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BOARD OF DIRECTORS

SARVASHRI



Rama Subramaniam Gandhi
Independent Director



Sudha Krishnan
Independent Director



Parameswaran Pillai Naga Prasad
Independent Director



Rajesh Rasiklal Doshi
Independent Director



Subrata Biswas
Nominee Director,
State Bank of India



Parkash Chand
Nominee Director,
Life Insurance Corporation of India



Ajay Kumar Gupta
Nominee Director,
ICICI Bank Ltd.



Debajyoti Ray Chaudhuri
Managing Director & CEO

Senior Management

E P Nivedita
Executive Director

Key Managerial Personnel

Vinod Shenoy M
Chief Financial Officer

Mruthunjaya Murthy
Company Secretary & Legal Counsel

Diwakar Kannan
Chief Technology Officer

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 Annual General Meeting

NOTICE is hereby given that the **Sixth Annual General Meeting** of the members of **National E-Governance Services Limited (CIN: U72900MH2016GOI282855)** will be held on Wednesday the 28th day of September, 2022 at 2.00 p.m. through video conference/ OAVM 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:

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, 2022 and the Reports of the Board of Directors and the Auditors (Statutory & C&AG Auditors) 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, 2022 and the Reports of the Board of Directors and the Auditors (Statutory & C&AG Auditors) thereon.

Item No. 3 – Re-Appointment of Mr. Parkash Chand (DIN: 07507069), Director who retires by rotation and being eligible, offered himself for re-appointment

To appoint a Director in place of Mr. Parkash Chand (DIN: 07507069), who retires by rotation pursuant to Section 152 (6) of the Companies Act, 2013 and rules made there under, and being eligible, offers himself for re-appointment.

Item No. 4 – Appointment and fixation of remuneration of Statutory Auditors:

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

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies

(Audit and Auditors) Rules, 2014, the members do and hereby appoint M/s. Abarna & Ananthan, Chartered Accountants (Firm Registration No. 000003S) as the Statutory Auditors of the Company as recommended by the Comptroller and Auditor General (C&AG) of India vide their letter dated 29th August, 2022, to conduct the audit for the financial year 2022-23 at the remuneration of INR 3,00,000/- Lakhs (Indian Rupees Three Lakh Only) payable in one or more instalments plus GST as applicable and reimbursement of out-of-pocket expenses at actuals.”

Special Business:

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

Appointment of Shri. P. N. Prasad (DIN:07430506) as an Independent Director

“RESOLVED THAT in accordance with the provisions of Sections 149 and 152 read with rules made thereunder and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and as per the articles of association of the company, approval of the members be and is hereby accorded to appoint, Shri. P. N. Prasad (DIN:07430506), as an Independent Director for a period of 3 years till 14th February, 2025, who was appointed as additional Director (Independent) with effect from 15th February, 2022 on the Board of the company in terms of section 161 of the Companies Act, 2013, and holds the office of the Director upto the date of this Annual General Meeting.

RESOLVED FURTHER THAT, the MD&CEO and the Company Secretary of the Company be and are hereby authorized to severally sign the requisite forms / documents and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary resolution:

Appointment of Smt. Sudha Krishnan (DIN: 02885630) as an Independent Director

“RESOLVED THAT in accordance with the provisions of Sections 149 and 152 of the companies Act, 2013 read with rules made thereunder and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and as per the Articles of Association of the company, approval of the members be and is hereby accorded to appoint, Smt. Sudha Krishnan (DIN: 02885630), as an Independent Director for a period of 3 years till 14th February, 2025, who was appointed as additional Director (Independent) with effect from 15th February, 2022 on the Board of the company in terms of section 161 of the Companies Act, 2013, and holds the office of the Director upto the date of this Annual General Meeting.

RESOLVED FURTHER THAT, the MD&CEO and the Company Secretary of the Company be and are hereby authorized to severally sign the requisite forms / documents and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary resolution:

Appointment of Shri. Rajesh Doshi (DIN: 00059903) as an Independent Director

“RESOLVED THAT in accordance with the provisions of Sections 149 and 152 of the Companies Act, 2013, read with rules made thereunder and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and as per the Articles of Association of the company, approval of the members be and is hereby accorded to appoint, Shri. Rajesh Doshi (DIN: 00059903), as an Independent Director for a period of 3 years till 6th May, 2025, who was appointed as additional Director (Independent) with effect from

7th May, 2022 on the Board of the company in terms of section 161 of the Companies Act, 2013, and holds the office of the Director upto the date of this Annual General Meeting.

RESOLVED FURTHER THAT, the MD&CEO and the Company Secretary of the Company be and are hereby authorized to severally sign the requisite forms / documents and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

8. To consider and if thought fit with or without modification the following resolution as Special Resolution

Re-Appointment of Shri. Ramasubramaniam Gandhi (DIN:03341633) as an independent director for second term:

“RESOLVED THAT Shri. Ramasubramaniam Gandhi (DIN:03341633), who was appointed as an independent director on 26th April, 2018 for a term of 5 years till 25th April, 2023, pursuant to Sections 149, 152 and 161 and other relevant provisions of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) on the recommendation of Nomination and Remuneration Committee and the Board of Directors of the company, approval of the members be and are hereby accorded for the appointment of Shri. Ramasubramaniam Gandhi (DIN:03341633) as an independent director, not liable to retire by rotation, for a period of one year up to 25th April, 2024, as per the provisions of Regulation 9 of Insolvency and Bankruptcy Board of India (Information Utility) Regulations, 2017 {IBBI (IU)}.

RESOLVED FURTHER THAT, the MD&CEO and the Company Secretary of the Company be and are hereby authorized to severally sign the requisite forms / documents and to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required to give effect to the aforesaid resolution.”

9. To consider and if thought fit with or without modification the following resolution as Ordinary Resolution

To approve revision in remuneration of Shri. Debajyoti Ray Chaudhuri, Managing Director & CEO of the company:

“RESOLVED THAT pursuant to the recommendation of Nomination and Remuneration Committee and approval of Board of Directors and pursuant to the provisions of Section 196, 197, 198, 201 and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including rules, notifications and statutory modification, amendment or re-enactment thereof for the time being in force and as may be enacted from time to time) read with Schedule V of the said act, and such other approvals, permissions and sanctions of such authorities and/or agencies as may be required in this regard and subject to the provisions of the Articles of Association of the Company, approval of the members of the company be and is hereby accorded for the revision of remuneration to Shri. Debajyoti Ray Chaudhuri, (DIN:09242571) Managing Director & CEO of the company with effect from 1st April, 2022 on following terms and conditions:

Particulars of remuneration w.e.f. 1 st April, 2022	Amount in INR
Basic Salary	43,16,961
House Rent Allowance	17,26,784
Leave Travel Allowance	60,000
Special Allowance	5,73,154
Retrial Benefits (EPF)	5,18,035
Annual CTC	71,94,935

(All other perquisites approved by the members of the company at the 5th AGM of the company remains unchanged.)

RESOLVED FURTHER THAT where in any financial year during the tenure of Shri. Debajyoti Ray Chaudhuri, (DIN:09242571), the company has no profits or profits are inadequate, the aforesaid remuneration or remuneration as may be approved by the Board of Directors of the company from time to time shall be paid as minimum remuneration.

RESOLVED FURTHER THAT the overall managerial remuneration payable to Shri. Debajyoti Ray Chaudhuri, during his tenure as the MD & CEO of the company shall be such amount as may be annually revised/fixed by the Board from time to time on recommendation of the NRC based on the performance evaluation not exceeding the maximum annual increment as per the HR Policy of the company and that the terms and conditions of the aforesaid remuneration payable to the said MD & CEO be varied/altered/revised within said limit, in such manner as may be required during his tenure in the company as MD&CEO.

RESOLVED FURTHER THAT any of the directors or the Company Secretary of the company be and are hereby authorised to do severally all such acts deeds including filing of necessary form with the regulator, authorities, etc and things as they may deem necessary, proper or desirable and settle any questions, difficulty or doubt that may arise in this regard.”

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/-
Mruthunjaya Murthy
Company Secretary & Legal Counsel
M.No. 11766

Date: 04/09/2022
Place: Bengaluru

NOTES:

- In view of the COVID-19 pandemic, social distancing is to be a pre-requisite and pursuant to the General Circulars 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated 5th May, 2020, 22/2020 dated June 15, 2020, 32/2020 dated September 28, 2020, 02/2021 dated January 13, 2021 and 10/2021 dated June 23, 2021, prescribing the procedures and manner of conducting the AGM through VC/OAVM issued by the Ministry of Corporate Affairs, physical attendance of the Members to the AGM venue is not required. Hence, Members have to attend and participate in the ensuing AGM through VC/OAVM only. The deemed venue for the 6th AGM will be the Registered Office of the Company.
- 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.
- 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.
- In terms of Section 113 of the Companies Act, 2013, a body corporate whether a company within the meaning of the Act or not, which is a member of this Company, may by a resolution of its Board, authorise such person as it thinks fit to act as representative at any meeting of the Company and a person so authorised shall be entitled to exercise the same powers on behalf of the Company which he represents, as if he is an individual shareholder of the Company.
- Pursuant to Section 139 (5) read with Section 142 (1) of the Companies Act, 2013, the Auditors of a Government Company are appointed by the

Comptroller and Auditor General (C&AG) of India and their remuneration is fixed by the Company in the Annual General Meeting. The shareholders may authorize the Board to fix an appropriate remuneration of Auditors for the year 2022 -23 as may be deemed fit by the Board.

- An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business is given below :

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

Item No. 5

Shri. PN. Prasad was appointed by the Board as an Additional Director (Independent Director) by with effect from 15th February, 2022, consequent to his appointment as Independent Director of the company, in terms of provisions of Section 161 of the Companies Act, 2013, rules made thereunder and also in terms of Articles of Association of the Company. As per the provisions contained under Section 161 of the Companies Act, 2013, the “Additional Director” so appointed shall hold office upto the date of the next Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier. Accordingly, Shri. PN. Prasad, as an Additional Director, holds office upto the date of this Annual General Meeting.

In terms of the provisions contained under Section 160 of the Companies Act, 2013 and the rules made thereunder, a person who is not a retiring director in terms of Section 152 shall, subject to the provisions of this Act, be eligible for appointment to the Office of Director at any General Meeting, if he or some member intending to propose him as a Director, has, not less than fourteen days before the meeting, left at the Registered Office of the company, a notice in writing under his hand signifying his candidature as a Director, or the intention of such member to propose him as a candidate for that office, as they case may be, along with deposit of one lakh rupees. However, as per the proviso to Sec. 160, the requirements of deposit of amount shall not apply in case of appointment of Independent Director. Since Shri PN Prasad is an Independent Director of the Company, there is no requirement of submission of requisite deposit.

Accordingly, the company has received a notice from the director proposing himself for the office of Director in terms of Section 160 of the Companies Act, 2013. Shri PN Prasad has also given a declaration to the company that he meets criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Qualification of Directors) Rules, 2014. He does not hold any shares of NeSL.

Further as required under Regulation 9 of the Insolvency Bankruptcy Board of India (IU) Regulations, 2017, IBBI has accorded its approval to appoint Shri. PN Prasad as the independent Directors of the company for a term of 3 years in the company.

Hence, the Board of Directors based on the recommendation of Nomination and Remuneration Committee of the Company recommends the resolutions in Item No. 5 for approval of members by means of an Ordinary Resolution.

None of the other Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at item No. 5 of the Notice. The Board recommends the Ordinary Resolution as set out at item no. 5 for approval by the members.

The detailed profile of Shri. P.N. Prasad is enclosed herewith:



Shri. P.N. Prasad
Independent Director

Shri P.N. Prasad is a seasoned banker with 37 years of domestic and global experience. He retired as the Deputy Managing Director of State Bank of India, India's largest Commercial Bank. At the time of superannuation, he was heading the Commercial

Clients Group, the Corporate Banking Vertical and the Project Finance & Structuring SBU of the State Bank of India. Mr. Prasad is a Postgraduate in Chemistry and is an All India rank holder in CAIIB examination conducted by the Indian Institute of Bankers. In his career, he handled some challenging assignments in leadership positions such as Chief Executive Officer, Antwerp;

General Manager, Mid Corporate Regional Office, Chennai covering states of Tamil Nadu, Kerala, and Pondicherry; Chief General Manager (Mid Corporate Group), covering Western India and Deputy Managing Director (Commercial Clients Group) including the Project Finance & Structuring Strategic Business Unit (PF& S SBU). Mr. Prasad has got rich experience in Corporate & International Banking, Project Finance & Structuring, Debt Syndication, Stressed Asset Management & Resolution, Risk Management, Trade Finance, Compliances etc. Mr. Prasad was the Chairman of the Co-Ordination Committee appointed by the Ministry of Commerce, Govt. of India, to address the issues faced by the Gems & Jewellery Sector in India. He represented the Bank in committees appointed by the Ministry of Civil Aviation and Ministry of Power to address the issues faced by these sectors. He was the nominee director of State Bank of India in HDFC Venture Capital Ltd and Oman India Joint Investment Fund Management Company Private Ltd. He also served as a member in the committee constituted by Reserve Bank of India in April 2021 for comprehensive review of Asset Reconstruction Companies (ARCs).

He is presently a shareholder Director in Bank of India and an Independent Director in Insolvency Professional Agency of Institute Cost Accountants of India (IPA ICAI). He is also a Senior Advisor (Banking) to the Gem & Jewellery Export Promotion Council (GJEPC).

Item No. 6

Smt. Sudha Krishnan was appointed by the Board as an Additional Director (Independent Director) by with effect from 15th February, 2022, consequent to her appointment as Independent Director of the company, in terms of provisions of Section 161 of the Companies Act, 2013, rules made thereunder and also in terms of Articles of Association of the Company. As per the provisions contained under Section 161 of the Companies Act, 2013, the "Additional Director" so appointed shall hold office upto the date of the next Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier. Accordingly, Smt. Sudha Krishnan, as an Additional Director, holds office upto the date of this Annual General Meeting.

In terms of the provisions contained under Section 160 of the Companies Act, 2013 and the rules made thereunder, a person who is not a retiring director in terms of Section 152 shall, subject to the provisions of this Act, be eligible for appointment to the Office of Director at any General Meeting, if he or some member intending to propose him as a Director, has, not less than fourteen days before the meeting, left at the Registered Office of the company, a notice in writing under his hand signifying her candidature as a Director, or the intention of such member to propose her as a candidate for that office, as they case may be, along with deposit of one lakh rupees. However, as per the proviso to Sec. 160, the requirements of deposit of amount shall not apply in case of appointment of Independent Director. Since Smt. Sudha Krishnan is an Independent Director of the Company, there is no requirement of submission of requisite deposit. Accordingly, the company has received a notice from the director proposing herself for the office of Director in terms of Section 160 of the Companies Act, 2013. Smt. Sudha Krishnan has also given a declaration to the company that he meets criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Qualification of Directors) Rules, 2014. She does not hold any shares of NeSL.

Further as required under Regulation 9 of the Insolvency Bankruptcy Board of India (IU) Regulations, 2017, IBBI has accorded its approval to appoint Smt. Sudha Krishnan as the independent Director of the company for a term of 3 years in the company.

Hence, the Board of Directors based on the recommendation of Nomination and Remuneration Committee of the Company recommends the resolution in Item No. 6 for approval of members by means of an Ordinary Resolution.

None of the other Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at item No. 6 of the Notice. The Board recommends the Ordinary Resolution as set out at item no. 6 for approval by the members.

The detailed profile of Smt. Sudha Krishnan is enclosed herewith:



Smt. Sudha Krishnan
Independent Director

Smt. Sudha Krishnan joined the Indian Audit and Accounts Service (IAAS) in 1983. She possesses Master's Degree in Public Administration (MPA), George Mason University Virginia, USA, Master's Degree in English Literature (MA) and Bachelor's Degree (Hons) in English Literature (BA Honours) from Delhi

University. She retired as Member Finance to the Space Commission and Atomic Energy Commission. As Member Finance, she served as the advisor to the Commissions on financial business pertaining to the Departments of Space and Atomic Energy. Smt. Krishnan has close to four decades of experience in public policy and finance. She has worked on secondment at the Ministry of Finance in different capacities where she has handled diverse portfolios including World Bank projects, personnel matters of the Central Government and writing memoranda and reports for the finance minister on improving the overall effectiveness of Government spending. She also served as Financial Adviser to the Ministry of Urban Development. She has been a Government nominee director on the boards of many Government companies and banks. In her parent department namely, the office of Comptroller and Auditor General of India (the Supreme Audit Institution- SAI, of India) she has led and coordinated the production of several audit reports including the audit of the Central Board of Direct Taxes. As Principal Director (International Cooperation) she was directly responsible for advising and implementing the CAG's international obligations both bilateral and multilateral. In her last assignment in the office of the CAG, she was responsible for developing and strengthening professional standards and practices in audit. Smt. Krishnan serves as Independent Director on boards of SBI Funds Management Ltd, IDFC Financial Holding Company Ltd and Graphite India Ltd.

Item No. 7

Shri. Rajesh Doshi was appointed by the Board as an Additional Director (Independent Director) by with effect from 7th May, 2022, consequent to his appointment as Independent Director of the company, in terms of provisions of Section 161 of the Companies Act, 2013, rules made thereunder and also in terms of Articles of Association of the Company. As per the provisions contained under Section 161 of the Companies Act, 2013, the "Additional Director" so appointed shall hold office upto the date of the next Annual General Meeting or the last date on which the Annual General Meeting should have been held, whichever is earlier. Accordingly, Shri. Rajesh Doshi, as an additional director, holds office upto the date of this Annual General Meeting.

