Defined Benefit Obligation during the Period	2023	2022
Defined Benefit Obligation, Beginning of Period	7,791	5,118
Net Current Service Cost	2,569	708
Interest Cost on DBO	608	361
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	2,842	4,303
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture	-	-
Benefits Paid	(3,140)	(2,699)
Past Service Cost	-	-
Losses / (Gains) on Curtailments/Settlements	-	-
Defined Benefit Obligation, End of Period	10,670	7,791

Change in Fair value of Plan Assets during the Period	2023	2022
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, 2023

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

28 Disclosures under IndAS 116

a Expenses relating to short term leases or low value leases

Particulars	2023	2022
Expenses relating to short term leases	-	1,503
Expenses relating to leases of low-value	80	46
Total	80	1,549

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

Particulars	2023	2022
Future lease payments (undiscounted)		
2022-23	-	32,639
2023-24	27,027	13,447
2024-25	14,821	13,357
2025-26	15,562	14,025
2026-27	16,340	14,726
More than five years	12,762	11,485
Total future lease payments (undiscounted)	86,512	99,679
Total future finance costs	(11,822)	(14,052)
Lease liability	74,690	85,627
Short-term portion presented under current liabilities (refer note 16.1)	22,804	28,187
Long-term portion presented under non-current liabilities (refer note 13.1)	51,886	57,440

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Notes to the consolidated Ind AS financial statements for the year ended March 31, 2023

(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								
FYE 2023	95.98%	16,76,313	103%	4,46,470	102%	(941)	103%	4,45,529
FYE 2022	95.41%	13,05,784	110%	2,08,446	106%	(1,669)	110%	2,06,777
Subsidiaries								
NESL Asset Data Limited								
FYE 2023	3.07%	53,569	-2%	(10,879)	-3%	29	-2%	(10,850)
FYE 2022	3.37%	46,086	-12%	(22,388)	-7%	105	-12%	(22,283)
NESL E-Infrastructure Limited								
FYE 2023	0.95%	16,589	0%	(114)	1%	(9)	0%	(123)
FYE 2022	1.22%	16,712	2%	4,113	1%	(11)	2%	4,102
Sub total FYE 2023	100%	17,46,471	100%	4,35,477	100%	(921)	100%	4,34,556
Sub total FYE 2022	100%	13,68,582	100%	1,90,171	100%	(1,575)	100%	1,88,596
Adjustment arising out of consolidation								
FYE 2023		(1,09,000)		(27,100)		-		(27,100)
FYE 2022		(62,900)		27,100		-		27,100
Total FYE 2023		16,37,471		4,08,377		(921)		4,07,456
Total FYE 2022		13,05,682		2,17,271		(1,575)		2,15,696

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Notes to the consolidated Ind AS financial statements for the year ended March 31, 2023

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

30 The carrying value and fair value of financial instruments by categories as at March 31, 2023 are as follows.

Particulars	Note	Carrying value	Fair value	Carrying value	Fair value
		2023	2023	2022	2022
Financial assets					
Amortised cost					
Other financial assets (Bank deposits)	6.2	2,30,046	2,30,046	1,13,365	1,13,365
Trade receivables	9.2	4,67,747	4,67,747	3,12,565	3,12,565
Cash and cash equivalents	9.3.1	1,35,751	1,35,751	84,415	84,415
Other bank balances	9.3.2	12,04,688	12,04,688	12,33,663	12,33,663
Other financial assets	9.4	32,479	32,479	23,145	23,145
Investments in government securities	6.1	2,84,977	2,78,239	74,977	72,277
Fair value through profit and loss (FVPTL)					
Investments in mutual funds (quoted)	6.1 & 9.1	37,433	37,433	39,246	39,246
Other financial assets (Security deposits)	6.2 & 9.4	5,497	5,497	7,071	7,071
Total financial assets		23,98,618	23,91,880	18,88,447	18,85,747
Financial liabilities					
Amortised cost					
Lease liability	13.1 & 16.1	74,689	74,689	85,626	85,626
Trade payables	16.2	24,233	24,233	18,574	18,574
Other financial liabilities	16.3	29,360	29,360	12,953	12,953
Fair value through profit and loss (FVPTL)					
Other financial liabilities (Security deposits)	16.3	1,377	1,377	1,293	1,293
Total financial liabilities		1,29,659	1,29,659	1,18,446	1,18,446

