HCL Technologies Limited and Subsidiaries

Consolidated Financial Statements

Nine Months Ended March 31, 2016 and Years Ended March 31, 2017 and 2018

With Report of Independent Auditors

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Report of Independent Auditors

The Board of Directors
HCL Technologies Limited

We have audited the accompanying consolidated financial statements of HCL Technologies Limited and Subsidiaries, which comprise the consolidated balance sheets as of March 31, 2017 and March 31, 2018, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the two years in the period ended March 31, 2018 and for the nine months ended March 31, 2016 and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of HCL Technologies Limited and Subsidiaries at March 31, 2018 and 2017, and the consolidated results of their operations and their cash flows for the two years in the period ended March 31, 2018 and for the nine months ended March 31, 2016 in conformity with U.S. generally accepted accounting principles.

Ernst & Young Associates LLP

Gurgaon, India
May 2, 2018

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HCL Technologies Limited and Subsidiaries
Consolidated Balance Sheets
Amount in thousands, except share and per share data

	As of March 31,	
	2017	**2018**
ASSETS		
Current assets		
Cash and cash equivalents	$202,917	$259,569
Term deposits with banks	1,189,953	355,707
Deposit with corporation	385,266	522,903
Accounts receivable, net	1,279,548	1,478,227
Unbilled revenue	385,522	401,591
Investment securities, available for sale	176,589	361,661
Inventories	42,477	26,434
Other current assets	416,194	360,059
Total current assets	**4,078,466**	**3,766,151**
Deferred income taxes	248,056	274,518
Investment securities, available for sale	-	39,949
Deposit with corporation	-	36,055
Investments in affiliates	22,944	4,109
Other investments	1,727	2,421
Property and equipment, net	721,445	795,445
Intangible assets, net	716,342	1,131,260
Goodwill	1,044,778	1,078,830
Other assets	271,305	301,079
Total assets (a)	**$7,105,063**	**$7,429,817**

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Balance Sheets

Amount in thousands, except share and per share data

	As of March 31,	
	2017	2018
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of capital lease obligations	$2,976	$6,877
Accounts payable	403,182	277,221
Short term borrowings	8,402	6,363
Current portion of long term debt	19,219	20,246
Accrued employee costs	305,712	320,388
Deferred revenue	168,387	102,990
Income taxes payable	114,500	105,733
Other current liabilities	723,507	707,490
Total current liabilities	**1,745,885**	**1,547,308**
Long term debt	54,717	40,435
Deferred income taxes	-	5,292
Capital lease obligations, net of current portion	4,261	11,538
Accrued employee costs	104,395	107,980
Deferred revenue	27,220	27,641
Other liabilities	6,150	41,875
Total liabilities (a)	**$1,942,628**	**$1,782,069**
Commitments and contingencies (Note 26)		
HCL Technologies Limited Shareholders' Equity		
Equity shares, ` 2 par value, authorized 1,500,000,000 shares		
Issued and outstanding 1,426,783,424 and 1,392,246,384 shares as of March 31, 2017 and 2018, respectively	57,791	56,715
Additional paid-in capital	916,514	412,658
Shares application money pending allotment	5	2
Retained earnings, including appropriated and unappropriated	4,753,262	5,757,298
Accumulated other comprehensive loss	(591,796)	(578,925)
HCL Technologies Limited Shareholders' Equity	**5,135,776**	**5,647,748**
Noncontrolling interest	26,659	-
Total equity	**5,162,435**	**5,647,748**
Total liabilities and equity	**$7,105,063**	**$7,429,817**

a) Consolidated assets at March 31, 2017 and 2018 include assets totaling $44,385 and $57,928, respectively, of certain variable interest entities (VIE's) that can only be used to settle the liabilities of those VIEs. Consolidated liabilities at March 31, 2017 and 2018, include liabilities of certain VIEs for which the VIEs creditors do not have recourse to HCL Technologies Limited and Subsidiaries (See Note 10).

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Statements of Income

Amount in thousands, except share and per share data

	Nine months ended March 31,	Year ended March 31,	Year ended March 31,
	2016	2017	2018
Revenues	**$4,697,887**	**$6,975,204**	**$7,837,692**
Cost of revenues (exclusive of depreciation and amortization)	3,089,520	4,611,542	5,151,283
Gross profit	**1,608,367**	**2,363,662**	**2,686,409**
Selling, general and administrative expenses	598,956	824,643	913,497
Depreciation and amortization	67,155	124,638	225,153
Other income, net	(131,538)	(152,281)	(182,540)
Finance cost	11,163	12,856	10,785
Income before income taxes	**1,062,631**	**1,553,806**	**1,719,514**
Provision for income taxes	223,097	291,353	359,043
Net income	**839,534**	**1,262,453**	**1,360,471**
Net income (loss) attributable to noncontrolling interest	(112)	20	223
Net income attributable to HCL Technologies Limited shareholders	**$839,646**	**$1,262,433**	**$1,360,248**
Earnings per equity share			
Basic	$0.60	$0.89	$0.97
Diluted	$0.60	$0.89	$0.97
Weighted average number of equity shares used in computing earnings per equity share			
Basic	1,407,845,713	1,411,444,783	1,401,349,735
Diluted	1,410,916,234	1,412,641,203	1,402,209,558

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Statements of Comprehensive Income

Amount in thousands

	Nine months ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018
Net income attributable to HCL Technologies Limited shareholders	**$839,646**	**$1,262,433**	**$1,360,248**
Add : Noncontrolling interest	**($112)**	**$20**	**$223**
Other comprehensive income (loss) net of taxes:			
Change in unrealized gain (loss) on cash flow hedges, net of taxes ($1,812) ($16,893) and $12,120 for nine months ended March 31, 2016 and the years ended March 31, 2017 and 2018, respectively.	7,612	67,397	(47,659)
Change in unrealized gain (loss) on securities available for sale, net of taxes $187, ($344) and ($119) for nine months ended March 31, 2016 and the years ended March 31, 2017 and 2018, respectively.	(319)	613	648
Change in unrealized gain (loss) on defined benefit plan, net of taxes ($58), ($388) and ($361) for nine months ended March 31, 2016 and the years ended March 31, 2017 and 2018, respectively.	1,766	(330)	1,298
Change in foreign currency translation	(140,322)	9,822	58,584
Other comprehensive income (loss)	**(131,263)**	**77,502**	**12,871**
Add: Comprehensive loss attributable to noncontrolling interest	**-**	**(5,270)**	**-**
Total comprehensive income	**$708,271**	**$1,334,685**	**$1,373,342**

See accompanying notes.

HCL Technologies Limited and Subsidiaries
Consolidated Statements of Equity
Amount in thousands, except share data

	Equity shares		Additional paid-in capital	Ordinary shares subscribed	Retained earnings	Accumulated other comprehensive loss	HCL Technologies Limited Shareholder' Equity	Non Controlling Interest	Total Equity
	Shares	Par Value							
Balances as at June 30, 2015	**1,405,978,418**	**$57,154**	**$703,224**	**$325**	**$3,666,121**	**($538,035)**	**$3,888,789**	**$94**	**$3,888,883**
Shares issued for exercised options	4,402,896	132	-	(325)	-	-	(193)	-	(193)
Stock options exercised pending allotment of shares	-	-	-	7	-	-	7	-	7
Stock based compensation	-	-	959	-	-	-	959	-	959
Excess tax benefit from stock options	-	-	6,844	-	-	-	6,844	-	6,844
Cash dividend	-	-	-	-	(407,526)	-	(407,526)	-	(407,526)
Change in noncontrolling interest	-	-	-	-	-	-	-	31,927	31,927
Net income	-	-	-	-	839,646	-	839,646	(112)	839,534
Other comprehensive income (loss)	-	-	-	-	-	(131,263)	(131,263)	-	(131,263)
Balances as at March 31, 2016	**1,410,381,314**	**$57,286**	**$711,027**	**$7**	**$4,098,241**	**($669,298)**	**$4,197,263**	**$31,909**	**$4,229,172**

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Statements of Equity

Amount in thousands, except share data

	Equity shares		Additional paid-in capital	Ordinary shares subscribed	Retained earnings	Accumulated other comprehensive loss	HCL Technologies Limited Shareholder' Equity	Non Controlling Interest	Total Equity
	Shares	Par Value							
Balances as at March 31, 2016	**1,410,381,314**	**$57,286**	**$711,027**	**$7**	**$4,098,241**	**($669,298)**	**$4,197,263**	**$31,909**	**$4,229,172**
Shares issued for exercised options	838,680	25	-	(7)	-	-	18	-	18
Shares issued for consideration other than cash on acquisition of business of Geometric Limited	15,563,430	480	201,927	-	-	-	202,407	-	202,407
Stock options exercised pending allotment of shares	-	-	-	5	-	-	5	-	5
Excess tax benefit from stock options	-	-	3,560	-	-	-	3,560	-	3,560
Cash dividend	-	-	-	-	(607,412)	-	(607,412)	-	(607,412)
Net income	-	-	-	-	1,262,433	-	1,262,433	20	1,262,453
Other comprehensive income (loss)	-	-	-	-	-	77,502	77,502	(5,270)	72,232
Balances as at March 31, 2017	**1,426,783,424**	**$57,791**	**$916,514**	**$5**	**$4,753,262**	**($591,796)**	**$5,135,776**	**$26,659**	**$5,162,435**

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Statements of Equity

Amount in thousands, except share data

	Equity shares				Retained earnings					
	Shares	Par Value	Additional paid-in capital	Ordinary shares subscribed	Other unappropriated reserves	SEZ reinvestment reserve*	Accumulated other comprehensive loss	HCL Technologies Limited Shareholder' Equity	Non-Controlling Interest	Total Equity
Balances as at March 31, 2017	**1,426,783,424**	**$57,791**	**$916,514**	**$5**	**$4,753,262**	**$-**	**($591,796)**	**$5,135,776**	**$26,659**	**$5,162,435**
Shares issued for exercised options	462,960	14	-	(5)	-	-	-	9	-	9
Buyback of equity shares	(35,000,000)	(1,090)	(504,853)	-	(39,214)	-	-	(545,157)	-	(545,157)
Expenses on buyback of equity shares	-	-	-	-	(2,193)	-	-	(2,193)	-	(2,193)
Stock options exercised pending allotment of shares	-	-	-	2	-	-	-	2	-	2
Excess tax benefit from stock options	-	-	997	-	-	-	-	997	-	997
Change in noncontrolling interest	-	-	-	-	141	-	-	141	(26,882)	(26,741)
Cash dividend	-	-	-	-	(314,946)	-	-	(314,946)	-	(314,946)
Transfer to special economic zone (SEZ) reinvestment reserve *	-	-	-	-	(47,562)	47,562	-	-	-	-
Net income	-	-	-	-	1,360,248	-	-	1,360,248	223	1,360,471
Other comprehensive income (loss)	-	-	-	-	-	-	12,871	12,871	-	12,871
Balances as at March 31, 2018	**1,392,246,384**	**$56,715**	**$412,658**	**$2**	**$5,709,736**	**$47,562**	**($578,925)**	**$5,647,748**	**$-**	**$5,647,748**

* The Company has created SEZ Reinvestment Reserve out of profits of the eligible SEZ Units in the terms of the specific provisions of Section 10AA (1)(ii) of the Income Tax Act, 1961 ("the Act"). The said reserve should be utilized by the Company for acquiring Plant and Machinery in the specified SEZ units for the purpose of its business in the terms of Section 10AA (2) of the Act.

See accompanying notes.

HCL Technologies Limited and Subsidiaries

Consolidated Statements of Cash Flows

Amount in thousands

	Nine months ended March 31 2016	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from operating activities			
Net income	**$839,534**	**$1,262,453**	**$1,360,471**
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	67,155	124,638	225,153
Deferred income taxes	(34,528)	5,199	(10,518)
(Gain) loss on sale of property and equipment	(21,985)	880	(228)
Stock based compensation expense, net	949	-	-
Excess tax benefit related to stock options exercise	(6,859)	(3,584)	(1,002)
Gain on sale of investment securities	(3,722)	(5,861)	(23,884)
Equity in earnings of affiliates	(920)	(436)	(2,288)
Provision for doubtful accounts, net	13,751	1,354	12,345
Others, net	771	19,394	15,664
Changes in assets and liabilities, net of effects of acquisitions			
Accounts receivable and unbilled revenue	(166,446)	(33,204)	(179,117)
Other assets	(82,219)	8,886	19,247
Accounts payable	(1,495)	9,250	36,707
Accrued employee costs	(7,333)	55,726	9,107
Other liabilities	35,854	(37,079)	(116,526)
Net cash provided by operating activities	**632,507**	**1,407,616**	**1,345,131**
Cash flows from investing activities			
Investment in term deposit with banks	(701,385)	(1,160,739)	(361,321)
Proceeds from term deposit with banks on maturity	682,491	1,292,722	1,198,710
Investment in term deposits with corporation	(303,484)	(373,147)	(564,780)
Proceeds from term deposits with corporation on maturity	183,776	296,396	387,487
Purchase of property and equipment and intangibles	(139,438)	(584,287)	(832,776)
Proceeds from sale of property and equipment	29,121	16,793	4,265
Purchase of investment securities	(1,037,890)	(1,664,560)	(3,104,514)
Proceeds from sale of investment securities	1,076,087	1,601,667	2,901,091
Purchase of other investment	-	(1,783)	(452)
Acquisition of business, net of cash acquired	(177,845)	(72,055)	(16,922)
Net cash in deconsolidated subsidiaries	-	-	(22,375)
Investment in equity method investee	(2,957)	(3,144)	(240)
Net cash used in investing activities	**(391,524)**	**(652,137)**	**(411,827)**

HCL Technologies Limited and Subsidiaries

Consolidated Statements of Cash Flows

Amount in thousands

	Nine months ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018
Cash flows from financing activities			
(Decrease) Increase of principal under capital lease obligations, net	(2,158)	(107)	1,462
Proceeds from short term borrowings	7,891	30,005	-
Repayment of short term borrowings	(29,508)	(52,130)	(5,095)
Proceeds from long term debt	104,281	4,674	3,011
Repayment of long term debt	(10,391)	(36,299)	(20,783)
Buyback of equity shares including transaction cost	-	-	(544,804)
Payment for deferred consideration on business acquisition	-	(4,920)	(2,465)
Proceeds from issuance of equity shares	130	18	14
Proceeds from subscription of shares pending allotment	7	5	2
Dividend paid	(407,464)	(607,270)	(314,863)
Excess tax benefit related to stock options exercise	6,859	3,584	1,002
Net cash used in financing activities	**(330,353)**	**(662,440)**	**(882,519)**
Effect of exchange rate changes on cash and cash equivalents	(12,903)	(191)	5,867
Net increase (decrease) in cash and cash equivalents	(102,273)	92,848	56,652
Cash and cash equivalents at the beginning of the year	212,342	110,069	202,917
Cash and cash equivalents at the end of the year	**$110,069**	**$202,917**	**$259,569**

Supplemental disclosures of cash flow			
Shares issued for consideration other than cash on acquisition of business of Geometric Limited	-	$202,407	-
Property and equipment acquired under capital lease obligation	$1,292	$6,295	$15,795
Cash payments for interest expenses	$1,182	$2,032	$3,055
Cash payments for income taxes	$261,945	$291,548	$388,959

See accompanying notes.

