

E2E Networks

E2E NETWORKS LIMITED

9TH ANNUAL GENERAL MEETING

**ANNUAL
REPORT**

2017-18



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Tarun Dua	Managing Director
Ms. Srishti Baweja	Whole-Time Director
Mr. Manjit Rai Dua	Director
Mr. Gaurav Munjal	Director
Mr. Varun Pratap Rajda	Director

COMPANY SECRETARY

Mr. Sumit Bansal

CHIEF FINANCIAL OFFICER

Mr. Gaurav Aggarwal

REGISTRAR & SHARE TRANSFER AGENT

M/s Link Intime India Private Limited

44, Community Center, 2nd Floor, Naraina Industrial Area

Phase 1, New Delhi-110028

STATUTORY AUDITORS

M/S B.B & Associates

4445/9, Jai Mata Market, Tri Nagar,

New Delhi-110035

BANKERS

Axis Bank, OBC Bank, Yes Bank

REGISTERED OFFICE

282, Sector-19, Faridabad, Haryana-121002

Ph: 011-30018093, Email: cs@e2enetworks.com

CIN: L72900HR2009PLC039406

CORPORATE OFFICE

Awfis, A-24/9, Mohan Co-opertive

Industrial Estate, Mathura Road,

Saidabad, New Delhi-110044

Listed: National Stock Exchange of India Ltd (NSE) Emerge



CHAIRMAN'S MESSAGE

Dear Shareholders

It has been an exciting year for your company. **15th May, 2018**, became a red letter day in the history of M/s **E2E Networks Limited**, the Company got listed on National Stock Exchange Emerge, SME platform.

The IPO of ₹ 21.99 Crores received an overwhelming response.

It is a pleasure and privilege to share with you the highlights of the year's performance and outlook for the next year.

- Our Total revenue for the year is ₹ 3629.67 lacs as compared to ₹ 2952.89 lacs in the previous year.
- Our Profit before tax was ₹ 807.23 lacs as compared to ₹ 643.31 lacs in the previous year.
- Our Profit after tax was ₹ 575.95 lacs as compared to ₹ 446.98 lacs in the previous year.

Your company has built its own Cloud Computing Infrastructure from the scratch using Open Source Software and custom designed physical servers to optimize cost, performance and speed of delivery targeting the Indian Cloud Computing market.

Recently we have seen a broad trend towards data localization in the emerging economies like India. This trend is due to demand for better performance of compute infrastructure at a lower latency and better compliance with emerging regulatory environment. This opens up new opportunities in the Cloud Computing Space for players with physical infrastructure in India.

There has been massively increased availability of broadband Internet infrastructure especially for the SME segment which has resulted in increased adoption of Cloud Computing for deployment of hitherto on premise Information Technology applications. The fear of being disconnected from critical applications if they are deployment on the Cloud as compared to on-premise has rapidly decreased.

Digital Transformation initiatives in the various industry segments is also leading to increased adoption of Public Cloud Computing as the preferred Compute infrastructure platform as opposed to on-premise setups.

While we began in 2009 as a contractless computing player targeting the value segment, we have been gradually building up our self-service public cloud platform that can enable rapid deployment for businesses looking to roll out their online server side web or mobile applications. We provide building blocks that can be used to rapidly architect computing infrastructure with pre-configured open source based micro-services such as web servers/load balancers/firewalls/databases etc on our Public Cloud Platform for our customers. This results in lower project delivery costs by cutting down the delivery timelines. We see a huge opportunity in the self-service cloud computing market in India by investing in improvements and feature additions to our Public Cloud Platform. We are also working on delivering GPU based compute infrastructure used by the Open Source Deep Learning/Machine Learning Artificial Intelligence platforms via our Public Cloud Platform.

Our Multi-Cloud CloudOps platform can be used to provide devops and managed services on any of the 2000 plus public clouds across the world. Our CloudOps platform uses a blend of automation delivered via technology combined with human intelligence to reduce the workload of the in-house DevOps team. We intend to capitalize on the devops services opportunity for both E2E's own public cloud as well as any other Public Cloud preferred by our Multi-Cloud CloudOps platform's customers.

I, on behalf of our team assure you of our singular commitment to the growth of Company with ethics and integrity. I would express my gratitude to our diverse stakeholders, our customers, vendors, bankers, all the team members and the board of Directors for their continued support in the growth journey of E2E.

Warm Regards

**Sd/-
Tarun Dua
Managing Director**



Boards' Report

Dear Members,

Your Directors have pleasure in presenting the 09th Annual Report of the business and operations of your Company, along with the Audited Financial Statements, for the Financial year ended on March 31, 2018.

FINANCIAL SUMMARY OF OPERATIONS

The financial performance during the Financial Year 2017-18 is summarized below:

(Amount in ₹ lacs)

Particulars	Standalone	
	FY18	FY17
Total Income	3629.67	2952.89
Total Expenditure	2822.44	2309.58
Profit before depreciation, finance Costs & tax	1810.08	1696.20
Depreciation	974.16	986.89
Finance Costs	28.69	66.00
Profit/(Loss) before tax	807.23	643.31
Provision for Tax: Current	341.09	219.70
Earlier Year Tax	-	0.91
Deferred Tax	(109.81)	(24.28)
Net Profit for the Year	575.95	446.98

The Total Revenue on Standalone basis for the year ended, 31st March, 2018 was ₹ 3,629.67 lacs as compared to ₹ 2,952.89 lacs during the previous year ended 31st March, 2017. The Profit after tax for the year ended 31st March, 2018 was ₹ 575.95 lacs as compared to ₹ 446.98 lacs.

Basic earnings per share (post bonus issue) was ₹ 5.05/- for the year 2017-18 as compared to ₹ 3.92/- for the previous year 2016-17.

BRIEF DESCRIPTION OF THE STATE OF THE COMPANY'S AFFAIRS

E2E Networks Limited is one of the leading Cloud Computing infrastructure providers in India. Using the vast experience in implementing and managing infrastructure for the web, mobile or enterprise-centric workloads, the company has built its Multi-Cloud CloudOps platform, which support any public cloud across the world.

SHARE CAPITAL

During the year under review, following changes took place in the capital structure of the Company.

The Authorised Share capital of the company was increased from ₹ 50,00,000 divided into 3,50,000 equity shares and 1,50,000 preference shares of ₹ 10/- each to ₹ 16,50,00,000 divided into 1,63,50,000 equity shares and 1,50,000 Preference shares of ₹ 10/- each. 1,00,515 Preference shares divided into 33,334 Series A 1% Cumulative Convertible Preference Shares of ₹ 10/- each and 67,181 Series A1 Cumulative Compulsory Convertible Preference shares with a cumulative 1% coupon rate and/or preferential dividend of ₹ 10/- each were converted into 1,00,515 equity shares. Consequent to said conversion, the issued and paid up share capital of the company was enhanced to ₹ 37,08,100 divided into 3,70,810 equity shares of face value of ₹ 10/- each. During the year under review, the company issued 1,11,24,300 bonus shares to the existing shareholders of the company in the ratio of 30:1. Consequent to the said allotment the issued and paid up share capital of the company was enhanced to ₹ 11,49,51,100 divided into 1,14,95,110 equity shares of face value of ₹ 10/- each.

The Company came up with IPO on May 03, 2018 of 38,58,000 equity shares of face value of ₹ 10/- each for cash at a price of ₹ 57/- per equity shares (including a share premium of ₹ 47/- per equity shares) aggregating ₹ 2,199.06 lacs comprising of fresh issue of 27,50,000 equity shares aggregating up to ₹ 1,567.50 lacs and an offer for sale of 11,08,000 equity shares aggregating to ₹ 631.56 lacs. Consequent to IPO, the issued and paid up capital of the Company was enhanced to ₹ 14,24,51,100 divided into 1,42,45,110 equity shares of face value of ₹ 10/- each.



EMPLOYEE STOCK OPTION PLANS/SCHEMES

Compensation Committee of the Board of Directors of the Company, inter alia administers and monitors the Employee stock Option Schemes of the Company in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 {erstwhile Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines')}. Details as required under the SEBI Guidelines for Employees Stock Option Scheme 2018 have been uploaded on the website of the Company and can be accessed through the link https://www.e2enetworks.com/wp-content/uploads/2018/08/E2E_Employee_Stock_option_scheme_Details_2017-18.pdf

Certificate from Auditors confirm that scheme have been implemented in accordance with the SEBI Regulations will be placed at the forthcoming Annual General Meeting of the Company for inspection by the members.

DIVIDEND

Due to future laid down plans, profits have been deployed back to the Reserve & Surplus, and the Directors have not recommended any dividend for the period ended March 31, 2018.

RESERVES

During the year under review, the board has decided to transfer the profit of ₹ 575.95/- lacs to the general reserve of the Company.

PUBLIC DEPOSITS

During the year under review, your Company has neither invited nor accepted any fixed deposits from the public within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014.

STATUTORY AUDITORS

Your Company's Auditor's M/s SHA & Associates, Chartered Accountants (Firm Registration No. 017649C) were appointed at the 7th AGM to hold the office until the conclusion of 12th AGM. However, vide their letter dated August 14, 2018 they have expressed their inability to continue as Statutory Auditors of your company up to the conclusion of the forthcoming AGM. The Board thus appointed M/s B.B Associates, Chartered Accountants (Firm Registration No.023670N) as Statutory Auditors of your company due to the casual vacancy caused by the said resignation effective August 14, 2018 till the conclusion of the forthcoming AGM.

As per the provisions of Section 139(8)(i) of the Companies Act, 2013, any casual vacancy in the office of an auditor shall be filled by the Board of Directors within thirty days from the date of resignation of auditor. The Board on August 21, 2018 has recommended appointment of M/s B.B & Associates, Chartered Accountants as Statutory Auditors of the Company and to hold office for a period of up to five consecutive years from the conclusion of the 9th AGM till the conclusion of the 14th AGM.

Your company has obtained consent of M/s B.B. & Associates and a certificate in accordance with Section 139, 141 and other applicable provisions of the Act to the effect that their appointment if made, will be in accordance with the conditions prescribed and that they are eligible to hold office as Statutory Auditors of the Company.

AUDITORS' REPORT

The observations of the Statutory Auditors in the Auditors' Report together with the relevant notes to Accounts in Schedules are self - explanatory and therefore do not call for any further explanation.

SECRETARIAL AUDIT

As the National Stock Exchange of India Limited (NSE) has granted listing approval on its SME platform effective May 15, 2018, so the company is not required to undergo the secretarial Audit for the financial year 2017-18. Also, the status of the company has changed from Private Limited to Limited on March 14, 2018, thus section 204 of Companies Act, 2013 is not applicable for company. After attaining the status of Limited company, the criteria of paid up capital and turnover as per section 204 of Companies Act, 2013 is not applicable to the Company.

As the Company has attained status of SME listed company on NSE Emerge in the current year, so in order to comply with the provisions of Section 204 of Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s MAK & Co. Company secretaries, for conducting Secretarial Audit of the Company for the Financial Year 2018-19.



BOARD MEETINGS

During the financial year, 27 (Twenty-Seven) Board Meetings were held and the gap between two meetings did not exceed one hundred and twenty days.