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 2023

Particulars	Note	Fair value measurement using			
		Total	Level 1	Level 2	Level 3
Assets measured at fair value:					
Investments in mutual funds (quoted)		37,433	37,433	-	-
Other financial assets (Security deposits)		5,497	-	5,497	-
Liabilities measured at fair value:					
Other financial liabilities (Security deposits)		1,377	-	1,377	-

Financial assets and liability measured at fair value - recurring fair value measurement as at 31st March 2022

Particulars	Note	Fair value measurement using			
		Total	Level 1	Level 2	Level 3
Assets measured at fair value:					
Investments in mutual funds (quoted)		39,246	39,246	-	-
Other financial assets (Security deposits)		7,071	-	7,071	-
Liabilities measured at fair value:					
Other financial liabilities (Security deposits)		1,293	-	1,293	-

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

- 1) The use of quoted market prices
- 2) Security deposits and Deposits received are fair valued under effective interest rate method using discount rate prevalent for FDs of similar term at the time of origination of such deposits.

31.3 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 Baroda, 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	3 months	39.92
2	4 to 12 months	80.55
3	1 year to 2 year	23.00
Total		143.47

32 Capital management

National E-Governance Services Limited:

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

NESL Asset Data Limited:

The Company is subject to regulatory requirements by RBI to maintain capital of Rs 200 lakhs at the time of being licensed as Account Aggregator, as per the in-principle approval given by RBI to the Company under its Master Directions. RBI requires capital maintenance in terms of Net Owned Fund (NoF). For NoF calculation, intangibles do not qualify to be capitalised. During the year, the holding company has infused Rs. 190 lakhs in October 3, 2022 in order to maintain NoF above the regulatory requirements mandated by RBI. The management has assessed that the Company is currently sufficiently capitalised in terms of the NoF requirements as at the end of current financial year. Any future capital requirements will be reviewed by the management of the Company to comply with the regulatory requirement.

33 Earning per share

Particulars	2023	2022
Profit/(loss) attributable to equity shareholders of the Group	4,08,377	2,17,271
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)	5.45	2.90

34 Key ratios:

The various analytical ratios for the year ended March 31, 2023 and March 31, 2022 are as below:

Particulars	Numerator	Denominator	2023	2022	Variance in %
			Ratio	Ratio	
Current ratio (in times)	Current assets	Current liabilities	3.08	3.32	-7.05%
Debt-Equity Ratio (in times) ⁽¹⁾	Total Debt	Shareholders Equity	NA	NA	NA
Debt Service Coverage ratio (in %) ⁽¹⁾	Earnings available for debt service	Debt Service	NA	NA	NA
Return on equity ratio (in %)	Total comprehensive income	Average shareholders Equity	34.32%	26.25%	8.07%
Inventory turnover ratio ⁽²⁾	Cost of goods sold	Average inventory	NA	NA	NA
Trade receivables turnover ratio (in times)	Net credit sales	Average trade receivable	2.59	3.02	-14.41%
Trade payables turnover ratio (in times)	Net credit purchases	Average trade payables	7.67	7.26	5.69%
Net Capital turnover ratio (in times)	Revenue	Working capital	0.63	0.54	17.72%
Net profit ratio (in %)	Net profit after taxes	Revenue	49.65%	33.53%	16.12%
Return on Capital employed (in %)	EBIT	Average capital employed	34.32%	26.25%	8.07%
Return on investment (in %)					
Mutual fund	Income generated from investments	Time weighted average investments	5.90%	3.40%	2.50%
Government Securities	Income generated from investments	Time weighted average investments	6.91%	6.62%	0.29%

1) The company has no debt. Hence, Debt related ratios are not applicable

2) The company has no inventory. Hence, inventory turnover ratio is not applicable.