1. ORGANIZATION AND NATURE OF OPERATIONS

HCL Technologies Limited (the “Company” or the ”Parent Company”) along with its subsidiaries (hereinafter collectively referred to as the “Group”) is primarily engaged in providing a range of software development services, business process outsourcing services and IT infrastructure services. The Company was incorporated in India in November 1991. The Group leverages its offshore infrastructure and professionals to deliver solutions across select verticals including financial services, manufacturing (automotive, aerospace, Hi-tech, semi conductors), lifesciences & healthcare, public services (oil and gas, energy and utility, travel, transport and logistics), retail and consumer products, telecom, media, publishing and entertainment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and principles of consolidation

The accompanying consolidated financial statements include the accounts of HCL Technologies Limited and its subsidiaries and are prepared on the basis of US generally accepted accounting principles (“US GAAP”).

The Group uses the United States Dollar (‘$’ or ‘USD’) as its reporting currency.

These consolidated financial statements include the accounts of all subsidiaries which are more than 50% owned and controlled by the Company. In addition, relationships with other entities are reviewed to assess if the Company is the primary beneficiary in any variable interest entity. If it is determined that the Company is the primary beneficiary, then that entity is consolidated. All intercompany accounts and transactions are eliminated on consolidation. Non controlling interest represents the non controlling partner’s interest in the proportionate share of net assets and results of operations of the Company’s majority owned subsidiaries.

Issuance of shares by a subsidiary to third parties reduces the proportionate ownership interest of the Company in the subsidiary. A change in the carrying value of the investment in such subsidiary due to direct sale of un-issued equity shares is accounted for as a capital transaction and is recognized in equity when the transaction occurs.

The Group accounts for investments by the equity method where its investment in the voting stock gives it the ability to exercise significant influence over the affiliate. In the case of investments in Limited Liability Partnerships (LLPs), significant influence is presumed to exist where the Company has more than a 5% partnership interest. The excess of the cost over the underlying net equity of investments in affiliates is allocated to identifiable assets based on the fair value at the date of acquisition. The unassigned residual value of the excess of the cost over the underlying net equity is recognized as goodwill.

The Group’s equity in the profits (losses) of affiliates is included in the consolidated statements of income unless the carrying amount of an investment is reduced to zero and the Group is under no guaranteed obligation or otherwise committed to provide further financial support. The Group’s share of net assets of affiliates is included in the carrying amount of the investment in the consolidated balance sheet.

(b) Use of estimates

The preparation of financial statements in conformity with US GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, costs, expenses and other comprehensive income that are reported and disclosed in the consolidated financial statements and accompanying notes. These estimates are based on the management’s best knowledge of current events, historical experience, actions that the Group may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Significant estimates and assumptions are used, but not limited to accounting for costs expected to be incurred to complete performance under IT service arrangements, allowance for uncollectible accounts receivables and unbilled revenue, accrual of warranty costs, income taxes, valuation of share-based compensation, future obligations under employee benefit plans and performance incentives, the useful lives of property, equipment and intangible assets, impairment of property, equipment, intangibles and goodwill, estimates

used to determine the fair value of assets acquired, including intangible assets and goodwill, and liabilities assumed in business combinations, valuation allowances for deferred tax assets, and other contingencies and commitments. Changes in estimates are reflected in the financial statements in the period in which the changes are made. Actual results could differ from those estimates.

(c) Functional currency and translation

The functional currency of each entity in the Group is its respective local currency except for four subsidiaries outside India being investment companies, which use the Indian Rupee ('INR') as their functional currency. The functional currency of the Company is INR. The translation from functional currency into USD (the reporting currency) for assets and liabilities is performed using the exchange rates in effect at the balance sheet date, and for revenue, expenses and cash flows is performed using an appropriate daily weighted average exchange rate for the respective periods. The gains (losses) resulting from such translation are reported as a component of 'other comprehensive income (loss)'.

Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at exchange rates in effect at the balance sheet date. Foreign currency transaction gains and losses are recorded in the consolidated statement of income within 'other income'. Any difference in intercompany balance arising because of elimination of intercompany transaction is recorded in 'other comprehensive income (loss)'.

(d) Revenue recognition

Contracts involving provision of services

Revenue is recognized when persuasive evidence of an arrangement exists, services have been rendered, the fee is determinable and collectability is reasonably assured. Contracts can be primarily categorized as time –and- material or fixed price contracts.

Time-and-material contracts

Revenue with respect to time-and-material contracts is recognized as the related services are performed.

Fixed Price contracts

Revenue related to fixed price contracts providing maintenance and support services, is recognized over the term of the contract.

Revenue from technology integration and complex network building contracts is recognized in accordance with the Percentage-Of-Completion (POC) method. Under the POC method, progress towards completion is measured based on either achievement of specified contract milestones, cost incurred as a proportion of estimated total cost or other measures of progress when available. If circumstances arise that change the original estimates of revenues, costs, or extent of progress towards completion, revisions are made to the estimates. These revisions may result in increase or decrease in estimated revenues or costs, and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known to the management. If at any time these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately.

Revenue related to other fixed price contracts is recognized in accordance with the proportionate performance method. The input (efforts expended) method is used to measure progress towards completion, as there is a direct relationship between input and productivity. Costs are recorded as incurred over the contract period. Any revision in cost to complete would result in increase or decrease in revenue and income and such changes are recorded in the period in which they are identified Provisions for estimated losses, if any, on contracts-in-progress are recorded in the period in which such losses become probable based on the current contract estimates. Contract losses are determined to be the amount by which the estimated total cost to complete exceeds the estimated total revenues that will be generated by the contract and are included in Cost of revenues and classified in Other accrued liabilities.

In arrangements involving sharing of customer revenues, revenue is recognized when the amounts are known and the right to receive is established. Incremental revenue from existing contracts arising on future sales to the customers is recognized when it is earned and collectability is reasonably assured.

Revenues from unit-priced contracts are recognized as transactions are processed based on objective measures of output.

Revenue from product sales are shown net of sales tax and applicable discounts and allowances. Revenue related to product with installation services that are critical to the product is recognized when installation of product at customer site is completed and accepted by the customer. If the revenue for a delivered item is not recognized for non receipt of acceptance from the customer, the cost of the delivered item continues to be in inventory.

Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, hardware and software products and licenses, revenue for each element is based on a selling price hierarchy. The selling price for a deliverable is based on its vendor specific objective evidence (‘VSOE’) if available, third party evidence (‘TPE’) if VSOE is not available, or estimated selling price (‘ESP’) if neither VSOE nor TPE is available. The best estimate of selling price is established considering internal factors such as margin objectives, pricing practices and customer segment pricing strategies. Consideration is also given to market conditions such as competitor pricing strategies. In multiple-element arrangements, revenue is allocated to each separate unit of accounting using the relative selling price of each of the deliverables in the arrangement based on the aforementioned selling price hierarchy. If the arrangement contains more than one software deliverable, the arrangement consideration allocated to the software deliverables, lease delieverable as a group is then allocated to each software deliverable using the guidance for recognizing software revenue and the lease revenue,as amended.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

Each deliverable in an arrangement is evaluated to determine whether it represents a separate unit of accounting. A deliverable constitutes a separate unit of accounting when it has standalone value and there is no customer-negotiated refund or return right for the delivered element. If the arrangement includes a customer-negotiated refund or return right relative to the delivered item and the delivery and performance of the undelivered item is considered probable and substantially in the Company's control, the delivered element constitutes a separate unit of accounting. In instances when the aforementioned criteria are not met, the deliverable is combined with the undelivered elements and the allocation of the arrangement consideration and revenue recognition is determined for the combined unit as a single unit. Allocation of the consideration is determined at inception of the arrangement on the basis of the relative selling price of each unit.

Revenue from activities in transition services not having standalone value in outsourcing arrangements is deferred and recognized over the period of the arrangement. Direct and incremental costs in relation to such an arrangement are also deferred to the extent of revenue. Certain upfront non-recurring incremental contract acquisition costs incurred in the initial phases of outsourcing contracts are deferred and amortized, usually on a straight line basis, over the term of the contract unless revenues are earned and obligations are fulfilled in a different pattern. The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortized costs. If the unamortized costs exceed the undiscounted cash flow, a loss is recognized.

In instances when revenue is derived from sales of third-party vendor services, material or licenses, revenue is recorded on a gross basis when the Group is a principal to the transaction and net of costs when the Group is acting as an agent between the customer and the vendor. Several factors are considered to determine whether the Group is a principal or an agent, most notably whether the Group is the primary obligor to the customer, has established its own pricing, and has inventory and credit risks.

Revenue is recognized net of discounts and allowances, value-added and service taxes, and includes reimbursement of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenues.

Volume discounts, pricing incentives or advances given to customers are accounted for as a reduction of revenue using the guidance in ASC - 605-50, Accounting for Consideration Given by a Vendor to a Customer (including a Reseller of the Vendor’s Products). Volume discount earned and due is reduced from the receivable balance.

For services accounted for under the Percentage-of-Completion (POC) method, cost and earnings in excess of billing are classified as unbilled revenue, while billing in excess of cost and earnings are classified as deferred revenue.

Revenue from sales-type leases is recognized when risk of loss has been transferred to the client and there are no unfulfilled obligations that affect the final acceptance of the arrangement by the client. Revenue from operating leases is accounted on a straight-line basis as service revenue over the rental period . Interest attributable to sales-type leases and direct financing leases included therein is recognized on an accrual basis using the effective interest method.

(e) Inventories

Inventories represent items of finished goods that are specific to execute composite contracts of software services and IT infrastructure management services and also include finished goods which are interchangeable and not specific to any project. Inventory is carried at the lower of cost or net realizable value. The net realizable value is determined with reference to selling price of goods less the estimated cost necessary to make the sale. Cost of goods that are procured for specific projects is assigned by specific identification of their individual costs. Cost of goods which are interchangeable and not specific to any project is determined using weighted average cost formula. Inventories also include goods held by customer care department at customer's site for which risk and rewards have not been transferred to customers.

(f) Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation which is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

Asset description	Asset life (in years)
Buildings	20
Computer and networking equipment	4 to 5
Software	3
Furniture, fixtures and office equipment	5 to 7
Plant and equipment	10
Vehicles	5

Assets acquired under capital leases are capitalized as assets by the Group at the lower of the fair value of the leased property or the present value of the related lease payments. Assets under capital leases are depreciated over the shorter of the lease term or the estimated useful lives of the assets. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease period or the estimated useful life of the asset. The cost of software obtained for internal use is capitalized and amortized over the estimated useful life of the software.

Advances paid towards the acquisition of property and equipment and cost of property and equipment not put to use before the balance sheet date are classified as capital work-in-progress (Note 7).

(g) Leases

Property and equipment taken on lease are evaluated to determine whether they are capital or operating leases in accordance with Financial Accounting Standard Board's (FASB) guidance on ASC 840, 'Accounting For Leases'.

When substantially all the risks and rewards of property ownership have been transferred to the Company, as determined by the test criteria in FASB's guidance on ASC 840, the lease qualifies as a capital lease. Capital leases are capitalized at the lower of the net present value of the total amount of rent payable under the leasing agreement (excluding finance charges) or the fair market value of the leased asset. Capital lease assets are depreciated on a straight-line basis, over a period consistent with the Group's normal depreciation policy for tangible fixed assets, but not exceeding the lease term. Interest charges are expensed over the period of the lease in relation to the carrying value of the capital lease obligation.

Operating lease income and expense is recognized on a straight-line basis over the term of the lease.

The Group also provides certain equipment to its customers in certain infrastructure arrangements. Such arrangements are evaluated under ASC 840-10-15, “Determine Whether an Arrangement Contains a Lease”, to determine whether they contain embedded leases and upon the satisfaction of the test, FASB guidance given in ASC 840-10 on Leases is applied for determining the classification of the lease.

(h) Impairment of long-lived assets and long-lived assets to be disposed off

In accordance with the provisions of ASC Topic 360, "Accounting for Impairment or Disposal of Long Lived Assets”, long-lived assets, other than goodwill, are tested for impairment whenever event or changes in circumstances indicates that their carrying amounts may not be recoverable are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value.

(i) Investment securities

Investment securities consist of available-for-sale debt securities and other investments.

Available-for-sale securities having a readily determinable fair value are carried at fair value based on quoted market prices. Temporary unrealized gains and losses, net of the related tax effect are excluded from income and are reported as a separate component of ‘other comprehensive income (loss)’, until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a first-in-first-out method and are included in earnings.

Other investments for which sufficient, more recent, information to measure fair value are not available are measured at cost.

For individual securities classified as available-for-sale, the Group determines whether a decline in fair value below the carrying value is other than temporary. If it is probable that the Group will be unable to collect all amounts due according to the contractual terms of a debt security, an other-than-temporary impairment is considered to have occurred. If the decline in fair value is judged to be other than temporary, the cost basis of the individual security is written down to its fair value representing the new cost basis and the amount of the write-down is included in earnings ,i.e., accounted for as a realized loss.

(j) Research and development

Research and development cost are expensed as incurred. Software costs that are incurred to produce the finished product after technological feasibility has been established are capitalised as an intangible asset. Expenditure incurred on equipment and facilities acquired or constructed for research and development activities and having alternative future uses is capitalized as property and equipment.

Research and development expenses for the nine months ended March 31, 2016 and for the years ended March 31, 2017 and 2018 were $15,503, $17,152 and $19507, respectively.

Research and development amount capitalised after technological feasibility has been established during the years ended March 31, 2017 and 2018 were $1,505, and $ 1,958, respectively.