COMMITTEES OF THE BOARD

The following are the committees constituted by the Board:

- (i) Audit Committee;
- (ii) Nomination and Remuneration Committee
- (iii) Stakeholder Relationship Committee
- (iv) Corporate Social Responsibility Committee
- (v) Compensation Committee

The Composition of the committees as on March 31, 2018 is as follows:

- (i) Audit Committee

S.No.	Name of Director	Designation
1.	Mr. Varun Pratap Rajda	Non-Executive and Independent Director
2.	Mr. Gaurav Munjal	Non-Executive and Independent Director
3.	Mr. Manjit Rai Dua	Non-Executive Director

- (ii) Nomination and Remuneration Committee

S.No.	Name of Director	Designation
1.	Mr. Varun Pratap Rajda	Non-Executive and Independent Director
2.	Mr. Gaurav Munjal	Non-Executive and Independent Director
3.	Mr. Manjit Rai Dua	Non-Executive Director

- (iii) Stakeholder Relationship Committee

S.No.	Name of Director	Designation
1.	Mr. Varun Pratap Rajda	Non-Executive and Independent Director
2.	Mr. Gaurav Munjal	Non-Executive and Independent Director
3.	Mr. Manjit Rai Dua	Non-Executive Director

- (iv) Corporate Social Responsibility Committee

S.No.	Name of Director	Designation
1.	Ms. Srishti Baweja	Wholtime Director
2.	Mr. Gaurav Munjal	Non-Executive and Independent Director
3.	Mr. Varun Pratap Rajda	Non-Executive and Independent Director

- (v) Compensation Committee

S.No.	Name of Director	Designation
1.	Mr. Manjit Rai Dua	Non-Executive Director
2.	Mr. Gaurav Munjal	Non-Executive and Independent Director
3.	Mr. Varun Pratap Rajda	Non-Executive and Independent Director

**BOARD/COMMITTEE MEETINGS**

Table containing details of meetings of various Board/Committees along with dates are as below:

S.No.	Board/Committee	No. of Meetings	Date of Meetings
1.	Board	27	(i) 03.04.2017 (ii) 28.04.2017 (iii) 08.06.2017 (iv) 13.06.2017 (v) 15.06.2017 (vi) 24.06.2017 (vii) 30.06.2017 (viii) 11.08.2017 (ix) 04.09.2017 (x) 01.12.2017 (xi) 02.12.2017 (xii) 12.12.2017 (xiii) 03.01.2018 (xiv) 18.01.2018 (xv) 19.01.2018 (xvi) 25.01.2018 (xvii) 31.01.2018 (xviii) 02.02.2018 (xix) 03.02.2018 (xx) 03.02.2018 (xxi) 05.02.2018 (xxii) 09.02.2018 (xxiii) 16.02.2018 (xxiv) 21.02.2018 (xxv) 01.03.2018 (xxvi) 08.03.2018 (xxvii) 16.03.2018
2.	Audit Committee (ACM)	Nil	-
3.	Nomination and Remuneration Committee (NRC)	Nil	-
4.	Stakeholder Relationship committee (SRC)	Nil	-
5.	Corporate Social Responsibility Scheme (CSR)	Nil	-
6.	Compensation Committee (CC)	1	(i) 02.03.2018



ATTENDANCE OF DIRECTORS/MEMBERS AT THE BOARD AND COMMITTEE MEETINGS

As per standard 9 of the Secretarial Standard on Meetings of the Board of Directors ('SS-1') issued by the Institute of Company Secretaries of India ('ICSI'), the attendance of Directors at Board and Committee meetings held during the financial year 2017-18 are as under:

S.No.	Name of Director	BM	ACM	NRC	SRC	CSR	CC
1	Mr. Karthik Reddy Bezawada#1	2	N.A.	N.A.	N.A.	N.A.	N.A.
2.	Manjit Rai Dua#2	27	-	-	-	-	1
3.	Tarun Dua#3	27	N.A	N.A.	N.A.	N.A.	N.A.
4.	Srishti Baweja#4	10	N.A.	N.A.	N.A.	-	-
5.	Gaurav Munjal#5	1	-	-	-	-	1
6.	Varun Pratap Rajda#6	1	-	-	-	-	1

#1. Mr. Karthik Reddy Bezawada has resigned from the post of Nominee Director w.e.f. 31.01.2018.

#2. Designation of Mr. Manjit Dua has been changed from Executive Director to Non-Executive Director w.e.f. 31.01.2018.

#3. Mr. Tarun Dua has been appointed as Managing Director w.e.f. 31.01.2018.

#4. Ms. Srishti Baweja has been appointed as a Wholetime Director w.e.f. 31.01.2018.

#5. Mr. Gaurav Munjal has been appointed as additional Independent Director w.e.f. 09.02.2018.

#6. Mr. Varun Pratap Rajda has been appointed as additional Independent Director w.e.f. 09.02.2018.

DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS

The Independent Directors have given declarations that they meet the Criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and Regulation 16(1) (b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary company.

LISTING

The equity shares of your company have been listed on SME platform of National Stock Exchange of India Ltd (NSE) Emerge w.e.f. May 15, 2018. The Annual listing fees have been paid to NSE.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

During the financial year ended 31st March, 2018, no loan, guarantee and investment was made by the Company in terms of Section 186 of the Companies Act, 2013 and rules made thereunder.

REPORT ON FRAUDS U/S 143 (12) OF THE COMPANIES ACT, 2013

The Auditors during the performance of their duties have not identified any offence of fraud committed by the company or its officers or employees. Therefore, no frauds have been reported to the Central Government under Section 143 (12) of the Companies Act, 2013.

MATERIAL CHANGES AND COMMITMENTS AFTER THE END OF FINANCIAL YEAR

After obtaining the status of Limited Company, the Company came with IPO on May 03, 2018 of 38,58,000 equity shares of face value of ₹ 10/- each for cash at a price of ₹ 57/- per equity shares (including a share premium of ₹ 47/- per equity shares) aggregating ₹ 2,199.06 lacs comprising of fresh issue of 27,50,000 equity shares aggregating up to ₹ 1,567.50 lacs and an offer for sale of 11,08,000 equity shares aggregating to ₹ 631.56 lacs.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Even though operations of the Company are not energy intensive, the management has been highly conscious of the importance of conservation of energy and technology absorption at all operational levels and efforts are made in this



direction on a continuous basis. In view of the nature of activities which are being carried on by the Company, the particulars as prescribed under Section 134(3)(m) of the Act, read with rule 8 of the Companies (Accounts) Rules, 2014 regarding Conservation of Energy and Technology Absorption are not applicable to the Company and hence have not been provided.

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. The Company has incurred expenditure of ₹ 19.44 lacs (previous year: ₹ 49.03 lacs) in foreign exchange and earned ₹ 150.45 lacs (previous year ₹ 103.46 lacs) in foreign exchange during the year under review.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS

To the best of management knowledge, no significant and material orders were passed by regulators or courts or tribunals which could impact the going concern status and company's operation in future.

EXTRACT OF ANNUAL RETURN

The Annual Return in Form MGT-9 as required to be prepared in terms of Section 92(3) of the Act is being uploaded on the website of the Company and can be accessed through the link https://www.e2enetworks.com/wp-content/uploads/2018/08/ExtractofAnnualReturn_2017-18.pdf

RISK MANAGEMENT

The Company is not required to form a Risk Management Committee. However, the Company has developed and implemented a risk management policy for identifying the risk associated with business of the Company and measures to be taken by including identification of elements of risk and measures to control them.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an adequate Internal Control System, commensurate with size, scale and complexity of its operations. They have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensure compliance of corporate policies. It has continued its efforts to align all its processes and controls with global best practices.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Though during the year under review, the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, are not applicable on the Company. The Company has voluntary constituted a Corporate Social Responsibility Committee ('CSR Committee') and framed a Corporate Social Responsibility Policy (CSR Policy). The CSR Policy is available on the website of the Company: <https://www.e2enetworks.com/wp-content/uploads/2018/03/CSR-Policies.pdf>.

During the year under review, there was no change in the composition of CSR Committee.

In pursuit of the responsibilities entrusted to CSR Committee, a policy on Corporate Social Responsibility has been prepared and adopted by the Board which is available at the Website of the Company.

Corporate Social Responsibility (CSR) at E2E Networks Limited is inspired by a vision of National transformation with strong commitment to sustainable growth. The Company has created business models to connect communities with technologies, alongside delivering long term shareholder value. The Company shall design and implement CSR programs that positively impact communities. The Company believes that creating shared value with stakeholder and communities shall enable drivers of growth.

E2E Networks Limited shall use following channels to drive its CSR Initiatives:

- **Education and Skill Development:** To promote education and enhance vocational skills especially among children, women and differently abled persons.
- **Health Care:** To promote health care including rehabilitation facilities.
- **Poverty and Malnutrition:** To fight against hunger, poverty and malnutrition.
- **Rural Development:** To facilitate rural development and slum area development.

The Company donated ₹ 13 lacs to D-Cacus-Education Centre (DCEC) for the welfare of the weaker sections and below poverty line groups of the nation.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 is presented in a separate section forming part of the Annual Report.

ANNUAL EVALUATION OF BOARD PERFORMANCE AND PERFORMANCE OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

The Board of Directors has laid down the manner in which formal annual evaluation of the performance of the board, Committees and individual directors has to be made. The Company has in place a comprehensive and structured questionnaire for evaluation of the Board and its Committees, Board composition and its structure, effectiveness, functioning and information availability. This questionnaire also covers specific criteria and the grounds on which all directors in their individual capacity will be evaluated. The performance evaluation of the Independent Directors was done by the entire Board excluding the director being evaluated.

PARTICULARS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

DIRECTORS

The Board at its meeting held on January 31, 2018 has appointed Ms. Srishti Baweja (DIN: 08057000) as a Whole time Director for a period of five years with effect from January 31, 2018 and changed the designation of Mr. Tarun Dua (DIN: 02696789) and appointed him as a Managing Director for a period of five years with effect from January 31, 2018 and subsequently their appointments were ratified by the members in the Extra-ordinary General Meeting held on January 31, 2018. The Board at its meeting held on January 31, 2018 changed the designation of Mr. Manjit Rai Dua (DIN: 03247358) from the post of Executive Director to Non-Executive Director with effect from January 31, 2018 and the same was approved by the members in the Extra-ordinary General Meeting held on January 31, 2018.

In addition to this, the board at its meeting held on February 09, 2018 has appointed Mr. Gaurav Munjal (DIN: 02363421) and Mr. Varun Pratap Rajda (DIN: 07468016) as a additional independent directors for a period of five years with effect from February 09, 2018 subject to the approval of shareholders at the ensuing annual general meeting of the company.

