

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2019.

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-33626

**GENPACT LIMITED**

(Exact name of registrant as specified in its charter)

Bermuda  
(State or other jurisdiction of incorporation or organization)

98-0533350  
(I.R.S. Employer Identification No.)

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda  
(441) 294-8000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common shares, par value \$0.01 per share	G	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

As of June 30, 2019, the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant was \$6,173,854,673, based on the closing price of the registrant's common shares, par value \$0.01 per share, reported on the New York Stock Exchange on such date of \$38.09 per share. Directors, executive officers and significant shareholders of Genpact Limited are considered affiliates for purposes of this calculation, but should not necessarily be deemed affiliates for any other purpose.

As of February 24, 2020, there were 190,398,920 common shares of the registrant outstanding.

**Documents incorporated by reference:**

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended December 31, 2019. Portions of the proxy statement are incorporated herein by reference to the following parts of this Annual Report on Form 10-K:

Part III, Item 10, Directors, Executive Officers and Corporate Governance;

Part III, Item 11, Executive Compensation;

Part III, Item 12, Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters;

Part III, Item 13, Certain Relationships and Related Transactions, and Director Independence; and

Part III, Item 14, Principal Accounting Fees and Services.

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## Special Note Regarding Forward-Looking Statements

We have made statements in this Annual Report on Form 10-K (the “Annual Report”) in, among other sections, Item 1—“Business,” Item 1A—“Risk Factors,” and Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations” that are forward-looking statements. In some cases, you can identify these statements by forward-looking terms such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” “could,” “may,” “shall,” “will,” “would” and variations of such words and similar expressions, or the negative of such words or similar expressions. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial performance, which in some cases may be based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from those expressed or implied by the forward-looking statements. In particular, you should consider the numerous risks outlined under Item 1A—“Risk Factors” in this Annual Report. These forward-looking statements include, but are not limited to, statements relating to:

- our ability to retain existing clients and contracts;
- our ability to win new clients and engagements;
- the expected value of the statements of work under our master service agreements;
- our beliefs about future trends in our market;
- political, economic or business conditions in countries where we have operations or where our clients operate, including the uncertainty related to the recent withdrawal of the United Kingdom from the European Union, commonly known as Brexit, and heightened economic and political uncertainty within and among other European Union member states;
- expected spending on business process outsourcing and information technology services by clients;
- foreign currency exchange rates;
- our ability to convert bookings to revenue;
- our rate of employee attrition;
- our effective tax rate; and
- competition in our industry.

Factors that may cause actual results to differ from expected results include, among others:

- our ability to develop and successfully execute our business strategies;
- our ability to grow our business and effectively manage growth and international operations while maintaining effective internal controls;
- our ability to comply with data protection laws and regulations and to maintain the security and confidentiality of personal and other sensitive data of our clients, employees or others;
- telecommunications or technology disruptions or breaches, natural or other disasters, or medical epidemics or pandemics, including the coronavirus strain known as COVID-19;

- our dependence on favorable policies and tax laws that may be changed or amended in a manner adverse to us or be unavailable to us in the future, including as a result of recently adopted tax legislation in the United States, and our ability to effectively execute our tax planning strategies;
- our dependence on revenues derived from clients in the United States and Europe and clients that operate in certain industries, such as the financial services industry;
- our ability to successfully consummate or integrate strategic acquisitions;
- our ability to maintain pricing and employee utilization rates;
- our ability to hire and retain enough qualified employees to support our operations;
- increases in wages in locations in which we have operations;
- our ability to service our defined contribution and benefit plans payment obligations;
- clarification as to the possible retrospective application of a judicial pronouncement in India regarding our defined contribution and benefit plans payment obligations;
- our relative dependence on the General Electric Company, or GE, and our ability to maintain our relationships with divested GE businesses;
- financing terms, including, but not limited to, changes in the London Interbank Offered rate, or LIBOR, including the pending global phase-out of LIBOR, and changes to our credit ratings;
- our ability to meet our corporate funding needs, pay dividends and service debt, including our ability to comply with the restrictions that apply to our indebtedness that may limit our business activities and investment opportunities;
- restrictions on visas for our employees traveling to North America and Europe;
- fluctuations in currency exchange rates between the currencies in which we transact business, primarily the U.S. dollar, Australian dollar, Chinese renminbi, euro, Indian rupee, Japanese yen, Mexican peso, Polish zloty, Romanian leu, Hungarian forint and U.K. pound sterling;
- our ability to retain senior management;
- the selling cycle for our client relationships;
- our ability to attract and retain clients and our ability to develop and maintain client relationships on attractive terms;
- legislation in the United States or elsewhere that adversely affects the performance of business process outsourcing and information technology services offshore;
- increasing competition in our industry;
- our ability to protect our intellectual property and the intellectual property of others;
- deterioration in the global economic environment and its impact on our clients, including the bankruptcy of our clients;
- regulatory, legislative and judicial developments, including the withdrawal of governmental fiscal incentives;
- the international nature of our business;
- technological innovation;