(k) Cash equivalents, deposits with banks and restricted cash

The Group considers all highly liquid investments with an original maturity of three months or less, at the date of purchase/investment, to be cash equivalents. Restricted cash represents margin money deposits against guarantees, letters of credit and bank balance earmarked towards unclaimed dividend. Restrictions on margin money deposits are released on the expiry of the term of guarantees and letters of credit.

Term deposits with banks and corporations represent term deposits earning fixed rate of interest with maturities ranging from more than three months to twenty four months at the date of purchase/investment. Interest on term deposits with banks and corporations is recognized on an accrual basis.

(l) Income taxes

Income taxes are accounted for using the asset and liability method. Under this method, deferred income taxes are recorded to reflect the tax consequences in future years of differences between the tax basis of assets and liabilities and their financial reporting amounts at each balance sheet date, based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. If it is determined that it is more likely than not that future tax benefits associated with a deferred income tax asset will not be realized, a valuation allowance is provided. The effect on deferred income tax assets and liabilities due to change in the tax rates is recognized in income in the period that includes the enactment date. Tax benefits earned on exercise of employee stock options in excess of compensation charged to income are credited to additional paid-in capital. Provision for income taxes also includes the impact of provisions established for uncertain income tax positions, as well as the related interest and penalties.

(m) Earnings per share

Basic earnings per share are computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, using the treasury stock method for options, except where results would be anti-dilutive.

(n) Stock based compensation

Stock-based compensation represents the cost related to stock-based awards granted to employees. The Company measures stock-based compensation cost at grant date, based on the estimated fair value of the award and recognizes the cost on a straight line basis (net of estimated forfeitures) over the employee’s requisite service period for an award with only service condition and for an award with both service and performance condition on a straight line basis over the requisite service period for each separately vesting portion of the award, as if award was in substance, multiple awards. The Company estimates the fair value of stock options using the Black-Scholes valuation model. The cost is recorded in cost of revenue and selling, general and administrative expenses in the consolidated statement of income based on the employees’ respective function.

The Company has elected to use the “with and without” method in determining the order in which tax attributes are utilized. As a result, the Company only recognizes tax benefit from share-based awards in additional paid-in capital if an incremental tax benefit is realized after all other tax attributes currently available to the Company have been utilized.

(o) Employee benefits

Defined contribution plan

Contribution to defined contribution plans is recognised as expense when employees have rendered services entitling them to such benefits .

Defined benefit plan

Provident fund:

Employees in India receive benefits from a provident fund. The employee and employer each make monthly contributions to the plan. A portion of the contribution is made to the provident fund trust managed by the Group; while the balance contribution is made to the Government administered Pension fund. The Group has an obligation to fund any shortfall on the yield of the Trust’s investments over the administered interest rates.

Gratuity:

Employees in India are entitled to benefits under the Gratuity Act, a defined benefit retirement plan covering eligible employees of the Group. This plan provides for a lump-sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and tenure of employment (subject to a maximum amount as prescribed under the Gratuity Act). The Group accounts for liability based on actuarial valuation using the projected unit credit method at the end of each year.The Group has unfunded gratuity obligations except in respect to certain employees in India, where the Company contributes towards gratuity liabilities to the Gratuity Fund Trust, which invest the contributions in a scheme with the Life Insurance Corporation of India as permitted by law.

Compensated absences:

The employees of the Group are entitled to compensated absences. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Group recognizes actuarial gains and losses immediately in the statement of income.

(p) Dividend

Final dividend proposed by the Board of Directors is recognized upon approval by the shareholders who have the right to decrease but not increase the amount of dividend recommended by the Board of Directors. Interim dividends are recognized on declaration by the Board.

(q) Derivative and hedge accounting

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with forecast transactions denominated in certain foreign currencies. In accordance with FASB guidance ASC 815, "Accounting for Derivative Instruments and Hedging Activities", the Group recognizes all derivatives as assets or liabilities measured at their fair value, regardless of the purpose or intent of holding them. Changes in fair value for derivatives not designated in a hedge accounting relationship are marked to market at each reporting date and the related gains (losses) are recognized in the consolidated statement of income as 'foreign exchange gains (losses)'.

The foreign exchange forward contracts and options in respect of forecasted transactions which meet the hedging criteria are designated as cash flow hedges. Changes in the derivative fair values that are designated as effective cash flow hedges are deferred and recorded as component of accumulated 'other comprehensive income (loss)' until the hedged transaction occurs and are then recognized as 'other income' in the consolidated statement of income. The ineffective portion of hedging derivatives is immediately recognized in the consolidated statement of income as part of 'other income'.

In respect of derivatives designated as hedges, the Group contemporaneously and formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also formally assesses both at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Hedge accounting is discontinued prospectively from the last testing date when (1) it is determined that the derivative financial instrument is no longer effective in offsetting changes in the fair value or cash flows of the underlying exposure being hedged; (2) the derivative financial instrument matures or is sold, terminated or exercised; or (3) it is determined that designating the derivative financial instrument as a hedge is no longer appropriate. When hedge accounting is discontinued the deferred gains or losses on the cash flow hedge remain in 'other comprehensive income (loss)' until the forecast transaction occurs. Any further change in the fair value of the derivative financial instrument is recognized in current period earnings.

See Note 12 for additional information.

(r) Goodwill and intangibles

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. Goodwill is not amortized but is reviewed for impairment annually or more frequently if indicators arise. Goodwill is tested annually on March 31, for impairment, or sooner when circumstances indicate impairment may exist, using a fair-value approach at the reporting unit level. A reporting unit is the operating segment, or a business, which is one level below that operating segment (the "component" level) if discrete financial information is prepared and regularly reviewed by the management at that level. Components are aggregated as a single reporting unit if they have similar economic characteristics. In accordance with ASC topic 350, *"Intangibles - Goodwill and Other"*, all assets and liabilities of the acquired businesses including goodwill are assigned to reporting units. The evaluation is based upon a comparison of the estimated fair value of the reporting unit to which the goodwill has been assigned with the sum of the carrying value of the assets and liabilities for that reporting unit. The fair value used in this evaluation is estimated based upon discounted future cash flow projections for the reporting unit. These cash flow projections are based upon a number of estimates and assumptions.

Intangible assets are initially valued at fair market value using generally accepted valuation methods appropriate for the type of intangible asset. Certain Licensed IPRs which include the right to modify, enhance or exploit are amortised in proportion to the expected benefits over the useful life which could range up to 15 years. Intangible assets with definite lives are amortized over the estimated useful lives and are reviewed for impairment, if indicators of impairment arise. The evaluation of impairment is based upon a comparison of the carrying amount of the intangible asset with the estimated future undiscounted net cash flows expected to be generated by the asset. If estimated future undiscounted cash flows are less than the carrying amount of the asset, the asset is considered impaired. The impairment expense is determined by comparing the estimated fair value of the intangible asset to its carrying value, with any shortfall from fair value recognized as an expense in the current period. The intangible assets with definite lives are amortized over the estimated useful lives of the assets as under:

Asset description	Asset life (in years)
Customer relationships	1 to 11
Customer contracts	0.5 to 10
Technology	2.5 to 15
Licensed IPRs	5 to 15
Assembled workforce	5
Non-compete agreements	3 to 5
Intellectual property rights	4 to 6
Brand and others	2 to 5

(s) Recently issued accounting pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers", which will replace most existing revenue recognition guidance in US GAAP. The core principle of the ASU is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The ASU requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and therefore could affect the timing of revenue recognition for certain transactions of the Group. The ASU will be effective for the year ended March 31, 2020, using either one of two methods: (i) retrospectively to each prior reporting period presented with the option to elect certain practical expedients as defined in the ASU, or (ii) retrospectively with the cumulative effect of initially applying the ASU recognized at the date of initial application and providing certain additional disclosures as defined in the ASU. Early adoption is permitted .The Group is currently in the process of evaluating the impact of adopting ASU 2014-09 on its consolidated financial statements, the implementation approach to be used, changes to its accounting system and processes, and additional disclosure requirements that may be necessary.

In January 2016, the FASB issued Accounting Standards Update No. 2016-01 (ASU 2016-01) "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities." This guidance makes targeted improvements to existing US GAAP for financial instruments, including requiring equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; requiring entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; requiring separate presentation of financial assets and financial liabilities by measurement category and form of financial asset and requiring entities to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk (also referred to as "own credit") when the organization has elected to measure the liability at fair value in accordance with the fair value option. ASU 2016-01 is effective for the year ended March 31, 2020. Early adoption of the own credit provision is permitted. The Group is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 (ASU 2016-02) "Leases (Topic 842)". ASU 2016-02 requires the identification of arrangements that should be accounted for as leases by Lessees. In general, lease arrangements exceeding a twelve month term, must now be recognized as assets and liabilities on the balance sheet of the lessee. Under ASU No. 2016-02, a right-of-use asset and lease obligation will be recorded for all leases, whether operating or financing, while the income statement will reflect lease expense for operating leases and amortization/interest expense for financing leases. The balance sheet amount recorded for existing leases at the date of adoption of ASU No. 2016-02 must be calculated using the applicable incremental borrowing rate at the date of adoption. In addition, ASU No. 2016-02 requires the use of the modified retrospective method, which will require adjustment to all comparative periods presented in the consolidated financial statements. The new standard is effective for the year ended March 31, 2021, including interim periods beginning after those annual years. The Group is currently evaluating the impact that the adoption of this new standard will have on its consolidated financial statements and the implementation approach to be used.

In March 2016, the FASB issued Accounting Standards Update No. 2016-05 (ASU 2016-05) "Derivatives and Hedging - Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships". The term novation, as it relates to derivative instruments, refers to replacing one of the parties to a derivative instrument with a new party. The amendments in this guidance clarify that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met. The amendments in this guidance are effective for financial statements issued for the year ended March 31, 2019. An entity has the option to apply ASU 2016-05 on either a prospective basis or a modified retrospective basis. Early adoption is permitted. The Group is currently in the process of evaluating the impact that adoption of this standard will have on its consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-08 (ASU 2016-08) "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net". ASU 2016-08 clarifies the implementation guidance on principal versus agent considerations.The amendments in this guidance do not change the core principle of the guidance in Topic 606. The amendments are intended to improve the operability and understandability of the implementation guidance on principal versus agent considerations, including indicators to assist an entity in determining whether it controls a specified good or service before it is transferred to the customer. The amendments in this Update affect the guidance in Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606), which is not yet effective. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements of Update 2014-09. The Group is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In March 2016, the FASB issued Accounting Standards Update No. 2016-09 (ASU 2016-09) "Compensation—Stock Compensation (Topic 718)" as part of its Simplification Initiative. ASU 2016-09 identifies areas for simplifying several aspects of the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. The amendments are effective for the year ended March 31, 2019. Early adoption is permitted but all of the guidance must be adopted in the same period.

If an entity early adopts the amendments in an interim period, any adjustments should be reflected as of the beginning of the annual year that includes that interim period. The Group is currently in the process of evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In April 2016, the FASB issued Accounting Standard Update No. 2016-10 (ASU 2016-10), Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing. ASU 2016-10 clarifies the implementation guidance on identifying performance obligations and licensing. The amendments in this guidance are intended to improve the operability and understandability of the licensing implementation guidance. It includes implementation guidance on determining whether an entity's promise to grant a license provides a customer with either a right to use the entity's intellectual property or a right to access the entity's intellectual property. The amendments in this Update affect the guidance in Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606), which is not yet effective. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements of Update 2014-09. The Group is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In May 2016, the FASB issued Accounting Standard Update No. 2016-12 (ASU 2016-12), Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients. ASU 2016-12 clarifies the implementation guidance on identifying performance obligations and licensing. The amendments in this guidance are intended to improve the operability and understandability of the licensing implementation guidance. It also addresses certain issues in the new revenue recognition guidance on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition. The amendments in this Update affect the guidance in Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606), which is not yet effective. The effective date and transition requirements for the amendments are the same as the effective date and transition requirements of Update 2014-09. The Group is currently evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 (ASU 2016-13) "Financial Instruments—Credit Losses" which require a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is to be deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. The amendments are effective for the year ended March 31, 2022. The amendment should be applied through a modified retrospective approach. Early adoption is permitted starting first quarter of year ended March 2020. The Group is currently in the process of evaluating the impact that adoption of this standard will have on its consolidated financial statements.

In August 2016, the FASB issued Accounting Standards Update No. 2016-15 (ASU 2016-15) "Classification of Certain Cash Receipts and Cash Payments" The amendments in this Update apply to all entities that are required to present a statement of cash flows under Topic 230 . The amendments are an improvement to GAAP because they provide guidance for each of the eight issues, thereby reducing the current and potential future diversity in practice. The amendments in this Update are effective for the year ended March 31, 2020. The amendments in this Update should be applied using a retrospective transition method to each period presented. If it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues would be applied prospectively as of the earliest date practicable. The Group is currently in the process of evaluating the impact that adoption of this standard will have on its consolidated financial statements.

In October 2016, the FASB issued Accounting Standards Update No. 2016-16 (ASU 2016-16) "Intra-Entity Transfers of Assets Other Than Inventory". Current GAAP prohibits the recognition of current and deferred income taxes for intra-entity asset transfers until the asset has been sold to an outside party. The amendments in this Update eliminate this prohibition for intra-entity transfer of assets other than inventory but retain the prohibition for intra-entity transfer of inventory. Consequently, an entity is required to recognize the current and deferred income taxes resulting from an intra-entity transfer of assets other than inventory when the transfer occurs. The amendments in this Update are effective for the year ended March 31, 2020.The amendments in this Update should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Group is currently in the process of evaluating the impact that adoption of this standard will have on its consolidated financial statements.