During the period under review, Mr. Karthik Reddy Bezawada (the Nominee Director) has resigned from the directorship of the Company w.e.f. January 31, 2018. The Board places on record its appreciation for the contributions made by him during his tenure as a Nominee Director with the company.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Manjit Rai Dua (DIN:03247358), will be retiring by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. A brief resume, details of expertise and other directorships/committee memberships held by Mr. Manjit Rai Dua forms part of Notice convening the Ninth Annual General Meeting. The Board recommends his re-appointment to the members of the Company at the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors confirming that they meet the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL

During the year the Board of Directors appointed Mr. Gaurav Aggarwal as a Chief Financial Officer w.e.f. January 31, 2018. The Board of Directors at its meeting held on January 31, 2018 also appointed Ms. Bharti Sharma as a Company Secretary & Compliance Officer w.e.f. January 31, 2018 who resigned on July 09, 2018. The Board of Directors at its meeting held on August 04, 2018 appointed Mr. Sumit Bansal as a Company Secretary and Compliance Officer w.e.f. August 04, 2018.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015 the Company has adopted a Vigil Mechanism/Whistle Blower Policy for Directors and employee to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. This policy is made available on the Company's website www.e2enetworks.com. During the year, no complaint pertaining to the company was received under the Whistle Blower mechanism.

PARTICULARS OF EMPLOYEES

The information required under Section 197 (12) of the Companies Act, 2013 read with Rule 5(1) of Companies



(Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as **Annexure A** and forms part of this Report.

In accordance with the provisions of Section 197 (12) of the Companies Act, 2013, read with Rules 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, no employee was in receipt of remuneration in excess of One Crore and two lakh Rupees per year during the year under review. Further as required under the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the name and other particulars of employees are set out in **Annexure-B** and forms part of this report.

POLICY ON NOMINATION, REMUNERATION AND BOARD DIVERSITY

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members as well as diversity of the Board. The Company recognizes the benefits and importance of having a diverse Board of Directors in terms of skill set and experience. The Company has an optimum mix of executive and non-executive, independent directors and woman director. The relevant Policy(ies) have been uploaded on the website of the Company and can be accessed through the link https://www.e2enetworks.com/wp-content/uploads/2018/03/Policy_Nomination-Remuneration-of-directors.pdf

RELATED PARTY TRANSACTIONS

All Related Party transactions that were entered into during the financial year 2017-2018 were on arm's length basis and in the ordinary course of business. There are no materially significant related party transactions made by the Company with related parties which may have a potential conflict of interest with the company.

All Related party transactions are placed before the Audit Committee for approval as per the Related Party Transactions Policy of the Company as approved by the Board. The policy is also uploaded on the website of the Company & can be accessed through the link <https://www.e2enetworks.com/wp-content/uploads/2018/03/Policy-on-RPT.pdf>

Since, all the related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business and there was no material related party transaction entered by the Company during the year as per Related Party Transactions Policy, no details are required to be provided in the Form AOC-2 prescribed under clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

The details of the transaction with related parties are provided in the notes to accompanying financial statements.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Directors state that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) Appropriate accounting policies have been selected and applied consistently and have 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 as at March 31, 2018 and of the profit of the Company for the year ended March 31, 2018;
- c) 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) The annual accounts have been prepared on a going concern basis;
- e) Proper internal financial controls were followed by the Company and such internal financial controls are adequate and were operating effectively;
- f) Proper systems are devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

POLICY AGAINST SEXUAL HARASSMENT

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013 and rules made thereunder. An Internal



Compliant Committee (ICC) is in place as per the requirements of the said Act to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No case has been reported during the year under review.

MAINTENANCE OF COST RECORDS

The maintenance of Cost Records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 is not applicable to the Company as the company does not fall under any of the category prescribed under Section 148(1) of Companies Act, 2013.

CORPORATE GOVERNANCE

The requirement of compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to Corporate Governance was not applicable to the Company as the Company has been listed on the NSE Emerge with effect from May 15, 2018.

CAUTIONARY NOTE

Certain Statements in the Management Discussion and Analysis section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which would be different from what the Directors envisage in terms of the future performance and outlook.

APPRECIATIONS AND ACKNOWLEDGEMENT

The Board places on record its appreciation for the continued co-operation and support extended to the Company by its customers which enables the Company to make every effort in understanding their unique needs and deliver maximum customer Satisfaction.

We place on record our appreciation of the contribution made by the employees at all levels, whose hard work, co-operation and support helped us face all challenges and deliver results. We acknowledge the support of our vendors, the regulators, the esteemed league of bankers, financial institutions, rating agencies, government agencies, stock exchanges and depositories, auditors, legal advisors, consultants, business associates and other stakeholders.

On behalf of the Board of Directors

Place: New Delhi

Date: August 21, 2018

Sd/-

Tarun Dua

Managing Director

DIN:02696789

Sd/-

Srishti Baweja

Whole Time Director

DIN:08057000

**Disclosures pursuant to Section 197(12) of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

- (i) **The ratio of the Remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

S.No.	Name of the Director	Category	Ratio of the Remuneration to the median remuneration of the employees
1.	Mr. Tarun Dua	Managing Director	10.02
2.	Ms. Srishti Baweja#1	Whole-time Director	N.A.
3.	Mr. Manjit Rai Dua#2	Non-Executive Director	N.A.

#1 Ms. Srishti Baweja was appointed as Whole time Director with effect from January 31, 2018, hence not applicable.

#2 The Designation of Mr. Manjit Rai Dua was changed from Executive Director to Non-Executive Director w.e.f. January 31, 2018, hence not applicable.

- (ii) **The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:**

S.No.	Name of the Director/CFO/CS/Manager	Category	% Increase in remuneration in the financial year
1.	Mr. Tarun Dua	Managing Director	16.28
2.	Ms. Srishti Baweja#1	Whole- time Director	N.A.
3.	Mr. Manjit Rai Dua#2	Non-executive Director	N.A.
4.	Mr. Gaurav Aggarwal#3	Chief Financial Officer	N.A.
5.	Ms. Bharti Sharma#4	Company Secretary	N.A.

#1 Since Ms. Srishti Baweja was not a Director in the year 2016-17, so percentage increase in her remuneration cannot be computed. She was appointed as Whole time Director with effect from January 31, 2018.

#2 The designation of Mr. Manjit Rai Dua was changed from Executive Director to Non-Executive Director w.e.f. January 31, 2018, hence not applicable.

#3. Mr. Gaurav Aggarwal was appointed as Chief Financial Officer w.e.f. January 31, 2018, hence not applicable.

#4 Ms. Bharti Sharma was appointed as Company Secretary w.e.f. January 31, 2018, hence not applicable.

- (iii) **Percentage Increase in the median remuneration of employees in the financial year**

The percentage increase in the median remuneration of employees in the financial year was 40.31%.

- (iv) **Number of Permanent Employees on the rolls of company**

Number of Permanent Employees on the rolls of E2E Networks Limited as at March 31, 2018 are 75.

- (v) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in managerial remuneration and justification thereof and point out of there are any exceptional circumstances for increase in the managerial remuneration:**

The average increase in remuneration for employees is 33.52%. The average increase in overall managerial remuneration is 16.28%.

- (vi) **Affirmation that remuneration is as per the remuneration policy of the company:**

The Company affirms that the remuneration is as per the remuneration policy of the Company.

On behalf of the Board of Directors

For E2E Networks Limited

Place: New Delhi

Date: August 21, 2018

Sd/-

Tarun Dua

Managing Director

DIN:02696789

Sd/-

Srishti Baweja

Whole Time Director

DIN:08057000



Annexure-B

Information as per 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Director's Report for the year ended March 31, 2018

Name of the Top 10 employees employed during the year in terms of remuneration drawn by them

a. Employed throughout the year

S. No.	Name	Designation of employee	Remuneration received (₹)	Age	Experience	Date of commencement of employment	Previous employment & designation
1.	Tarun Dua	Managing Director	50,00,000	38	16	20.08.2009	Yahoo SDC, Bangalore/Tech Lead
2.	Mohamed Imran	Chief Operating Officer	40,50,000	35	13	16.03.2010	NRCFOSS/ Project Engineer
3.	Srishti Baweja#1	Whole time Director	40,50,000	35	13	08.01.2013	HPCL/Financial Officer
4.	Abhijeet Singh	Executive Vice President-Sales	26,00,000	45	20	19.06.2015	Self Employed
5.	Amit Sethi	Senior Developer	24,00,000	31	07	01.03.2017	Gojek/Technical Lead
6.	Ashijit Pramanik	Product Head	13,50,000	30	07	20.10.2013	Ten Ten Ten digital products private limited/system administrator
7.	Mohamed Mushab	Technical Accounts Manager	10,72,000	32	10	21.02.2014	Prathiba jewellery house/system administrator
8.	Pawan Kumar Singh	Technical Accounts Manager	10,50,400	31	5	15.10.2012	N.A.

#1. Ms. Srishti Baweja resigned from the post of Chief Financial Officer w.e.f. 31.01.2018 and was appointed as Whole-time Director w.e.f. 31.01.2018

b. Employed part of the year

S. No.	Name	Designation of employee	Remuneration received (₹)	Age	Experience	Date of Commencement of employment	Previous employment & designation
1.	Ashish Mukherjee	Software Development	44,08,813	36	18	19.09.2016	Two Roads/ Architect
2.	Jyoti Raman Singh Khosla	Vice President-Sales	33,01,585	47	18	06.04.2017	Exotel Techcom Pvt Ltd/ Vice president and head of sales

Notes:

- 1) Persons named above are/were permanent employees of the Company.
- 2) Remuneration includes salary, allowances, leave encashment, bonus etc.to employees. In addition, the employees are entitled to gratuity, contribution to Provident Fund, Employee State Insurance/ Group insurance in accordance with Company's Rules and policies.



- 3) The appointment of the above employees is non-contractual and are governed by the company policy and rules.
- 4) The equity shareholding of all the employees in the company is NIL except Mr. Tarun Dua who holds 77,60,695 equity shares (67.51%) in the Company as on March 31, 2018.
- 5) None of the employees mentioned above are relative of any Director of the Company except Ms. Srishti Baweja who is spouse of Mr. Tarun Dua, Managing Director.
- 6) None of the employees were in receipt of remuneration which in the aggregate, is in excess of that drawn by Managing Director of the Company and also holds by himself or along with his spouse and dependent children, 2% of the equity shares of the Company.

**On behalf of the Board
For E2E Networks Limited**

**Place: New Delhi
Date: August 21, 2018**

**Sd/-
Tarun Dua
Managing Director
DIN:02696789**

**Sd/-
Srishti Baweja
Whole Time Director
DIN:08057000**



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Forward looking statement

Statements made herein describing the Company's expectations or predictions are "forward looking statements". Unless otherwise specified or the context otherwise requires, all references herein to "we", "us", "our", "the Company", "E2E", "E2E Networks" are to E2E Networks Limited. The Company cannot guarantee that these expectations are accurate or will come to fruition. The Company's results, performance or achievements can significantly differ materially from those projected via such statements. The Company assumes no responsibility for subsequently publicly amending or revising forward looking statements.