In terms of the provisions contained under Section 160 of the Companies Act, 2013 and the rules made thereunder, a person who is not a retiring director in terms of Section 152 shall, subject to the provisions of this Act, be eligible for appointment to the Office of Director at any General Meeting, if he or some member intending to propose him as a Director, has, not less than fourteen days before the meeting, left at the Registered Office of the company, a notice in writing under his hand signifying her candidature as a Director, or the intention of such member to propose her as a candidate for that office, as they case may be, along with deposit of one lakh rupees. However, as per the proviso to Sec. 160, the requirements of deposit of amount shall not apply in case of appointment of Independent Director. Since Shri. Rajesh Doshi is an Independent Director of the Company, there is no requirement of submission of requisite deposit. Accordingly, the company has received a notice from the director proposing himself for the office of Director in terms of Section 160 of the Companies Act, 2013. Shri. Rajesh Doshi has also given a declaration to the company that he meets criteria of independence as prescribed under Section 149 (6) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Qualification of Directors) Rules, 2014. She does not hold any shares of NeSL.

Further as required under Regulation 9 of the Insolvency Bankruptcy Board of India (IU) Regulations, 2017, IBBI

has accorded its approval to appoint Shri. Rajesh Doshi as the independent Director of the company for a term of 3 years in the company.

Hence, the Board of Directors based on the recommendation of Nomination and Remuneration Committee of the Company recommends the resolution in Item No. 6 for approval of members by means of an Ordinary Resolution.

None of the other Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested in the resolution set out at item No. 6 of the Notice. The Board recommends the Ordinary Resolution as set out at item no. 7 for approval by the members.

The detailed profile of Shri. Rajesh Doshi is enclosed herewith:



Shri. Rajesh Doshi
Independent Director

Shri. Rajesh Doshi is an Alumni of Indian Institute of Technology (Mumbai), with a Bachelor's degree in Electrical Engineering (1973 batch). He began his career as a Trainee Engineer with Tata Burroughs Ltd., which was later merged with TCS Ltd. He has been associated with National Securities Depository Ltd. since its

inception in 1996 in capacity of Executive Director IT with overall responsibility to set-up and manage Information technology Systems for NSDL's many projects, including main Securities Depository system, Tax information Network (TIN), Central record keeping Agency (CRA) system for National pension Scheme (NPS) etc. Subsequent to demerger of NSDL's non depository business into a separate company NSDL e Governance Ltd (NeGIL), he assumed additional charge of overall operations of depository business in capacity of Senior Executive Director and retired from this post on 29th February, 2016.

He was member of the board of NSDL's wholly owned subsidiary company NSDL Database Management Ltd (NDML) and was designated Director In-charge. NDML is engaged in undertaking several socially useful first

of its kind IT centric nationwide project with Pan India reach, including National Insurance – policy Repository (NIR), SEZ online system for Ministry of Commerce (MOC), National Skills Registration (NSR) portal in association with NASSCOM, PayGov payment gateway for DeIT, KYC Registration Agency (KRA) system for securities market etc.

Item No. 8

Shri. Ramasubramaniam Gandhi (DIN:03341633) was inducted as an independent director on 18th April, 2018. Accordingly, his tenure of five years as Independent Director for the first term shall complete on 17th April, 2023. As per the provision of Section 149(10) of the Companies Act, 2013 he can be re-appointed as Independent Director for a second term on passing a special resolution by the shareholders in the General Meeting of the Company. As per the Secretarial Standards the re-appointment for the second term through shareholders' approval has to be completed before the expiry of first term. Since his first term of five years as per Companies Act, 2013 is concluding on 18th April, 2023 and as the company foresees that there may not be any circumstance to hold general meeting of the shareholders during that period, it is proposed to seek the approval of the shareholders in this Annual General Meeting (AGM) of the company. Hence, it is proposed to seek the approval of the members of the company through special resolution to re-appoint him for the second term. The Nomination and Remuneration Committee of the company on 30th June, 2022 had reviewed and recommended to the Board for the approval of the proposal for reappointment of Shri. R Gandhi, subject to the approval of members of the company. The Board of Directors of the company have reviewed the performance evaluation of Shri. R. Gandhi and his performance was found satisfactory and approved for his re-appointment. During his first term of appointment his contribution towards the growth of the company and his participation at the Board and Committee meetings were productive. His suggestions were valuable in taking the combined decision of the Board and Committees in which he was a member. Your Board strongly recommends the re-appointment of Shri. R. Gandhi and as per the declaration provided to the Company, he is not disqualified from being appointed as Director of the Company.

As per Regulation 9 of IBBI (IU) Regulations, 2017, which came into effect from 11th October, 2018, an independent Director can hold the office for two terms of up to three years each. Shri. R Gandhi will be completing his 5 years tenure on 17th April, 2023 and as mentioned above, his term of re-appointment shall be for the period of one year till 16th April, 2024.

The approval of the members are sought for his re-appointment as an Independent Directors up to 16th April, 2024, since he will be completing his second term of three years on 16th April, 2024 as per the provisions of Regulation 9 of IBBI (IU) Regulations.

Except Shri. R. Gandhi in his capacity as director none of the directors or KMPs or their relatives are neither interested nor concerned in the proposed resolution. The resolution is placed before members for approval as special resolution as set out at item no. 8.

The detailed profile of Shri. R. Gandhi is enclosed herewith:



Shri. Ramasubramaniam
Gandhi
Independent Director

Shri. R. Gandhi had been the Interim Head of Monetary Policy Department of Reserve Bank of India since September 2016 and has been its Deputy Governor since April 2014. Shri. Gandhi served as an Executive Director of Reserve Bank of India since March 3, 2011 and

served as its Director. He has been a Director at National Bank for Agriculture and Rural Development since July 20, 2016. He served as a Director of Bank of Baroda since July 2010 until May 30, 2011 and National Housing Bank since October 17, 2016 until May 18, 2017. He served as a Director of Central Bank of India from June 11, 2002 to January 9, 2004. He served as a Director of Punjab & Sind Bank from April 2, 2008 to July 28, 2009. He has a rich experience of Central Banking of over three decades having wide cross functional exposure in technology, payment systems capital market, securities, forex, money market, Human Resource Management and International Banking. Besides holding strategic positions in RBI, he had also piloted several projects on IT, payment systems,

financial literacy, financial inclusion and related developmental initiatives. He holds MA (Economics) with CAIIB and has professional competence in IT applications.

Except Shri. Ramasubramaniam Gandhi in his capacity as director, none of the directors or KMPs or their relatives are interested or concerned in the proposed resolution. The resolution is placed before members for approval as a Special Resolution.

Item No.9.

Shri. Debajyoti Ray Chaudhuri, was appointed as MD & CEO of the company for a term of 5 years with effect from 18th August, 2021 by the members of the company at the 5th Annual General Meeting held on 23rd September, 2021. As part of the annual appraisal process according to the HR Policy of the company, the Nomination and Remuneration Committee (NRC) in their meeting held on 27th July, 2022 reviewed the performance of the MD&CEO for the Financial Year 2021-22 (In case of Shri. Debajyoti Ray Chaudhuri for the period from 18th August, 2021 till 31st March, 2022 {7 months 14 days}) and based on the performance evaluation rating recommended by the NRC and as approved by the Board, the revision in the remuneration of MD & CEO as mentioned in the item No. 5 of Special Business, placed for the approval of members

As per the HR Policy of the company, MD & CEO is eligible for an annual increment based on his Performance Appraisal and Development Process (PADP) as defined in the aforementioned policy. The rate of increment is determined in the HR Policy

subject to the recommendation of the NRC. Hence, the members of the company are requested to approve the revision in the remuneration of MD&CEO as proposed and further authorise the Board of Directors to annually review the performance of the MD & CEO as recommended by the NRC and revise his remuneration as determined by the HR policy of the company during his tenure with the company. The HR policy shall be placed at the registered office of the company for inspection by the interested members.

Except Shri. Debajyoti Ray Chaudhuri in his capacity as MD & CEO, none of the directors or KMPs or their relatives are interested or concerned in the proposed resolution. The resolution is placed before members for approval as an ordinary Resolution as set out at item no. 9.

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/-

Mruthunjaya Murthy
Company Secretary & Legal Counsel
M.No. 11766

Date: 04/09/2022

Place: Bengaluru

DIRECTOR`S REPORT

Director`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 fifth Annual Report of along with the audited financial statements (Standalone and Consolidated) for NeSL Group for the financial year (FY) ended March 31, 2022

I. Financial Performance

a. Standalone and consolidated financial results.

Particulars	Standalone		Consolidated	
	FY 2021-22	FY 2020-21	FY 2021-22	FY 2020-21
Gross revenue from operations	629,819	515,826	643,296	524,683
Total expenditure before finance cost, depreciation (net of expenditure transferred to capital)	257,241	149,321	281,776	163,948
Operating Profit	372,578	366,505	361,520	360,735
Add: Other income	66,395	57,002	68,966	58,981
Profit before finance cost, depreciation, exceptional items and taxes	438,973	423,507	430,486	419,716
Less: Finance costs	1,941	2,406	2,170	2,704
Profit before depreciation, exceptional items and taxes	437,032	421,101	428,316	417,012
Less: Depreciation	64,271	52,274	68,690	54,196
Profit/(Loss) before exceptional items & tax	372,761	368,827	359,626	362,816
Add/(Less): Exceptional Items	(83,783)	-	(56,683)	-
Profit before taxes	288,978	368,827	302,943	362,816
Less: Tax Expense				
Current Tax	104,062	95,641	105,496	96,374
Deferred Tax	(23,530)	(1,890)	(19,824)	(4,114)
Net Profit/(Loss)for the Period	208,446	275,076	217,271	270,556
Other Comprehensive Income (OCI)	(2,231)	(504)	(2,103)	(449)
Deferred tax	562	127	528	113

Total comprehensive loss for the year	(1,669)	(377)	(1,575)	(336)
Net Profit/(Loss)	206,777	274,699	215,696	270,220
Retained Earnings: Balance brought forward from the previous year	349,007	74,308	339,986	70,051
Add: Profit for the Period	206,77	274,699	215,696	270,220
Balance	555,784	349,007	555,682	340,271
Total Appropriations				285
Retained Earnings: Balance to be carried forward	555,784	349,007	555,682	339,986

b. Overview of company performance

Your Director`s are pleased to inform you that the company on a standalone basis registered a revenue of Rs. 62.98 Crores during the year under review as against Rs. 51.58 Crores in the previous year, a significant upward jump of 22.10%. The Profit after Tax (PAT) was Rs. 20.67 Crores as compared to Rs. 27.47 Crores in the previous year and resulted in accretion to Retained earnings of Rs. 20.67 Crores. There were exceptional items, which reduced the PAT by Rs.8.37 Crores. During the year, the Company provided Rs. 5.64 Crores for a contract related to our PDA business representing expenses under the contract over the income from the business. The other exceptional item is an impairment in equity capital of NaDL, a wholly owned subsidiary for Rs 2.73 Crores. This impairment in investment is recognized at a stand-alone financial statements level and would be eliminated at consolidated financials level as per generally accepted accounting policy.

The Consolidated Revenue for the financial year 2021-22 was Rs. 64.32 Crores, higher by 22.60% over the previous year`s revenue of Rs. 52.46 Crores. The PAT for financial year 2022 was Rs. 21.56 Crores as against profit/loss of Rs. 27.02 Crores in the previous year.

During the year under report, IBBI notified the amendment to the IBBI(IU) Regulations, 2017 which requires a user who has already submitted information on the IU platform, to submit the information updated as on the last day of every month, in the first week of following month: It also provides that information of default has to

be updated within seven days of occurrence of default. These amendments shall ensure that that your company, which is an Information Utility regulated by IBBI, will have updated information regarding the debts and defaults of debtors in its records and therefore would be in a better position to meet the requirements of its stakeholders. The amendment in the regulations also require your company to publish statistics related to debt related information in its possession. Your company has started publishing these reports from the first quarter of this year and these are now available on your company`s website and going forward, these can increasingly become a tool for decision making at the macro level.

c. Reserves:

The balance of the retained earnings, after appropriation and adjustments of the year was Rs. 55.57 Crores.

II. Operational Performance:

a. Information Utility: In respect of operations your company as IU, on-boarded loan records submitted in the region of 145.85 lakhs during the year, inter-alia having the corporate loan value of Rs. 127.52 lakh Crores, which broadly represents the entire set of corporate debts provided by the Banking and NBFC Sectors. This highlights the success of the reforms undertaken by the Government of India by the implementation of the Insolvency and Bankruptcy Code. Operational creditors also submitted data to IU of a value of about INR 45,450 Crores.

b. The Digital Document Execution (DDE) initiative of the company was launched in the previous financial year and gained traction during the year under review. There was substantial increase in both the number of the transactions and also the number of states where the DDE of your company was approved for e-stamping and document execution. As at the close of the year, most of the states of the country have accorded approval to your company for DDE, however as some of these approvals came during the latter part of the year, full benefits of the same will be realised during the next financial year.

c. The PDA service offered by your company has been empanelled by IBBI to provide services to Insolvency professionals registered under the Insolvency and Bankruptcy Code. Considering that this is the first full year of operations, it faces some challenges which are being addressed in consultation with the IBBI.

III. COVID-19 Impact:

a. The Financial Year 2021-22 also witnessed the second wave of COVID-19 which affected more lives but caused less disruption to business as compared to the first wave. Keeping in view the health and welfare of the employees and their dependants and to ensure continuity of operations, the company took the decision to allow the employees to work from home. The company took all safety measures for the staff who opted to work at office like ensuring that the employees get vaccinated before they attend office. The company also complied with all the applicable norms as advised by the Central and State Governments from time to time. During the closing months of the financial year, the country had the third wave, which, due to the benefits of vaccination and other safety measures, did not have as much an impact as the previous two waves. Despite the restrictions imposed by the Government due to pandemic, there was no major impact on the business objectives of the company and the company was able to maintain a stable growth in both revenues and profits.

b. **Human Resource:** During the year under review, there was a spike in demand for IT services in the wake of the lock down account of COVID-19. The industry as a whole and your company in particular faced a severe shortage of trained

IT resources. This was compounded by the increased requirement of manpower for implementation of DDE in various states. As a technology company, the management, after observing the market trends, put in all out efforts to minimise attrition and retain talent. The Company is focussing on enhancing the technical resources in the current fiscal. The company moved into a new administrative office at Bangalore with larger space with state of art amenities to encourage the employees to work from office consequent to easing of the pandemic and return to normalcy.

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 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, 2022 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 during the year 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.

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

VI. Dividend:

No dividend is proposed by your Directors with a view to conserve the resources to meet the requirements of a growing business and capital requirements of subsidiaries.

VII. Reserves:

The balance of the retained earnings, after appropriation and adjustments of the year was Rs. 54.09 Crores.

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.

IX. 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:

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 & innovation and Foreign Exchange Earnings and Outgo:

A. Conservation of Energy:

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

B. Technology absorption:

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

C. Foreign Exchange Earnings and Outgo:

NIL

XII. Directors and KMP:

a. Appointments/Re-appointments/ resignations:

i. Shri. Debajyoti Ray Chaudhuri was appointed as MD & CEO of the company with effect from 18th August, 2021 in place of Shri. S Ramann, the former MD & CEO of the company.

ii. Shri Parkash Chand, Zonal Manager, LIC was appointed as Nominee Director on 15th July, 2021 in place of Mr. G S Chawla who was the nominee director from LIC of India.

iii. Shri. P. N. Prasad, was appointed as Additional Director (Independent) with effect from 15th February, 2022 and will hold the office till the date of ensuing Annual General Meeting of the company. The Company has received notice in writing under Section 160 of the Companies Act, 2013 from a member proposing Shri. P. N. Prasad's candidature for the office of Director. Accordingly, Shri. P. N. Prasad is proposed to be appointed as a Non-Executive Independent Director for a period of 3 consecutive years with effect from 15th February 2022 upto 14th February 2025.

iv. Smt. Sudha Krishnan, IA&AS(Retd) was appointed as Additional Director (Independent) with effect from 15th February, 2022, and will hold the office till the date of ensuing Annual General Meeting of the company. The Company has received notice in writing under Section 160 of the Companies Act, 2013 from a member proposing Smt. Sudha Krishnan's candidature for the office of Director. Accordingly, Smt. Sudha Krishnan is proposed to be appointed as a Non-Executive Independent Director for a period of 3 consecutive years with effect from 15th February 2022 upto 14th February 2025.

v. Shri. Rajesh Doshi was appointed as Additional Director (Independent) with effect from 7th May, 2022, and will hold the office till the date of ensuing Annual General Meeting and being eligible has been proposed for appointment as Independent Director at the ensuing AGM of the company. The Company has received notice in writing under Section 160 of the Companies Act, 2013 from a member proposing Shri. Rajesh Doshi's candidature for the office of Director.