In November 2016, the FASB issued Accounting Standards Update No. 2016-18 (ASU 2016-18) "Restricted Cash - Statement of Cash Flows (Topic 230)". Diversity exists in the classification and presentation of changes in restricted cash on the statement of cash flows.This Update requires that the amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows.The amendments in this Update are effective for the year ended March 31, 2020. Early adoption is permitted and any adjustments should be reflected as of the beginning starting first quarter of that year. The amendments in this Update should be applied using a retrospective transition method to each period presented. The Group is currently in the process of evaluating the impact that adoption of this standard will have on its consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01 (ASU 2017-01), "Business Combinations - Clarifying the Definition of a Business ((Topic 805)", which clarifies the definition of a business with the objective of adding guidance and providing a more robust framework to assist reporting organizations with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments in this Update are effective for the year ended March 31, 2020 including interim periods beginning after those annual years.. The amendments in this Update should be applied prospectively on or after the effective date. No disclosures are required at transition. The Group is currently in the process of evaluating the impact that adoption of this standard will have on its consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-04 (ASU 2017-04) "Intangibles—Goodwill and Other (Topic 350)", Simplifying the Test for Goodwill Impairment, which eliminates Step 2 of the goodwill impairment test that had required a hypothetical purchase price allocation. Rather, entities should apply the same impairment assessment to all reporting units and recognize an impairment loss for the amount by which a reporting unit's carrying amount exceeds its fair value, without exceeding the total amount of goodwill allocated to that reporting unit. Entities will continue to have the option to perform a qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The amendments in this Update are effective for the year ended March 31, 2023 including interim periods. The Group is currently in the process of evaluating the impact that adoption of this standard will have on its consolidated financial statements.

In March 2017, the FASB issued Accounting Standards Update No. 2017-07 (ASU 2017-07) "Compensation—Retirement Benefits (Topic 715)", Under generally accepted accounting principles (GAAP), defined benefit pension cost and postretirement benefit cost (net benefit cost) comprise several components that reflect different aspects of an employer's financial arrangements as well as the cost of benefits provided to employees.The amendments in this Update require that an employer disaggregate the service cost component from the other components of net benefit cost. The amendments also provide explicit guidance on how to present the service cost component and the other components of net benefit cost in the income statement and allow only the service cost component of net benefit cost to be eligible for capitalization. The amendments in this Update are considered an important part of the Board's continuing efforts to improve the accounting and presentation related to defined benefit pension or other postretirement benefit plans. The amendments in this Update are effective for the year ended March 31, 2020. The Group is currently in the process of evaluating the impact that adoption of this standard will have on its consolidated financial statements.

In May 2017, the FASB issued Accounting Standards Update No. 2017-09 (ASU 2017-09) "Compensation—Stock Compensation (Topic 718)". The amendments in this Update provide guidance about which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting in Topic 718.This Update to provide clarity and reduce both (1) diversity in practice and (2) cost and complexity when applying the guidance in Topic 718, Compensation—Stock Compensation, to a change to the terms or conditions of a share-based payment award. The amendments are effective for the year ended March 31, 2019, including interim periods. Early adoption is permitted. Amendments in this Update should be applied prospectively to an award modified on or after the adoption date. The Group is currently in the process of evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

In August 2017, the FASB issued Accounting Standards Update No. 2017-12 (ASU 2017-12) "Derivatives and Hedging (Topic 815)". The amendments in this Update more closely align the results of cash flow and fair value hedge accounting with risk management activities through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results in the

financial statements. The amendments address specific limitations in current GAAP by expanding hedge accounting for both nonfinancial and financial risk components and by refining the measurement of hedge results to better reflect an entity's hedging strategies. Thus, the amendments will enable an entity to include the earnings effect of the hedging instrument in the same income statement line item in which the earnings effect of the hedged item is presented.The amendments are effective for the year ended March 31, 2021. Early application is permitted in any interim period after issuance of the Update. The Group is currently in the process of evaluating the impact that the adoption of this standard will have on its consolidated financial statements.

3. FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Group to concentration of credit risk consist principally of cash equivalents, short term deposits with banks and corporations, accounts receivables, unbilled revenue, finance lease receivable, investment securities and derivative instruments. The cash resources of the Group are invested with mutual funds, banks, financial institutions and corporations after an evaluation of the credit risk. By their nature, all such financial instruments involve risks, including the credit risk of non-performance by counterparties. In the management's opinion, as of March 31, 2017 and 2018, there was no significant risk of loss in the event of non-performance of the counterparties to these financial instruments, other than the amounts already provided for in the financial statements.

The customers of the Group are primarily corporations based in the United States of America and Europe and accordingly, trade receivables and finance lease receivables are concentrated in the respective countries. The Group periodically assesses the financial reliability of customers, taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable.

4. CASH AND CASH EQUIVALENTS

The cash and cash equivalents as of March 31, 2017 and 2018 are as follows:

	March 31, 2017	March 31, 2018
Deposits with banks, having maturities less than three months	$17,134	$30,933
Other cash and bank balances	185,783	228,636
Total	**$202,917**	**$259,569**

5. TRANSFER OF FINANCIAL ASSETS

The Group has revolving accounts receivable based facilities of $125,000 permitting it to sell certain accounts receivables to banks on a non-recourse basis in the normal course of business. The aggregate maximum capacity utilized by the Group at any time during the years ended March 31, 2017 and 2018 was $33,866 and $22,745, respectively. Outstanding utilization against this facility as of March 31, 2017 and and 2018 is nil.

The Group has sold finance lease receivables of $13,751 and $8,128 during years ended March 31, 2017 and 2018, respectively, on non-recourse basis.

Gains or losses on the sales are recorded at the time of transfer of these receivables and are immaterial. The Group has immaterial outstanding service obligation.

6. ACQUISITIONS/ARRANGEMENTS IN CURRENT YEAR

During the year ended March 31, 2018, the Group has made acquisitions with a total purchase consideration of $43,486, including deferred earn-out component of $23,982 which is dependent on achievement of certain specified performance obligations as set out in the agreement. The Group has paid $19,040 and $464 is payable at March 31, 2018.

The fair value of earn-out liability was estimated by applying discounted cash flow approach and probability adjusted revenue and earning estimates. The earn-out liability of $23,982 has been initially fair valued at $12,641 and recorded as part of the preliminary purchase price allocation.The purchase price of $32,145 after considering fair value of earn-out of $12,641 has been preliminarily allocated to the acquired assets and liabilities as follows:

	Amount
Net working capital (including cash of $ 2,288)	$683
Property plant and equipment	1,332
Customer relationship	17,357
Technology	4,591
Customer contract	1,335
Goodwill	6,847
Total purchase consideration	**$32,145**

Out of total goodwill of $ 6,847, goodwill of $3,502 is tax deductible over a period of 15 years.

The table below shows the values and lives of intangibles recognized on acquisition:

	Amount	**Life (Years)**
Customer relationship	$17,357	4.3 - 9.7
Technology	4,591	4.7 – 5.7
Customer contract	1,335	0.3 - 0.5
Total Intangibles	**$23,283**	

The Group is in the process of making a final determination of the fair value of assets and liabilities. Finalization of the purchase price allocation may result in certain adjustments to the above allocation.

As at March 31, 2018, earn out liability has been fair valued at $13,990 with finance expense of $1,349 on fair valuation recognized in the statement of income.

ACQUISITIONS/ARRANGEMENTS IN PREVIOUS PERIODS

Business of Geometric Limited

On April 1 2016, the Company entered into a composite scheme of arrangement and amalgamation for acquisition of the IT enabled engineering services, PLM (‘Product Lifecycle Management’) services and engineering design productivity software tools business of Geometric Limited by way of demerger through a Court approved scheme of arrangement under Sections 391 to 394 and other relevant provisions of the Companies Act, 1956 (including those of the Companies Act, 2013). The acquisition will help the Group to create a unique portfolio of end-to-end engineering and R&D capabilities across the full product lifecycle-hardware, software, manufacturing engineering and PLM consulting.

The scheme became effective from March 2, 2017 post all regulatory approvals required for the completion of the scheme.

The purchase consideration as per the scheme has been settled by issue of 10 equity shares of ` 2 each (aggregating to 15,563,430 equity shares) for every 43 fully paid equity shares of ` 2 each held by equity shareholders of Geometric Limited.

The total purchase price of $202,407 has been allocated to the acquired assets and liabilities as follows:

	Amount
Net working capital	$ 28,994
Investment securities, available for sale	22,024
Property plant and equipment	7,649
Customer relationships	23,074
Customer contract	2,805
Intellectual property rights	925
Goodwill	116,936
Total purchase consideration	**$ 202,407**

The resultant goodwill is not tax deductible and has been allocated to the software segment.

The table below shows the values and lives of intangibles recognized on acquisition:-

	Amount	**Life (Years)**
Customer relationship	$23,074	10.08
Customer contract	2,805	1.08
Intellectual property rights	925	5.08
Total Intangibles	**$26,804**	

Butler America Aerospace, LLC

In January 2017, the Company, through a wholly owned subsidiary, entered into an agreement to acquire 100% shareholding of Butler America Aerospace, LLC (Butler Aerospace), a provider of engineering, design services and aftermarket engineering services to US Aerospace and Defence customers. The acquisition will bolster Group's capabilities in engineering services and access to clients with large R&D spends.

The total purchase consideration was $83,518.

The total purchase price has been initially allocated to the acquired assets and liabilities as follows:

	Amount
Net working capital	$9,475
Property plant and equipment	1,468
Technology	322
Customer relationships	13,123
Customer contracts	2,021
Non-compete agreements	531
Goodwill	56,578
Total purchase consideration	**$83,518**

The resultant goodwill is tax deductible over a period of 15 years and has been allocated to the software segment.

During the year ended March 31, 2018, the Group has made certain fair value adjustments to the preliminary allocations which has increased the value of goodwill to $58,853 and reduced the value of net working capital to $7,200

The table below shows the values and lives of intangibles recognized on acquisition:-

	Amount	Life (Years)
Technology	$322	5.0
Customer relationships	13,123	10.0
Customer contracts	2,021	1.0
Non-compete agreements	531	5.0
Total Intangibles	**$15,997**	

In addition to the purchase consideration, $2,500 is payable to certain key employees over a three year period. Payment of this amount is contingent upon achieving certain specified performance conditions and these employees continuing to be the employees of the subsidiary on the payment date. This consideration is being accounted for as post acquisition employee compensation expense in accordance with ASC 805 on “Business combination”.

7. PROPERTY AND EQUIPMENT

As of March 31, 2017 and 2018, property and equipment comprises the following:

	March 31, 2017	March 31, 2018
Freehold land	$8,472	$8,438
Buildings	396,622	432,611
Computer and networking equipment	397,284	488,856
Software	142,148	165,149
Furniture, fixtures and office equipment	108,005	110,199
Plant and equipment	261,399	279,776
Vehicles	16,937	18,170
Capital work-in-progress	77,754	59,992
	1,408,621	**1,563,191**
Accumulated depreciation and amortization	(687,176)	(767,746)
Property and equipment, net	**$721,445**	**$795,445**

Depreciation expense was $59,526, $105,538 and $134,753 for the nine months ended March 31, 2016 and for the years ended March 31, 2017 and 2018, respectively.

8. GOODWILL AND INTANGIBLES

The changes in the carrying value of goodwill balances by reportable segment, for the year ended March 31, 2017, are as follows:

	Software Services	Infrastructure services	Business process outsourcin g services	Total
Opening balance as at April 1, 2016	**$ 784,027**	**$100,931**	**$ 23,162**	**$908,120**
Acquisitions during the year				
Business of Geometric Limited	116,936	-	-	116,936
Butler America Aerospace, LLC	56,578	-	-	56,578
Effect of exchange rate changes	(27,133)	(8,851)	(872)	(36,856)
Closing balance as at March 31, 2017	**$930,408**	**$92,080**	**$22,290**	**$1,044,778**

The changes in the carrying value of goodwill balances by reportable segment, for the year ended March 31, 2018, are as follows:

	Software Services	Infrastructure services	Business process outsourcing services	Total
Opening balance as at April 01, 2017	**$930,407**	**$92,080**	**$22,291**	**$1,044,778**
Acquisitions during the period	3,264	81	3,502	6,847
Deletion during the period				
- Arrangement with DXC	(8,595)	-	-	(8,595)
Purchase price adjustments				
- Butler America Aerospace, LLC	2,275	-	-	2,275
Effect of exchange rate changes	25,724	7,090	711	33,525
Closing balance as at March 31, 2018	**$953,075**	**$99,251**	**$26,504**	**$1,078,830**

The components of intangible assets are as follows:

	March 31, 2017			March 31, 2018		
	Gross carrying amount	Accumulated amortization	Net	Gross carrying amount	Accumulated amortization	Net
Intellectual property rights	$1,454	($539)	$915	$1,099	($284)	$815
Technology	20,507	(8,161)	12,346	13,444	(9,173)	4,271
Customer related intangibles	168,250	(103,806)	64,444	189,046	(128,279)	60,767
Licensed IPRs	648,197	(21,273)	626,924	1,128,969	(95,882)	1,033,087
Assembled workforce	7,700	(845)	6,855	36,598	(6,180)	30,418
Customer contracts	11,339	(7,410)	3,929	13,320	(11,885)	1,435
Non-compete agreements	3,517	(2,877)	640	3,644	(3,223)	421
Brand and others	3,286	(2,997)	289	4,044	(3,998)	46
	$864,250	**($147,908)**	**$716,342**	**$1,390,164**	**($258,904)**	**$1,131,260**

Amortization expense for the nine months ended March 31 , 2016 and for the years ended March 31, 2017 and 2018 is $7,629, $19,100 and $90,400, respectively.

The estimated annual amortization expense schedule for intangible assets based on current balance is as follows:

Year ending March 31,	
2019	$126,862
2020	115,189
2021	110,085
2022	103,802
2023	89,742
Thereafter	585,580
	$1,131,260

9. INVESTMENTS IN AFFILIATE

Equity Method Investment

Morado Venture Partners II LLP

In January, 2015, the Group, through a wholly owned subsidiary, invested in Morado Venture Partners II LLP, a limited liability partnership "Venture Fund". During the current year, the Group has further invested $240 in Morado Venture Partners II LLP. The Group has a commitment to contribute an additional $480 to Morado Venture Partners II LLP in future years.

Equity method investment as of March 31, 2017 and 2018 is as follows:

	March 31, 2017		March 31, 2018	
Name of the Affiliate	**Carrying Value**	**Ownership Percentage**	**Carrying Value**	**Ownership Percentage**
Morado Venture Partners II LLP	$3,551	13.19%	$4,109	12.79%
	$3,551		**$4,109**	

The Group accounts for its interest in affiliate under the equity method and the gain (loss) for the nine months ended March 31, 2016 and for the years ended March 31, 2017 and 2018 are shown below:

Name of the Affiliate	**Nine months ended March 31, 2016**	**Year ended March 31, 2017**	**Year ended March 31, 2018**
Morado Venture Partners II LLP	$200	$120	$318
	$200	**$120**	**$318**

Arrangement with DXC

In November 2015, the Group entered into a joint venture arrangement with DXC Technology Company (DXC) to operate and expand the existing Core Banking business of DXC. Under the joint venture arrangement, two entities, Celeritifintech Limited and Celeritifintech Services Limited were formed, where Celeritifintech Limited was focusing on account management and delivery governance and Celeritifintech Services Limited was focusing on service delivery and product development.