OVERVIEW

E2E Networks Limited is amongst India's leading pureplay SSD Cloud players. E2E Networks IAAS platform is 6th largest in India. E2E Networks SSD cloud platform can be accessed via <https://myaccount.e2enetworks.com> where you can spin new SSD based high performance nodes on the fly and access other functionality of the cloud with features like image save, backups, domain name services, basic monitoring of the Virtual Compute Nodes and the new features being released every month. E2E Networks also provides its multicloud devops Platform CloudOps for running your online big data/web/mobile server side workloads on any public cloud platform with better scalability, redundancy, high availability, security, cost efficiency and improved performance.

The financial statements of the Company have been prepared to comply in all material respects with accounting standards notified under Section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. The Management accepts the responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgements used therein. The estimates and judgements relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonable present the state of affairs, profits and cash flows for the year.

A. INDUSTRY STRUCTURE AND DEVELOPMENTS

The public cloud services market in India is projected to grow 38 percent in 2017 to total \$1.81 billion, according to Gartner, Inc. The highest growth will continue to be driven by infrastructure as a service (IaaS) which is projected to grow at 49.2 percent in 2017, followed by 33 percent in software as a service (SaaS) and 32.1 percent in platform as a service (PaaS). The increase of SaaS and PaaS are indicators that the migration of application and workloads from on premises data centres to the cloud, as well as the development of cloud ready and cloud native applications, are fuelling the growth in the cloud space.

Table 1. India Public Cloud Services Forecast (Millions of U.S. Dollars)

Particulars	2016	2017	2018	2019	2020
Cloud Business Process Services (BPaaS)	88	113	145	186	236
Cloud Application Services (SaaS)	396	527	675	824	1,006
Cloud Application Infrastructure Services (PaaS)	107	141	182	230	287
Cloud System Infrastructure Services (IaaS)	486	725	1,051	1,473	2,028
Cloud Management and Security Services	116	152	190	234	281
Cloud Advertising	123	158	189	223	266
Total	1,316	1,817	2,432	3,169	4,104

Source: Gartner (January 2017)

<https://www.gartner.com/newsroom/id/3592917>

The Company is engaged in business of providing cloud computing services. The key services provided by our company is Cloud Infrastructure and Devops services (CloudOps).

In our Cloud Infrastructure business, we provide Infrastructure to handle workloads related to compute needs of our clients. This infrastructure includes hardware and software components such as servers, storage, networking, virtualization and pre-configured open source software or Server & Hypervisor Operating Systems, Database Systems from Independent Software Vendors like Microsoft.

Our company offers both Private and Public Cloud compute services as per the needs of the customers. In case of Private Cloud, the servers are identified and deployed in a dedicated fashion for usage specifically by a particular customer. Our Company can also deploy a Hybrid Cloud Infrastructure where the client can use Private Cloud and/



or Public Cloud provided by our company and other Public Clouds such as AWS, Google Cloud Platform, Microsoft Azure and others.

Our Cloud Ops Platform has a unique approach of combining Open Source Software with highly trained people along with processes to deliver fully managed Multi-Cloud Operations. Our Cloud Operations Platform frees clients to focus on the applications and services that drive their business, by assuming major responsibility for infrastructure operations and maintenance.

B. OPPORTUNITIES AND THREATS

OPPORTUNITIES

The current revolution in 4G and massive improvement in quality of wired connectivity coupled with falling costs of connectivity in India is resulting in better connected SMEs. This presents a unique opportunity in IAAS (Infrastructure As A Service) Cloud Computing space. One of the most often heard objection to moving from on-premise solutions to Public Cloud was expensive connectivity costs in India. This is resulting in exploration by SME sector to migrate their on-premise IT applications to the Public Cloud. E2E Networks will get a pie of this business.

The gaps in availability of experienced devops professionals capable of handling business critical applications on the Public Cloud remains a challenge. This presents an opportunity for our Cloud Ops platform to help customers optimize their Cloud Deployments by implementing better security practices, achieving High Availability, Scalability and improving performance of applications.

THREATS

- i) Competition from multinational Public Cloud Computing players: India is a very attractive large market for both US headquartered Cloud Players who have setup local availability zones as well as China headquartered Cloud Players. E2E Networks faces tough competition in its home market from these players.
- ii) Adverse Regulatory Changes: India is well known for making ambiguous laws open to varied interpretation by its bureaucracy. This presents an uncertain environment for technology businesses like Cloud Computing in India.
- iii) Access to talent and retention of development teams.
- iv) Execution Risk.

C. SEGMENT WISE OR PRODUCT WISE PERFORMANCE

The operations of the company are considered as single segment, hence segment wise performance has not been shown.

D. PERFORMANCE AND OUTLOOK

E2E Networks Limited reported total revenue of ₹ 3,629.67 lacs during the year 2017-18 as against revenue of ₹ 2,952.89 lacs during the year 2016-17. The revenue grew by 23% during the year 2017-18 in comparison to year 2016-17.

Profit after tax during the year 2017-18 was ₹ 575.95 lacs as against profit after tax for the year 2016-17 of ₹ 446.98 lacs.

The basic earnings per share (post bonus) for the year 2017-18 was ₹ 5.05 as against ₹ 3.92 for the year 2016-17.

The company maintains a strong financial position with shareholder funds of ₹ 1,700.97 lacs. The cash and cash equivalents including deposits is ₹ 270.53 lacs as of 31st March 2018. Further, the company has total investment of ₹ 399.94 lacs in short term and liquid mutual funds as on 31st March 2018.

Our Outlook: Public Cloud Computing market continues to remain one of the fastest growing technology sector in the world. We continue to invest in increasing market reach by investing into our people and our technology.

E. RISK AND CONCERNS

The Company has implemented a Risk Management Policy to have systematic process to assist in the identification, assessment, treatment and monitoring of risks which provides effective tools to manage the identified risks.

The Company's businesses and operations are subject to a variety of risks and uncertainties. These risks can be categorized as operational, financial environmental, health and safety, political, market-related and strategic risks.



F. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal Control Systems are a set of policies, processes and procedures put in a place to help achieve the strategic objectives of an organization. The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. This has been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

G. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The company continued to have cordial & harmonious relations with its employees. The company regards its human resources as amongst its most valuable assets and proactively reviews policies and processes by creating a work environment that encourages initiative, provides challenges and opportunities and recognizes the performance and potential of its employees attracting and retaining the best manpower available by providing higher degree of motivation.

Our Company believes in trust, transparency & teamwork to improve employees productivity at all levels.

As on 31st March 2018, the number of employees on rolls of the company is 75.

H. Discussion on Financial Position and Financial Performance with respect to Operational Performance

Analysis and Discussions of Financial Position as at March 31, 2018

1. Share Capital

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Authorised Share Capital		
Equity Share Capital	1,650.00	35.00
Preference Share Capital	-	15.00
Total Authorised Share Capital	1,650.00	50.00
Issued, subscribed and paid up capital		
Equity Share Capital	1,149.51	27.03
Preference Share Capital	-	10.05
Total Share Capital	1,149.51	37.08

During the year under review, preference shares (1,00,515 shares) were converted to equity shares in the ratio of 1:1. Also, our company allotted 11,124,300 equity shares in the ratio 30:1 to the existing shareholders as fully paid bonus shares.

2. Reserve and Surplus

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Securities Premium Account	-	273.08
Surplus in the statement of profit & loss	512.61	872.67
Employee Stock Option Outstanding	38.85	-
Total	551.46	1,145.75

The decrease in reserves and surplus is mainly on account of:

- Utilisation of reserves and surplus for issue of fully paid bonus shares in the ratio of 30:1.
- Adjustments for ROC expenses for increase in authorised share capital.
- Adjustments on account of previous periods deferred tax and gratuity provisions.

3. Long Term Borrowings

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Loans from Financial Institutions	-	150.69
Loans from Related Parties	-	-
Total	-	150.69

All the outstanding loans as on 01st April 2017 have been paid off in the current year.

**4. Deferred Tax Liabilities / Assets (Net)**

Deferred Tax reflects the timing differences between taxable income and accounting income arising mainly on account of provision for gratuity and differences in books base and tax base of fixed assets.

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Deferred Tax Liabilities	-	-
Deferred Tax Assets	61.71	9.18
Total	61.71	9.18

5. Other Non-current Liabilities

The liabilities which are due for payment after 12 months from reporting date are considered under other non-current liabilities.

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Provision for Gratuity	40.26	-
Total	40.26	-

- Out of total Provision for gratuity of ₹ 41,49,051
₹ 1,23,339 is shown under short term provision and
₹ 40,25,712 under other non-current liabilities.

- Provision for gratuity for previous years has been adjusted from reserve and surplus.

6. Trade Payables

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Micro, Small and Medium Enterprises	21.15	0.45
Others	193.18	79.25
Total	214.33	79.70

7. Other Current Liabilities

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Loans and Advances	16.62	85.54
Statutory Dues	56.25	15.10
Expense Payable	35.64	68.46
Total	108.51	169.10

8. Short Term provisions

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Provision for Taxation	341.09	219.70
Provision for Gratuity	1.23	-
Total	342.32	219.70



9. Fixed Assets

Fixed Assets includes tangible fixed assets such as computer equipments, air conditioners, laptops, office equipments, furniture and building.

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Net Tangible Assets	967.44	1,122.63
Total	967.44	1,122.63

Details of additions during the year in fixed assets:

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Total addition to gross block tangible assets	819.67	1,053.04

The additions in gross block tangible assets were mainly on account of purchase of computer equipments, air conditioners, laptops, office equipments and furniture.

10. Investments

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Investment in Mutual Funds	399.94	-
Total	399.94	-

The company has invested surplus funds in short term and liquid mutual funds.

11. Trade Receivables

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Outstanding for more than Six months	0.68	-
Others	278.67	155.36
Total	279.35	155.36

12. Cash and Cash Equivalents

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Cash in Hand	0.95	0.81
Balance with Banks including deposits	269.58	249.50
Total	270.53	250.31

For detailed movement in cash and bank balance, please refer cash flow statement.

13. Short-term loans and advances

(Amount in ₹ lacs)

Particulars	As at March 31	
	2018	2017
Advances-others	0.37	0.06
Tds Recoverable	0.47	0.32
Fixed Deposit	1.09	21.86
Security Deposits	16.82	5.36
Prepaid Expenses	32.84	9.08
Income Accrued	43.63	-
Balances with government authorities	332.20	227.85
Total	427.42	264.53

Income Accrued is the income for service period 2017-18 which has been billed in the year 2018-19.

**Analysis and Discussions of Operating Performance for the Year Ended March 31, 2018**

The following section discusses in detail the composition of different items in the Statement of Profit & Loss Account.