Accordingly, Shri. Rajesh Doshi is proposed to be appointed as a Non-Executive Independent Director for a period of 3 consecutive years with effect from 7th May 2022 upto 6th May 2025.

vi. Shri Subrata Biswas, DMD-SARG of State Bank of India was nominated as Director in place of Shri. Natarajan Sundar, who superannuated on 30th April, 2022 from SBI.

vii. Shri. R. Gandhi who was appointed as the Independent Director of the company in April 2018 will be completing his first tenure of five years as Independent Director on 26th April, 2023 and the company is proposing to extend his tenure for another year till 2024 subject to the approval of the members of the Company by special resolution and as per the requirements of law.

b. Directors' Responsibility Statement:

In terms of the framework of Internal Financial Controls[includingStandardOperatingprocedures] 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:

Sl. No.	Name	Period	Amount. (INR in '000s)
1	Shri. S. Ramann*	01/04/2021 to 18/04/2021	342
2	Shri. Debajyoti Ray Chaudhuri	18/08/2021 to 31/03/2022	4,380

*Resigned w.e.f. 18/04/2021

b. 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.

c. 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 company has not received any complaints in this regard from any person.

XV. Governance/Secretarial

A Report on Corporate Governance for the financial year ended 31st March 2022 along with the Statutory Auditor's Certificate on compliance with the provisions of corporate governance under SEBI Listing Regulations, 2015 is forming part of the Annual Report.

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 and Web Link thereto is www.nesl.co.in/annual-return/.

b. Whistle Blower Policy:

The Whistle Blower Policy of the Company has been disclosed on the website of the Company and Web Link thereto is www.nesl.co.in/policies/. During the year under review the company/management has not received any whistle blower 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 12th March 2022 and took note of the situation/affairs of the company.

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.

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:

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, 2022:

(in INR)		
Sl. No.	Name of the Company	Amount invested
1	NESL Asset Data Limited (NADL)	8,00,00,000
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.

j. The Company is debt free and has not defaulted any payments to its creditors and no actions against the company was initiated under the Insolvency and Bankruptcy Code, 2016, by any of the Financial/ Operational Creditors.

XVI. Auditors:**a. Statutory Auditors:**

As per the advice and directions of the C&AG of India vide its letter dated 18th August, 2021, M/s Abarna & Ananthan, Chartered Accountants (bearing FRN 000003S), were appointed as the Statutory Auditors of the company for the year ending March 31, 2022 by the shareholders in the Annual General Meeting held on 23rd September, 2021 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 2022-23. 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 2021-22

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. S. N. Ananthasubramanian & Co, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the Financial Year 2021-22. The Secretarial Audit Report for the financial year 2021-22 does not contain any adverse remark, qualification or reservation. The Secretarial Audit Report for financial year 2021-22 is given as Annexure 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 2021-22.

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. Technology Audit Report:

Pursuant to the provisions of Regulation 34 of the IBBI (IU) Regulations, 2017, an IU shall get audit of its

information technology framework, interface and data processing systems every year. Accordingly, M/s. CDAC, a Central Government Organization based at Pune were appointed as Auditors in this regard.

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.

Annexure-I Report on Corporate Governance

1.1. Composition of the Board & KMP:

The Board comprised of the following directors:

Sl. No.	Name of Director	Designation	DIN	Date of Appointment
1	Dr. Nivedita Haran	Independent Director	06441500	24/06/2016
2	Prof. S. Sadagopan	Independent Director	00118285	24/06/2016
3	Shri. Ramasubramaniam Gandhi	Independent Director	03341633	17/04/2018
4	Smt. Sudha Krishnan	Independent Director	02885630	15/02/2022
5	Shri. Parameswaran Pillai Naga Prasad	Independent Director	07430506	15/02/2022
6	Shri. Rajesh Doshi	Independent Director	00059903	07/05/2022
7	Shri. Natarajan Sundar [#]	Nominee Director (SBI)	03525506	01/10/2020
8	Shri. Anindya Banerjee	Nominee Director (ICICI)	08235110	16/01/2019
9	Shri. Parkash Chand	Nominee Director (LIC)	07507069	15/07/2021
10	Shri. S. Ramann [*]	Managing Director & CEO	07685657	01/12/2016
11	Shri. Debajyoti Ray Chaudhuri ^{**}	Managing Director & CEO	09242571	26/07/2021

^{*}S. Ramann resigned from the board on 18/04/2021.

^{**}Debajyoti Ray Chaudhuri appointed as additional director from 26/07/2021 & joined as MD & CEO from 18/08/2021.

[#]Shri. Natarajan Sundar resigned on 30/04/2022, due to his superannuation from SBI.

1.2. KMPs of the company:

Sl. No.	Name of KMP	Designation	Date of Appointment	Date of Resignation
1	Shri. Debajyoti Ray Chaudhuri	Managing Director & CEO	18/08/2021	-
2	Shri. Mruthunjaya Murthy	Company Secretary & Legal Counsel	04/06/2018	-
3	Shri. Vinod Shenoy M	Chief Financial Officer	11/07/2018	-
4	Shri. Diwakar Kannan	Chief Technology Officer	18/01/2020	-
5	Shri. S. Ramann [*]	Former Managing Director & CEO	01/12/2016	18/04/2021

^{*}Resigned w.e.f. 18/04/2021

1.3. Meetings of the Board:

The Board met four times during the financial year:

Sl. No.	Date of Meeting	No. of Directors eligible to Attend	No. of Directors Attended	No. of Directors not Attended
1	13 th April 2021	6	5	1
2	26 th July 2021	6	5	1
3	15 th November, 2021	7	6	1
4	15 th February, 2022	7	7	0

*S. Ramann resigned from the board on 18/04/2021.

1.4. Attendance of Directors:

Details of attendance of Directors at the Board Meetings held during the financial year 2021-2022 are provided below:

Sl. No.	Name of Director	Designation	No. of Meetings Attended
1	Dr. Nivedita Haran	Independent Director	4
2	Prof. S. Sadagopan	Independent Director	4
3	Shri. Ramasubramaniam Gandhi	Independent Director	4
4	Shri. Parkash Chand	Nominee Director (LIC)	2
5	Shri. Anindya Banerjee	Nominee Director (ICICI)	3
6	Shri. Natarajan Sundar*	Nominee Director (SBI)	4

*Resigned w.e.f. 30/04/2022

1.5. Independent Directors Meetings held on 12th March, 2022

Sl. No.	Name of Director	Designation	Attendance
1	Shri. Ramasubramaniam Gandhi	Independent Director	Attended
2	Dr. Nivedita Haran	Independent Director	Attended
3	Prof. S. Sadagopan	Independent Director	Attended

1.6. The Annual General Meeting of the Company was held on 23rd September 2021 and following directors attended the AGM:

Sl. No.	Name of the Director	AGM (23 rd September, 2021)
1	Shri. Ramasubramaniam Gandhi	Attended
2	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:

Sl. No.	Name of Director	Designation
1.	Prof. S. Sadagopan	Chairman
2.	Shri. Natarajan Sundar*	Member
3.	Shri. Ramasubramaniam Gandhi	Member

*Resigned w.e.f. 30/04/2022

2.1.1.1. Re-constituted Audit Committee on 7th May, 2022

The Audit Committee of the company consists of the following members:

Sl. No.	Name of Director	Designation
1	Prof. S. Sadagopan, Independent Director	Chairman
2	Shri. R. Gandhi, Independent Director	Member
3	Smt. Sudha Krishnan, Independent Director*	Member
4	Shri. Subrata Biswas, Nominee Director*	Member

*Resigned w.e.f. 30/04/2022

2.1.2 Terms of Reference:

The Committee shall inter alia be responsible for:

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

2.1.3 Meetings of the Audit Committee:

The Audit Committee met twice during the reporting period:

Sl. No.	Date of Meeting	No. of Directors eligible to Attend	No. of Directors Attended	No. of Directors not Attended
1	26 th July, 2021	3	3	0
2	15 th November, 2021	3	3	0

2.1.4. Attendance of Directors:

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

Sl. No.	Name of Director	Designation	No. of Meetings Attended
1	Prof. S. Sadagopan	Independent Director	3
2	Shri. Ramasubramaniam Gandhi	Independent Director	3
3	Shri. Natarajan Sundar*	Nominee Director	3

*Resigned w.e.f. 30/04/2022

2.2. Nomination and Remuneration Committee:

2.2.1 Composition of the Committee:

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

Sl. No.	Name of Director	Designation
1	Dr. Nivedita Haran	Chairperson (Independent Director)
2	Shri. Ramasubramaniam Gandhi	Member (Independent Director)
3	Shri. Anindya Banerjee	Member (Nominee Director, ICICI Bank Ltd.)

2.2.2 Terms of Reference:

The Committee shall *inter alia* be responsible for:

- Periodically oversee an evaluation of the Board, and recommend desirable changes in Board size, composition, Committees structure and processes, and other aspects of the Board's functioning;
- Review and concur the appointments of KMP's, Directors and senior management team one level below the Board.
- Ensure the compliance in terms of constitution and reconstitution of various Committees and advise the Board accordingly.
- Recommend new Board members in light of resignation of current members or a planned expansion of the Board;
- Review stockholder proposals relating to Board's composition and recommend an appropriate course of action;
- Review key corporate governance processes not specifically assigned to other committees, and recommend changes needed to ensure that the company is at best practice;
- 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;
- 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.
- Review and recommend the incremental compensation and variable pay for Executive Directors to the Board, KMP's and Senior Management Cadre;
- 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.
- 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:

Sl. No.	Date of Meeting	No. of Directors eligible to Attend	No. of Directors Attended	No. of Directors not Attended
1	3 rd April, 2021	3	3	-
2	18 th June, 2021	3	3	-
3	12 th January, 2022	3	3	-

2.2.4. Attendance of Directors:

Details of attendance of Directors at the Nomination and Remuneration Committee Meetings held during the year 2021-22, are provided below

Sl. No.	Name of Director	Designation	No. of Meetings Attended
1	Dr. Nivedita Haran	Independent Director	3
2	Shri. Ramasubramaniam Gandhi	Independent Director	3
3	Shri. Anindya Banerjee	Nominee Director (ICICI Bank Ltd.)	3

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:

Sl. No.	Name of Director	Designation
1	Shri. Ramasubramaniam Gandhi	Chairman, Independent Director
2	Dr. Nivedita Haran	Member, Independent Director
3	Prof. S. Sadagopan	Member, Independent Director
4	Shri. Natarajan Sundar*	Member, Nominee Director from 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); and
- 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:

Sl. No.	Date of Meeting	No. of Directors eligible to Attend	No. of Directors Attended	No. of Directors not Attended
1	9 th February, 2022	4	4	-

2.3.4. Attendance of Directors:

Details of attendance of Directors at the Corporate Social Responsibility Committee Meetings held during the year 2021-22, are provided below:

Sl. No.	Name of Director	Designation	No. of Meetings Attended
1	Shri. Ramasubramaniam Gandhi	Independent Director	1
2	Dr. Nivedita Haran	Independent Director	1
3	Prof. S. Sadagopan	Independent Director	1
4	Shri. Natarajan Sundar*	Nominee Director, SBI	1

*Resigned w.e.f. 30/04/2022

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/-
Ramasubramaniam Gandhi
DIN: 03341633

Date: 14th June 2022
Place: Bengaluru

Annexure-II 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

Sl. No.	Particulars	NADL	NEIL
1	Name of the subsidiary	NeSL Asset Data Limited	NeSL E Infrastructure Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2021 To 31-03-2022	01-04-2021 To 31-03-2022
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	8,00,00,000	1,00,00,000
5	Reserves & surplus	(3,39,12,104)	67,14,308
6	Total assets	5,55,93,589	2,55,70,535
7	Total Liabilities	95,05,693	88,56,227
8	Investments	-	-
9	Turnover	2200	1,36,28,337
10	Profit before taxation	(1,85,01,060)	54,96,046
11	Provision for taxation	(37,78,628)	(13,93,576)
12	Profit after taxation	(2,22,79,688)	41,02,469
13	Proposed Dividend	-	-
14	% of shareholding	100%	100%

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

- Names of subsidiaries which are yet to commence operations - NADL
- Names of subsidiaries which have been liquidated or sold during the year - NA

Part "B": Associates and Joint Ventures - NA

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

Sd/-
Ramasubramaniam Gandhi
DIN: 03341633

Date: 14th June 2022
Place: Bengaluru

**Annexure-III
Form AOC-2**

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

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

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

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

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NESL Asset Data Limited & NESL E-Infrastructure Limited, Wholly Owned Subsidiaries
b)	Nature of contracts/arrangements/transaction	Providing support services
c)	Duration of the contracts/ arrangements/ transaction	1 st April 2021 to 31 st March 2022
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	to be billed annually by NeSL: Value: NADL : 35.41 Lakhs NEIL: 55.39 Lakhs To be billed by NADL and NEIL NADL: 13.70 Lakhs NEIL: 32.82 Lakhs
e)	Date of approval by the Board	26 th July,2021
f)	Amount paid as advances, if any	-

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

Sd/-
Ramasubramaniam Gandhi
DIN: 03341633

Date: 14th June 2022
Place: Bengaluru

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 2021-22

I. 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:

1. 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;
2. 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.

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

Sl. No.	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	Dr. Nivedita Haran	Member & Independent Director	1	1
3	Prof. S. Sadagopan	Member & Independent Director	1	1
4	Shri. Natarajan Sundar*	Member & Nominee Director from SBI	1	1

*Resigned w.e.f. 30/04/2022

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

Sl. No.	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.17,40,15,275

7. (a) Two percent of average net profit of the company as per section 135(5)- Rs.34,80,305

(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 34,80,305

8. (a) CSR amount spent or unspent for the financial year:

Amount Unspent (in Rs.)					
Total Amount Spent for the Financial Year. (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)			
35,30,398	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Sl. No.	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.		
1.	Eradicating Hunger, Poverty & Malnutrition, Promoting Health care including preventive health care and sanitation	Sub clause (i) of Schedule VII	Yes	Karnataka Bangalore	NA	-	25,30,398 10,00,000	-	Yes	1. Sri Shankara Cancer Foundation 2. Canara Bank Relief & Welfare Society
Total						35,30,398	NA			

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No)	Location of the project	Amount spent for the project (in Rs.)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency
				State	District	Name	CSR registration number
1.	-	-	-	-	-	-	-
Total		-	-	-	-	-	-

(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) 35,30,398/-

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	34,80,305/-
(ii)	Total amount spent for the Financial Year	35,30,398/-
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(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)]	50,093/-

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

Sl. No.	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)
Sl. No.	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**

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

Sd/-
 Ramasubramaniam Gandhi
 (Chairman of CSR Committee)
 DIN: 03341633

14th June 2022
 Bengaluru

14th June 2022
 Bengaluru

REPORT OF THE SECRETARIAL AUDITORS

FORM NO. MR - 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

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

To,

The Members,
National E-Governance Services Limited
CIN: U72900MH2016GOI282855
Gresham Assurance House, 4th Floor,
Sir PM Road, Fort, Mumbai - 400001.

We have conducted Secretarial Audit of compliance with applicable statutory provisions and adherence to good corporate practices by **National E-Governance Services Limited** (hereinafter called 'the Company') for the **Financial Year ended 31st March, 2022** ('the audit period'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books and papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the **Financial Year ended 31st March, 2022** complied with statutory provisions listed hereunder and also that the Company has proper board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined books and papers, minutes books, forms and returns filed and other records maintained by the Company for the **Financial Year ended 31st March, 2022** according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and rules made thereunder – **Not applicable as there was no reportable event during the audit period;**
- (iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- (iv) The Foreign Exchange Management Act, 1999 and Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **Not applicable as there was no reportable event during the audit period;**



(v) The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act'): – **Not applicable as securities of the Company are not listed on any Stock Exchange**

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (upto 12th August, 2021) & The Securities and Exchange Board of India (Share Based Employee Benefits & Sweat Equity) Regulations, 2021 (with effect from 13th August, 2021);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (upto 15th August, 2021) & The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from 16th August, 2021);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not applicable as the Company is not registered as a Registrar to an Issue and Share Transfer Agent during the audit period;**

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (upto 09th June, 2021) & The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (with effect from 10th June, 2021);

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

(vi) Management has identified and confirmed the following laws as being specifically applicable to the Company:

- (a) Insolvency and Bankruptcy Code, 2016;
- (b) Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017;
- (c) Information Technology Act, 2000;
- (d) All relevant Circulars, Notifications, Regulations and Guidelines issued by Insolvency and Bankruptcy Board of India.

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

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

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





We further report that:

- (i) Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. Changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with provisions of the Act;
- (ii) Adequate notice is given to all Directors to schedule Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance except where consent of Directors was received for circulation of notice, agenda and detailed notes on agenda at a shorter notice, and a system exists for seeking and obtaining further information and clarifications on agenda items before the meeting and for meaningful participation at the meeting;
- (iii) All decisions of the Board and Committee thereof were carried through with requisite majority.

For **S. N. ANANTHASUBRAMANIAN & Co.**
Company Secretaries
ICSI Unique Code: P1991MH040400
Peer Review Cert. No.: 606/2019



Sd/-

Malati Kumar
Partner

ACS: 15508 | COP No.: 10980
ICSI UDIN: A015508D000487201
14th June, 2022 | Thane

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

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

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

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

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

Management's Responsibility

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

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We have conducted the Audit as per the applicable Auditing Standards issued by the Institute of Company Secretaries of India.
4. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
5. Wherever required, we have obtained reasonable assurance whether the statements prepared, documents or Records, in relation to Secretarial

Audit, maintained by the Company, are free from misstatement.