With a view to better leverage the capabilities of the Group and DXC Technology Company (DXC), on September 30, 2017, the Group terminated its existing arrangements with DXC. Accordingly, the balance sheet and statement of income of CeleritiFinTech Limited (and its step down subsidiaries) has not been consolidated with the Group from that date.

Similarly, amount payable towards future equity contribution in an associate CeleritiFinTech Services Limited (and its subsidiaries) is no longer payable resulting in a decrease in investments in affiliate and liability by the same amount.

The net amount estimated to be received by the Group, on winding up of these joint venture entities, as per terms of the termination agreement has been shown as receivable under other financial assets amounting to $13,726.

The receivable balance is considered preliminary because it is subject to final distribution of assets, allocation of liabilities and transfer of customers and employees.

Equity method investment as of March 31, 2017 and 2018 is as follows:

	March 31, 2017		March 31, 2018	
Name of the Affiliate	**Carrying Value**	**Ownership Percentage**	**Carrying Value**	**Ownership Percentage**
Celeritifintech Services Limited	$19,393	49.00%	$-	Nil
	$19,393		**$-**	

The Group accounts for its interest in affiliate under the equity method and the gain (loss) for the nine months ended March 31, 2016 and for the years ended March 31, 2017 and 2018 are shown below:

Name of the Affiliate	**Nine months ended March 31, 2016**	**Year ended March 31, 2017**	**Year ended March 31, 2018**
Celeritifintech Services Limited	$720	$316	$1,970
	$720	**$316**	**$1,970**

10. VARIABLE INTEREST ENTITIES (VIEs)

In evaluating whether the Company has the power to direct the activities of a VIE that most significantly impact its economic performance, the Company considers the purpose for which the VIE was created, the importance of each of the activities in which it is engaged and decision making role, if any, in those activities that significantly determine the entity's economic performance as compared to other economic interest holders. This evaluation requires consideration of all facts and circumstances relevant to decision-making that affects the entity's future performance and the exercise of professional judgment in deciding which decision-making rights are most important.

The Company is the primary beneficiary holding 100% dividend and distribution rights in VIEs. The Company consolidates VIEs because it has the authority to manage and control the activities that significantly affect the economic performance of the VIEs.

The table below summarizes the assets and liabilities of consolidated VIEs described above.

	March 31, 2017	March 31, 2018
Current assets		
Cash and cash equivalents	$2,131	$5,394
Short term deposits with banks	16,944	31,247
Accounts receivables, net	4,404	5,556
Unbilled revenue	5,955	2,376
Other current assets	2,126	2,090
Total Current Assets	**$31,560**	**$46,663**
Deferred income taxes	5,830	5,758
Property and equipment, net	5,973	4,615
Intangible assets, net	108	-
Other assets	914	892
Total Assets	**$44,385**	**$57,928**

	March 31, 2017	March 31, 2018
Current liabilities		
Accounts payable	$557	$597
Accrued employee costs	1,125	1,281
Other current liabilities	2,503	3,485
Total current liabilities	**$4,185**	**$5,363**
Accrued employee costs	368	520
Total liabilities	**$4,553**	**$5,883**

a) Assets and liabilities exclude all intercompany accounts and transactions, which are eliminated in consolidation.

b) For the nine months ended March 31, 2016 and the years ended March 31, 2017and 2018, total revenues from VIEs were $31,309 and $46,289 and $49,736, respectively

11. INVESTMENT SECURITIES

Available for sale investment securities consist of the following:

As of March 31, 2017

	Carrying value	Gross unrealized holding gains	Fair value
Mutual fund units – debt	$175,370	$1,219	$176,589
Total	**$175,370**	**$1,219**	**$176,589**

As of March 31, 2018:

	Carrying value	Gross unrealized holding gains	Gross unrealized holding loss	Fair value
Mutual fund units – debt	$359,540	$2,121	-	$361,661
Corporate debt securities – bonds	$39,988	-	($39)	39,949
Total	**$399,528**	**$2,121**	**($39)**	**$401,610**

The gross unrealized holding gains have been recorded as part of other comprehensive income (loss).

The maturity profile of the investments classified as available for sale as of March 31, 2018 is set out below:

	Fair value
Less than one year	$361,661
After 1 year through 5 years	-
After 5 years through 10 years	39,949
	$401,610

Proceeds from the sale of available-for-sale securities during the nine months ended March 31, 2016 and the years ended March 31, 2017 and 2018 were $1,076,087, $1,601,667 and $2,901,091, respectively.

The cost of a security sold or the amount reclassified out of accumulated ‘other comprehensive income (loss)’ into earnings was determined on first-in-first-out (FIFO) basis.

The table summarizes the transactions for available for sale securities:

	Nine months ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018
Net realised gain	$3,722	$5,861	$23,884
Reclassification into earnings on maturity out of other comprehensive income	$767	$2,408	$16,465

12. DERIVATIVE FINANCIAL INSTRUMENTS

In the normal course of business, the Group uses derivative financial instruments to manage foreign currency exchange rate risk. Derivative transactions are governed by a uniform set of policies and procedures covering areas such as authorization, counterparty exposure and hedging practices. The Group does not enter into derivative transactions for trading or speculative purposes.

As a result of the use of derivative instruments, the Group is exposed to the risk that counterparties to derivative contracts will fail to meet their contractual obligations. To mitigate the counterparty credit risk, the Group has a policy of entering into contracts only with carefully selected, nationally recognized financial institutions, based upon their credit ratings and other factors. The Group has entered into a series of foreign exchange forward contracts that are designated as cash flow hedges and the related forecasted transactions extend through December 2022.

The following table presents the aggregate notional principal amounts of the outstanding derivative forward covers, together with the related balance sheet exposure:

	Notional principal amounts		Balance sheet exposure Asset (Liability)	
	March 31, 2017	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**
Foreign exchange forward denominated in:				
USD /INR	$100,874 (Sell)	$246,394 (Sell)	$5,427	$3,730
GBP/ INR	£2,750 (Sell)	£9,760 (Sell)	1	(69)
EUR / USD	€77,500 (Sell)	€45,700 (Sell)	124	484
EUR/ INR	€6,538 (Sell)	€67,895 (Sell)	813	(2167)
AUD/INR	AUD 14,000 (Sell)	AUD 34,350 (Sell)	454	921
SEK/USD	SEK 27,350 (Sell)	- (Sell)	(3)	-
GBP/USD	- (Sell)	£14,730 (Sell)	-	124
CHF/USD	CHF 4,600 (Sell)	CHF 1,500 (Sell)	34	10
CHF/ INR	CHF 14,750 (Sell)	CHF 21,000 (Sell)	1,822	531
NOK/USD	NOK 51,000 (Sell)	- (Sell)	4	-
MXN/USD	MXN 124,000 (Sell)	MXN 197,500 (Sell)	(349)	(161)
RUB/USD	RUB 32,000 (Sell)	RUB 198,000 (Sell)	(23)	9
SEK/INR	SEK 60,000 (Sell)	SEK 315,100 (Sell)	468	914
NOK/INR	NOK 155,000 (Sell)	NOK 160,000 (Sell)	1,638	339
CNY/USD	CNY 23,500 (Sell)	CNY 67,550 (Sell)	(11)	(83)
NZD/USD	- (Sell)	NZD 4,560 (Sell)	-	12
AUD/USD	- (Sell)	AUD 9,100 (Sell)	-	135
ZAR/USD	- (Sell)	ZAR 195,000 (Sell)	-	98
JPY/USD	- (Sell)	JPY 939,069 (Sell)	-	45
BRL/USD	- (Sell)	BRL 24,500 (Sell)	-	50
CAD/USD	CAD 25,500 (Buy)	CAD 23,000 (Buy)	(73)	(509)
SGD/USD	SGD 23,600 (Buy)	SGD 35,650 (Buy)	204	48
JPY/USD	JPY 350,000 (Buy)	- (Buy)	10	-
GBP/USD	£73,630 (Buy)	£19,000 (Buy)	393	(113)

	Notional principal amounts		Balance sheet exposure Asset (Liability)	
	March 31, 2017	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**
CHF/USD	CHF 1,000 (Buy)	CHF 1,700 (Buy)	4	(39)
SEK/USD	SEK 167,000 (Buy)	SEK 60,000 (Buy)	114	(286)
MYR/USD	MYR 59,000 (Buy)	- (Buy)	13	-
USD /INR	$96,875 (Buy)	- (Buy)	(5,154)	-
AUD /USD	AUD 4,600 (Buy)	- (Buy)	(11)	-
NOK /USD	- (Buy)	NOK 81,000 (Buy)	-	10
DKK/USD	DKK 38,000 (Buy)	DKK 58,000 (Buy)	(24)	55
PHP/USD	- (Buy)	PHP 335,000 (Buy)	-	(20)
			$5,875	**$4,068**

The following table presents the aggregate notional principal amounts of the outstanding forward options together with the related balance sheet exposure:

	Notional principal amounts		Balance sheet exposure Asset (Liability)	
	March 31, 2017	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**
Range Forward				
USD/INR	$844,290	$1,099,485	$52,109	$28,636
EUR/INR	€ 116,400	€ 110,380	14,028	(2,442)
GBP/INR	£96,820	£60,800	13,975	(946)
AUD/INR	AUD 38,960	AUD 10,580	1,228	255
EUR/USD	-	€ 3,500	-	(8)
Seagull				
USD/INR	-	$14,750	-	(33)
EUR/INR	€ 11,170	€ 14,200	146	(66)
GBP/INR	-	£6,000	-	(46)
PUT				
USD/INR	-	$50,000	-	118
			$81,486	**$25,468**

The notional amount is a key element of derivative financial instrument agreements. However, notional amounts do not represent the amount exchanged by counterparties and do not measure the Group's exposure to credit risk as these contracts are settled at their fair values at the maturity date.

The balance sheet exposure denotes the fair value of these contracts at the reporting date and is presented in US Dollars.

The Group presents its foreign exchange derivative instruments on a net basis in the consolidated financial statements due to the right of offset by its individual counterparties under master netting agreements .

The fair value of those derivative instruments presented on a gross basis as of each date indicated below is as follows:

March 31, 2017

	Other Current Assets	Other Non - Current Assets	Other Current Liabilities	Other Non - Current Liabilities	Total Fair Value
Derivatives designated as hedging instruments:					
Foreign exchange contracts in an asset position	$70,510	$20,229	$-	$-	$90,739
Foreign exchange contracts in a liability position	-	-	-	-	-
Net asset	**$70,510**	**$20,229**	**$-**	**$-**	**$90,739**
Derivatives not designated as hedging instruments:					
Foreign exchange contracts in an asset position	$2,646	$-	$1,069	$-	$3,715
Foreign exchange contracts in a liability position	(1,069)	-	(6,024)	-	(7,093)
Net asset (liability)	**$1,577**	**$-**	**($4,955)**	**$-**	**($3,378)**
Total Derivatives at fair value	**$72,087**	**$20,229**	**($4,955)**	**$-**	**$87,361**

March 31, 2018

	Other Current Assets	Other Non - Current Assets	Other Current Liabilities	Other Non - Current Liabilities	Total Fair Value
Derivatives designated as hedging instruments:					
Foreign exchange contracts in an asset position	$30,138	$6,808	$2,901	$3,218	$43,065
Foreign exchange contracts in a liability position	(2,901)	(3,218)	(2,901)	(3,325)	(12,345)
Net asset (liability)	**$27,237**	**$3,590**	**$0**	**($107)**	**$30,720**
Derivatives not designated as hedging instruments:					
Foreign exchange contracts in an asset position	$1,556	$-	$1,473	$-	$3,029
Foreign exchange contracts in a liability position	(1,473)	-	(2,740)	-	(4,213)
Net asset (liability)	**$83**	**$-**	**($1,267)**	**$-**	**($1,184)**
Total Derivatives at fair value	**$27,320**	**$3,590**	**($1,267)**	**($107)**	**$29,536**

The following tables set forth the fair value of derivative instruments included in the consolidated balance sheets as on March 31, 2017 and March 31, 2018:

Derivatives designated as hedging instruments:

	March 31, 2017	March 31, 2018
Unrealized gain on financial instruments classified under current assets	$70,510	$27,237
Unrealized gain on financial instruments classified under non current assets	20,229	3,590
Unrealized loss on financial instruments classified under non-current liabilities	-	(107)
	$90,739	**$30,720**

Derivatives not designated as hedging instruments:

	March 31, 2017	March 31, 2018
Unrealized loss on financial instruments classified under current liabilities	($4,955)	($1,267)
Unrealized gain on financial instruments classified under current assets	1,577	83
	($3,378)	**($1,184)**

The following tables summarize the activities in the consolidated statement of income during the nine months ended March 31, 2016

Derivatives in Cash flow Hedging Relationships	Amount of Gain or (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion) and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Foreign Exchange Contracts	$4,570	Other Income (Expense),net	($4,542)	Other Income (Expense),net	Nil
	$4,570		**($4,542)**		**Nil**

Derivatives not Designated as Hedging	Location of Gain or (Loss) recognized in Income on Derivatives	Amount of Gain or (Loss) recognized in Income on Derivatives
Foreign exchange contracts	Other Income (Expense),net	$409

The following tables summarize the activities in the consolidated statement of income during the year ended March 31, 2017.