Statement of Profit and Loss for the year

(Amount in ₹ lacs)

Particulars	For the year ended March 31				
	2018	% of Total Revenue	2017	% of Total Revenue	Change%
Revenue					
Revenue from Operations	3,603.75	99.29	2,931.69	99.28	22.92
Other Income	25.92	0.71	21.20	0.72	22.31
Total Revenue	3,629.67	100	2,952.89	100	22.92
Expenditure					
Purchase of Services and Consumables	1,002.22	27.61	801.54	27.13	25.04
Employee Benefits Expenses	630.37	17.37	338.27	11.46	86.35
Finance Cost	28.69	0.79	66.00	2.24	(56.53)
Depreciation and Amortisation Expenses	974.16	26.84	986.89	33.42	(1.29)
Other Expenses	187.00	5.15	116.88	3.96	60.00
Total Expenses	2,822.44	77.76	2,309.58	78.21	22.21
Net Profit before tax and extraordinary items	807.23	22.24	643.31	21.79	25.48
Extraordinary Items	-	-	-	-	-
Net Profit before tax	807.23	22.24	643.31	21.79	25.48
Tax expenses	231.28	6.37	196.33	6.65	17.81
Net Profit after tax	575.95	15.87	446.98	15.14	28.85

1. Revenue**1.1 Revenue from Operations**

E2E Networks Limited derives revenue primarily from cloud computing services and managed hosting services are recognised when the said services are rendered to the customers over the period of contracts or based on actual utilization of such services and when no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale/rendering of services and regarding its collection.

(Amount in ₹ lacs)

Particulars	For the year ended March 31	
	2018	2017
Revenue from Operations	3,603.75	2,931.69
Total	3,603.75	2,931.69

The increase in revenue is mainly due to expansion of our business operations.

1.2 Other Income

(Amount in ₹ lacs)

Particulars	For the year ended March 31	
	2018	2017
Interest on Bank FDR	17.99	8.21
Short & Excess	-	0.02
Foreign Exchange Fluctuation Gain	0.37	-
Interest on CDR with OBC (Sale Tax)	0.08	0.08
Interest on FDR With Jain sons	0.15	-



(Amount in ₹ lacs)

Particulars	For the year ended March 31	
	2018	2017
Profit on sale of Fixed Assets	3.28	8.11
Interest Received on IT refund	3.52	4.28
Income from Mutual Funds	0.10	-
Misc. Income	0.43	0.50
Total	25.92	21.20

2. Expenditures

2.1 Purchase of Services

(Amount in ₹ lacs)

Particulars	For the year ended March 31	
	2018	2017
Purchase of services and consumables	1,002.22	801.54
Total	1,002.22	801.54

The increase in purchase of services and consumables is due to the expansion of our business operations.

2.2 Employee Benefit Expenses

Employee benefit expenses primarily consist of salaries, director remuneration, contribution to provident fund, provision for gratuity, staff welfare expenses, employee stock compensation expense.

(Amount in ₹ lacs)

Particular	For the year ended March 31				
	2018	% of Total Revenue	2017	% of Total Revenue	Change%
Salary	500.75	13.79	281.17	9.53	78.10
Employee Stock Compensation Expenses	38.85	1.07	-	-	100.00
Director Remuneration	58.00	1.60	43.00	1.46	34.88
Contribution to Provident, gratuity and Other Fund	25.32	0.70	6.61	0.22	283.29
Staff Welfare Expenses	7.45	0.21	7.49	0.25	(0.52)
Total	630.37	17.37	338.27	11.46	86.35

The increase in employee benefit expenses is mainly on account of increase in number of employees, rise in salaries and grant of options under employee stock option scheme in the year 2017-18.

2.3 Finance Cost

(Amount in ₹ lacs)

Particulars	For the year ended March 31	
	2018	2017
Bank Charges	7.70	6.08
Others	0.62	0.98
Interest	20.37	58.94
Total	28.69	66.00

The decrease in finance cost is on account of monthly repayments and pre-payments of secured and unsecured loans. There are no outstanding loans as on 31st March 2018.

2.4 Depreciation and Amortisation Expense

(Amount in ₹ lacs)

Particulars	For the year ended March 31	
	2018	2017
Depreciation	974.16	986.89
Total	974.16	986.89

**2.5 Other Expenses****(Amount in ₹ lacs)**

Particulars	For the year ended March 31	
	2018	2017
Administrative Expense	157.26	96.83
Selling & Distribution Expenses	29.74	20.05
Total	187.00	116.88

The increase in administrative and selling and distribution expenses is mainly on account of increase in office rent expenses, lease payment for equipments taken on lease from IBM India Private Limited, CSR expenses, advertisement expenses and sales promotion expenses.

*For detailed information about other expenses refer Note No. 22 of financial statements.

2.6 Tax Expense**(Amount in ₹ lacs)**

Particulars	For the year ended March 31	
	2018	2017
Profit Before Tax	807.23	643.31
Current Tax	341.09	219.70
Deferred Tax	(109.81)	(24.28)
Earlier Year Tax	-	0.91
Profit After Tax	575.95	446.98



Independent Auditor's Report

**To the Members of
E2E NETWORKS LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **E2E NETWORKS LIMITED ("the Company")** which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and Cash Flow Statement, for the year the ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performances of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its Profit and its cash flows for the year ended on that date.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors Report), Order, 2016 (“the Order”) issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the Annexure-A, statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 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.

For and on behalf of

SHA & Associates

Chartered Accountants

(Firm’s registration number: 017649C)

Sd/-

Saurabh Anand

Partner

(Membership number: 514140)

Place: New Delhi

Date: 04-08-2018



“Annexure A” to the Independent Auditors’ Report

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the financial statements of the Company for the year ended March 31, 2018:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (i) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
 - (ii) The title deeds of immovable properties are held in the name of the company.
- 2) The Company is in the business of providing Cloud Services and does not have any physical inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.
- 3) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) 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.
- 7) According to information and explanations given to us and on the basis of our examination of the books of account, and records, in respect of statutory dues :
 - (a) the Company has been generally regular in depositing undisputed statutory dues including Income-Tax, Service Tax, GST, VAT, Provident Fund, Employees’ State Insurance and any other statutory dues with the appropriate authorities but there are few immaterial and insignificant delay which has been deposited with interest.
 - (b) there were no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable.
 - (c) there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks or Financial Institution.

The company has not issued any debenture.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.



- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act 2013.
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards as issued by the Institute of Chartered Accountants India.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For and on behalf of

SHA & ASSOCIATES

Chartered Accountants

(Firm's registration number: 017649C)

Sd/-

Saurabh Anand

Partner

(Membership number: 514140)

Place: New Delhi

Date:04-08-2018



Annexure - B to the Auditors' Report

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 the Company as of 31 March 2018 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 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, 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 system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of

SHA & Associates

Chartered Accountants

(Firm's registration number: 017649C)

Sd/-

Saurabh Anand

Partner

(Membership number: 514140)

Place: New Delhi

Date: 04-08-2018



BALANCE SHEET AS AT 31st MARCH, 2018

(Amount in ₹)

PARTICULARS	NOTE No.	AS AT, 31st MARCH, 2018 (Audited)	AS AT, 31st MARCH, 2017 (Audited)
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	114,951,100	3,708,100
Reserves and surplus	3	55,145,594	114,574,770
		170,096,694	118,282,870
Non-current liabilities			
Long Term Borrowings	4	-	15,069,307
Deferred Tax Liabilities (Net)	5	-	-
Other Non Current Liabilities	6	4,025,712	-
		4,025,712	15,069,307
Current liabilities			
Trade payables	7	21,432,542	7,969,750
Other current liabilities	8	10,851,087	16,909,912
Short-term provisions	9	34,232,400	21,970,090
		66,516,029	46,849,752
	TOTAL	240,638,435	180,201,929
II. ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		96,744,056	112,263,438
Deferred Tax Assets (Net)	11	6,170,909	917,989
		102,914,965	113,181,427
Current assets			
Investments	12	39,994,000	-
Trade receivables	13	27,935,035	15,536,133
Cash and cash equivalents	14	27,052,845	25,031,070
Short-term loans and advances	15	42,741,590	26,453,299
		137,723,470	67,020,502
	TOTAL	240,638,435	180,201,929

Summary of Significant Accounting Policies 1

The Accompanying notes are integral part of Financial Statements

As per our report of even date

For SHA & ASSOCIATES
 CHARTERED ACCOUNTANTS
 FRN. 017649C

For and on behalf of the Board of Directors

Sd/-
 CA. SAURABH ANAND
 PARTNER
 MEMBERSHIP NO-514140

Sd/-
 TARUN DUA
 MANAGING DIRECTOR
 DIN: 02696789

Sd/-
 SRISHTI BAWEJA
 WHOLE TIME DIRECTOR
 DIN: 08057000

Date: 04-08-2018
 Place : New Delhi

Sd/-
 GAURAV AGGARWAL
 CHIEF FINANCIAL OFFICER

Sd/-
 SUMIT BANSAL
 COMPANY SECRETARY



STATEMENT OF AUDITED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2018

(Amount in ₹)

PARTICULARS	NOTE	For the year ended 31st MARCH, 2018 (Audited)	For the year ended 31st MARCH, 2017 (Audited)
INCOME			
Revenue from Operations	16	360,374,686	293,168,781
Other Income	17	2,592,860	2,119,884
Total Revenue		362,967,546	295,288,665
EXPENDITURE			
Purchase of Services and Consumables	18	100,221,813	80,154,811
Employee Benefits Expenses	19	63,037,511	33,826,607
Finance Cost	20	2,868,950	6,600,279
Depreciation and Amortisation Expenses	21	97,416,251	98,688,818
Other Expenses	22	18,699,759	11,687,525
Total Expenses		282,244,284	230,958,040
Profit Before Extraordinary Items		80,723,262	64,330,626
Prior Period Items			
Profit Before Tax		80,723,262	64,330,626
Tax Expenses			
Current Tax		34,109,061	21,970,090
Earlier Year Tax		-	90,729
Deferred tax		(10,980,682)	(2,428,261)
Profit/(Loss) For the year/period		57,594,883	44,698,068
Earning Per Equity Share			
Basic EPS		5.05	165.37
Basic EPS (post bonus)		5.05	3.92
Diluted EPS		4.97	3.92
Summary of Significant Accounting Policies	1		

The Accompanying notes are integral part of Financial Statements

As per our report of even date

For SHA & ASSOCIATES
 CHARTERED ACCOUNTANTS
 FRN. 017649C

For and on behalf of the Board of Directors

Sd/-
 CA. SAURABH ANAND
 PARTNER
 MEMBERSHIP NO-514140

Sd/-
 TARUN DUA
 MANAGING DIRECTOR
 DIN: 02696789

Sd/-
 SRISHTI BAWEJA
 WHOLE TIME DIRECTOR
 DIN: 08057000

Date: 04-08-2018

Place : New Delhi

Sd/-
 GAURAV AGGARWAL
 CHIEF FINANCIAL OFFICER

Sd/-
 SUMIT BANSAL
 COMPANY SECRETARY



CASH FLOW STATEMENT AS AT 31st MARCH, 2018

(Amount in ₹)