6. Wherever required, we have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, etc.

Disclaimer

7. Due to the pandemic caused by COVID - 19 and prevailing lockdowns / restrictions on movement of people imposed by the Government, for the purpose of issuing this report, we have conducted our audit remotely based on the records and information made available to us by the Company electronically.
8. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted affairs of the Company.
9. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

For **S. N. ANANTHASUBRAMANIAN & Co.**
Company Secretaries
ICSI Unique Code: P1991MH040400
Peer Review Cert. No.: 606/2019



Sd/-

Malati Kumar
Partner

ACS: 15508 | COP No.: 10980
ICSI UDIN: A015508D000487201
14th June, 2022 | Thane

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 31st March 2022, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022, and its profit including other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's

Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act, and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have

REPORT OF INDEPENDENT AUDITORS ON STANDALONE FINANCIAL STATEMENTS

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

✉: taudit@abarna-ananthan.com



performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

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

In preparing the standalone financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of

accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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.



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

✉: taudit@abarna-ananthan.com

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

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

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.



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

✉: taudit@abarna-ananthan.com

- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- e) On the basis of the written representations received from the directors as on 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 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.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the Company does not have any pending litigations which would impact its financial position.
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, 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 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, whether, 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, other than as disclosed in the notes to the accounts, 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, whether, 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 company has not declared or paid any dividend during the year.
3. On the basis of such checks of the books and records of the Company, as we considered appropriate and according to the information and explanations given to us, we are enclosing our report in terms of Section 143(5) of the Act, on the directions and sub directions issued by the Comptroller and Auditor General of India in "Annexure C".

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

Sd/-

Mohan Rao Gadath

Partner

Membership No: 203737

UDIN: 22203737ALOXRR5600

Place: Bangalore

Date: 14-06-2022



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Branch at : Chennai

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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, 2022 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.



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- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loan or made any investments or given any guarantee or security in respect of which the provisions of the sections 185 and 186 of the Act are applicable. Hence, reporting under clause 3(iv) of the Order is not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) As informed to us, the maintenance of cost records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.
- (vii) (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
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 31st March 2022 for a period of more than six months from the date they became payable.

- (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.



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- (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 up to 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-IA 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.

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

Sd/-

Mohan Rao Gadath

Partner

Membership No: 203737

UDIN: 22203737ALOXRR5600

Place: Bangalore

Date: 14-06-2022



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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of National E-Governance Services Limited ("the Company") as of 31st March, 2022 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.

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

Sd/-

Mohan Rao Gadath
Partner

Membership No: 203737
UDIN: 22203737ALOXRR5600
Place: Bangalore
Date: 14-06-2022

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 31st March 2022, 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.



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ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT

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

Sl. No.	Directions	Compliance
(i)	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.	The Company has 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
(ii)	Whether there is any restructuring of an existing loan or cases of waivevr/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.
(iii)	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: 22203737ALOXRR5600
Place: Bangalore
Date: 14-06-2022



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Report from Comptroller & Auditor General of India on Standalone Financial Statements

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 31ST MARCH 2022

The preparation of financial statements of National E-Governance Services Limited for the year ended 31st March 2022 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 the independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 14th June 2022.

I, on behalf of Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of the National E-Governance Services Limited for the year ended 31st March 2022 under section 143(6)(a) of the Act.5

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

Sd/-

(P. V. Hari Krishna)

Principal Director of Audit (Shipping), Mumbai

Place : Mumbai
Date: 26.08.2022

STANDALONE FINANCIAL STATEMENTS

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Balance Sheet as at March 31, 2022

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

Particulars	Note	2022	2021
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	7,549	6,749
Right-of-use asset	5	77,035	25,206
Other intangible assets	4	32,638	79,467
Financial assets	6		
Investments	6.1	1,37,877	1,49,841
Other financial assets	6.2	1,18,317	1,12,444
Deferred tax assets (net)	7	19,637	–
Other non-current assets	8	2,235	1,313
Current assets			
Financial assets	9		
Investments	9.1	32,256	93,150
Trade receivables	9.2	3,11,519	1,99,087
Cash and cash equivalents	9.3.1	78,348	71,093
Other bank balances	9.3.2	11,96,687	7,94,330
Other financial assets	9.4	24,135	32,725
Other current assets	10	14,615	23,778
		20,52,848	15,89,183
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	7,50,000	7,50,000
Other equity	12	5,55,784	3,49,007
Non current liabilities			
Financial liabilities	13		
Lease liabilities	13.1	57,440	18,364
Other financial liabilities	13.2	1,293	1,214
Provisions	14	47,948	7,266
Deferred tax liabilities (net)	7	–	4,454
Other non-current liabilities	15	1,38,535	1,08,150
Current liabilities			
Financial liabilities	16		
Lease liabilities	16.1	24,288	14,774
Trade payables	16.2		
a) Total outstanding dues of micro and small enterprises		369	4,389
b) Total outstanding dues of creditors other than micro and small enterprises		13,604	14,080
Other financial liabilities	16.3	10,710	3,759
Other current liabilities	17	3,95,515	2,86,285
Provisions	18	57,362	27,441
		20,52,848	15,89,183

Significant accounting policies 3

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
UDIN: 22203737ALOXRR5600
Place: Bangalore
Date: 14-06-2022



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: 14 June 2022
Place: Bengaluru

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

Sd/-
Mruthunjaya Murthy
Company Secretary



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Statement of Profit and Loss for the year ended March 31, 2022

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

Particulars	Note	2022	2021
Revenue from operations	19	6,29,819	5,15,826
Other Income	20	66,395	57,002
Total Revenue		6,96,214	5,72,828
Expenses			
Cost of services	21	90,992	40,067
Employee benefit expenses	22	1,25,365	72,335
Finance costs	23	1,941	2,406
Depreciation and amortization expense	4 & 5	64,271	52,274
Impairment loss	24	27,317	—
Provision for onerous contract	35	56,466	—
Other expenses	25	40,884	36,919
Total Expenses		4,07,236	2,04,001
Profit/(Loss) before tax		2,88,978	3,68,827
Tax expense			
Current tax		(1,04,062)	(95,641)
Deferred tax	7	23,530	1,890
Profit/(Loss) for the year from continuing operations		2,08,446	2,75,076
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)		(2,231)	(504)
Deferred tax		562	127
Total other comprehensive income for the year		(1,669)	(377)
Total comprehensive profit for the year		2,06,777	2,74,699
Earning per equity share of face value of Rs.10 each			
Basic and Diluted (amount in ₹ per share)	33	2.78	3.67

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
UDIN: 22203737ALOXRR5600
Place: Bangalore
Date: 14-06-2022

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

Sd/-
R. Gandhi
Director
DIN: 03341633

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

Sd/-
Vinod Shenoy M.
Chief Financial Officer
Date: 14 June 2022
Place: Bengaluru

Sd/-
Mruthunjaya Murthy
Company Secretary



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Cash Flow Statement for the the year ended March 31, 2022

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

Particulars	Note	2022	2021
Cash flow from operating activities		2,88,978	3,68,827
Profit/(Loss) for the year before tax			
Adjustment to reconcile net profit to net cash provided by operating activities			
Depreciation		64,271	52,274
Profit from sale of mutual funds		(1,001)	(838)
Long term gain from sale of mutual funds		(2,612)	—
(Gain)/Loss on fair value restatement of mutual funds		1,897	(996)
Interest income from fixed deposits		(56,660)	(52,889)
Interest income from government securities		(4,953)	(1,080)
Finance costs - Leases (IndAS 116)		1,862	2,332
Impairment loss		27,317	—
Provision for onerous contract		56,466	—
Assets written off		32	—
(Profit)/loss on sale of assets		—	11
Gain on lease modification (IndAS 116)		(526)	383
Change in assets & liabilities			
Trade payables		3,749	3,436
Other financial liabilities current/non-current		7,030	1,721
Other liabilities current/non-current		1,39,614	34,780
Provisions current/non-current		507	16,137
Trade receivables		(1,12,432)	1,39,433
Other financial assets current/non-current		(99)	(5,303)
Other current assets current/non-current		1,318	(4,370)
Cash generated from operations		4,14,758	5,53,858
Income taxes paid		(83,799)	(78,073)
Net cash generated by operating activity		3,30,959	4,75,785
Cash flow from investing activities			
Expenditure on property plant and equipment		(4,030)	(3,015)
Expenditure on intangible assets		(10,351)	(28,210)
Proceeds from sale of assets		72	32
Investment in fixed deposits (net of redemption)		(4,04,621)	(2,70,931)
Interest received on fixed deposits		61,740	41,517
Payment to acquire liquid mutual funds		(11,999)	(1,91,594)
Proceeds from redemption of mutual funds		74,610	1,33,601
Investment in government securities		—	(74,841)
Interest received on government securities		4,817	1,080
Investment in subsidiaries		(15,000)	(15,000)
Net cash used in investing activities		(3,04,762)	(4,07,361)
Cash flow from financing activities			
Repayment of Lease liability on Right of Use assets - IndAS 116		(16,560)	(9,252)
Interest paid Lease liability on Right of Use assets - IndAS 116		(2,381)	(2,220)
Net cash generated in financing activities		(18,941)	(11,472)
Net increase in cash or cash equivalents		7,255	56,952
Cash and cash equivalent at the beginning		71,093	14,141
Cash and cash equivalent at the close		78,348	71,093
Components of cash and cash equivalents	9.3.1		
Cash in hand		—	—
Balances with banks			
Current accounts		16,997	9,652
In deposit account with original maturity within 3 months from the date of deposit		61,351	61,441
Total cash and cash equivalents		78,348	71,093

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
UDIN: 22203737ALOXRR5600
Place: Bangalore
Date: 14-06-2022

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

Sd/-
R. Gandhi
Director
DIN: 03341633

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

Sd/-
Vinod Shenoy M.
Chief Financial Officer
Date: 14 June 2022
Place: Bengaluru

Sd/-
Mruthunjaya Murthy
Company Secretary



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Statement of Changes in Equity for the year ended March 31, 2022

(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

	2022		2021	
	Nos. (,000)	Amount	Nos. (,000)	Amount
At the beginning of the year	75,000	7,50,000	75,000	7,50,000
Changes during the year	—	—	—	—
At the end of the year	75,000	7,50,000	75,000	7,50,000

b) Other equity

Particulars	"Retained earnings"	Total
Balance as at April 1, 2020	74,308	74,308
Profit/(Loss) for the year	2,75,076	2,75,076
Other comprehensive income not reclassifiable to profit and loss	(377)	(377)
Balance as at March 31, 2021 (Refer Note 12)	3,49,007	3,49,007
Balance as at 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 the year ended March 31, 2022 (Refer Note 12)	5,55,784	5,55,784

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
UDIN: 22203737ALOXRR5600
Place: Bangalore
Date: 14-06-2022

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: 14 June 2022
Place: Bengaluru

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Debajyoti Ray Chaudhuri
Managing Director & CEO
DIN: 09242571

Sd/-
Mruthunjaya Murthy
Company Secretary



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

Company overview and significant accounting policies

1. Corporate information

National E-Governance Services Limited ('Company') was incorporated on 24th June, 2016. The Company has its registered office in Mumbai and its administrative office in Bengaluru. The main object of the Company is to perform the role of Information Utility under the Insolvency and Bankruptcy Code, 2016. During the financial year 2017-18, the Company incorporated two subsidiaries:

Name	Date of incorporation	
NESL Asset Data Limited	08/09/2017	Refer schedule 6.1
NESL E-Infrastructure Limited	18/12/2017	Refer schedule 6.1

The standalone financial statements for the year ended March 31, 2022 were approved by the Board of Directors and authorized for issue on June 14, 2022.

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 31st 2022.

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:

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

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

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

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

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

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

3. Summary of significant accounting policies

(a) Revenue recognition

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

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

Information Utility income

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

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

Income from E-Sign services

Revenue is recognized when E-sign counts are accepted by the customer.

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.

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

(b) Functional currency

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

National E-Governance Services Limited

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

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

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

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

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

National E-Governance Services Limited

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

(f) Borrowing costs

Borrowing costs include:

- Interest expense calculated using the effective interest rate method,
- Finance charges in respect of finance leases, and
- 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.

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

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.

(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.

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

Paid compensated absences

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

(k) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

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

- (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.

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

De-recognition

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

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

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

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

Impairment of financial assets

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

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

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

Financial liabilities

Initial recognition and measurement

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

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

De-recognition

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

Equity Instrument

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

Offsetting of financial instruments

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

(l) Cash and cash equivalents

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

(m) Contingent liabilities

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

(n) Earnings per share

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

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

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

Non - current assets

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

Description	Cost			Depreciation/amortisation and impairment			Carrying amount		
	As on 01/04/2021	Additions	Deletion	As on 31/03/2022	For the Year	Impairment	Upto 31/03/2022	WDV as on 31/03/2022	WDV as on 31/03/2021
Tangible assets									
Vehicles	1,108	1,134	-	2,242	290	-	875	1,367	523
Computers	8,449	1,741	76	10,114	1,781	17	6,268	3,846	3,945
Servers and networks	2,044	200	-	2,244	327	-	1,419	825	952
Furniture and fittings	204	-	-	204	19	-	75	129	148
Leasehold premises improvements - Mumbai	2,442	-	-	2,442	-	-	2,319	123	123
Leasehold premises improvements - Bangalore	96	-	-	96	32	-	56	40	72
Office Equipment's	2,378	733	77	3,034	455	32	1,815	1,219	986
Total	16,721	3,808	153	20,376	2,904	49	12,827	7,549	6,749
Previous year comparatives (FYE 2021)	13,431	3,420	130	16,721	2,846	87	9,972	6,749	
Other intangible assets									
IU software	1,51,525	-	-	1,51,525	45,383	-	1,21,310	30,215	75,598
IU License fees	5,000	-	-	5,000	1,000	-	4,518	482	1,482
Other software	3,956	389	-	4,345	835	-	2,404	1,941	2,387
Total	1,60,481	389	-	1,60,870	47,218	-	1,28,232	32,638	79,467
Previous year comparatives (FYE 2021)	1,28,653	31,828	-	1,60,481	38,524	-	81,014	79,467	
Intangible assets under development									
IU software under development	-	-	-	-	-	-	-	-	-
Total	9,500	9,995	19,495	-	-	-	-	-	-
Previous year comparatives (FYE 2021)	-	-	-	-	-	-	-	-	-

5. Right of use asset

Description	Cost			Depreciation/amortisation and impairment			Carrying amount		
	As on 01/04/2021	Additions	Deletion	As on 31/03/2022	For the Year	Impairment	Upto 31/03/2022	WDV as on 31/03/2022	WDV as on 31/03/2021
Leasehold property - Gresham house, Mumbai	-	2,737	-	2,737	498	-	498	2,239	-
Leasehold property - The Estate, Bangalore	15,388	-	6,051	9,337	2,941	-	7,301	2,036	11,028
Leasehold property - Castle Homes	21,348	749	1,192	66,892	1,884	-	1,884	65,008	-
Servers- Virtual machines	8,697	397	-	20,905	5,017	-	16,346	4,559	10,019
Servers- Storage space	-	1,714	175	9,094	2,360	-	6,898	2,196	4,159
Servers- Datawarehouse	-	649	-	1,539	837	-	837	702	-
Servers- E-Auction	-	499	24	649	354	-	354	295	-
Servers- PDA ⁽¹⁾	-	-	-	475	258	-	475	-	-
Total	45,433	73,637	7,442	1,11,628	14,149	217	34,593	77,035	25,206
Previous year comparatives (FYE 2021)	44,116	2,860	-	46,976	10,904	-	21,770	25,206	

(1) Refer note 24

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Notes to the standalone Ind AS financial statements the year ended March 31, 2022

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

Non-current assets

6 Financial assets

6.1 Investments

Particulars	2022	2021
Non current investments:		
Investments in equity instruments		
Subsidiaries - wholly owned (Unquoted)		
NESL Asset Data Limited - 80,00,000 shares (PY: 65,00,000 shares) of Rs. 10/- each fully paid up	52,900	65,000
NESL E-infrastructure Limited - 10,00,000 shares (PY: 10,00,000 shares) of Rs. 10/- each fully paid up	10,000	10,000
Total	62,900	75,000
Investments in government securities at amortised cost (quoted)		
Investment in IN1920200434 Karnataka SDL 2030	5,871	5,872
Investment in IN1920200459 Karnataka SDL 2030	19,211	19,213
Investment in IN3120200222 Tamil Nadu SDL 2030	23,574	23,558
Investment in IN3120200347 Tamil Nadu SDL 2031	5,689	6,305
Investment in IN3120200362 Tamil Nadu SDL 2030	20,632	19,893
Total	74,977	74,841
Total	1,37,877	1,49,841
Aggregate amount of quoted investment	74,977	74,841
Market value of quoted investment	72,277	74,841
Aggregate amount of unquoted investments	62,900	75,000
Aggregate amount of impairment in value of investments.	(27,100)	-

Note:

1. Government securities are classified as held to maturity investments and carried at amortised cost.

2. Investment in NESL Asset Data Limited (NaDL) includes capital infusion of Rs. 15,000 thousand netted of against a provision for impairment of Rs 27,100 thousand (refer note 24) for year ended March 31, 2022.