National E-Governance Services Limited

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Notes to the consolidated Ind AS financial statements for the year ended March 31, 2023

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

35 Corporate social responsibility (CSR)

The Company has made a profit of more than 5 crores in the previous year. Hence, the Company is required to spend 2% of its average net profit for the immediately preceding 3 financial years on CSR activities as per Section 135 and Schedule VII of the Companies Act as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

During the year the Company has incurred the following expenditure in CSR activities:

Particulars	2023	2022
Promoting Healthcare	5,308	3,530
Promotion of Education	400	-
Environmental causes	540	-
Total	6,248	3,530
a) Amount required to be spent as per Section 135 of the Act	6,242	3,480
b) Amount spent during the year:		
(i) Construction/acquisition of Asset	-	-
(ii) On purposes other than (i) above	6,248	3,530
Total	6,248	3,530
Shortfall/(surplus) for the year (a - b)	(6)	(50)

"Note: i) There are no related party transactions entered during the year for CSR activities.

ii) There are no unspent CSR amount. Hence, provision for liability is not recognised."

36 Provision for onerous contract

The Company reviews its contract with vendors from time to time; during the year ended 2022, the Company has identified certain contracts to be onerous and has provided Rs. 56,466 thousand. The amount represents present value of incremental costs net of economic benefits from net contracts as per requirement of Ind AS 37 (refer note no. 3 (i)). Subsequently, the Company and the vendor discussed and mutually agreed to set aside the term and pricing under the onerous contract and entered into fresh pricing and tenure to support each others efforts in business. Therefore, the provision under onerous contract Rs 58,009 (Rs 56,466 thousand opening along with allowance for financial effect of Rs. 1,543 thousand upto the date of reversal) has been reversed during the year ended 2023.

37 Contingent liabilities and commitments

"The Company has given a performance bank guarantee of Rs 10 Lakhs to its regulator the IBBI, for offering Insolvency Professional Module services. This was done in compliance with the terms of the RFP of IBBI in which the Company had participated and won.

NaDL has given performance bank guarantees amounting to Rs. 1.01 lakhs to various customers as per terms of contract entered with them.

In light of the amendment to regulation 6 sub regulation (e) of The Information Utilities Regulations, 2017, commencing from the financial year 2023-24, the Company is required to remit annual fees calculated at a rate of 10% of the revenue instead of fixed annual fee amounting to Rs. 50 Lakhs. For the Financial year 2023-24, the Company estimated an expenditure of Rs. 8.12 Crore as Information Utilities (IU) annual fees.

The group has other commitments of Rs. 54.56 lakhs as on 31st March 2023."

37 Other notes accompanying the consolidated financial statements

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

As per our report of even date attached

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
Date: 01 September, 2023
Place: Bengaluru

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

Sd/-
R. Gandhi
Director
DIN: 03341633

Sd/-
Vinod Shenoy M.
Chief Financial Officer
Date: 01 September, 2023
Place: Bengaluru

Sd/-
Debajyoti Ray Chaudhuri
Managing Director & CEO
DIN: 09242571

Sd/-
Padmavathy S.
Company Secretary
M. No. A37997

Sd/-
Nivedita E. P.
Executive Director & CRO



KEY EVENTS AND MILESTONES



IBA's 18th Annual Banking Technology Conference, Expo and Awards-2022

The 18th edition of the Annual IBA Banking Technology Conference and Awards, was held on 03rd December 2022. The conference theme was "Future of Digital & Analytics in Banking". National E-Governance Services Limited (NeSL) participated in the event and made its eminent presence, sensitizing the participants and bankers about the various products and services offered by NeSL. Shri. Debajyoti Ray Chaudhuri, MD & CEO, NeSL participated in a group discussion on 'Driving growth in credit penetration through digital lending'. Other eminent panellists included; Shri. C.S. Setty, Managing Director, SBI, Shri. Ajay Khurana, ED, Bank of Baroda, Shri. Shaji K V, DMD, NABARD, Shri. Ashok Chandra, ED, Canara Bank, Shri. Kiran Surve, CARE Risk Solutions, Shri. Amol Nigam, CEO, CoForge and the session was moderated by Shri. Siddhartha Gupta, of McKinsey and Company. The conference ended with a keynote address by Sri. T Rabi Sankar, Deputy Governor, Reserve Bank of India.