Particulars	AS AT, 31st March, 2018 (Audited)	AS AT, 31st MARCH, 2017 (Audited)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	80,723,262	64,330,626
<i>Adjustments to reconcile profit before tax to net cash flows</i>		
(Profit)/ Loss from sale of asset	(328,150)	(807,784)
Roc Expense For Increasing Authorised Capital	(1,212,500)	-
Employee Stock Option Outstanding	3,885,184	-
Loss On Sale Of Fixed Assets	10,911	-
Depreciation and amortisation (net)	97,416,251	98,688,818
Finance cost	2,868,951	6,600,279
Income from Investment in Mutual Fund	(9,546)	-
Interest Income	(1,822,571)	(828,678)
Operating cash flow before changes in working capital	181,531,792	167,983,261
(Increase)/Decrease in working capital:		
Short Term Loans & Advances	(16,288,291)	(7,211,100)
Trade Receivable	(12,398,902)	(4,455,862)
Trade Payable & Other Current Liabilities	7,403,967	(10,867,067)
Other Non Current Liabilities	4,025,712	-
Short Term Provisions	12,262,310	14,251,402
Net Changes in working Capital	(4,995,204)	(8,282,627)
Cash generated from Operations	176,536,588	159,700,634
Taxes for earlier years	-	(90,729)
Prior Period Adjustment	(2,725,981)	-
Income Taxes Paid	(34,109,061)	(21,970,090)
Net cash generated from Operating activities (A)	139,701,546	137,639,815
B. CASH FLOW FROM INVESTING ACTIVITIES		
Interest on FDR	1,822,571	828,678
Income from Investment in Mutual Fund	9,546	-
Acquisition of Fixed Assets	(81,966,643)	(105,303,513)
Sale of fixed Assets	387,014	1,328,532
Investment	(39,994,000)	-
Net Cash used in investing activities (B)	(119,741,512)	(103,146,303)
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Share Capital including share premium	-	-
Finance cost	(2,868,951)	(6,600,279)
Long Term Borrowings	(15,069,308)	(10,638,430)
Net cash generated from financing activities (C)	(17,938,259)	(17,238,709)
D .Net increase in cash and cash equivalents (A+B+C)	2,021,775	17,254,803
E .Cash and cash equivalents at the beginning of the year	25,031,070	7,776,267
F. Cash and cash equivalents at the end of the year (D+E)	27,052,845	25,031,070
Components of Cash & cash Equivalents		
Cash in Hand	94,993	80,813
Balance with Banks	26,957,852	24,950,257
Total Cash & Cash Equivalents	27,052,845	25,031,070

Notes referred to above and notes attached there to form an integral part of Balance Sheet
This is the Balance Sheet referred to in our Report of even date.

For SHA & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN. 017649C

For and on behalf of the Board of Directors

Sd/-
CA. SAURABH ANAND
PARTNER
MEMBERSHIP NO-514140

Sd/-
TARUN DUA
MANAGING DIRECTOR
DIN: 02696789

Sd/-
SRISHTI BAWEJA
WHOLE TIME DIRECTOR
DIN: 08057000

Date: 04-08-2018
Place : New Delhi

Sd/-
GAURAV AGGARWAL
CHIEF FINANCIAL OFFICER

Sd/-
SUMIT BANSAL
COMPANY SECRETARY

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018****NOTE - 1****Significant Accounting Policies****COMPANY OVERVIEW**

E2E Networks Limited (Erstwhile E2E Networks Private Limited) ("the Company") was incorporated on 20th August, 2009 with an objective of providing services of cloud computing services. The company had filed application for conversion to Public Limited Company and converted to Public Limited company on 14.03.2018.

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). 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.

B. USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known or materialise.

C. Current / Non-Current Classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the above definition and the nature of services provided, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018****D. FIXED ASSETS****Tangible Assets**

Fixed Assets have been stated at actual cost inclusive of installation cost, taxes and other incidental expenses. The life of the certain assets has been taken less than as per life prescribed in schedule II of companies act 2013. Eg. The life of Servers in schedule II of companies act is prescribed to be 6 years whereas the life of the same has been taken 3 years and life of Temporary Structure as per companies act is 3 years whereas the life of the same has been taken 5 years. This decision is supported by the advice of technical expert.

E. Other Intangible Assets

Other Intangible Assets are stated at cost of acquisition net of recoverable taxes, trade discount and rebates less accumulated amortisation/depletion and impairment loss, if any. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the Other Intangible Assets.

F. Leases

Leases are classified as operating lease when lessor allows for the use of an asset but does not convey rights of ownership of the asset. An operating lease represents an off-balance sheet financing of assets, where a leased asset and associated liabilities of future rent payments are not included on the balance sheet of a company.

Company has an operating lease with an IBM India Private Limited For 3 Years, but the lessor may at its option transfer the assets at a nominal cost to E2E Networks Limited. Since the cost of the asset after the expiry of the lease term will almost be nil, so management of the company have treated that lease as an operating lease.

G. DEPRECIATION, AMORTISATION AND DEPLETION

Depreciation on tangible assets is provided on the WDV method over the useful lives of assets as prescribed in Schedule II to the Companies Act, 2013. Depreciation for assets purchased / sold during a period is proportionately charged.

H. IMPAIRMENT OF ASSETS

At each Balance Sheet date, an assessment is done to determine whether there is any indication of impairment to the assets. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the Asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Profit & Loss account. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is re-assessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost. In the current reporting period, the company didn't find any such indication requiring impairment or its reassessment.

I. REVENUE RECOGNITION

The Company's revenue from cloud computing services and managed hosting services are recognised when the said services are rendered to the customers over the period of the contracts or based on actual utilization of such services and when no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale / rendering of services and regarding its collection.

Revenue from sale of traded goods is recognised when property in those goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the traded goods and regarding its collection.

J. INVESTMENTS

Trade Investments are the investments made to enhance the company's business interests. Investments are classified into current and long term investments. Investments that are readily realizable and intended to be held for not more than an year from the date of acquisition are classified as current investments. All other investments are classified as long term investments.

Current investments are stated at lower of cost or fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Long term investments are stated at cost. A provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of management. Investments other than in subsidiary and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018****K. INVENTORIES**

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. The company being a service company, doesn't have any stock in trade as on 31st March 2018.

L. TRADE RECEIVABLES

Trade receivables are stated after writing off debts considered as bad, if any. Adequate provision shall be made for debts if considered doubtful.

M. EMPLOYEE BENEFITS

Employee benefit expenses include salary, wages, performance incentives, compensated absences, medical benefits and other perquisites. It also includes post-employment benefits such as provident fund.

Short term employee benefit obligations are estimated and provided for.

The company is registered with The Employees Provident Funds and Miscellaneous Provisions Act 1952 and with Employee State Insurance Act 1948, and both the Employee and the Company make monthly contributions to the provident fund plan and ESIC plan equal to a specified percentage of the covered employee's salary.

Retirement benefit cost and termination benefit categorised as gratuity has been determined and recognised as expense during the year based on Actuarial Valuation Report of Gratuity liability as on 31st March 2018. The Detailed note of such calculation and provision has been set out in Note No 30.

Equity-settled share-based payments to employees of the Company are measured at the fair value of the equity instruments in March 2018. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note No 28. The fair value determined in March 2018 of the equity-settled sharebased payments to employees of the Company is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest.

N. TAXES ON INCOME

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates. Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is a reasonable certainty that sufficient future income will be available except that deferred tax assets, in case there are unabsorbed depreciation or losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. Deferred tax assets/liabilities during the year has been calculated considering the WDV of assets instead of depreciation considered in previous reporting period. With the change of method of calculations of deferred tax, the difference of deferred tax which pertains to previous periods has been adjusted with balances of reserve and surplus in the balance sheet. Deferred tax assets and liabilities are measured using the tax rates and tax law that have been enacted or substantively enacted by the Balance Sheet date.

O. OTHER INCOME

Interest income is recognised on an accrual basis.

P. PRIOR PERIOD ITEMS

Prior period items arisen in the current year as a result of errors or omission in the preparation of the financial statements of prior period(s) are separately disclosed in the Statement of Profit and Loss.

Q. BORROWING COST

All borrowing costs are charged to revenue except to the extent they are attributable to qualifying assets which are capitalized. A Qualifying Asset is one that necessarily takes substantial period of time to get ready for its intended use. During the year under review there was no borrowing attributable to qualifying assets and hence no borrowing cost was capitalized.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

R. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash in hand, bank balances and deposits.

S. FOREIGN CURRENCY TRANSACTIONS

(a) Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss.

(b) Measurement of foreign currency items at the Balance Sheet date

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non-monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these translations are recognized in the Statement of Profit and Loss.

T. CASH FLOW STATEMENT

The Cash Flow Statement are reported using the indirect method, whereby net profit after tax is adjusted for the effects of transactions of non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated, if necessary.

U. PROVISIONS AND CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed, unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

V. DISCLOSURE OF EVENTS OCCURRING AFTER BALANCE SHEET DATE EXPLANATORY

Initial Public Offering & Listing of Equity Shares In the Financial year 2017-18, the Company came out with an IPO of 38,58,000 Equity Shares of Face Value of ₹ 10/- each for cash at a price of ₹ 57/- per Equity share (including a share premium of ₹ 47/- per Equity Share) aggregating to ₹ 2,199.06 Lakh. It comprised of fresh issue of 27,50,000 equity shares and offer for sale of 11,08,000 equity shares.

The said public issue was approved by the Members in their Extra-Ordinary General Meeting of the Company held on 16th February, 2018.

The Public issue opened for subscription on 03rd May, 2018 and closed on 07th May, 2018. The issue has received 12,407 applications for 38,58,000 Equity Shares (after eliminating applications rejected on technical ground) including one Market Maker Application for 1,94,000 Equity Shares. The issue was subscribed to the extent of 69.07 times as per application data (after eliminating applications rejected on Technical grounds).

The Company received In-principal approval from NSE for Public Issue of 38,58,000 equity shares on April 12, 2018.

NSE vide its letter dated May 14, 2018, approved the listing and trading of Equity shares on the NSE (Capital Market Segment) EMERGE SME platform w.e.f. May 15, 2018 with designated security code symbol "E2E".