6.2 Other financial assets

Particulars	2022	2021
Security deposits - non current refundable	4,952	1,344
Bank deposits with maturity more than 12 months from balance sheet date	1,13,365	1,11,100
Total	1,18,317	1,12,444

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 2021	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 2022
Depreciation	(5,714)	6,385	-	-	671
Preliminary expenses u/s 35D	-	-	-	-	-
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	880	712	561	-	2,153
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	1,132	662	-	-	1,794
Mutual funds - fair value adjustments under Ind AS	(752)	478	-	-	(274)
On account of provision for bad debts	-	1,082	-	-	1,082
On account of provision for onerous contract	-	14,211	-	-	14,211
Total	(4,454)	23,530	561	-	19,637

8 Other non-current assets

Particulars	2022	2021
Prepaid expenses - non current	2,235	1,313
Total	2,235	1,313

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Current assets

9 Financial assets

9.1 Investments

Particulars	2022	2021
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: 25001.6860 units) at market price (NAV).	32,256	80,546
Investment in SBI Debt Fund Series C-7 (1190 days) Direct Growth Nil units (PY: 10,00,000) at market price (NAV).	–	12,604
Total	32,256	93,150
Aggregate amount of quoted investment	32,256	93,150
Market value of quoted investment	32,256	93,150
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	2022	2021
(a) Trade Receivables considered good - Secured;	–	–
(b) Trade Receivables considered good - Unsecured;		
Receivable from related parties	–	4,043
Receivable from others	3,11,519	1,95,044
(c) Trade Receivables which have significant increase in Credit Risk	–	–
(d) Trade Receivables - credit impaired	4,297	–
Sub-total	3,15,816	1,99,087
Loss allowance	(4,297)	–
Total	3,11,519	1,99,087

Ageing of Trade receivables outstanding for FYE 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	66,306	26,725	2,248	–	–	95,279
(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	66,306	26,725	6,545	–	–	99,576
Trade receivables not due for	2,16,240	–	–	–	–	2,16,240
Total trade receivables	2,82,546	26,725	6,545	–	–	3,15,816

Ageing of Trade receivables outstanding for FYE 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables - considered good	62,819	19,975	384	–	–	83,178
(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	62,819	19,975	384	–	–	83,178
Trade receivables not due for	1,15,909	–	–	–	–	1,15,909
Total trade receivables	1,78,728	19,975	384	–	–	1,99,087

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9.3.1 Cash and cash equivalents

Particulars	2022	2021
Cash in hand	–	–
Balance with banks (of the nature of cash and cash equivalents)		
In current account	16,997	9,652
In deposit account with original maturity within 3 months from the date of deposit	61,058	61,400
Income accrued but not due on fixed deposits (Cash and Cash equivalent)	293	41
Total	78,348	71,093

9.3.2 Other bank balances

Particulars	2022	2021
In deposit account with maturity within 12 months of balance sheet date*	11,96,687	7,94,330
Total	11,96,687	7,94,330

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

* This includes an amount of Rs 11 lakh in fixed deposit, offered as security/lien for the purpose of performance bank guarantee (refer note 37).

9.3.4 Other financial assets

Particulars	2022	2021
Unbilled revenue - Financial creditors	–	3,919
Unbilled revenue - Others	344	145
Security deposits - current refundable	1,734	1,437
Income accrued but not due on Government securities	–	87
Income accrued but not due on fixed deposits	22,057	27,137
Total	24,135	32,725

10 Other current assets

Particulars	2022	2021
Income tax paid	8,863	15,785
GST input credit	194	3,314
GST recoverable	–	1,217
Prepaid expenses -current	2,997	1,772
Other advances	2,561	1,690
Total	14,615	23,778

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Equity

11 Share capital

Particulars	2022	2021
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	2022		2021	
	Number of shares (,000)	Amount	Number of shares (,000)	Amount
Number of shares at the beginning of the year	75,000	75,000	75,000	75,000
Shares issued during the year	–	–	–	–
Shares outstanding at the end of the year	75,000	75,000	75,000	75,000

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	2022		2021	
	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	2022		2021	
	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, 2022 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, 2022.

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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12 Other equity

Particulars	2022	2021
Retained earnings		
Opening balance	3,49,007	74,308
Add: Profit/(Loss) for the year	2,08,446	2,75,076
Add: Other comprehensive income	(1,669)	(377)
Total	5,55,784	3,49,007

Non - current liabilities

13 Financial liabilities

13.1 Lease liabilities

Particulars	2022	2021
Lease liability	57,440	18,364
Total	57,440	18,364

13.2 Other financial liabilities

Particulars	2022	2021
Deposits received	1,293	1,214
Total	1,293	1,214

Note: 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 Other financial liabilities

Particulars	2022	2021
Provision for gratuity (non-current)	6,535	3,460
Provision for leave encashment (non-current)	6,173	3,806
Provision for onerous contract (non-current)	35,240	–
Total	47,948	7,266

15 Other non-current liabilities

Particulars	2022	2021
Deferred income - Financial creditors (non current)	1,34,747	1,08,150
Deferred income - Others (non current)	3,788	–
Total	1,38,535	1,08,150

Current liabilities

16 Financial liabilities

16.1 Lease liabilities

Particulars	2022	2021
Lease liability	24,288	14,774
Total	24,288	14,774

16.2 Trade payables

Particulars	2022	2021
Total outstanding dues of micro and small enterprises	369	4,389
Total outstanding dues of creditors other than micro and small enterprises		
Related Parties	765	–
Others		
Creditors for supplies & services	12,353	13,522
Creditors for expenses	486	558
Total	13,973	18,469

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 2022

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Trade payables ageing outstanding for FYE 2022

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

Trade payables ageing outstanding for FYE 2021

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<i>Undisputed</i>					
(i) MSME	–	–	–	–	–
(ii) Others	9,519	51	–	–	9,570
<i>Disputed</i>					
(iii) MSME	–	–	–	–	–
(iv) Others	–	–	273	–	273
Total Trade payables due	9,519	51	273	–	9,843
Trade payables not due	8,626	–	–	–	8,626
Total Trade payables	18,145	51	273	–	18,469

16.3 Other financial liabilities

Particulars	2022	2021
Advances returnable	10,710	3,759
Total	10,710	3,759

17 Other current liabilities

Particulars	2022	2021
Statutory liabilities	32,248	16,248
Deferred income - Financial creditors (current)	3,55,467	2,67,437
Deferred income - Ind AS fair value adjustment	75	149
Deferred income - Others	5,391	630
Advance received from customers - non returnable	2,334	1,821
Total	3,95,515	2,86,285

18 Provisions (current)

Particulars	2022	2021
Statutory liabilities	32,248	16,248
Deferred income - Financial creditors (current)	3,55,467	2,67,437
Deferred income - Ind AS fair value adjustment	75	149
Deferred income - Others	5,391	630
Advance received from customers - non returnable	2,334	1,821
Total	3,95,515	2,86,285

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19 Revenue from operations

Particulars	2022	2021
IU fee- Financial creditors	6,20,833	5,13,636
IU fee- Operational creditors	73	182
Fee from DDE services	5,875	256
Fee from PDA services	558	32
Other operational revenue	2,480	1,720
Total	6,29,819	5,15,826

* Summary of financial creditors billing

	2022	2021
Opening balance: Deferred revenue and Unbilled revenue	3,71,668	3,22,107
Total billing for the period	7,39,380	5,63,197
(-) Deferred income (disclosed in note 15 & 17)	(4,90,215)	(3,75,587)
(+) Unbilled revenue (disclosed in note 9.4)	–	3,919
Revenue recognised for the period	6,20,833	5,13,636

* Summary of DDE billing

	2022	2021
Opening balance: Deferred revenue and Unbilled revenue	562	–
Total billing for the period	13,270	818
(-) Deferred income (disclosed in note 15 & 17)	(7,957)	(598)
(+) Unbilled revenue (disclosed in note 9.4)	–	36
Revenue recognised for the period	5,875	256

* Summary of PDA billing

	2022	2021
Opening balance: Deferred revenue and Unbilled revenue	32	–
Total billing for the period	1,747	63
(-) Deferred income (disclosed in note 15 & 17)	(1,221)	(32)
(+) Unbilled revenue (disclosed in note 9.4)	–	1
Revenue recognised for the period	558	32

20 Other income

Particulars	2022	2021
Interest on fixed deposits	56,660	52,889
Interest on security deposits	161	92
Interest on government securities	4,953	1,080
Interest on IT refund	1,657	1,014
Gain on redemption of mutual funds- current investments	1,001	838
Long term gain on redemption of mutual funds	2,612	–
Gain/(loss) on restatement of mutual funds at fair value	(1,897)	996
Gain/(loss) on lease modification	526	(383)
Miscellaneous income	722	476
Total	66,395	57,002

21 Cost of services

Particulars	2022	2021
IU annual fee	5,000	5,000
IU technology expenses		
Technology resource expenses	27,014	2,458
IT data center expenses	7,184	3,947
Datawarehouse expenses	5,600	5,222
Other IT expenses	12,852	6,352
CIRP and VDR expenses	25,517	10,459
IU operational expenses	7,825	6,629
Total	90,992	40,067

22 Employee benefit expenses

Particulars	2022	2021
Salary & allowances	1,07,563	61,941
Contribution to provident fund & superannuation fund	5,654	2,673
Gratuity expense	2,831	436
Leave encashment and compensated leave benefits	4,771	3,721
Staff welfare expenses	4,546	3,564
Total	1,25,365	72,335

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23 Finance costs

Particulars	2022	2021
Interest expense on lease liabilities	1,862	2,332
Interest expense on security deposit received	79	74
Total	1,941	2,406

24 Impairment loss

Particulars	2022	2021
Impairment loss on investment in subsidiary (1)	27,100	–
Impairment of Right of use assets (2)	217	–
Total	27,317	–

(1) During the year, 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. The competitive landscape of the industry in which NaDL operates has undergone a change with currently about 10 players being licensed by RBI. In this regard, NaDL has been operating with its software for Account Aggregator which is fully compliant with the standards set by its regulator. The Company will continue to monitor the changes in the industry/eco-system of NaDL while it protects and enhances value to its shareholders and other stakeholders like customers.

(2) During the current year the company has identified certain contracts to be onerous. The right of use asset pertaining to the onerous contract were tested for impairment and an impairment of Rs 217 thousand was made.

25 Other expenses

Particulars	2022	2021
Rent	1,517	1,293
Repairs and maintenance	1,193	1,037
Subscription, rates and taxes	3,584	2,870
Professional charges	5,957	15,034
Legal fees	2,120	2,229
Communication expenses	2,052	1,712
Advertisement and business promotion	1,534	3,342
Auditors' remuneration		
- Statutory audit	300	300
- Tax audit	100	100
- Out of pocket expenses	5	11
Secretarial audit	125	100
Internal audit	1,300	1,200
Travelling, boarding and conveyance	1,970	548
Insurance expenses	1,356	809
Directors' sitting fees	2,250	2,250
Assets written off	32	–
Bad debts written off	2,393	–
Provision for bad debts	4,297	–
CSR expenses*	3,530	815
Other miscellaneous/administrative expenses	5,269	3,269
Total	40,884	36,919

National E-Governance Services Limited

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

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

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	
	2022	2021	2022	2021	2022	2021
A. Transactions during the year						
Investment in subsidiary						
NESL Asset Data Limited	15,000	15,000	–	–	15,000	15,000
NESL E-Infrastructure Limited	–	–	–	–	–	–
	15,000	15,000	–	–	15,000	15,000
Income from subsidiaries						
NESL Asset Data Limited	3,541	6,252	–	–	3,541	6,252
NESL E-Infrastructure Limited	5,539	2,232	–	–	5,539	2,232
	9,080	8,484	–	–	9,080	8,484
Expenses from subsidiaries						
NESL Asset Data Limited	1,370	2,066	–	–	1,370	2,066
NESL E-Infrastructure Limited	3,282	1,140	–	–	3,282	1,140
	4,652	3,206	–	–	4,652	3,206
Remuneration*						
Mr. Debajyoti Ray Chaudhuri	–	–	4,380	–	4,380	–
Mr. S. Ramann	–	–	342	5,568	342	5,568
Mrs. EP Nivedita	–	–	3,274	–	3,274	–
Mr. Vinod Shenoy M	–	–	4,914	4,603	4,914	4,603
Mr. M. Murthy	–	–	4,968	4,121	4,968	4,121
	–	–	17,878	14,292	17,878	14,292
Loans and advances						
Mr. Debajyoti Ray Chaudhuri	–	–	1,000	–	1,000	–
	–	–	1,000	–	1,000	–
	28,732	26,690	18,878	14,292	47,610	40,982

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

B. Balances outstanding as at year end

Particulars	Subsidiaries		Key management personnel		Total	
	2022	2021	2022	2021	2022	2021
Investment in subsidiary						
NESL Asset Data Limited	52,900	65,000	–	–	52,900	65,000
NESL E-Infrastructure Limited	10,000	10,000	–	–	10,000	10,000
	62,900	75,000	–	–	62,900	75,000
Receivable/(payable) from/to subsidiaries						
NESL Asset Data Limited	(66)	360	–	–	(66)	360
NESL E-Infrastructure Limited	(699)	3,683	–	–	(699)	3,683
	(765)	4,043	–	–	(765)	4,043
Remuneration						
Mr. S. Ramann	–	–	–	–	–	–
Mr. Vinod Shenoy M	–	–	–	–	–	–
Mr. M. Murthy	–	–	–	–	–	–
	–	–	–	–	–	–
Loans and advances						
Mr. Debajyoti Ray Chaudhuri	–	–	700	–	700	–
	–	–	1,000	–	1,000	–
	62,135	79,043	700	–	62,835	79,043

National E-Governance Services Limited

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

(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	2022	2021
Present Value of Unfunded Defined Benefit Obligation	8,556	3,494
Fair value of Plan Assets	—	—
	8,556	3,494
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	8,556	3,494
Net Defined Benefit Cost/(Income) included in Statement of Profit & Loss at Period-End	2022	2021
Service Cost	2,497	1,784
Net Interest Cost	334	232
Past Service Cost	—	(1,580)
Administration Expenses	—	—
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	—	—
Total Defined Benefit Cost/(Income) included in Profit & Loss	2,831	436
Current / Non-Current Bifurcation	2022	2021
Current Benefit Obligation	2,021	34
Non - Current Benefit Obligation	6,535	3,460
(Asset)/Liability Recognised in the Balance Sheet	8,556	3,494
Actual Return on Plan Assets	2022	2021
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	2022	2021
Amount recognized in OCI, Beginning of Period	1,828	1,324
Remeasurements due to :		
Effect of Change in financial assumptions	429	175
Effect of Change in demographic assumptions	—	—
Effect of experience adjustments	1,802	329
(Gain)/Loss on Curtailments/Settlements	—	—
Return on plan assets (excluding interest)	—	—
Changes in asset ceiling	—	—
Total remeasurements recognized in OCI	2,231	504
Amount recognized in OCI, End of Period	4,059	1,828
Total Defined Benefit Cost/(Income) included in Profit & Loss and Other Comprehensive Income	2022	2021
Amount recognized in P&L, End of Period	2,831	436
Amount recognized in OCI, End of Period	2,231	504
Total Net Defined Benefit Cost/(Income) Recognized at Period-End	5,062	940
Change in the Unrecognised Asset due to the Asset Ceiling During the Period	2022	2021
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	2022	2021
Defined Benefit Obligation, Beginning of Period	3,494	2,554
Net Current Service Cost	2,497	1,784
Interest Cost on DBO	334	232
Actual Plan Participants' Contributions	—	—
Actuarial (Gains)/Losses	2,231	504
Changes in Foreign Currency Exchange Rates	—	—
Acquisition/Business Combination/Divestiture*	636	—
Benefits Paid	(636)	—
Past Service Cost	—	(1,580)
Losses / (Gains) on Curtailments/Settlements	—	—
Defined Benefit Obligation, End of Period	2,831	436

*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 for the year ended March 31, 2022

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

Change in Fair value of Plan Assets during the Period	2022	2021	
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	2022	2021	
Balance Sheet (Asset)/Liability, Beginning of Period	3,494	2,554	
True-up	—	—	
Total Charge/(Credit) Recognised in Profit and Loss	2,831	436	
Total Remeasurements Recognised in OC (Income)/Loss	2,231	504	
Acquisitions/Business Combinations/Divestitures	636	—	
Actual Employer Contribution	(636)	—	
Other Events	—	—	
Balance Sheet (Asset)/Liability, End of Period	8,556	3,494	
Financial Assumptions Used to Determine the Defined Benefit Obligation	2022	2021	
Discount Rate	7.06%	7.07%	
Salary Escalation Rate	12.00%	12.00%	
Financial Assumptions Used to Determine the Profit & Loss Charge	2022	2021	
Discount Rate	7.06%	7.07%	
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	2022	2021	
Withdrawal Rate	10.00%	5.00%	
Mortality Rate	IALM (2012-14) Ult	IALM (2012-14) Ult	
Retirement Age	60 years	60 years	
Asset Category	2022	2022	2022
	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		2022	
Year - 2023		2,091	
Year - 2024		419	
Year - 2025		538	
Year - 2026		824	
Year - 2027		764	
Year - 2028 to 2031		4,026	
Defined Benefit Obligation by Participant Status		2022	
a. Actives		8,556	
b. Vested Deferreds		—	
c. Retirees		—	
Total Defined Benefit Obligation		8,556	
Sensitivity Analysis		2022	
Defined Benefit Obligation - Discount Rate + 100 basis points		(496)	
Defined Benefit Obligation - Discount Rate - 100 basis points		562	
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points		285	
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points		(341)	

National E-Governance Services Limited

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

(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	2022	2021
Present Value of Unfunded Defined Benefit Obligation	7,128	4,498
Fair value of Plan Assets	—	—
	7,128	4,498
Present Value of Funded Defined Benefit Obligation	—	—
Unrecognised Asset due to the Asset Ceiling	—	—
(Asset)/Liability Recognised in the Balance Sheet	7,128	4,498

Amounts Recognised in Statement of Profit & Loss at Period-End	2022	2021
Service Cost	579	196
Net Interest Cost	314	126
Past Service Cost	—	—
Remeasurements	3,878	3,399
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	—	—
Administration Expenses	—	—
Total Expense/(Income) included in "Employee Benefit Expense"	4,771	3,721

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

Change in Defined Benefit Obligation during the Period	2022	2021
Defined Benefit Obligation, Beginning of Period	2022	2021
Net Current Service Cost	4,498	1,807
Interest Cost on DBO	579	196
Actual Plan Participants' Contributions	314	126
Actuarial (Gains)/Losses	—	—
Changes in Foreign Currency Exchange Rates	3,878	3,399
Acquisition/Business Combination/Divestiture*	—	—
Benefits Paid	449	—
Past Service Cost	(2,590)	(1,030)
Losses / (Gains) on Curtailments/Settlements	—	—
Defined Benefit Obligation, End of Period	7,128	4,498

*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	2022	2021
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	—	—
Losses / (Gains) on Curtailments/Settlements	—	—
Fair value of Plan Assets, End of Period	—	—

National E-Governance Services Limited

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

(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	2022	2021
Expenses relating to short term leases	1,503	1,790
Expenses relating to leases of low-value	14	87
Total	1,517	1,877

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

Particulars	2022	2021
Future lease payments (undiscounted)		
2021-22	-	16,415
2022-23	28,657	13,224
2023-24	13,447	3,971
2024-25	13,357	2,382
2025-26	14,025	-
2026-27	14,726	-
More than five years	11,485	-
Total future lease payments (undiscounted)	95,697	35,992
Total future finance costs	(13,969)	(2,854)
Lease liability	81,728	33,138
Short-term portion presented under current liabilities (refer note 16.1)	24,288	14,774
Long-term portion presented under non-current liabilities (refer note 13.1)	57,440	18,364

29 Change in cut-offs for revenue recognition

Over the years, the company has progressively reduced time taken to generate invoices. For 2021, the Company had moved its cut-off policy which excluded revenue recognition from records filed in the IU during the last 4 working days of each month to last 4 days of the month (i.e. 26th of each month). For the current year post implementation of e-invoice, the cut-off are further aligned to the month end dates.