Derivatives in Cash flow Hedging Relationships	Amount of Gain or (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion) and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Foreign Exchange Contracts	$101,284	Other Income (Expense),net	$18,469	Other Income (Expense),net	Nil
	$101,284		**$18,469**		**Nil**

Derivatives not Designated as Hedging	Location of Gain or (Loss) recognized in Income on Derivatives	Amount of Gain or (Loss) recognized in Income on Derivatives
Foreign exchange contracts	Other Income (Expense),net	$647

The following tables summarize the activities in the consolidated statement of income during the year ended March 31, 2018

Derivatives in Cash flow Hedging Relationships	Amount of Gain or (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion) and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Foreign Exchange Contracts	$20,952	Other Income (Expense),net	$80,336	Other Income (Expense),net	Nil
	$20,952		**$80,336**		**Nil**

Derivatives not Designated as Hedging	Location of Gain or (Loss) recognized in Income on Derivatives	Amount of Gain or (Loss) recognized in Income on Derivatives
Foreign exchange contracts	Other Income (Expense),net	$2,156

The following table summarizes the activity in the accumulated 'Other comprehensive (loss) gain' within equity related to all derivatives classified as cash flow hedges for the nine months ended March 31, 2016 and for the year ended March 31, 2017 and 2018, respectively :

	Nine months ended March 31, 2016	**Year ended March 31, 2017**	**Year ended March 31, 2018**
Balance as at the beginning of the period (before tax)	($7,918)	$1,506	$85,796
Unrealized gain on cash flow hedging derivatives during the period	4,570	101,284	20,952
Additon on account of acqusitions	-	1,443	-
Net loss (gain) reclassified into net income on occurrence of hedged transactions	4,542	(18,469)	(80,336)
Effect of exchange rate fluctuations	312	32	(395)
Balance as at the end of the period	**$1,506**	**$85,796**	**$26,017**
Deferred tax	(286)	(17,179)	(5,059)
	$1,220	**$68,617**	**$20,958**

As of March 31, 2018, the estimated net amount of existing gain that is expected to be reclassified into the income statement from AOCI within the next twelve months is $23,924.

13. INVENTORY

As of March 31, 2017 and 2018, Inventory comprises the following:

	March 31, 2017	**March 31, 2018**
Finished goods	$42,477	$26,434
	$42,477	**$26,434**

14. OTHER CURRENT ASSETS

As of March 31, 2017 and 2018, other current assets comprise the following:

	March 31, 2017	March 31, 2018
Prepaid expenses	$92,678	$112,065
Prepaid rentals for leasehold land	538	568
Interest receivable	10,001	5,035
Prepaid/advance taxes	11,384	21,440
Deposits	11,920	11,292
Deferred cost	79,461	34,647
Employee receivables	11,226	6,618
Derivative financial instruments	72,087	27,320
Advance to suppliers	13,696	12,869
Finance lease receivable	40,899	52,361
Restricted cash	3,615	812
Others	68,689	75,032
	$416,194	**$360,059**

15. OTHER ASSETS

As of March 31, 2017 and 2018, other assets comprise the following:

	March 31, 2017	March 31, 2018
Deposits	$27,036	$30,455
Deferred cost	76,879	73,220
Prepaid expenses	25,659	37,842
Prepaid rentals for leasehold land	44,544	43,739
Derivative financial instruments	20,229	3,590
Finance lease receivable	42,213	78,997
Restricted cash	373	33
Others	34,372	33,203
	$271,305	**$301,079**

16. ALLOWANCES FOR ACCOUNTS RECEIVABLE

The Group maintains an allowance for uncollectible receivables based on the trade receivables at the end of the year. Factors considered by the management in determining the adequacy of the allowance include the present and prospective financial condition of the debtor and the ageing of the trade receivables.

The movement in allowance for accounts receivable is given below:

	March 31, 2017	March 31, 2018
Balance at the beginning of the period	$56,620	$45,566
Additional provision during the period	25,225	20,671
Deductions on account of write offs and collections	(37,331)	(22,136)
Effect of exchange rates changes	1,052	558
Balance at the end of the period	**$45,566**	**$44,659**

17. DEBTS

SHORT TERM BORROWINGS

The Group has availed an unsecured bank line of credit from its bankers amounting to $6,392 and $6,363 as of March 31, 2017 and 2018, respectively, at effective interest rates ranging from 1.75% to 2.67%.

The Group has availed a bank line of credit secured on accounts receivable from its bankers as of March 31, 2017 amounting to $2,010 at effective interest rate of 3.42% and the same has been repaid during the period ended March 31,2018.

LONG TERM DEBT

	March 31, 2017	March 31, 2018
From banks	$70,398	$58,389
Other	3,538	2,292
Less: Current portion	(19,219)	(20,246)
	$54,717	**$40,435**

The scheduled principal repayments are as follows:

	March 31, 2018
Within one year	$20,246
One to two years	20,196
Two to three years	19,135
Three to five years	1,104
	$60,681

The Group's borrowings are subject to certain financial and non financial covenants. At March 31, 2018, the Group was in compliance with all such covenants.

Long term debts from banks include:

A subsidiary in Sweden had taken an unsecured long term loan at STIBOR plus 1.2% repayable over 16 quarterly installments beginning June 2017. The principal amount outstanding as of March 31, 2017 and 2018, respectively, is $63,390 and $50,913 at an effective interest rate of 0.6%.

Term loans of $7,008 and $7,476 as of March 31, 2017 and 2018, respectively, at effective interest rates ranging from 8.5% to 10.4%, secured by hypothecation of vehicles with a gross book value of $15,639 and $16,910 as of March 31, 2017 and 2018, respectively.

Other long term debts include:

Unsecured long term loans from a vendor of $3,538 and $2,292 as of March 31, 2017 and 2018, respectively, at nil interest.

18. OTHER CURRENT LIABILITIES

As of March 31, 2017 and 2018, other current liabilities comprise the following:

	March 31, 2017	March 31, 2018
Advances from customers	$10,902	$9,902
Sales tax and other taxes payable	85,604	89,683
Accrued liabilities and expenses	411,985	433,730
Supplier's credit*	168,686	138,353
Due to related parties	3,292	3,055
Payable towards equity interest in affiliate	14,488	-
Derivative financial instruments	4,955	1,267
Others	23,595	31,500
	$723,507	**$707,490**

* The Group has negotiated extended interest bearing credit terms with certain vendors for extended payment terms up to 360 days. Interest rate on this arrangement ranges from 1.5% to 9.8%.

19. EQUITY SHARES

The Company has only one class of capital stock referred to herein as equity shares. Par value of each equity share outstanding as of March 31, 2018 is $0.03 (` 2.00).

Voting

Each holder of equity shares is entitled to one vote per share.

Dividends

Dividends declared and paid by the Company are in Indian Rupees. Dividends payable to equity stockholders are based on the net income available for distribution as reported in the standalone financial statements of the Company prepared in accordance with Ind- AS. Indian law on foreign exchange governs the remittance of dividends outside India. Such dividend payments are subject to applicable taxes.

Buyback

During the year ended March 31, 2018, the Company has carried out the share buyback of 35,000,000 fully paid-up equity shares of face value of ₹ 2/- each at a price of ₹ 1,000/- per share paid in cash for an aggregate consideration of $545,157 (₹ 35,000 million). Same has been recorded as reduction of equity share capital by $1,090 (₹ 70 million), additional paid-in capital (APIC) by $504,853 (₹ 32,412 million) and Retained earnings by $39,214 (₹ 2,518 million).

The expenses of $2,193 (₹ 143 million) relating to buyback has been adjusted against retained earnings.

Liquidation

In the event of liquidation of the Company, the holders of equity shares shall be entitled to receive all of the remaining assets of the Company, after distribution of preferential amounts, if any. Such amounts will be in proportion to the number of equity shares held by the stockholders.

Stock options

There are no voting, dividend or liquidation rights to the option holders under the Company's stock option plans.

20. OTHER INCOME (EXPENSES), NET

For the nine months ended March 31, 2016 and the years ended March 31, 2017 and 2018, other income/ (expenses), net consist of:

	Nine months ended March 31,	Year ended March 31,	Year ended March 31,
	2016	2017	2018
Interest income	$98,237	$117,591	$71,790
Gain on sale of investment securities and other investments, net	3,722	5,861	23,884
Foreign exchange gain (loss), net	5,414	28,072	83,481
Equity in earning of affiliates	920	436	2,288
Gain (loss) on sale of property and equipment	21,985	(880)	228
Miscellaneous income	1,260	1,201	869
Other income, net	**$131,538**	**$152,281**	**$182,540**

21. INCOME TAXES

Entities in the Group file tax returns in their respective tax jurisdictions.

The Group's provisions (benefit) for income taxes consist of the following:

	Nine months ended March 31,	Year ended March 31,	Year ended March 31,
	2016	2017	2018
Current taxes			
Indian taxes	$186,873	$262,347	$294,799
Foreign taxes	70,752	23,807	74,762
	$257,625	**$286,154**	**$369,561**
Deferred taxes			
Indian taxes	($31,698)	($16,613)	($26,145)
Foreign taxes	(2,830)	21,812	15,627
	($34,528)	**$5,199**	**($10,518)**
Total taxes	**$223,097**	**$291,353**	**$359,043**

The reconciliation between the Group's provision for income tax and amount computed by applying the statutory income tax rate in India is as follows:

	Nine months ended March 31,	Year ended March 31,	Year ended March 31,
	2016	**2017**	**2018**
Income before taxes, equity in earnings of affiliates and noncontrolling interest	$1,062,631	$1,553,806	$1,719,516
Average enacted tax rate in India	34.61%	34.61%	34.61%
Expected tax expense	367,755	537,741	595,090
Non-taxable export income	(141,329)	(206,808)	(219,804)
Non-taxable other income	(6,760)	(1,748)	(863)
Income taxed at a lower / higher rate	(4,142)	-	-
Additional provision created in books	810	3,270	3,689
Reversal of prior year provision	-	(45,498)	(11,586)
Differences between India and foreign tax rates	(227)	(3,133)	(6,319)
Reduction in deferred tax assets due to change in US federal tax rate	-	-	9,510
Increase (decrease) in valuation allowance	(2,258)	5,732	(17,315)
Provision for deemed branch taxes	723	477	677
Others	8,525	1,320	5,964
Total taxes	**$223,097**	**$291,353**	**$359,043**

In India, the company has benefited from certain tax incentives that the Government of India has provided to Units situated in Special Economic Zones (SEZs) under the Special Economic Zone Act, 2005, which began providing services on or after April 1, 2005. The Units are eligible for a deduction of 100% of profits or gains derived from the export of services for the first five years from commencement of provision of services and 50% of such profits and gains for a further five years. Certain tax benefits are also available for a further five years subject to the Unit meeting defined conditions. The aforesaid tax benefits will not be available to Units commencing operations on or after April 1, 2020.

Income tax charged to equity for the nine months ended March 31, 2016 and the years ended March 31, 2017 and 2018 , are as follows:

	Nine months ended March 31,	Year ended March 31,	Year ended March 31,
	2016	**2017**	**2018**
Income tax from continuing operations	$223,097	$291,353	$359,043
Stockholder's equity for:-			
Tax benefits received on exercise of employee stock options reflected as part of additional paid in capital	(6,844)	(3,560)	(997)
Unrealized holding (loss) gain on available for sale investment securities	(187)	344	218
Unrealized loss (gain) on cash flow hedge	1,812	16,893	(12,120)
Unrealized actuarial loss (gain)	58	388	361
Effect of exchange rate fluctuations	6,401	(5,407)	1,875
	$224,337	**$300,011**	**$348,380**

In India, the Company is subject to Minimum Alternate Tax (MAT) on its book profit, which gives rise to future economic benefits in the form of adjustment of future income tax liability. MAT paid for a year can be set-off against the normal tax liability within fifteen subsequent years, expiring over the financial years between 2023 to 2033.

The tax returns are subject to examination by the tax authorities in the jurisdictions where the Group conducts business. The examination may result in assessment of additional taxes that are resolved with the authorities or through legal proceedings. Resolution of these matters involves some degree of uncertainty; accordingly, the Group recognizes income tax liability that it believes will ultimately result from the proceedings.

A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows:

	March 31, 2017	March 31, 2018
Balance at the beginning of the period	$113,394	$85,602
Increase due to tax position taken during the current period	11,192	13,167
Decrease due to tax position taken during the prior period	(40,561)	(4,146)
Effect of exchange rate fluctuations	1,577	(532)
Balance at the end of the period	**$85,602**	**$94,091**

The unrecognized tax benefits, if recognized, would affect the Group's effective tax rate. Significant changes in the amount of unrecognized tax benefits within the next 12 months cannot be reasonably estimated as the changes would depend upon the progress of tax proceedings with various tax authorities.

Income tax expense includes penalties and interest related to income tax. As of March 31, 2017 and 2018, income tax payable includes $21,241 and $20,826, respectively, on account of accrued interest and penalties related to uncertain tax positions.

The Group's two major tax jurisdictions are India and USA. The tax examination is open in India for annual year beginning April 1, 2014 onwards and in USA for annual year beginning July 1, 2013 onwards.

The components of the deferred tax balances as of March 31, 2017 and 2018 are as follows:

	March 31, 2017	March 31, 2018
Deferred tax assets:		
Business losses (foreign)	$14,843	$6,933
Allowance for accounts receivable	15,896	12,884
Accrued employee costs	75,557	54,812
Property and equipment	2,946	4,411
Minimum alternate tax	189,471	211,424
Employee stock compensation	983	445
Leased assets	3,183	3,529
Other temporary differences	21,906	19,677
	324,785	**314,115**
Less: Valuation allowance	(25,690)	(3,880)
Total deferred tax assets	**$299,095**	**$310,235**

Deferred tax liabilities:		
Unrealized gains on investment securities	$391	$609
Unrealized gain on derivative financial instruments	17,179	4,906
Intangibles	7,584	8,532
Property and equipment	12,404	15,764
Others	13,481	11,198
Total deferred tax liabilities	**$51,039**	**$41,009**
Net deferred tax assets	**$248,056**	**$269,226**

The components of valuation allowance as of March 31, 2017 and 2018 are as follows:

	March 31, 2017	March 31, 2018
Business losses (Foreign)	($7,786)	($3,676)
Others (Indian)	($17,904)	($204)

In assessing the realizability of deferred tax assets, the management considers whether it is more likely than not, that some portion, or all, of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. The management considers the projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and its tax planning strategies, including projections for future taxable income over the periods in which the deferred tax assets are deductible, the management believes that it is more likely than not that the Group will realize the benefits of those deductible differences, net of existing valuation allowances. The amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Business losses carried forward of certain subsidiaries of the Group for tax purposes amount to approximately $53,693 and $29,259 as of March 31, 2017 and 2018, respectively, and are available as an offset against future taxable income expiring at various dates through 2021.

The management is of the opinion that it is less likely that all of these subsidiaries would be in a position to realize the tax benefits associated with business losses carried forward. Given the uncertainties, a valuation allowance has been created against such business losses.

During the nine months ended March 31, 2016 and the years ended March 31, 2017and 2018, the US and Europe based subsidiary of the Group received excess tax benefit aggregating $6,844, $3,560 and $997, respectively, upon exercise of employee stock options which was recognized in equity. As of March 31, 2018, the Group recognized a deferred tax asset amounting to $445 on the stock compensation expense expected to be realized on exercise of stock options in future periods.