- our ability to derive revenues from new service offerings; and
- unionization of any of our employees.

Although we believe the expectations reflected in the forward-looking statements are reasonable at the time they are made, we cannot guarantee future results, level of activity, performance or achievements. Achievement of future results is subject to risks, uncertainties, and potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements. We undertake no obligation to update any of these forward-looking statements after the date of this filing to conform our prior statements to actual results or revised expectations. You are advised, however, to consult any further disclosures we make on related subjects in our Forms 10-Q and Form 8-K reports to the SEC.

In this Annual Report on Form 10-K, we use the terms “Genpact,” “Company,” “we” and “us” to refer to Genpact Limited and its subsidiaries. Our registered office is located at Victoria Place, 5<sup>th</sup> Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.

## PART I

### Item 1. Business

## About Genpact

Genpact is a global professional services firm that makes business transformation real. We drive digital-led innovation and run digitally-enabled intelligent operations for our clients, guided by our experience over time running thousands of processes for hundreds of Fortune Global 500 clients. We have more than 96,500 employees serving clients in key industry verticals from more than 30 countries. Our 2019 total net revenues were \$3.5 billion.

In 2019, we continued to follow a strategy focused on delivering differentiated, domain-led solutions that create value for our clients. During the year we made acquisitions in two focus areas – financial crimes and risk, and experience-led transformation – and continued to invest in our existing digital capabilities and domain expertise, all in an effort to accelerate the business outcomes we can drive for our clients.

## Our approach

We use our **Smart Enterprise Processes<sup>SM</sup> (SEP)** — a patented and highly granular approach to dramatically improving the performance of business processes – to help drive outcomes for our clients by making their business processes more efficient and effective. SEPs, and their more recent evolution, **Digital SEPs**, combine Lean Six Sigma methodologies – which reduce waste and inefficiency and improve process quality – with advanced digital technologies, experience-centric principles and our deep expertise in how businesses run. Our SEPs test the effectiveness of client processes using best-in-class benchmarks we have developed by mapping and analyzing hundreds of millions of client transactions across thousands of end-to-end business processes. In this way, we identify opportunities for improving client processes and technologies, and we apply our deep process knowledge and process-centric technology to transform them. Our Digital SEPs build on our SEP framework by adding domain-specific digital products and solutions that draw on our expertise in Artificial Intelligence (AI), mobility, dynamic workflow, advanced visualization, robotics, experience design and machine learning.

**Genpact Cora** integrates our proprietary automation, analytics, and AI technologies into a unified platform. It draws insights from our deep domain and operations expertise in our target industries and service lines, and allows us to create solutions focused on improving customer and user experience. Our teams use Genpact Cora to embed the latest technologies along with our deep domain knowledge into our solutions to accelerate our clients' digital transformations.

## Domain-led digital transformation

Our clients operate in increasingly complex business environments, driven by an explosion in technology opportunities, new and disruptive competitors, and shifting market dynamics. Companies need to reimagine their business models and adapt to rapid change.

These organizations seek partners that can improve productivity while creating competitive advantages and driving business outcomes, such as expanded market share, seamless customer experiences, increased revenue, working capital improvement, increased profitability, and minimized risk and loss. We believe our approach to business transformation, enabled through combining our deep industry and process expertise with our advanced skills in digital and analytics, differentiates us from our competitors.

Our **Innovation Centers** in Bangalore and Delhi, India, Boston and Palo Alto, United States, and Netanya, Israel help clients learn about how new digital solutions can drive business outcomes. We use these innovation centers to bring together clients, partners, and other industry leaders for brainstorming and hackathon-style workshops. As part of this process, we apply design thinking to make the most of human capabilities, domain expertise, and innovative technology, and create solutions that quickly and aptly meet client objectives. The results can include quick-turnaround prototypes that clients can install and test in their own environments.