Particulars	Rs. in thousands
Revenue to be recognised under previous cut-off	3,43,033
Revenue recognised under current cut-off	3,57,315
Impact in current year - revenue recognised	14,282

National E-Governance Services Limited

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

30 The carrying value and fair value of financial instruments by categories as at the year ended March 31, 2022 are as follows.

Particulars	Note	Carrying value	Fair value	Carrying value	Fair value
		2022	2021	2022	2021
Financial assets					
Amortised cost					
Investments in equity instruments of subsidiaries	6.1	62,900	62,900	75,000	75,000
Investments in government securities	6.1	74,977	72,277	74,841	74,841
Other financial assets (Bank deposits)	6.2	1,13,365	1,13,365	1,11,100	1,11,100
Trade receivables	9.2	3,11,519	3,11,519	1,99,087	1,99,087
Cash and cash equivalents	9.3.1	78,348	78,348	71,093	71,093
Other bank balances	9.3.2	11,96,687	11,96,687	7,94,330	7,94,330
Other financial assets	9.4	24,135	24,135	32,725	32,725
Fair value through profit and loss (FVTPL)					
Investments in mutual funds (quoted)	6.1 & 9.1	32,256	32,256	93,150	93,150
Other financial assets (Security deposits)	6.2 & 9.4	6,686	6,686	2,781	2,781
Total financial assets		19,00,873	18,98,173	14,54,107	14,54,107
Financial liabilities					
Amortised cost					
Lease liability	13.1 & 16.1	81,727	81,727	33,138	33,138
Trade payables	16.2	13,973	13,973	18,469	18,469
Other financial liabilities	16.3	10,710	10,710	3,759	3,759
Fair value through profit and loss (FVTPL)					
Other financial liabilities (Security deposits)	13.2	1,293	1,293	1,214	1,214
Total financial liabilities		1,07,703	1,07,703	56,580	56,580

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 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"

31.1 Financial assets and liability measured at fair value - recurring fair value measurement as at the year ended 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	–

31.2 Financial assets and liability measured at fair value - recurring fair value measurement as at the year ended 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)		93,150	93,150	–	–
Other financial assets (Security deposits)		2,781	–	2,781	–
Liabilities measured at fair value:					
Other financial liabilities (Security deposits)		1,214	–	1,214	–

31.3 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.

National E-Governance Services Limited

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

31.4 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) except balance confirmations done periodically. 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 contain 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 over original maturity term of 10 years. 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	24.60
2	4 to 12 months	95.08
3	1 year to 2 year	11.33
	Total	131.01

32 Capital management

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

33 Earning per share

Particulars	2022	2021
Profit attributable to equity shareholders of the company	2,08,446	2,75,076
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)	2.78	3.67

34 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 company has made the following expenditure in CSR activities:

Particulars	2022	2021
Promoting Healthcare	3,530	–
Promotion of Education	–	723
Contribution to PM National Relief Fund	–	92
Total	3,530	815
a) Amount required to be spent as per Section 135 of the Act	3,480	814
b) Amount spent during the year:		
(i) Construction/acquisition of Asset	–	–
(ii) On purposes other than (i) above	3,530	815
Total	3,530	815
Shortfall/(surplus) for the year (a - b)	(50)	(1)

- 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.

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

35 Provision for onerous contract

The Company reviews its contract with vendors from time to time; during the current year, 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)).

36 Key ratios:

The various analytical ratios for the year ended March 31, 2022 and March 31, 2021 are as below:

Particulars	Numerator	Denominator	2022 Ratio	2021 Ratio	Variance in %
Current ratio (in times)	Current assets	Current liabilities	3.30	3.46	-4.59%
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	17.20%	28.57%	-11.37%
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	2.95	2.10	40.54%
Trade payables turnover ratio (in times)	Net credit purchases	Average trade payables	8.94	5.85	52.98%
Net Capital turnover ratio (in times)	Revenue	Working capital	0.54	0.60	-8.78%
Net profit ratio (in %)	Net profit after taxes	Revenue	32.83%	53.25%	-20.42%
Return on Capital employed (in %)	EBIT	Average capital employed	24.98%	37.22%	-12.24%
Return on investment (in %)					
Equity	Income generated from investments	Time weighted average investments	-23.52%	-7.86%	-15.66%
Mutual fund	Income generated from investments	Time weighted average investments	3.42%	3.11%	0.32%
Government Securities	Income generated from investments	Time weighted average investments	6.62%	5.87%	0.75%

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.

3) Reasons for variance above 25 %:

a) Trade receivables turnover ratio: Collection process has been streamlined resulting in faster collection of receivables.

b) Trade payable turnover ratio: Streamlined payment process leading to improvement in the ratio."

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.

38 Other notes accompanying the standalone financial statements

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

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

iii) The Company has assessed that uncertainties caused by COVID-19 not to have significant impact on it's business as a whole.

For **Abarna & Ananthan**

Chartered accountants

Firm registration number: 000003S

Sd/-

Mohan Rao Gadath
Partner

Membership No: 203737
UDIN: 22203737ALOXRR5600

Place: Bangalore
Date: 14-06-2022

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: 14 June 2022
Place: Bengaluru

Sd/-

Debajyoti Ray Chaudhuri
Managing Director & CEO
DIN: 09242571

Sd/-

Mruthunjaya Murthy
Company Secretary

REPORT OF AUDITORS ON CONSOLIDATED FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of **National E-Governance Services Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the company as at March 31, 2022 and its consolidated profit including

other comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion:

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

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 31 March 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and



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in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters.

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the Management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matters	How our audit addressed the key audit matter
<p>Capital Management of NESL Asset Data Limited- (NADL)</p> <p>NADL 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 2 crores at all times during financial year ended March 31,2022. 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>The procedures performed by the Statutory auditors of NADL, as reported by them, to test such capital management and adequacy are as follows: -</p> <ol style="list-style-type: none"> 1. Verified the calculation of NoF prepared by the Management under such guidelines which is Rs. 2.87 crores as per Master Direction- Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016. 2. The company has invested in Fixed deposits of Rs. 2 crores and does not use such funds for normal operations Verified the FD receipts. 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 are in the process of obtaining capital infusion. This was verified by reviewing the board papers, letters to regulator from holding company- National E-Governance Services Limited ('NeSL'). These documents shows NeSL's intent to support the Company for sufficiency in funds for meeting its cost of operation and maintenance of NoF.



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Opinion

We have audited the accompanying consolidated financial statements of **National E-Governance Services Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (holding company and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the company as at March 31, 2022 and its consolidated profit including other comprehensive loss, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion:

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's

Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 31 March 2022. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit

reports furnished to us by the Management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

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

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

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

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

Responsibilities of Management for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated

total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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.



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Auditor's Responsibility for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- 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. 81,163 thousand as at March 31, 2022, total revenues of Rs.16,303 thousand and net cash flows amounting to Rs. (14,472) thousand for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports

have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to aforesaid subsidiaries, is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. With respect to the matters specified in paragraphs 3(xxii) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO report issued by us for the Holding Company and CARO reports issued by the respective Statutory Auditors of Subsidiaries included in the consolidated financial statements of the Company, we report that there are no qualifications or adverse remarks in these CARO reports
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.



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- b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the books of accounts maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 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, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure 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 Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Group does not have any pending litigations which would impact its financial position.
 - The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.
 - 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, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind



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- of funds) by the Company or any of such subsidiaries to or in any other person(s) or entity(ies), 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, other than as disclosed in the notes to the accounts, no funds have been received by the Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the

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

Sd/-

Mohan Rao Gadath

Partner

Membership No: 203737

UDIN: 22203737ALOXRR5600

Place: Bangalore

Date: 14-06-2022



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.

- 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 Group has not declared or paid any dividend during the year.

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ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in our report of even date)

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

In conjunction with our audit of the consolidated financial statements of the company as of and for the year ended 31st March 2022, we have audited the internal financial controls over financial reporting of **National E-Governance Services Limited** ("the Holding Company"), its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company, and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2022, based on, the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



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Other Matters

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

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

Sd/-

Mohan Rao Gadath

Partner

Membership No: 203737

UDIN: 22203737ALOXRR5600

Place: Bangalore

Date: 14-06-2022



Report from Comptroller & Auditor General of India on Consolidated Financial Statements

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 31ST MARCH 2022

The preparation of consolidated financial statements of National E-Governance Services Limited for the year ended 31st March 2022 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 14th June 2022.

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 31st March 2022 under section 143(6)(a) read with section 129(4) of the Act.

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

Sd/-

(P. V. Hari Krishna)

Principal Director of Audit (Shipping), Mumbai

Place : Mumbai

Date: 26.08.2022

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Consolidated Balance Sheet as at March 31, 2022

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

Particulars	Note	2022	2021
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	8,129	7,237
Right-of-use asset	5	79,138	29,269
Other intangible assets	4	50,028	79,563
Intangible assets under development	4	—	16,480
Financial assets	6		
Investments	6.1	74,977	74,841
Other financial assets	6.2	1,18,317	1,41,544
Deferred tax assets (net)	7	19,678	3,690
Other non-current assets	8	2,256	1,334
Current assets			
Financial assets	9		
Investments	9.1	39,246	94,320
Trade receivables	9.2	3,12,565	1,95,723
Cash and cash equivalents	9.3.1	84,415	91,633
Other bank balances	9.3.2	12,33,663	7,99,330
Other financial assets	9.4	25,264	35,409
Other current assets	10	21,878	28,312
		20,69,554	15,98,685
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	7,50,000	7,50,000
Other equity	12	5,55,682	3,39,986
Non current liabilities			
Financial liabilities	13		
Lease liabilities	13.1	57,440	20,794
Other financial liabilities	13.2	1,293	1,214
Provisions	14	48,949	8,430
Deferred tax liabilities (net)	7	90	4,454
Other non-current liabilities	15	1,38,536	1,08,150
Current liabilities			
Financial liabilities	16		
Lease liabilities	16.1	28,187	18,318
Trade payables	16.2		
a) Total outstanding dues of micro and small enterprises		1,738	5,065
b) Total outstanding dues of creditors other than micro and small enterprises		16,836	15,826
Other financial liabilities	16.3	12,953	5,876
Other current liabilities	17	3,97,092	2,89,103
Provisions	18	60,758	31,469
		20,69,554	15,98,685

Significant accounting policies

3

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

As per our report of even date attached

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
UDIN: 22203737ALOXRR5600
Place: Bangalore
Date: 14-06-2022



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: 14 June 2022
Place: Bengaluru

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

Sd/-
Mruthunjaya Murthy
Company Secretary



CONSOLIDATED FINANCIAL STATEMENTS

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Consolidated Statement of Profit and Loss for the year ended March 31, 2022

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

Particulars	Note	2022	2021
Revenue from operations	19	6,43,296	5,24,683
Other Income	20	68,966	58,981
Total Revenue		7,12,262	5,83,664
Expenses			
Cost of services	21	99,965	46,064
Employee benefit expenses	22	1,37,034	77,546
Finance costs	23	2,170	2,704
Depreciation and amortization expense	4 & 5	68,690	54,196
Impairment loss	24	217	-
Provision for onerous contract	35	56,466	-
Other expenses	25	44,777	40,338
Total Expenses		4,09,319	2,20,848
Profit/(Loss) before tax		3,02,943	3,62,816
Tax expense			
Current tax		(1,05,496)	(96,374)
Deferred tax	7	19,824	4,114
Profit/(Loss) for the year from continuing operations		2,17,271	2,70,556
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)		(2,103)	(449)
Deferred tax		528	113
Total other comprehensive income for the year		(1,575)	(336)
Total comprehensive profit for the year		2,15,696	2,70,220
Earning per equity share of face value of Rs.10 each			
Basic and Diluted (amount in ₹ per share)	33	2.90	3.61

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
UDIN: 22203737ALOXRR5600
Place: Bangalore
Date: 14-06-2022

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

Sd/-
R. Gandhi
Director
DIN: 03341633

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

Sd/-
Vinod Shenoy M.
Chief Financial Officer
Date: 14 June 2022
Place: Bengaluru

Sd/-
Mruthunjaya Murthy
Company Secretary



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Consolidated Cash Flow Statement for the year ended March 31, 2022

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

Particulars	Note	2022	2021
Cash flow from operating activities			
Profit/(Loss) for the year before tax		3,02,943	3,62,816
Adjustment to reconcile net profit to net cash provided by operating activities			
Depreciation		68,690	54,196
Profit from sale of mutual funds		(1,221)	(1,033)
Long term gain from sale of mutual funds		(2,612)	—
(Gain)/Loss on fair value restatement of mutual funds		1,897	(935)
Interest income		(59,045)	(55,064)
Interest income from government securities		(4,953)	(1,080)
Finance costs - Leases (IndAS 116)		2,091	2,630
Impairment loss		217	—
Provision for onerous contract		56,466	—
Assets written off		32	—
(Profit)/loss on sale of assets		—	11
(Gain)/loss on lease modification (IndAS 116)		(424)	739
Change in assets & liabilities			
Trade payables		6,003	6,262
Other financial liabilities current/non-current		7,156	1,721
Other liabilities current/non-current		1,38,375	34,898
Provisions current/non-current		852	19,484
Trade Receivables		(1,16,842)	1,42,195
Other financial assets current/non-current		1,429	(7,035)
Other current assets current/non-current		(347)	(4,070)
Cash generated from operations		4,00,707	5,55,735
Income taxes paid		(86,296)	(79,183)
Net cash generated by operating activity		3,14,411	4,76,552
Cash flow from investing activities			
Expenditure on property plant and equipment		(4,477)	(3,278)
Expenditure on intangible assets		(14,072)	(35,861)
Proceeds from sale of assets		72	32
Investment in fixed deposits (net of redemption)		(4,07,497)	(2,69,930)
Interest received on investments		64,152	43,324
Payment to acquire liquid mutual funds		(17,598)	(1,91,594)
Proceeds from redemption of mutual funds		74,609	1,41,101
Investment in government securities		—	(74,841)
Interest received on government securities		4,817	1,080
Net cash used in investing activities		(2,99,994)	(3,89,967)
Cash flow from financing activities			
Repayment of Lease liability on Right of Use assets - IndAS 116		(18,959)	(10,330)
Interest paid Lease liability on Right of Use assets - IndAS 116		(2,676)	(2,452)
Share issue expenses		—	(285)
Net cash generated in financing activities		(21,635)	(13,067)
Net increase in cash or cash equivalents		(7,218)	73,518
Cash and cash equivalent at the beginning		91,633	18,115
Cash and cash equivalent at the close		84,415	91,633
Components of cash and cash equivalents	9.3.1		
Cash in hand		—	—
Balances with banks			
Current accounts		17,682	20,434
Fixed deposits		66,733	71,199
Total cash and cash equivalents		84,415	91,633

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
UDIN: 22203737ALOXRR5600
Place: Bangalore
Date: 14-06-2022

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

Sd/-
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Director
DIN: 03341633

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

Sd/-
Vinod Shenoy M.
Chief Financial Officer
Date: 14 June 2022
Place: Bengaluru

Sd/-
Mruthunjaya Murthy
Company Secretary



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Consolidated Statement of Changes in Equity for the year ended March 31, 2022

(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	2022		2021	
	Nos. (,000)	Amount	Nos. (,000)	Amount
At the beginning of the year	75,000	7,50,000	75,000	7,50,000
Changes during the year	—	—	—	—
At the end of the year	75,000	7,50,000	75,000	7,50,000

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

b) Other equity

Particulars	"Retained earnings"	Total
Balance as at April 1, 2020	70,051	70,051
Share issue expenses net of taxes	(285)	(285)
Profit for the year	2,70,556	2,70,556
Other comprehensive income not reclassifiable to profit and loss	(336)	(336)
Balance as at March 31, 2021 (Refer Note 12)	3,39,986	3,39,986
Balance as at 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

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
UDIN: 22203737ALOXRR5600
Place: Bangalore
Date: 14-06-2022

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

Sd/-
R. Gandhi
Director
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Date: 14 June 2022
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Debajyoti Ray Chaudhuri
Managing Director & CEO
DIN: 09242571

Sd/-
Mruthunjaya Murthy
Company Secretary



National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the consolidated Ind AS financial statements for the year ended March 31, 2022

(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, 2022 were approved by the Board of Directors and authorized for issue on June 14, 2022.