Best Innovation in Regtech India Fintech Forum Awards 2022

National E-Governance Services Limited has been awarded as the winner in the "Best Innovation in RegTech" category at the India FinTech Forum Awards 2022 (IFTA 2022) held from 28th November 2022 to 30th November 2022. This award is for an innovative regulatory technology organization, which has demonstrated significant success during last one year. Success was measured through a number of factors including creation of new product / customer segment, customer impact, usage of disruptive technologies, virality, scalability and profitability.



NeSL Townhall 2022 - 23

NeSL's townhall was held on 12th December, 2022 and was attended by all employees in Bengaluru. The Townhall for employees based at other centres was done through VC separately. MD & CEO, Mr. Debajyoti Ray Chaudhuri made a presentation during the townhall.

During the event certificates and awards were awarded to employees who had completed 5 years of service and also to winners of certain internal contests conducted for employees during the year. The concluding remarks were given by our ED, Smt. Nivedita EP.



SPM summit 2023, "Bridging New Frontiers & Opportunities - Product Management as a Catalyst"

SPM summit 2023, "Bridging New Frontiers & Opportunities - Product Management as a Catalyst" organised by ISPMA at IIM Bangalore on 3rd & 4th March, 2023. National E-Governance Services Limited (NeSL) was the platinum sponsor for this event.

Shri Debajyoti Ray Chaudhuri MD & CEO, NeSL addressed the participants on "Information Utility- An Indian Innovation" on 3rd March, 2023. Sri Sandeep Krishna, Deputy CTO, NeSL participated in the panel discussion on "Bridging Frontiers, Unlocking Opportunities: Navigating the Intersection of Technology, Business, and Society through effective Product management" on 4th March 2023. Team NeSL and other dignitaries from the industry were present.



IIM Bangalore, EV Charging Station

As part of a Corporate Social Responsibility initiative by NeSL, EV charging station facility was provided by NeSL at the IIM Bangalore campus. The EV charging station was inaugurated on 23rd February 2023 by Hon'ble President NCLT, Chief Justice (Retd) Shri. Ramalingam Sudhakar, in the presence of Chairperson IBBI, Shri Ravi Mittal, Whole Time members of IBBI, Shri Jayanti Prasad and Shri Sudhaker Shukla and the director of IIM Bangalore. It is the only fast charging facility for EVs at the IIM Bangalore campus.



2nd International Research Conference on Insolvency and Bankruptcy, organized by IBBI

2nd International Research Conference on Insolvency and Bankruptcy, organized by Insolvency and Bankruptcy Board of India jointly with IIM, Bangalore from 23rd February, 2023 to 25th February, 2023. The conference included a workshop on data driven insolvency research aiming to provide participants useful insights in the areas of research, extensive exposure to data currently available for such research and future developments. The Workshop was chaired by Mr. Jayanti Prasad, Whole-Time Member, IBBI and included special address by Mr. Sandip Garg, ED, IBBI, by Ms. Anita Shah Akella, Joint Secretary, MCA and by Mr. Debajyoti Ray Chaudhuri, MD, NeSL. also addressed the conference. The discussions during the workshop were moderated by Prof. Venkatesh Panchapagesan, IIM Bangalore.



Visit of Chairperson IBBI Shri Ravi Mital and WTM, IBBI Shri Jayanti Prasad to NeSL Administrative office

On 24th February 2023, Chairperson, IBBI, Shri. Ravi Mital and Whole-Time-Member, IBBI, Shri. Jayanti Prasad, visited the Bengaluru office of NeSL. On this occasion Shri. Ravi Mital cut a cake to celebrate the milestone of 10,000 DDE transactions in a day.



International Women's Day Celebration

NeSL celebrated International Women's Day on 8th March 2023. In the presence of Shri. Debajyoti Ray Chaudhuri, MD & CEO of NeSL, Smt. E. P. Nivedita ED of NeSL and other staff members.

Ms. Chaitra Chidanand, Co-founder "Salt", was the Chief Guest. In her address, Ms. Chaitra, elaborated on the activities of her organization, where they sensitize women on the advantages of starting the investment journey early in life, managing one's personal finances and advised that requisite training may be taken to break-free from the fear of financial investment. She shared her expertise and experience in the field of empowering women and provided useful tips for decision making on investment goals.

Nesl®

National E-Governance Services Ltd.



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CIN U72900MH2016GOI282855