Company has complied with all the requirements prescribed by the Companies Act, 2013, various SEBI regulations and stock exchange's requirement, wherever required.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

(Amount in ₹)

NOTE	PARTICULARS	AS AT, 31st MARCH, 2018	AS AT, 31st MARCH, 2017
2	SHARE CAPITAL		
	Authorised Share Capital		
	Equity Share capital (Shares 1,65,00,000 @ ₹ 10 Each) (P.Y. - 350000 Shares of Rs. 10 each)	165,000,000	3,500,000
	Preference Share Capital (NIL Shares @ ₹ 10 Each) (P.Y. - 150000 Shares of ₹ 10 each)	-	1,500,000
	TOTAL	165,000,000	5,000,000
	Issued, Subscribed and Paid up		
	Equity Share capital (11495110 Shares @ ₹ 10 Each) (P.Y. 270295 Shares @ ₹ 10 Each)	114,951,100	2,702,950
	During the year the company (i) has converted 100515 preference shares into equity shares in the ratio of 1:1 (ii) has allotted 11124300 shares at a face value of ₹ 10/- towards bonus, pursuant to bonus issue approved by the shareholders in the ratio of 30:1(i .e. THIRTY bonus share for every ONE fully paid up equity share)		
	Preference Share Capital (P.Y. 100515 Shares @ ₹ 10 Each)	-	1,005,150
	TOTAL	114,951,100	3,708,100

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the Reporting Period

(Amount in ₹)

Shares	AS AT, 31st MARCH, 2018	AS AT, 31st MARCH, 2017
Equity Shares		
Equity Shares at the beginning of the year	270,295	270,295
Add : Issue of shares		
(i) By conversion of Preference Shares	100,515	-
(ii) By Bonus Issue	11,124,300	-
Equity shares at the end of the year	11,495,110	270,295
Preference Shares		
Preference Share at the beginning of the year	100,515	100,515
Less: Converted during the year	100,515	-
Preference shares at the end of the year	-	100,515

A-1 DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES:

Name of Shareholders	Type of Shares	AS AT, 31st MARCH, 2018	AS AT, 31st MARCH, 2017
Mr. Tarun Dua	Equity Shares	67.51%	92.12%
IL & FS Trust Company Limited- Trustee -Blume Ventures Fund I	Equity Shares	14.90%	5.61%
IL & FS Trust Company Limited- Trustee -Blume Ventures Fund IA	Equity Shares	6.52%	-
IL & FS Trust Company Limited- Trustee -Blume Ventures Fund I	Preference Shares	-	39.90%
IL & FS Trust Company Limited- Trustee -Blume Ventures Fund IA	Preference Shares	-	24.06%
Suchinta Baweja	Preference Shares	-	13.37%
Shailly Dua	Preference Shares	-	13.37%
Mr. Freeman Murray	Preference Shares	-	6.63%



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018 (Amount in ₹)

NOTE	PARTICULARS	AS AT, 31st MARCH, 2018	AS AT, 31st MARCH, 2017
3	RESERVES AND SURPLUS		
	<u>Securities Premium Account</u>		
	Opening balance	27,307,858	27,307,858
	Add: Additions during the year	-	-
	Less: Bonus Issue during the year	27,307,858	-
	Closing balance	-	27,307,858
	<u>Surplus/(Deficit) in Statement of Profit & Loss</u>		
	Opening Balance	87,266,912	42,568,844
	Add: Profit/Loss during the year	57,594,883	44,698,068
	Less:- Reinstatement of deferred tax of earlier years	5,727,762	-
	Less:- Roc Expenses For Increase In Authorise Share Capital	1,212,500	-
	Less: Bonus Issue during the year	83,935,142	-
	Less: Prior period provisions adjusted during the year	2,725,981	-
	Closing Balance	51,260,410	87,266,912
<u>Employee Stock Option Outstanding Account</u>			
Employee Stock Option Outstanding	3,885,184	-	
	3,885,184	-	
	TOTAL	55,145,594	114,574,770
4	LONG TERM BORROWINGS		
	<u>Loans from Financial Institutions</u>		
	Loans from Financial Institutions	-	15,069,307
Loans from Related Parties	-	-	
	TOTAL	-	15,069,307
5	Deferred Tax Liabilities		
	Deferred Tax Liabilities	-	-
	TOTAL	-	-
6	Other Non-current Liabilities		
	Provision for Gratuity	4,025,712	-
	TOTAL	4,025,712	-
7	TRADE PAYABLES		
	Micro, Small and Medium Enterprises	2,115,431	44,773
	Others	19,317,111	7,924,977
		TOTAL	21,432,542
	There are no overdue amounts to Micro, Small and Medium Enterprises as at March 31, 2018 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.		
8	OTHER CURRENT LIABILITIES		
	(i) Loans & Advances		
	Current Maturities of long term loans	-	6,924,913
	Advances from customers & others	1,228,596	804,837
	Advance Hosting Income Received	433,340	824,344
		1,661,936	8,554,094
	(ii) Statutory Dues		
	Sales Tax Payable	-	6,075
	TDS Payable	2,153,732	1,376,566
	Service tax Payable	-	49
	GST Payable	2,793,906	-
	Other Statutory Dues Payable	677,274	127,324
		-	-
	(iii) Expense Payable	3,564,239	6,845,804
		9,189,151	8,355,818
		TOTAL	10,851,087
9	SHORT TERM PROVISIONS		
	Provision for Taxation	34,109,061	21,970,090
	Provision for Gratuity (Refer Note 30)	123,339	-
	TOTAL	34,232,400	21,970,090



(Amount in ₹)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

Note : 10 Fixed Asset												
I. Fixed Assets												
Sr. No	Particulars	Gross Block				Depreciation				Closing Net Block		
		Value at the beginning (01.04.2017)	Addition during the year (2017-18)	Deduction during the year (2017-2018)	Value at the end (As on 31.3.2018)	Value at the beginning (01.04.2017)	Addition during the year (2017-2018)	Deduction during the year (2017-2018)	Value at the end (As On 31.03.2018)	As on 31.03.2018	As on 31.03.2017	
I	Tangible Assets											
1	Computers Equipment	342,880,105	81,334,914	1,395,477	422,819,542	232,102,998	96,472,312	1,325,703	327,249,607	95,569,935	110,777,107	
2	Air Conditioner	259,390	93,350	-	352,740	180,588	73,250	-	253,838	98,902	78,802	
3	Laptop	1,432,870	421,322	-	1,854,192	1,064,618	397,394	-	1,462,013	392,180	368,252	
4	Office Equipments	1,418,544	99,457	-	1,518,001	837,168	292,375	-	1,129,543	388,458	581,376	
5	Furniture	80,034	17,600	-	297,634	124,972	44,423	-	169,395	128,239	155,062	
6	Building	518,364	-	-	518,364	215,525	136,497	-	352,022	166,342	302,839	
	Total	346,789,307	81,966,643	1,395,477	427,360,473	234,525,868	97,416,252	1,325,703	330,616,417	96,744,056	112,263,438	
	Previous Year Fig.	247,107,739	105,303,513	5,621,945	346,789,307	140,938,247	98,688,818	5,101,197	234,525,868	112,263,437	106,169,491	



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

(Amount in ₹)

NOTE	PARTICULARS	AS AT, 31st MARCH, 2018	AS AT, 31st MARCH, 2017
11	<u>Deferred Tax Assets</u>		
	Deferred Tax Assets	6,170,909	917,989
		6,170,909	917,989
12	<u>Investments</u>		
	<u>Quoted Investments (fully paid)</u>		
	Investments in Mutual Funds (At cost)	39,994,000	-
	Total Quoted Investments	39,994,000	-
	Investments represent investment in short term and liquid mutual funds which has been done with the perspective to be redeemed as and when required for day to day business operation.		
13	TRADE RECEIVABLES		
	<u>(A) Unsecured Considered good</u>		
	Outstanding For More Than Six Months	68,061	-
	<u>(B) Others</u>	27,866,974	15,536,133
		27,935,035	15,536,133
14	CASH AND CASH EQUIVALENTS		
	<u>Cash in Hand</u>	94,993	80,813
	<u>Balance With Bank</u>		
	OBC, Axis Bank and Yes Bank	5,764,990	789,560
	OBC Bank(Share Application A/C)	10,226	5,263
	FDR With Oriental bank of Commerce	21,182,636	24,155,434
		26,957,852	24,950,257
	TOTAL	27,052,845	25,031,070
15	SHORT TERM LOANS & ADVANCES		
(a)	<u>Advances</u>		
	Employees	-	-
	Other	37,002	5,895
		37,002	5,895
(b)	<u>Amount To Be Recovered</u>		
	Tds Recoverable	46,851	32,625
		46,851	32,625



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2018

(Amount in ₹)

NOTE	PARTICULARS	AS AT, 31st MARCH, 2018	AS AT, 31st MARCH, 2017
(c)	<u>Fixed Deposit</u>		
	CDR With OBC	109,161	109,161
	Security FDR With OBC For Jainson	-	2,077,327
		109,161	2,186,488
(d)	<u>Security deposits</u>		
	Unsecured, considered good	1,682,100	535,600
		1,682,100	535,600
(e)	<u>Prepaid Expenses</u>		
	Prepaid Expenses	1,630,994	908,142
	Prepaid Ipo Expenses	1,652,814	-
		3,283,808	908,142
(f)	<u>Income Accrued</u>		
	Income Accrued	4,362,932	-
		4,362,932	-
(g)	<u>Balances with government authorities</u>		
	Unsecured, considered good		
	(i) TDS Receivable	23,219,736	17,445,707
	(ii) Advance Tax	10,000,000	-
	(iii) Income tax Refundable	-	5,248,851
	(iv) Service Tax credit receivable	-	89,990
		33,219,736	22,784,548
	TOTAL	42,741,590	26,453,298



NOTES TO AND FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

NOTE	PARTICULARS	For the year ended 31st MARCH, 2018	For the year ended 31st MARCH, 2017
16	<u>REVENUE FROM OPERATION</u>		
	Gross Receipts	360,374,686	293,168,781
	Net Revenue From Operation	360,374,686	293,168,781
17	<u>OTHER INCOME:</u>		
	Interest on Bank FDR	1,799,165	820,825
	Short & Excess	-	1,502
	Foreign Exchange Fluctuation Gain	37,155	-
	Interest on CDR with OBC (Sale Tax)	8,005	7,853
	Interest On FDR With Jainsons	15,401	-
	Profit on sale Fixed Assets	328,150	811,449
	Interest Received on It Refund	352,390	428,106
	Income From Mutual Funds	9,546	-
	Misc. Income	43,048	50,149
		2,592,860	2,119,884
18	<u>PURCHASE OF SERVICES</u>		
	Purchase of Services	100,221,813	80,154,811
		100,221,813	80,154,811
19	<u>EMPLOYEE BENEFITS EXPENSES</u>		
	<u>SALARY</u>		
	Salary	50,074,085	28,116,427
	Employee Stock Compensation Expenses	3,885,184	-
	Director Remuneration	5,800,000	4,300,000
		59,759,269	32,416,427
	<u>Contribution to Provident And Other Fund</u>		
	Contribution to provident and other funds for others	1,109,695	660,799
	Provision for Gratuity (Refer Note 30)	1,423,070	-
		2,532,765	660,799
	<u>STAFF WELFARE EXPENSES</u>		
	Staff Welfare	745,477	749,381
		745,477	749,381
		63,037,511	33,826,607
20	<u>FINANCIAL COSTS:</u>		
	Bank Charges & Other Charges	770,345	608,271
	Interest On Service Tax	1	420
	Interest On Secured Loan	1,865,449	4,689,948
	Interest On Unsecured Loan	163,811	1,196,874
	Interest On Current A/C	6,048	848
	CGTMSE Fees	61,616	98,261
	Interest On TDS	1,680	5,657
		2,868,950	6,600,279