Undistributed earnings of subsidiaries aggregate approximately $1,123,848 and $1,180,978 as of March 31, 2017 and 2018, respectively. The Group has the intent to reinvest the undistributed foreign earnings indefinitely in its significant overseas operations and consequently did not record a deferred tax liability on the undistributed earnings.

22. EQUITY SHARES

The following is the reconciliation of the weighted average number of equity shares used in the computation of basic and diluted earnings per equirt share:

	Nine months ended March 31,	Year ended March 31,	Year ended March 31,
	2016	2017	2018
Weighted average number of equity shares outstanding used in computing basic EPS	1,407,845,713	1,411,444,783	1,401,349,735
Dilutive effect of stock options	3,070,521	1,196,420	859,823
Weighted average number of equity and equity equivalent shares outstanding used in computing diluted EPS	1,410,916,234	1,412,641,203	1,402,209,558

For the nine months ended March 31, 2016 and the years ended March 31, 2017 and 2018, there were no options respectively to purchase equity shares of common stock with exercise price greater than the average market value of our stock that would have been anti-dilutive.

23. STOCK BASED COMPENSATION

ESOP 2004 (the "2004 Plan"): In December 2004, the Company instituted the 2004 Stock Option Plan to provide equity-based incentives to all eligible employees and directors of the Company and its subsidiaries. The 2004 Plan is administered by the Nomination and Remuneration Committee of the Company. The 2004 Plan provides for the issuance of a maximum of 160,000,000 underlying shares at the option price determined by the Nomination and Remuneration Committee on the date the option is granted.

Changes in number of shares representing the outstanding stock options during the year ended March 31, 2017 and 2018 are given below:

	Shares arising out of option 2004 Plan March 31		Weighted average exercise price 2004 Plan March 31		Weighted average remaining contractual term (in year) 2004 Plan March 31		Aggregate Intrinsic Value 2004 Plan March 31	
	2017	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**
Outstanding at beginning of the period	3,681,176	1,471,320	$0.03	$0.03	3.14	2.46	$45,114	$19,793
Granted	-	-	-	-	-	-	-	-
Forfeited	(1,220,880)	(19,200)	$0.03	$0.03	-	-	-	-
Expired	(150,296)	-	$0.03	$0.03	-	-	-	-
Exercised	(838,680)	(462,960)	$0.03	$0.03	-	-	-	-
Outstanding at the end of the period	1,471,320	989,160	$0.03	$0.03	2.46	1.38	$19,793	$14,670
Vested and exercisable at the end of the period	1,413,720	950,760	$0.03	$0.03	2.45	1.37	$19,018	$14,100
Weighted-average grant date fair value of grants during the period	-	-	-	-	-	-	-	-
Estimated fair value of option vested during the period	-	-	-	-	-	-	-	-
Vested and exercisable at the end of period and expected to vest thereafter	1,467,128	985,584	$0.03	$0.03	2.45	1.37	$19,736	$14,616

Total number of outstanding options for the 2004 Plan includes 123,645 performance based options as of March 31, 2018 (183,915 as of March 31, 2017). These options will vest with the employees of the Group based on the achievement of certain targets by the Group.

The following table summarizes information about stock options outstanding and exercisable as of March 31, 2017:

	Outstanding			Exercisable	
Range of exercise price	**Number of shares arising out of options**	**Weighted average remaining contractual life(years)**	**Weighted average exercise price**	**Number of shares arising out of Options**	**Weighted average exercise price**
2004 Plan					
($0.00- $0.03)	1,471,320	2.46	$0.03	1,413,720	$0.03

The following table summarizes information about stock options outstanding and exercisable as of March 31, 2018:

	Outstanding			Exercisable	
Range of exercise price	**Number of shares arising out of options**	**Weighted average remaining contractual life(years)**	**Weighted average exercise price**	**Number of shares arising out of Options**	**Weighted average exercise price**
2004 Plan					
($0.00- $0.03)	989,160	1.38	$0.03	950,760	$0.03

As of March 31, 2017 and 2018, options for 161,160 shares and 78,880 shares, respectively, under the 2004 Plan, were pending allotment.

The following table summarizes information concerning stock options issued that are vested or are expected to vest and stock options exercisable as of March 31, 2017:

	Option vested or expected to vest		
Range of exercise price	**Number of shares arising out of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**
2004 Plan			
($0.00-$0.03)	1,467,128	2.46	$0.03

The following table summarizes information concerning stock options issued that are vested or are expected to vest and stock options exercisable as of March 31, 2018:

	Option vested or expected to vest		
Range of exercise price	**Number of shares arising out of options**	**Weighted average remaining contractual life (years)**	**Weighted average exercise price**
2004 Plan			
($0.00-$0.03)	985,584	1.38	$0.03

The aggregate intrinsic value of shares for the 2004 Plan is $14,616. This value represents the total pre-tax intrinsic value calculated as the difference between the Company's closing stock price on the last trading day of the year ended March 31, 2018 and the exercise price.

There are no options granted during year ended March 31, 2017 and 2018.

Cash received from options exercised under the stock option plan for the nine months ended March 31, 2016 and the years ended March 31, 2017 and 2018, was $133, $25 and $14, respectively.

The tax benefit on account of compensation cost of stock options exercised in United States of America, Great Britain, Netherlands and Germany aggregated $6,859, $3,584 and $1,002 for the nine months ended March 31, 2016 and the year ended March 31, 2017 and 2018, respectively.

For the nine months ended March 31, 2016 and the year ended March 31, 2017 and 2018, stock-based compensation expense related to the stock option plans was allocated as follows:

	Nine months ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018
Cost of sales	$17	$-	$-
Selling, general and administrative	932	-	-
Stock compensation cost before income tax benefit	**949**	**-**	**-**
Deferred tax benefit	(474)	86	287
Stock compensation cost (net)	**$475**	**$86**	**$287**

24. EMPLOYEE BENEFIT PLANS

India operations

The Group has employee benefit plans in the form of certain statutory and welfare schemes covering substantially all of its employees.

Defined benefit Plan

Gratuity

In accordance with the Indian law, the Group provides for gratuity, a defined benefit retirement plan (the “Gratuity Plan”) covering all employees in India. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment of an amount based on the respective employee’s base salary and tenure of employment subject to a maximum of $31 (` 2,000,000/-) and the years of employment with the Group.

The reconciliation of the beginning and ending balance of the projected benefit obligation and the paid value of plan assets for the years ended March 31, 2017 and 2018, and the accumulated benefit obligation as of March 31, 2017 and 2018 is as follows:

	March 31, 2017	March 31, 2018
Change in benefit obligation		
Obligation at the beginning of the period	$40,259	$51,672
Service cost	8,205	11,007
Interest cost	3,760	4,329
Benefits paid	(4,428)	(3,900)
Actuarial gain	1	(1,684)
Addition on account of acquisition	2,875	-
Foreign currency translation	1,000	(283)
Obligation at the end of the period	**$51,672**	**$61,141**

Changes in plan assets		
Fair value of plan assets at the beginning of the period	$-	$2,453
Actual return on plan assets	(11)	$135
Addition on account of acquisition	2,473	-
Employer contributions	3,129	-
Benefits paid	(3,138)	(394)
Foreign currency exchange rate changes	-	16
Plan assets at the end of the period	**$2,453**	**$2,210**

Funded status	$2,453	$2,210
Net amount recognized	(51,672)	(61,141)
Amounts recognized in the statement of financial position consist of:	-	-
Accrued benefit obligation	**($49,219)**	**($58,931)**

	March 31, 2017	March 31, 2018
Benefit obligation current	$8,052	$8,807
Benefit obligation Non-current	$41,167	$50,124
Accumulated benefit obligation	**$49,219**	**$58,931**

	March 31, 2017	March 31, 2018
Net actuarial loss	$3,119	$6,620
Net prior service cost	-	(1,697)
Total accumulated other comprehensive loss	**$3,119**	**$4,923**

Net gratuity cost for the nine months ended March 31, 2016 and the year ended March 31, 2017 and 2018, comprise the following components:

	Nine Months ended March 31,	Year ended March 31,	Year ended March 31,
	2016	**2017**	**2018**
Service cost	$5,897	$8,205	$11,007
Interest cost (net)	2,647	3,760	4,329
Amortization of unrecognized actuarial loss (gain)	-	-	-
Net gratuity cost	**$8,544**	**$11,965**	**$15,336**

The weighted average actuarial assumptions used in accounting for the benefit obligations and net gratuity cost under the Gratuity Plan for the nine months ended March 31, 2016 and the year ended March 31, 2017 and 2018 , respectively ,are given below:

	Nine months ended March 31,	Year ended March 31,	Year ended March 31,
	2016	**2017**	**2018**
Discount rate	8.50%	7.80%	8.00%
Expected rate of increase in salaries			
-for next year	7.0%	7.0%	7.0%
-thereafter	7.0%	7.0%	7.0%
Expected rate of return on assets	-	7.5%	7.5%

Discount rates are based on the current market yield on government securities adjusted for a suitable risk premium to reflect the additional risk for high quality bonds. The Group assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The mortality rates used are as published by one of the leading life insurance companies in India.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during:

Year ending March 31,	
- 2019	$10,817
- 2020	11,407
- 2021	12,782
- 2022	14,362
- 2023	15,063
Thereafter	79,960
Total	**$144,391**

The expected benefits are based on the same assumptions as are used to measure the Group's benefit obligations as of March 31, 2018.

Provident fund

In accordance with Indian law, all employees receive benefits from a provident fund, which is a defined benefit plan. Under this plan, the employer and employee make monthly contributions to a fund managed by certain employees of the Group ("Trust"). The employees contribute 12% of their basic compensation, which is matched by an equal contribution by the employer. The Group contributes two-third of the contribution to the Government administered pension fund subject to a maximum of $0.02 (` 1250/-) and the remaining portion is contributed to the Trust. The rate at which the annual interest is payable to the beneficiaries by the Trust is administered by the government. The Group has an obligation to fund any shortfall on the yield of the Trust's investments over the administered interest rates. The funds contributed to the Trust are invested in specific securities as mandated by law and generally consist of federal and state government bonds, debt instruments of government-owned corporations and other eligible market securities.

The actuary has provided a valuation based on the assumption mentioned below and there is no shortfall as at 31 March, 2017 and 2018.

The details of the fund and plan asset position are given below:-

	March 31, 2017	March 31, 2018
Plan assets at the period end	$384,656	$433,620
Present value of benefit obligation at period end	384,656	433,620
Asset recognized in balance sheet	**$-**	**$-**

Assumptions used in determining the present value obligation of the interest rate guarantee under the deterministic approach:

	March 31, 2017	March 31, 2018
Government of India (GOI) bond yield	6.9%	7.6%
Remaining term of maturity	8.61 Years	8.51 Years
Expected guaranteed interest rate	8.7%	8.6%

Total contributions made by the Group in respect of this plan for the nine months ended March 31,2016 and the years ended March 31, 2017 and 2018 are $10,368, $15,642 and $19,239, respectively.

Total contributions made by the Group towards Employees' Pension Scheme for the nine months ended March 31,2016 and the years ended March 31, 2017and 2018 are $9,541 and $13,174 and $15,355 respectively.

Defined Contribution Plan

Superannuation

In respect of superannuation, a defined contribution plan for eligible employees who contribute to a recognized Trust under schedule IV, Part B of Income Tax 1961, Trust funds are administered on its behalf by an appointed fund manager and such contributions for each year of service rendered by the employees are charged to the statement of profit and loss. The Group has no further obligations to the superannuation plan beyond its contributions. Total contributions made in respect of this plan for the nine months ended March 31,2016 and the years ended March 31, 2017 and 2018 are $186, $241 and $438,respectively.

Others

Total contributions made by the Group in respect of other foreign defined contribution plan for the nine months ended March 31,2016 and the years ended March 31, 2017 and 2018 are $36,492, $56,457 and $69,514, respectively.

25. RELATED PARTY TRANSACTIONS

The Company has entered into transactions with the following related parties:

a. Companies in which Mr. Shiv Nadar, the principal shareholder,or any other director has controlling interest or over which he exercises significant influence (significant interest entities);
b. Affiliates of the Company and their subsidiaries (affiliates); and
c. Employees of the Group.

The related party transactions are categorized as follows:

Revenues

The Group earns revenue from software development and other services to related parties. The related parties to whom these services were provided and the corresponding amounts of revenue earned are as follows:

	Nine months ended March 31,	Year ended March 31,	Year ended March 31,
	2016	**2017**	**2018**
Significant interest entities	$564	$838	$2,503
Affiliates	-	-	-
Total	**$564**	**$838**	**$2,503**

Cost of revenues and selling, general and administrative expenses

The Group outsources certain contracts to related parties and also procures personnel and licences from them for software development and other services. These costs are recorded as part of cost of revenues and selling, general and administrative expenses.

The related parties to whom such charges were paid and the corresponding amounts are as follows:

	Nine months ended March 31,	Year ended March 31,	Year ended March 31,
	2016	**2017**	**2018**
Significant interest entities	$3,716	$6,050	$22,424
Affiliates	-	46,480	40,713
Total	**$3,716**	**$52,530**	**$63,137**

Computer equipment, software purchases and others

The Group purchases computer equipment, software and other items from certain significant interest entities and affiliates. These purchases from significant interest entities and affiliates during the years ended March 31, 2017 and 2018 amounted to $162 and $1,548, and $1,505 and $ 1,958 respectively.

Subleasing of facilities

Significant interest entities have subleased a portion of their facilities to the Group. The total amount charged for the nine months ended March 31, 2016 and the years ended March 31, 2017 and 2018 were $1,704, $4,392 and $6,727, respectively.

Interest paid on extended vendor credit:

The Group has negotiated extended interest bearing credit terms with certain related parties for extended payment terms up to 360 days and have paid interest during the nine months ended March 31, 2016 and the years ended March 31, 2017 and 2018 of $158, $426 and $478 respectively.

Loans to employees

The Group has advanced general purpose loans to its employees at rates of interest not more that 3%. The repayment periods for these loans are fixed with the tenure of these loans extending up to four years. Employee loan balances outstanding as of March 31, 2017 and 2018 are $3,195 and $318, respectively.

The balances receivable from and payable to related parties other than employees as of March 31, 2017 and 2018 are as follows:

Accounts receivable include amounts due from significant interest entities totaling $963 and $914, respectively.