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, 2022.

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.

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

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

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

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

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

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

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

2.1. Basis of consolidation

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

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

3. Summary of significant accounting policies

(a) Revenue recognition

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

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

Information Utility income

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

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

Income from E-Sign services

Revenue is recognized when E-sign counts are accepted by the customer.

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

National E-Governance Services Limited

CIN: U72900MH2016GOI282855

Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

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.

KYC services

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

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

Account aggregator service income

NaDL 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 on a time proportionate basis, as the related services are performed over time on a monthly basis.
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, on a time proportionate basis with respect to principal balance outstanding using effective interest rate method.

(b) Functional currency

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

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

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

(c) Taxes

Current income tax

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

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 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

(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.

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)

National E-Governance Services Limited

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

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.

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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

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

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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 01/04/2021	Additions	Deletion	As on 31/03/2022	As on 01/04/2021	For the Year	Withdrawals	Impairment	Upto 31/03/2022	WDV as on 31/03/2022	WDV as on 31/03/2021
Tangible assets											
Vehicles	1,108	1,134	-	2,242	585	290	-	-	875	1,367	523
Computers	9,167	2,032	76	11,123	4,767	2,041	17	-	6,791	4,332	4,400
Servers and networks	2,044	200	-	2,244	1,092	327	-	-	1,419	825	952
Furniture and fittings	204	-	-	204	56	19	-	-	75	129	148
Leasehold premises improvements - Mumbai	2,442	-	-	2,442	2,319	-	-	-	2,319	123	123
Leasehold premises improvements - Bangalore	96	-	-	96	24	32	-	-	56	40	72
Office Equipment's	2,430	812	77	3,165	1,411	473	32	-	1,852	1,313	1,019
Total	17,491	4,178	153	21,516	10,254	3,182	49	-	13,387	8,129	7,237
Previous year comparatives (FYE 2021)	13,930	3,691	130	17,491	7,314	3,027	87	-	10,254	7,237	-
Other intangible assets											
IU software	1,51,525	-	-	1,51,525	75,927	45,383	-	-	1,21,310	30,215	75,598
IU License fees	5,000	-	-	5,000	3,518	1,000	-	-	4,518	482	1,482
AA software	-	19,099	-	19,099	-	1,863	-	-	1,863	17,236	-
Other software	4,057	477	-	4,534	1,574	865	-	-	2,439	2,095	2,483
Total	1,60,582	19,576	-	1,80,158	81,019	49,111	-	-	1,30,130	50,028	79,563
Previous year comparatives (FYE 2021)	1,28,653	31,929	-	1,60,582	42,490	38,529	-	-	81,019	79,563	-
Intangible assets under development											
IU software under development	-	-	-	-	-	-	-	-	-	-	-
AA software under development	16,480	2,619	19,099	-	-	-	-	-	-	-	16,480
Total	16,480	2,619	19,099	-	-	-	-	-	-	-	16,480
Previous year comparatives (FYE 2021)	23,846	12,129	19,495	16,480	-	-	-	-	-	-	16,480

5. Right of use asset

Description	Cost			Depreciation/amortisation and impairment			Carrying amount				
	As on 01/04/2021	Additions	Deletion	As on 31/03/2022	As on 01/04/2021	For the Year	Withdrawals	Impairment	Upto 31/03/2022	WDV as on 31/03/2022	WDV as on 31/03/2021
Leasehold property - Gresham house, Mumbai	1,543	2,737	-	4,280	1,543	498	-	-	2,041	2,239	-
Leasehold property - The Estate, Bangalore	15,388	-	6,051	9,337	4,360	2,941	-	-	7,301	2,036	11,028
Leasehold property - Castle Homes	-	66,892	-	66,892	-	1,884	-	-	1,884	65,008	-
Servers- Virtual machines	27,912	1,178	1,333	27,757	13,830	7,265	-	-	21,095	6,662	14,082
Servers- Storage space	8,697	397	-	9,094	4,538	2,360	-	-	6,898	2,196	4,159
Servers- Datawarehouse	-	1,714	175	1,539	-	837	-	-	837	702	-
Servers- E-Auction	-	649	-	649	-	354	-	-	354	295	-
Servers- PDA ⁽¹⁾	-	499	24	475	-	258	-	-	475	-	-
Total	53,540	74,066	7,583	1,20,023	24,271	16,397	-	217	40,885	79,138	29,269
Previous year comparatives (FYE 2021)	48,233	5,307	-	53,540	11,630	12,641	-	-	24,271	29,269	-

(1) Refer note no. 24

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Non-current assets

6 Financial assets

6.1 Investments

Particulars	2022	2021
Non current investments:		
Investments in government securities at amortised cost		
Investment in IN1920200434 Karnataka SDL 2030	5,871	5,872
Investment in IN1920200459 Karnataka SDL 2030	19,211	19,213
Investment in IN3120200222 Tamil Nadu SDL 2030	23,574	23,558
Investment in IN3120200347 Tamil Nadu SDL 2031	5,689	6,305
Investment in IN3120200362 Tamil Nadu SDL 2030	20,632	19,893
	74,977	74,841
Total	74,977	74,841
Aggregate amount of quoted investment	74,977	74,841
Market value of quoted investment	72,277	74,841
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in value of investments.	-	-

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

2. Government securities are classified as held to maturity investments and carried at amortised cost.

6.2 Other financial assets

Particulars	2022	2021
Security deposits - non current refundable	4,952	1,344
Bank deposits with maturity more than 12 months from balance sheet date	1,13,365	1,40,200
Total	1,18,317	1,41,544

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 2021	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 2022
NeSL					
Depreciation	(5,714)	6,385	-	-	671
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	880	712	561	-	2,153
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	1,132	662	-	-	1,794
On account of fair value adjustments under Ind AS	(752)	478	-	-	(274)
On account of provision for bad debts	-	1,082	-	-	1,082
On account of provision for onerous contract	-	14,211	-	-	14,211
	(4,454)	23,530	561	-	19,637
NaDL					
Depreciation	(21)	(502)	-	-	(523)
Preliminary expenses u/s 35D	25	(25)	-	-	-
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	150	138	(37)	-	251
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	160	94	-	-	254
On account of fair value adjustments under Ind AS	(15)	(57)	-	-	(72)
Deferred tax asset for carried forward tax loss*	3,390	(3,390)	-	-	-
	3,689	(3,742)	(37)	-	(90)
NEIL					
Depreciation	(4)	(5)	-	-	(9)
Preliminary expenses u/s 35D	4	(4)	-	-	-
Expenses under sec 40A (7) of the Income Tax Act, 1961- Provision for gratuity	0	11	4	-	15
Expenses under sec 43B of the Income Tax Act, 1961- Provision for leave encashment	1	34	-	-	35
	1	36	4	-	41

*Management perceives that probable future tax profits would not be available to set off the tax loss being carried forward under the Income Tax Act 1961. Hence, the deferred tax asset created on carried forward losses has been reversed in the current year.

The regular tax rates under Income Tax Act, 1961, applicable for the 2022 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 2021	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 2022
NeSL	(4,454)	23,530	561	-	19,637
NaDL	3,689	(3,742)	(37)	-	(90)
NEIL	1	36	4	-	41
Total	(764)	19,824	528	-	19,588

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	2022	2021
Prepaid expenses - non current	2,235	1,313
Security deposit - non current non refundable	21	21
Total	2,256	1,334

Current assets

9 Financial assets

9.1 Investments

Particulars	2022	2021
Current investments:		
Investments in mutual funds (quoted)		
Investment in LD72SG SBI Liquid Fund Direct Growth 11,774.725 units (PY: 25,364.892 units) at market price (NAV).	39,246	81,716
Investment in SBI Debt Fund Series C-7 (1190 days) Direct Growth Nil units (PY: 10,00,000 units) at market price (NAV).	-	12,604
Total	39,246	94,320
Aggregate amount of quoted investment	39,246	94,320
Market value of quoted investment	39,246	94,320
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	2022	2021
(a) Trade Receivables considered good - Secured;	-	-
(b) Trade Receivables considered good - Unsecured; Receivable from related parties	-	-
Receivable from others	3,12,565	1,95,723
(c) Trade Receivables which have significant increase in Credit Risk	-	-
(d) Trade Receivables - credit impaired	4,297	-
Total	3,16,862	1,95,723
Loss allowance	(4,297)	-
Total	3,12,565	1,95,723

Ageing of Trade receivables outstanding for FYE 2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	66,678	26,741	2,248	-	-	95,667
(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	66,678	26,741	6,545	-	-	99,964
Trade receivables not due for	2,16,898	-	-	-	-	2,16,898
Total trade receivables	2,83,576	26,741	6,545	-	-	3,16,862

Ageing of Trade receivables outstanding for FYE 2021

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables - considered good	62,833	19,975	384	-	-	83,192
(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	-	-	-	-	-	-
Total trade receivables due	62,833	19,975	384	-	-	83,192
Trade receivables not due for	1,12,531	-	-	-	-	1,12,531
Total trade receivables	1,75,364	19,975	384	-	-	1,95,723

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9.3.1 Cash and cash equivalents

Particulars	2022	2021
Cash in hand	-	-
Balance with banks (of the nature of cash and cash equivalents)		
In current account	17,682	20,434
In deposit account with original maturity within 3 months from the date of deposit	66,427	71,142
Income accrued but not due on fixed deposits (Cash and Cash equivalent)	306	57
Total	84,415	91,633

9.3.2 Other bank balances

Particulars	2022	2021
In deposit account with maturity within 12 months of balance sheet date*	12,33,663	7,99,330
Total	12,33,663	7,99,330

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

* This includes an amount of Rs 11 lakh in fixed deposit, offered as security/lien for the purpose of performance bank guarantee (refer note 38).

9.4 Other financial assets

Particulars	2022	2021
Advances recoverable	-	-
Security deposits - current refundable	2,119	1,722
Unbilled revenue - FC creditors	-	3,919
Unbilled revenue - CKYC service	306	1,934
Unbilled revenue - Others	344	145
Income accrued but not due on Government securities	-	87
Income accrued but not due on fixed deposits	22,495	27,602
Total	25,264	35,409

10 Other current assets

Particulars	2022	2021
Income tax- TDS	10,122	15,982
GST input credit	6,052	6,916
GST recoverable	-	1,217
Prepaid expenses	3,107	2,507
Other advances	2,597	1,690
Total	21,878	28,312

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Equity
11 Share capital

Particulars	2022	2021
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	2022		2021	
	Number of shares (,000)	Amount	Number of shares (,000)	Amount
Number of shares at the beginning of the year	75,000	75,000	75,000	75,000
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	75,000	75,000	75,000	75,000

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	2022		2021	
	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	2022		2021	
	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, 2022 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, 2022.

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12 Other equity

Particulars	2022	2021
Retained earnings		
Opening balance	3,39,986	70,051
Share issue expenses net of taxes	-	(285)
Add: Profit/(Loss) for the year	2,17,271	2,70,556
Add: Other comprehensive income	(1,575)	(336)
Total	5,55,682	3,39,986

Non - current liabilities
13 Financial liabilities
13.1 Lease liabilities

Particulars	2022	2021
Lease liability	57,440	20,794
Total	57,440	20,794

13.2 Other financial liabilities

Particulars	2022	2021
Deposits received	1,293	1,214
Total	1,293	1,214

Note: 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	2022	2021
Provision for gratuity (non-current)	6,924	4,036
Provision for leave encashment (non-current)	6,785	4,394
Provision for onerous contract (non-current)	35,240	-
Total	48,949	8,430

15 Other non-current liabilities

Particulars	2022	2021
Deferred income - Financial creditors (non current)	1,34,748	1,08,150
Deferred income - Others (non current)	3,788	-
Total	1,38,536	1,08,150

Current liabilities
16 Financial liabilities
16.1 Lease liabilities

Particulars	2022	2021
Lease liability - current	28,187	18,318
Total	28,187	18,318

16.2 Trade payables

Particulars	2022	2021
Total outstanding dues of micro enterprises and small enterprises	1,738	5,065
Total outstanding dues of creditors other than Micro and small enterprises		
Related Parties	-	-
Others	-	-
Creditors for supplies & services	16,350	15,268
Creditors for expenses	486	558
Total	18,574	20,891

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 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	"1-2 years"	"2-3 years"	More than 3 years	
Undisputed					
(i) MSME	-	-	-	-	-
(ii) Others	8,352	-	-	-	8,352
Disputed					
(iii) MSME	-	-	-	-	-
(iv) Others	-	-	-	-	-
Total Trade payables due	8,352	-	-	-	8,352
Trade payables not due	10,222	-	-	-	10,222
Total Trade payables	18,574	-	-	-	18,574

Trade payables ageing outstanding for FYE 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	"1-2 years"	"2-3 years"	More than 3 years	
Undisputed					
(i) MSME	-	-	-	-	-
(ii) Others	10,186	267	-	-	10,453
Disputed					
(iii) MSME	-	-	-	-	-
(iv) Others	-	-	273	-	273
Total Trade payables due for payment	10,186	267	273	-	10,726
Trade payables not due for payment	10,165	-	-	-	10,165
Total Trade payables	20,351	267	273	-	20,891

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16.3 Other financial liabilities

Particulars	2022	2021
Deposit received - current	1,792	1,791
Other returnable deposits	451	326
Advances returnable	10,710	3,759
Total	12,953	5,876

17 Other financial liabilities

Particulars	2022	2021
Statutory Liabilities	31,865	16,581
Deferred income - Financial creditors	3,55,467	2,67,437
Deferred revenue - OKYC installation fees	653	1,883
Deferred income - Ind AS fair value adjustment	75	149
Deferred income - Others	6,591	1,230
Advance received from customers - non returnable	2,441	1,823
Advances returnable	3,97,092	2,89,103
Total	12,953	5,876

18 Provisions (current)

Particulars	2022	2021
Provision for expenses	23,164	24,280
Provision for taxation (net)	13,340	6,426
Provision for gratuity - current	2,022	39
Provision for leave encashment - current	1,006	724
Provision for onerous contract (current)	21,226	-
Total	60,758	31,469

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19 Revenue from operations

Particulars	2022	2021
IU fee- Financial creditors (1)	6,20,833	5,13,636
IU fee- Operational creditors	73	182
Fee from DDE services (2)	5,875	256
Fee from PDA services (3)	558	32
Revenue from AA operations	2	-
Other operational revenue	2,480	1,720
Central Know Your Customer Services income (CKYC) (4)	3,272	847
Offline Know Your Customer services income (OKYC): (4)		
One Time Installation Setup Fee	2,155	2,179
OKYC services	8,048	5,831
Total	6,43,296	5,24,683

(1) Summary of financial creditors billings

Particulars	2022	2021
Opening balance: Deferred revenue and Unbilled revenue	3,71,668	3,22,107
Total billing for the year	7,39,380	5,63,197
(-) Deferred revenue (disclosed in note 15 & 17)	(4,90,215)	(3,75,587)
(+) Unbilled revenue (disclosed in note 9.4)	-	3,919
Revenue recognised for the year	6,20,833	5,13,636

(2) Summary of DDE billing

Particulars	2022	2021
Opening balance: Deferred revenue and Unbilled revenue	562	
Total billing for the year	13,270	818
(-) Deferred revenue (disclosed in note 15 & 17)	(7,957)	(598)
(+) Unbilled revenue (disclosed in note 9.4)	-	36
Revenue recognised for the year	5,875	256

(3) Summary of PDA billing

Particulars	2022	2021
Opening balance: Deferred revenue and Unbilled revenue	32	-
Total billing for the year	1,748	63
(-) Deferred revenue (disclosed in note 17)	(1,222)	(32)
(+) Unbilled revenue (disclosed in note 9.4)	-	1
Revenue recognised for the year	558	32

(4) Summary of CKYC and OKYC billing

Particulars	2022	2021
Opening balance: Deferred revenue and Unbilled revenue	(51)	1,481
Total billing for the year	15,349	9,651
(-) Deferred revenue (disclosed in note 17)	(653)	(1,883)
(+) Unbilled revenue (disclosed in note 9.4)	306	1,934
(-) Billing to fellow subsidiary	(153)	-
(-) Revenue share payable	(1,323)	(2,326)
Revenue recognised for the year	13,475	8,857

20 Other income

Particulars	2022	2021
Interest on fixed deposits	59,045	55,064
Fees for sponsorship services	-	-
Interest on security deposits	161	92
Interest on government securities	4,953	1,080
Interest on IT refund	1,657	1,040
Profit on sale of motor car	-	-
Gain on redemption of mutual funds- current investments	1,221	1,033
Long term gain on redemption of mutual funds	2,612	-
Gain on restatement of mutual funds at fair value	(1,897)	935
Gain/(loss) on lease modification	424	(739)
Miscellaneous income	790	476
Total	68,966	58,981

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21 Cost of services

Particulars	2022	2021
IU annual fee	5,000	5,000
IU technology expenses		
Technology resource expenses	27,014	2,458
IT data center expenses	7,646	4,610
Datawarehouse expenses	5,600	5,222
Other IT expenses	13,696	7,024
CIRP and VDR expenses	25,517	10,459
IU operational expenses	7,825	6,629
FIU Gateway and Other Enhancements	3,231	-
AA software AMC charges	636	-
Offsite data entry & cropping work	661	281
Subscription charges for trackwizz CKYC	-	287
IT Consulting Expenses	1,295	1,023
Other operating expenses	1,844	3,071
Total	99,965	46,064

22. Employee benefit expenses

Particulars	2022	2021
Salary & Allowances	1,17,131	65,854
Contribution to Provident Fund & Superannuation Fund	6,358	3,082
Gratuity expense	3,404	720
Leave encashment and compensated leave benefits	5,373	4,227
Staff Welfare Expenses	4,768	3,663
Revenue recognised for the year	1,37,034	77,546

23. Impairment loss

Particulars	2022	2021
Interest expense on lease liabilities	2,091	2,630
Interest expense on security deposit received	79	74
Total	2,170	2,704

24. Finance costs

Particulars	2022	2021
Impairment loss on investment in subsidiary ⁽¹⁾	217	-
Total	217	-

(1) During the current year the company has identified certain contracts to be onerous. The right of use asset pertaining to the onerous contract were tested for impairment and an impairment of Rs 217 thousand was made.