NOTES TO AND FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

NOTE	PARTICULARS	For the year ended 31st MARCH, 2018	For the year ended 31st MARCH, 2017
21	<u>DEPRECIATION AND AMORTISATION EXPENSE:</u>		
	Depreciation	97,416,251	98,688,818
		97,416,251	98,688,818
22	<u>OTHER EXPENSES:</u>		
A	<u>ADMINISTRATIVE EXPENSE</u>		
	Conveyance Expense	477,336	534,961
	Electricity Expenses	370,168	347,076
	Festival Expenses	76,720	15,225
	Internet Expenses	96,341	242,208
	Legal & Professional Charges	2,493,057	4,928,908
	Membership & Subscription Expenses	1,073,373	420,026
	Misc. Expense	60,674	60,705
	Mutual Fund Expenses	8,277	-
	Newspaper Expense	4,753	1,895
	Office Expense	330,165	330,475
	Office Rent	3,487,246	955,406
	Lease Rent	2,848,810	-
	Payment to Auditor	150,000	150,000
	Postage & Courier Expense	14,117	12,670
	Printing & Stationary	76,530	37,931
	Loss on Sale of fixed Assets	10,911	3,665
	Stamp Duty On Share Certificate	112,248	34,025
	Taxi Charges	121,852	54,094
	ROC Filling Fee	3,005	-
	Software Expenses	328,851	310,647
	Telephone Expense	715,090	568,573
	Service tax	140,759	396,356
	Interest On Gst	122,492	-
	Water Expenses	28,987	26,358
	Cabling Charges	51,795	60,013
	TDS Penalty	-	109,954
	GST Fees and Penalty	2,500	-
	Interest Of Income Tax	540,897	-
	Service tax Penalty	-	220
	Generator Running Maintenance	27,470	40,404
	Professional Tax	66,170	-
	Bonus Expenses	462,252	-
	CSR Expenses	1,300,000	-
	Insurance Expenses	123,284	40,715
		15,726,130	9,682,510


NOTES TO AND FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in ₹)

NOTE	PARTICULARS	For the year ended 31st MARCH, 2018	For the year ended 31st MARCH, 2017
B	SELLING & DISTRIBUTION EXPENSES		
	Advertisement Expense	583,912	373,824
	Freight & Cartage	-	1,010
	Equilization Levy	8,032	-
	Sales Promotion Expenses	854,073	511,365
	Rate Difference in Foreign Currency	42,881	10,181
	Tour & Travelling Expense	1,484,731	1,108,634
		2,973,629	2,005,014
	GRAND TOTAL	18,699,759	11,687,524

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018
NOTE - 23
RELATED PARTY TRANSACTION

As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

- (i) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Name of the Related Party	Relationship
Tarun Dua	Key Management Personnel
Srishti Baweja	Key Management Personnel
Manjit Rai Dua	Key Management Personnel
Bharti Sharma	Company Secretary
Gaurav Aggarwal	Chief Financial Officer

(Amount in ₹)

(ii)

Transactions during the year with related parties :		
Nature of Transactions	2017-2018	2016-2017
Directors Remunerations	58,00,000	43,00,000
Tarun Dua	50,00,000	-
Srishti Baweja	8,00,000	-
Loans and advances received	-	-
Salary	34,01,253	35,25,000
Srishti Baweja	32,50,000	35,25,000
Bharti Sharma	29,318	-
Gaurav Aggarwal	1,21,935	-
Rent	59,360	56,320
Manjit Rai Dua	59,360	56,320
Interest On Loan	-	2,33,335
Tarun Dua	-	2,33,335

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018****NOTE - 24****OTHER INFORMATION****Auditor's Remuneration****(Amount in ₹)**

Particulars	2017-2018	2016-2017
Statutory Audit – Net of Service Tax/GST	1,20,000	1,20,000
Tax Audit – Net of Service Tax/GST	30,000	30,000
Taxation matters/ Other Services	64,000	2,01,000

NOTE - 25**FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual Outflows:

(Amount in ₹)

Particulars	2017-2018	2016-2017
Foreign Exchange Earnings	1,50,44,954	1,03,46,232
Foreign Exchange Outgo	19,43,698	49,03,219

NOTE - 26**SEGMENT REPORTING**

In the opinion of the company management, the operations of the company are considered as single segment hence AS-17 on Segment reporting issued by the Institute of Chartered Accountants of India is not applicable.

NOTE - 27**EARNING PER SHARE**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(Amount in ₹)

PARTICULARS	2017-2018	2016-2017
Net Profit/(Loss) for the year	5,75,94,883	4,46,98,068
Weighted Number of Equity Shares	1,14,10,567	2,70,295
Nominal Value per Share	10	10
Earnings Per Share (Basic)	5.05	165.37
Basic EPS (post bonus)	5.05	3.92
Diluted EPS	4.97	3.92
Weighted Number of Equity Shares for basic EPS	1,14,10,567	2,70,295
Effect of Dilution:		
Esops (Numbers)	1,86,091	*
Weighted Number of Equity Shares after dilution effect	1,15,96,659	2,70,295

*Anti Dilutive

Diluted earnings per share is calculated by dividing income by the weighted-average number of shares outstanding during the year, assuming that all potentially dilutive securities were exercised, if dilutive. While Calculating the dilutive EPS for 30.09.2017, our management has considered the grant of options in entire year of 2017-2018.

**NOTE- 28****EMPLOYEE STOCK OPTION PLAN**

As At 31st March,2018 , the company has the following Share Based Payments for Employees.

“Employee Stock Option Scheme 2018 (ESOS 2018)”

The terms and conditions are us under:-

-Options shall vest equally over a period of 5 (five) years of continuous completed service or such other period as may be determined by the Compensation Committee on case to case basis from the date of Grant of Options subject to continuous and uninterrupted employment of the option holder.

-Total number of options granted shall not exceed 4,00,000.

-The options carry neither rights to dividend nor voting rights till shares are issued upon exercise of options.

-There is minimum period of one year between the grant date and vesting of options (Cliff Period).

The fair value of the share options were estimated in March 2018 using a black scholes option pricing model, taking into account the terms and conditions upon which the share options are granted.

Financial year wise employee cost allocation:**(Amount in ₹)**

Particular	F.Y.2017-18	F.Y.2018-19	F.Y.2019-20	F.Y.2020-21	F.Y.2021-22	F.Y.2022-23
Expenses arising on employee stock option scheme	38,85,184	29,81,615	18,63,007	11,18,268	5,47,508	80,925

As per the management estimates, we have considered 3% per year to be the employee’s attrition rate, and other than for Mr. Kotapalli Ravoof Mohamed Imran in whose case, 100% vesting is considered.

Movements in share options during the year:

Number of Employee Stock Option Outstanding	Number Of Option
Outstanding at the beginning of the year	-
Granted During The year (Includes Bonus)	3,79,620
Lapsed/ Cancelled During The Year	1,600
Exercised during the year	0
Surrendered During The Year	0
Outstanding at the end of the year	3,78,020

NOTE - 29**Operating Lease**

The Company has taken equipment under operating lease from IBM India Private Limited. The period of the lease is from 31 dec 2017 to 31 dec 2020(for a period of 3 years). The total Lease rental expense under operating leases during the lease period is ₹ 3,41,85,718.08 excluding GST. The lease rental charged during the year is ₹ 28,48,809.84 and maximum obligations on long-term operating lease payable as per the Lease rentals stated in respective agreement are as follows:

(Amount in ₹)

Particulars	Amount
In the Year 2018-19	1,13,95,239.36
In the Year 2019-20	1,13,95,239.36
In the Year 2020-21	85,46,429.52



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 30**Provision for Gratuity:**

Provision for Gratuity has been made during the year based on Actuarial Valuation Report of Gratuity liability as on 31st March 2018. The gratuity plan of the company is not funded. Out of Provision for Gratuity of ₹ 41,49,051/-, ₹ 14,23,070/- has been recognised in profit and loss account and balance related to previous years i.e. from 1st April 2012 to 31st March 2017 has been adjusted with balance of reserve and surplus.

All employees are entitled to Gratuity Benefits on exit from service due to retirement, resignation or death. There is a vesting period of 5 years on exits due to retirement or resignation.

Changes in Present Value of Benefit Obligations (Amount in ₹)

Present Value of Benefit Obligation on 1-4-2017	
Changes in Present Value of Benefit Obligations	27,25,981
Current Service cost	10,51,770
Interest cost	2,09,901
Benefits paid	-
Actuarial losses (gains)	1,61,399
Present Value of Benefit Obligation on 31-03-2018	41,49,051

Bifurcation of Present Value of Benefit Obligation	
Current - Amount due within one year	1,23,339
Non-Current - Amount due after one year	40,25,712
Total	41,49,051

Amounts recognised in Balance Sheet and Statement of Profit and Loss	
Present Value of Benefit Obligation on 31-03-2018	41,49,051
Fair Value of Plan Assets on 31-03-2018	-
Net Liability / (Asset) recognised in Balance Sheet	41,49,051

Current Service cost	10,51,770
Interest cost	2,09,901
Expected Return on Plan Assets	-
Net actuarial losses (gains) recognised in the year	1,61,399
Expenses recognised in Statement of Profit and Loss	14,23,070

NOTE - 31**Issue of Fully Paid up Bonus Shares:**

Considering the contribution of each member to the success of the organization over the last decade, the management had decided to issue bonus shares to the existing members in the current year. Pursuant to the resolution passed in the Extra-Ordinary General Meeting held on 3rd February 2018 and in accordance with the provisions of Companies Act, 2013, the company has issued fully paid up bonus shares to the existing members in the ratio 30:1.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2018

NOTE - 32

CONTINGENT LIABILITY:

(Amount in ₹)

Contingent Liabilities and Commitments contested (to the extent not provided for)			
Name of the Statute	Nature of Dues	Amount in ₹	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	14,76,708/-	Assessing Officer

NOTE - 33

IPO EXPENSES AND EXPENSES FOR INCREASE IN AUTHORISED SHARE CAPITAL:

Expenditure of ₹ 16,52,814/- pertaining to listing of company's shares has been carried in the balance sheet under prepaid expenses under short term loans and advances. The same will be reduced from securities premium in 2018-19 in the year of listing of company.

The management of the company decided that it will amortise ₹ 12,12,500/- of the expenses pertaining to increase in Authorised Share Capital from Reserves and surplus in the year 2017-18.

NOTE - 34

Previous year's figures, wherever necessary, have been regrouped, reclassified and recast to make them comparable with those of current year.

For SHA & ASSOCIATES

CHARTERED ACCOUNTANTS
FRN. 017649C

Sd/-
CA. SAURABH ANAND
PARTNER
MEMBERSHIP NO-514140

Date: 04-08-2018
Place : New Delhi

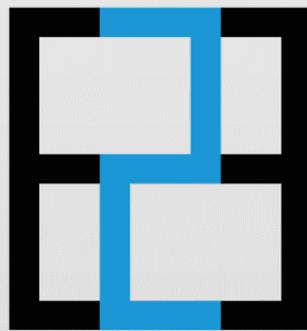
For and on behalf of the Board of Directors

Sd/-
TARUN DUA
MANAGING DIRECTOR
DIN: 02696789

Sd/-
SRISHTI BAWEJA
WHOLE TIME DIRECTOR
DIN: 08057000

Sd/-
GAURAV AGGARWAL
CHIEF FINANCIAL OFFICER

Sd/-
SUMIT BANSAL
COMPANY SECRETARY



E2E Networks

Regd. Office
E2E Networks Limited
282, Sector 19, Faridabad,
Haryana-121002

 +91-11-39235393
 www.e2enetworks.com
 investors@e2enetworks.com

Corporate. Office :Awfis, A-24/9, Mohan Co-operative Industrial Estate, Mathura Road,
Saidabad, New Delhi -110044

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