Unbilled receivable include amounts due from significant interest entities totaling $112 and $23, respectively.

Other assets include amounts due from significant interest entities totaling $2,189 and $3,373, respectively.

Capital advances include amounts due from significant interest entities totaling $3 and $4, respectively.

Accounts payable include amounts due to significant interest entities totaling $82 and $710, respectively and amounts due to affiliates totaling $16,858 and Nil, respectively.

Other liabilities include amounts due to significant interest entities totaling $6,815 and $24,704, respectively, and amounts due to affiliates totaling $17,006 and Nil payment towards equity interest in affiliates, respectively.

26. COMMITMENTS AND CONTIGENCIES

Capital commitments

As of March 31, 2018, the Group had contractual commitments for capital expenditure of $55,402.

Other commitments

Some of the Group's software development centers in India are Special Economic Zone/Software Technology Park/Export Oriented Units under the guidelines issued by the Government of India. These units are exempt from customs and central excise duties and levies on imported and indigenous capital goods and stores and spares. The Group has executed legal undertakings to pay customs duty, central excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled.

Other Contingencies

The Group is involved in various lawsuits, claims and proceedings that arise in the ordinary course of business, the outcome of which is inherently uncertain. Some of these matters include speculative and frivolous claims for substantial or indeterminate amounts of damages. The Group records a liability when it is both probable that a loss has been incurred and the amount can be reasonably estimated. Significant judgment is required to determine both probability and the estimated amount. The Group reviews these provisions at least annually and adjusts these provisions accordingly, to reflect the impact of negotiations, settlements, rulings, advice of legal counsel, and updated information. The Group believes that the amount or estimable range of reasonably possible loss, will not, either individually or in the aggregate, have a material adverse effect on its business, consolidated financial position, results of operations, or cash flows with respect to loss contingencies for legal and other contingencies as of March 31, 2018.

27. LEASES

The Group has taken networking and computer equipment, vehicles, office furniture and equipment on capital leases. Future minimum lease payments under capital leases as of March 31, 2018 are as follows:

Year ending March 31,	
2019	$7,125
2020	5,771
2021	2,862
2022	1,834
2023	1,311
Total minimum payments	18,903
Less: Amount representing future interest	488
Present value of minimum payments	18,415
Less: Current portion	6,877
Long term capital lease obligation	**11,538**

The Group has taken office facilities on lease under non-cancellable operating lease agreements. Future minimum lease payments as of March 31, 2018 for such non-cancellable operating leases are as follows:

Year ending March 31,	
2019	$62,892
2020	51,470
2021	44,798
2022	37,230
2023	33,628
Thereafter	65,336
Total minimum payments	**$295,354**

Additionally, the Group has taken office facilities on leases under cancellable operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee.

Rental expenses under operating leases are amortized on the straight line method. Rent expense for the nine months ended March 31, 2016 and the years ended March 31, 2017and 2018 amounts to $41,781, $66,226 and $79,549, respectively.

The Group has given IT equipment to its customers on sales type and direct finance leases. The future lease receivables in respect of equipments given on such leases are as follows:

	Total minimum lease payments receivables	Interest included in minimum lease payments receivables	Present value of minimum lease payments receivables
Year ending March 31,			
2019	$56,083	$3,722	$52,361
2020	36,171	2,467	33,704
2021	24,800	1,204	23,596
2022	12,134	505	11,630
2023	10,765	1,415	9,350
Thereafter	754	36	718
	$140,707	**$9,349**	**$131,359**

The amounts recoverable on account of such leases within one year have been included under ‘other current assets’ and the balance under ‘other assets’.

28. SEGMENT REPORTING

The Group’s operations predominantly relate to providing a range of IT & BPO services targeted at Global 2000 companies spread across America, Europe & Rest of the World. IT services include software services & IT infrastructure management services. Within software services, the Group provides application development & maintenance, enterprise application, next generation SAAS (Software As A Service) application services and engineering and R&D (Research and Development) services to several global customers. Infrastructure management services involve managing customer’s IT assets effectively. Business process outsourcing services include the traditional contact centre & help desk services and the next generation services around platform BPO & BPAAS (Business Process As A Service) delivered through a global delivery model.

The Chief Operating Decision Maker (“CODM”) evaluates the Group’s performance by business segment, comprising software services, infrastructure management services and business process outsourcing services. Accordingly, the above stated business segments have been identified as reportable segments for the purpose of segment reporting. Assets and liabilities are not identified to any reportable segments, since these are increasingly used interchangeably across segments and consequently, the management believes that it is not practicable or meaningful to provide segment disclosures relating to total assets and liabilities.Segment information for prior periods is provided on a comparative basis.

Information on reportable segments for the nine months ended March 31, 2016 is as follows:

	Software services	**Infrastructure management services**	**Business process outsourcing services**	**Total**
Revenue	$2,774,631	$1,672,490	$250,766	$4,697,887
Depreciation and amortization	39,332	22,061	5,762	67,155
Segment earnings	**$549,507**	**$355,637**	**$37,112**	**$942,256**

Information on reportable segments for the year ended March 31, 2017 is as follows:

	Software services	Infrastructure management services	Business process outsourcing services	Total
Revenue	$3,926,072	$2,767,871	$281,261	$6,975,204
Depreciation and amortization	65,763	51,807	7,068	124,638
Segment earnings	**$825,849**	**$551,052**	**$37,480**	**$1,414,381**

Information on reportable segments for the year ended March 31, 2018 is as follows:

	Software Services	Infrastructure management services	Business process outsourcing services	Total
Revenue	$4,589,323	$2,959,474	$288,895	$7,837,692
Depreciation and amortization	147,467	67,954	9,732	225,153
Segment earnings	**$933,585**	**$587,246**	**$26,928**	**$1,547,759**

The CODM assesses the performance of the operating segments based on a measure of segment earnings. This measurement basis adjusts income before income taxes to exclude the effects of stock based compensation, cash flow hedge accounting gains (losses), foreign exchange gains (losses), finance costs and other income.

A reconciliation of segment earnings to income before income taxes is provided as follows:

	Nine months ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2018
Segment earnings	$942,256	$1,414,381	$1,547,759
Foreign exchange gain (loss)	5,414	28,072	83,481
Finance cost	(11,163)	(12,856)	(10,785)
Other income, net	126,124	124,209	99,059
Income before income taxes	**$1,062,631**	**$1,553,806**	**$1,719,514**

The Group operates from four geographies India, America, Europe and Rest of the world

Revenues from the geographic segments, based on domicile of the customers, are as follows:

	Nine months ended March 31 2016	Year ended March 31, 2017	Year ended March 31, 2018
America	$2,755,255	$4,021,749	$4,566,408
Europe	1,241,013	1,858,804	2,145,451
India*	142,445	284,343	309,189
Others	559,174	810,308	816,644
	$4,697,887	**$6,975,204**	**$7,837,692**

* Includes revenue billed to India based captive of global customers

During the nine months ended March 31, 2016 and the years ended March 31, 2017 and 2018 , top customer accounted for approximately 4.7%, 4.6% and 5.1% and top five customers accounted for 13.9%, 14.7% and 16.3% of the Group's revenue, respectively.

29. FAIR VALUE MEASUREMENT

The Group records certain financial assets and liabilities at fair value on a recurring basis. The Group determines fair values based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

The Group holds certain fixed income securities, equity securities and derivatives, which must be measured using the FASB's guidance for fair value hierarchy and related valuation methodologies. The guidance specifies a hierarchy of valuation techniques based on whether the inputs to each measurement are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Group's assumptions about current market conditions. The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The prescribed fair value hierarchy and related valuation methodologies are as follows:

Level 1 —Quoted inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 —Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-derived valuations, in which all significant inputs are directly or indirectly observable in active markets.

Level 3 —Valuations derived from valuation techniques, in which one or more significant inputs are unobservable inputs which are supported by little or no market activity.

In accordance with ASC 820, assets and liabilities are to be measured based on the following valuation techniques:

Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

Income approach – Converting the future amounts based on the market expectations to its present value using the discounting method.

Cost approach – Replacement cost method.

The following table discloses the assets and liabilities measured at fair value on a recurring basis as of March 31, 2017 and the basis for that measurement:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Deposits with banks,having maturities less than three months	$17,134	$17,134	-	-
Term deposits with banks	$1,193,700	-	$1,193,700	-
Deposits with corporation	$388,662	-	$388,662	-
Investment securities, available for sale	$176,589	$176,589	-	-
Derivative contracts	$92,316	-	$92,316	-
Liabilities				
Derivative contracts	($4,955)	-	($4,955)	-

The following table discloses the assets and liabilities measured at fair value on a recurring basis as of March 31, 2018 and the basis for that measurement:

	Fair value	Level 1 inputs	Level 2 inputs	Level 3 inputs
Assets				
Deposits with banks,having maturities less than three months	$30,933	$30,933	-	-
Term deposits with banks	$356,300	-	$356,300	-
Deposits with corporation	$564,119	-	$564,119	-
Investment securities, available for sale	$401,610	$401,610	-	-
Derivative contracts	$30,910	-	$30,910	-
Liabilities				
Derivative contracts	($1,374)	-	($1,374)	-

Valuation Methodologies

Quoted market prices in active markets are available for investments in securities and, as such, these investments are classified within Level 1.

Investments: The Company's investments consist primarily of investment in debt linked mutual funds. Fair values of investment securities classified as available -for -sale are determined using quoted prices for identical assets or liabilities in active markets and are classified as Level 1. Fair value of term deposits with banks and corporations is determined using observable markets' inputs and is classified as Level 2.

Derivative financial instruments: The Group's derivative financial instruments consist of foreign currency forward exchange contracts. Fair values for derivative financial instruments are based on broker quotations and are classified as Level 2. See note 10 for further details on Derivative financial instruments.

Fair value of earn-out consideration: The fair value measurement of earn-out consideration is determined using Level 3 inputs. The Group earn-out consideration represents a component of the total purchase consideration for its acquisitions. The measurement is calculated using unobservable inputs based on the Company's own assessment of achievement of certain performance goals. During the period ended 31 March 2018, the Group has made earn out payment of $2,465 and has charged finance cost of $1,368 for acquisitions consummated in current and previous period. The Group estimated the total fair value of the earn out consideration to be $6,215 and $17,759 as of March 31, 2017 and March 31, 2018, respectively, which includes earn out liability of $12,641 assumed for acquisitions consummated during the year.

The fair value of the Group's current assets and current liabilities including short term deposits with Banks, and short term loans approximate their carrying values because of their short-term maturity. The fair value of held- to- maturity investment securities is based on the quoted prices and approximates its fair value.

Certain assets are measured at fair value on a non-recurring basis and therefore are not included in the recurring fair value table above. The assets and liabilities consist primarily of long term debt and other non financial assets such as goodwill and intangible assets. Goodwill and intangible assets are measured at fair value initially and subsequently when there is an indicator of impairment, the impairment is recognized.

30. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive income attributable to HCL Technologies limited .

	Nine months ended March 31	Year ended March 31	Year ended March 31
	2016	**2017**	**2018**
Unrealized gain on securities available for sale:			
Opening balance (net of tax)	$533	$214	$827
Unrealized gains	261	3,365	17,331
Reclassification adjustments into other (income) expenses, net	(767)	(2,408)	(16,465)
Income tax benefit (expense)	187	(344)	(218)
Effect of exchange fluctuations	-	-	-
Closing balance (net of tax)	**$214**	**$827**	**$1,475**
Unrealized loss on cash flow hegdes:			
Opening balance (net of tax)	($6,392)	$1,220	$68,617
Unrealized gain (loss)	4,570	101,284	20,952
Reclassification adjustments into other (income) expenses, net	4,542	(18,469)	(80,336)
Addition on account of acquisition	-	1,443	-
Income tax benefit (expense)	(1,812)	(16,893)	12,120
Effect of exchange fluctuations	312	32	(395)
Closing balance (net of tax)	**$1,220**	**$68,617**	**$20,958**
Acturial loss on defined benefit plan:			
Opening balance (net of tax)	$988	$2,754	$2,424
Acturial gain (loss)	1,878	(1)	1,684
Reclassification adjustments into employee benefit expenses*	-	-	-
Income tax benefit (expense)	(58)	(388)	(361)
Effect of exchange fluctuations	(54)	59	(25)
Closing balance (net of tax)	**$2,754**	**$2,424**	**$3,722**
Foreign currency translation:			
Opening balance	($533,164)	($673,486)	($663,664)
Foreign currency translation	(140,322)	9,822	58,584
Closing balance	**($673,486)**	**($663,664)**	**($605,080)**

* Reclassification into employee benefit expenses are recognized in cost of revenues and selling, general and administrative expenses

31. COMPONENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of accumulated other comprehensive (income) loss at March 31, 2017 and 2018 are as follows:

	March 31,2017	March 31, 2018
Unrealized gain on securities available for sale	$827	$1,475
Unrealized gain on cash flow hedges	68,617	20,958
Unrealized gain on defined benefit plan	2,424	3,722
Foreign currency translation	(663,664)	(605,080)
	($591,796)	**($578,925)**

32. SUBSEQUENT EVENTS

a) Acquisition of C3i Solutions

On April 6, 2018, the Group through a wholly owned subsidiary has entered into an agreement to acquire 100% shareholding of Telerx Marketing, Inc. (doing business as C3i Solutions), a provider of Multi-channel customer engagement services for the life sciences and consumer packaged goods (CPG) industries for the purchase consideration of $60,000 payable in cash. With this acquisition, the Group will complement its broad-based IT and business services capability with the additional depth that C3i has in the life sciences and CPG verticals.

b) Acquisition of Actian Corporation

On April 12, 2018, the Group and Sumeru Equity Partners (SEP), a technology and growth-focused private equity firm, have signed a definitive agreement to acquire Actian Corporation, a provider of a hybrid data management company. The all-cash deal is valued at $330,000. The Group will own 80 percent and SEP will own 19.5% percent stake of Actian Corporation while balance 0.5% stake will be held by Actian CEO.. The acquisition is proposed to be funded through mix of Equity and Debt where the Group , SEP and Actian CEO will be contributing $164,000 ,$40,000 and $1000 respectively and balance amount through debt of $125,000 to be contributed by the Group.

The acquisition is part of the Group's strategy to augment its capabilities in the data management products and platforms.

c) The Group has evaluated all the subsequent events through May 2, 2018, which is the date on which these financial statements were issued, and no events have occurred from the balance sheet date through that date that would have material impact on the consolidated financial statements.