25 Other income

Particulars	2022	2021
Rent	1,517	1,293
Repairs and maintenance	1,193	1,037
Subscription, rates and taxes	3,608	2,873
Professional charges	8,323	17,077
Legal fees	2,120	2,229
Communication expenses	2,116	1,712
Advertisement and business promotion	1,534	3,342
Auditors' remuneration		
- Statutory audit	400	400
- Tax audit	100	100
- Out of pocket expenses	5	15
Secretarial audit	125	100
Internal audit	1,400	1,300
Travelling, boarding and conveyance	1,970	548
Insurance expenses	1,356	809
Directors' sitting fees	2,850	2,750
Provision for bad debts	4,297	-
Assets written off	32	-
Bad debts written off	2,393	-
CSR expenses*	3,530	815
Other miscellaneous/administrative expenses	5,908	3,938
Total	44,777	40,338

*Refer note - 36 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

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

Particulars	Key management personnel		Total	
	2022	2021	2022	2021
A. Transactions during the year				
Remuneration*				
Mr. Debajyoti Ray Chaudhuri	4,380	-	4,380	-
Mr. S. Ramann	342	5,568	342	5,568
Mrs. EP Nivedita	3,274	-	3,274	-
Mr. Vinod Shenoy M.	4,914	4,603	4,914	4,603
Mr. M. Murthy	4,968	4,121	4,968	4,121
	17,878	14,292	17,878	14,292
Loans and advances				
Mr. Debajyoti Ray Chaudhuri	1,000	-	1,000	-
	1,000	-	1,000	-

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

B. Balances outstanding as at year end

Particulars	Key management personnel		Total	
	2022	2021	2022	2021
Remuneration				
Mr. Debajyoti Ray Chaudhuri	-	-	-	-
Mr. S. Ramann	-	-	-	-
Mrs. EP Nivedita	-	-	-	-
Mr. Vinod Shenoy M.	-	-	-	-
Mr. M. Murthy	-	-	-	-
	-	-	-	-
Loans and advances				
Mr. Debajyoti Ray Chaudhuri	700	-	700	-
	700	-	700	-
	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	2022	2021
Present Value of Unfunded Defined Benefit Obligation	8,946	4,075
Fair value of Plan Assets	-	-
	8,946	4,075
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	8,946	4,075

Net Defined Benefit Cost/(Income) included in Statement of Profit & Loss at Period-End	2022	2021
Service Cost	3,011	2,142
Net Interest Cost	393	268
Past Service Cost	-	(1,690)
Administration Expenses	-	-
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Total Defined Benefit Cost/(Income) included in Profit & Loss	3,404	720

Current / Non-Current Bifurcation	2022	2021
Current Benefit Obligation	2,022	39
Non - Current Benefit Obligation	6,924	4,036
(Asset)/Liability Recognised in the Balance Sheet	8,946	4,075

Actual Return on Plan Assets	2022	2021
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	2022	2021
Amount recognized in OCI, Beginning of Period	1,805	1,356
Remeasurements due to :		
Effect of Change in financial assumptions	406	195
Effect of Change in demographic assumptions	(27)	-
Effect of experience adjustments	1,724	254
(Gain)/Loss on Curtailments/Settlements	-	-
Return on plan assets (excluding interest)	-	-
Changes in asset ceiling	-	-
Total remeasurements recognized in OCI	2,103	449
Amount recognized in OCI, End of Period	3,908	1,805

Total Defined Benefit Cost/(Income) included in Profit & Loss and Other Comprehensive Income	2022	2021
Amount recognized in P&L, End of Period	3,404	720
Amount recognized in OCI, End of Period	2,103	449
Total Net Defined Benefit Cost/(Income) Recognized at Period-End	5,507	1,169

Change in the Unrecognised Asset due to the Asset Ceiling During the Period	2022	2021
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	2022	2021
Defined Benefit Obligation, Beginning of Period	4,075	2,906
Net Current Service Cost	3,011	2,142
Interest Cost on DBO	393	268
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	2,103	449
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture*	-	-
Benefits Paid	(636)	-
Past Service Cost	-	(1,690)
Losses / (Gains) on Curtailments/Settlements	-	-
Defined Benefit Obligation, End of Period	8,946	4,075

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Change in Fair value of Plan Assets during the Period	2022	2021
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	2022	2021
Balance Sheet (Asset)/Liability, Beginning of Period	4,075	2,906
Total Charge/(Credit) Recognised in Profit and Loss	3,404	720
Total Remeasurements Recognised in OC (Income)/Loss	2,103	449
Acquisitions/Business Combinations/Divestitures	-	-
Actual Employer Contribution	(636)	-
Other Events	-	-
Balance Sheet (Asset)/Liability, End of Period	8,946	4,075

Financial Assumptions Used to Determine the Defined Benefit Obligation	2022	2021
Discount Rate	7.06%	7.07%
Salary Escalation Rate	12.00%	12.00%

Financial Assumptions Used to Determine the Profit & Loss Charge	2022	2021
Discount Rate	7.06%	7.07%
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	2022	2021
Withdrawal Rate	10.00%	5.00%
Mortality Rate	IALM (2012-14) Ult	IALM (2012-14) Ult
Retirement Age	60 years	60 years

Asset Category	2022	2022	2022
	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	2022
Year - 2023	2,092
Year - 2024	420
Year - 2025	548
Year - 2026	847
Year - 2027	807
Year - 2028 to 2031	4,257

Defined Benefit Obligation by Participant Status	2022
a. Actives	8,946
b. Vested Deferreds	—
c. Retirees	—
Total Defined Benefit Obligation	8,946

Sensitivity Analysis	2022
Defined Benefit Obligation - Discount Rate + 100 basis points	(534)
Defined Benefit Obligation - Discount Rate - 100 basis points	606
Defined Benefit Obligation - Salary Escalation Rate + 100 basis points	311
Defined Benefit Obligation - Salary Escalation Rate - 100 basis points	(365)

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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	2022	2021
Present Value of Unfunded Defined Benefit Obligation	7,791	5,118
Fair value of Plan Assets	-	-
	7,791	5,118
Present Value of Funded Defined Benefit Obligation	-	-
Unrecognised Asset due to the Asset Ceiling	-	-
(Asset)/Liability Recognised in the Balance Sheet	7,791	5,118

Amounts Recognised in Statement of Profit & Loss at Period-End	2022	2021
Service Cost	708	246
Net Interest Cost	361	143
Past Service Cost	-	-
Remeasurements	4,303	3,838
(Gain)/Loss due to Settlements/Curtailments/Terminations/Divestitures	-	-
Administration Expenses	-	-
Total Expense/(Income) included in "Employee Benefit Expense"	5,372	4,227

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

Change in Defined Benefit Obligation during the Period	2022	2021
Defined Benefit Obligation, Beginning of Period	5,118	2,053
Net Current Service Cost	708	246
Interest Cost on DBO	361	143
Actual Plan Participants' Contributions	-	-
Actuarial (Gains)/Losses	4,303	3,838
Changes in Foreign Currency Exchange Rates	-	-
Acquisition/Business Combination/Divestiture	-	-
Benefits Paid	(2,699)	(1,162)
Past Service Cost	-	-
Losses / (Gains) on Curtailments/Settlements	-	-
Defined Benefit Obligation, End of Period	7,791	5,118

Change in Fair value of Plan Assets during the Period	2022	2021
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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28 Disclosures under IndAS 116

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

Particulars	2022	2021
Expenses relating to short term leases	1,503	1,790
Expenses relating to leases of low-value	46	97
Total	1,549	1,887

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

Particulars	2022	2021
Future lease payments (undiscounted)		
2021-22	-	20,190
2022-23	32,639	15,727
2023-24	13,447	3,971
2024-25	13,357	2,382
2025-26	14,025	-
2026-27	14,726	-
More than five years	11,485	-
Total future lease payments (undiscounted)	99,679	42,270
Total future finance costs	(14,052)	(3,158)
Lease liability	85,627	39,112
Short-term portion presented under current liabilities (refer note 16.1)	28,187	18,318
Long-term portion presented under non-current liabilities (refer note 13.1)	57,440	20,794

29 Change in cut-offs for revenue recognition

Over the years, the company has progressively reduced time taken to generate invoices. For 2021, the Company had moved its cut-off policy which excluded revenue recognition from records filed in the IU during the last 4 working days of each month to last 4 days of the month (i.e. 26th of each month). For the current year post implementation of e-invoice, the cut-off are further aligned to the month end dates.

Particulars	Rs. in thousands
Revenue to be recognised under previous cut-off	3,43,033
Revenue recognised under current cut-off	3,57,315
Impact in current year - revenue recognised	14,282

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Particulars	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 2022	95.41%	13,05,784	109.61%	2,08,446	106%	(1,669)	109.64%	2,06,777
FYE 2021	94.34%	10,99,007	101.67%	2,75,076	112%	(377)	101.66%	2,74,699
Subsidiaries								
NESL Asset Data Limited								
FYE 2022	3.37%	46,086	-11.77%	(22,388)	-7%	105	-11.82%	(22,283)
FYE 2021	4.58%	53,369	-2.43%	(6,587)	-12%	41	-2.42%	(6,546)
NESL E-infrastructure Limited								
FYE 2022	1.22%	16,712	2.16%	4,113	1%	(11)	2.18%	4,102
FYE 2021	1.08%	12,610	0.76%	2,067	0%	-	0.77%	2,067
Sub total FYE 2022	100%	13,68,582	100%	1,90,171	100%	(1,575)	100%	1,88,596
Sub total FYE 2021	100%	11,64,986	100%	2,70,556	100%	(336)	100%	2,70,220
Adjustment arising out of consolidation								
FYE 2022		(62,900)		27,100		-		27,100
FYE 2021		(75,000)		-		-		-
Total FYE 2022		13,05,682		2,17,271		(1,575)		2,15,696
Total FYE 2021		10,89,986		2,70,556		(336)		2,70,220

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31 The carrying value and fair value of financial instruments by categories as at March 31, 2022 are as follows.

Particulars	Note	Carrying value	Fair value	Carrying value	Fair value
		2022	2022	2021	2021
Financial assets					
Amortised cost					
Other financial assets (Bank deposits)	6.2	1,13,365	1,13,365	1,40,200	1,40,200
Trade receivables	9.2	3,12,565	3,12,565	1,95,723	1,95,723
Cash and cash equivalents	9.3.1	84,415	84,415	91,633	91,633
Other bank balances	9.3.2	12,33,663	12,33,663	7,99,330	7,99,330
Other financial assets	9.4	23,145	23,145	33,686	33,686
Investments in government securities	6.1	74,977	72,277	74,841	74,841
Fair value through profit and loss (FVPTL)					
Investments in mutual funds (quoted)	6.1 & 9.1	39,246	39,246	94,320	94,320
Other financial assets (Security deposits)	6.2 & 9.4	7,071	7,071	3,065	3,065
Total financial assets		18,88,447	18,85,747	14,32,798	14,32,798
Financial liabilities					
Amortised cost					
Lease liability	13.1 & 16.1	85,626	85,626	39,112	39,112
Trade payables	16.2	18,574	18,574	20,891	20,891
Other financial liabilities	16.3	12,953	12,953	5,876	5,876
Fair value through profit and loss (FVPTL)					
Other financial liabilities (Security deposits)	13.2	1,293	1,293	1,214	1,214
Total financial liabilities		1,18,446	1,18,446	67,093	67,093

32 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

32.1 Financial assets and liability measured at fair value - recurring fair value measurement as at the year ended 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)		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	–

32.2 Financial assets and liability measured at fair value - recurring fair value measurement as at the year ended 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)		94,320	94,320	–	–
Other financial assets (Security deposits)		3,065	–	3,065	–
Liabilities measured at fair value:					
Other financial liabilities (Security deposits)		1,214	–	1,214	–

32.3 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 for the year ended March 31, 2022

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

32.4 Financial risks and management and maturity profile

Financial assets are periodically reviewed for credit, liquidity and market risks. Other financial assets (non current) and other bank balances are deposits with Union Bank of India, Bank of Baroda, Canara Bank and SBI, listed public sector undertakings, and carry negligible risks except concentration risk. Maturity profile of deposits is given in table below. The banks are majority owned by Indian Government; credit and liquidity risks are assessed as negligible and do not warrant an elaborate risk management strategy for the risks (credit, liquidity and concentration) except balance confirmations done periodically. Other financial assets (current) consists of accrued interest (on deposits with Bank of 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 Crores
1	1 to 3 months	27.51
2	4 to 12 months	95.87
3	1 year to 2 year	11.33
	Total	134.71

33 Capital management

National E-Governance Services Limited:

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

NESL Asset Data Limited:

The Company is subject to regulatory requirements by RBI to maintain capital of Rs 200 lakhs at the time of being licensed as Account Aggregator, 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. 150 lakhs in April 2021 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.

34 Earning per share

Particulars	2022	2021
Profit/(loss) attributable to equity shareholders of the Group	2,17,271	2,70,556
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)	2.90	3.61

35 Key ratios:

The various analytical ratios for the year ended March 31, 2022 and March 31, 2021 are as below:

Particulars	Numerator	Denominator	2022 Ratio	2021 Ratio	Variance in %
Current ratio (in times)	Current assets	Current liabilities	3.32	3.40	-2.54%
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	26.25%	37.07%	-10.82%
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	3.02	2.15	40.59%
Trade payables turnover ratio (in times)	Net credit purchases	Average trade payables	8.94	5.85	52.98%
Net Capital turnover ratio (in times)	Revenue	Working capital	0.54	0.60	-8.78%
Net profit ratio (in %)	Net profit after taxes	Revenue	33.53%	51.50%	-17.97%
Return on Capital employed (in %)	EBIT	Average capital employed	26.25%	37.07%	-10.82%
Return on investment (in %)					
Mutual fund	Income generated from investments	Time weighted average investments	3.40%	3.00%	0.40%
Government Securities	Income generated from investments	Time weighted average investments	6.62%	5.87%	0.75%

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.

3) Reasons for variance above 25 %:

a) Trade receivables turnover ratio: Collection process has been streamlined resulting in faster collection of receivables.

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Notes to the standalone Ind AS financial statements for the year ended March 31, 2022

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

37 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 company has made the following expenditure in CSR activities:

Particulars	2022	2021
Promoting Healthcare	3,530	--
Promotion of Education	--	723
Contribution to PM National Relief Fund	--	92
Total	3,530	815
a) Amount required to be spent as per Section 135 of the Act	3,480	814
b) Amount spent during the year:		
(i) Construction/acquisition of Asset	--	--
(ii) On purposes other than (i) above	3,530	815
Total	3,530	815
Shortfall/(surplus) for the year (a - b)	(50)	(1)

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

37 Provision for onerous contract

The Company reviews its contract with vendors from time to time; during the current year, 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)).

38 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.

39 Other notes accompanying the consolidated financial statements

- The Group is maintaining the books of account at its administrative office in Bengaluru as authorised by the Board of Directors.
- The Group has assessed that uncertainties caused by COVID-19 not to have significant impact on its business as a whole.

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

Sd/-
Mohan Rao Gadath
Partner
Membership No: 203737
UDIN: 22203737ALOXRR5600
Place: Bangalore
Date: 14-06-2022



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: 14 June 2022
Place: Bengaluru

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

Sd/-
Mruthunjaya Murthy
Company Secretary





Regd. Office: 4th floor, Gresham Assurance House,
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CIN U72900MH2016GOI282855

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