We enable domain-led digital transformation for our clients primarily in two ways: designing and running **Intelligent Operations**<sup>SM</sup> and providing digital-led **Transformation Services**.

### Intelligent Operations

Our Intelligent Operations embed digital and advanced analytics into our business process outsourcing solutions to automate and transform our clients' operations. This allows enterprises to be more flexible and helps them focus on what they need to do to better compete in their industries.

### Transformation Services

Our transformation services include our digital products, services and solutions, consulting services, and analytics offerings.

**Digital:** Through our portfolio of digital products, we help our clients harness the power of digital. Our Genpact Cora platform helps us design and implement our digital solutions, making use of advanced technologies, AI, robotic process automation and dynamic workflow.

**Consulting:** Our consulting practice, which includes digital experts, helps clients:

- Get a complete picture of how they run their operations across their organization in our areas of focus;
- Measure how their operating processes compare to industry best practices;
- Create custom roadmaps to help them drive business outcomes; and
- Train client teams to execute on our recommendations.

**Analytics:** We use advanced analytics and data engineering to help our clients make timely, informed and fact-based decisions. We offer analytics services and solutions in areas where we have domain expertise, both on a standalone basis and embedded in our other service offerings. We use quantitative and qualitative methods to analyze a client's data to help them assess new business opportunities, manage risk, and make better business decisions.

We are also building and driving solutions around experience-led transformation. Using human-centric design, we help clients build new products and services, create digital workspaces, and drive customer, client, employee and partner engagement. We significantly expanded our capabilities in this space in 2019 with the acquisition of Rightpoint Consulting, LLC, which builds on existing capabilities gained from our previous acquisitions of TandemSeven, Inc. and Endeavour Software Technologies Private Limited and adds valuable expertise that we believe will position us to meet evolving client demand for experience-led transformation.

## Our service offerings

For clients across our chosen industry verticals, we offer the following professional services:

- Finance and accounting services;
- Core industry operations specific to our chosen industry verticals;
- Sourcing, procurement and supply chain services; and
- IT services.

### Finance and accounting

We believe we are one of the world's premier providers of financial and accounting services. Our services in this area include:

**Accounts payable:** document management, invoice processing, approval and resolution management, and travel and expense processing;

**Invoice-to-cash:** customer master data management, credit and contract management, fulfillment, billing, collections, and dispute management services;

**Record to report:** accounting, treasury, tax services, product cost accounting, and closing and reporting, including SEC and regulatory reporting;

**Enterprise performance management:** budgeting, forecasting, and business performance reporting; and

**Enterprise risk and compliance:** operational risk and controls across a wide range of regulatory environments.

### Core industry operations

We help our clients design, transform and run core enterprise operations specific to their industries. On the foundation of domain expertise embedded in our SEP frameworks, we use our Lean Digital approach to leverage digital technologies and specialized analytics to power Intelligent Operations. We provide core operations support in all of our chosen industry verticals.

### Sourcing, procurement and supply chain services

We offer direct and indirect strategic sourcing, category management, spend analytics, procurement operations, master data management, and other procurement and supply chain advisory services.

We use our expertise in this area to help clients transform and run sourcing strategies across expense categories, drive process compliance and realize significant cost reduction in their businesses. Using our **Lean Digital** approach and best-in-class SEPs, we help clients improve productivity and their customers' experiences by:

- Improving sourcing and procurement processes;
- Optimizing inventory management and the overall supply chain;
- Automating processes, such as order management;
- Integrating separate technology systems and aggregating data from disparate data sources; and
- Providing a single dashboard to see metrics in one place.

### IT services

Our IT services include end-user computing support, infrastructure management, application production support, and database management. We provide support in more than 25 languages.



**Monitoring and management:** We help our clients monitor and manage their data centers, servers, storage, emails, networks, databases, applications, and end-user devices.

**Infrastructure management:** We offer cloud infrastructure services, IT service integration and management and cybersecurity services.

**Business intelligence and data warehousing:** We leverage our deep domain and process expertise to help clients with business intelligence and big data, enterprise resource planning, quality assurance, technology integration, and business intelligence reporting.

## Industries we serve

We work with clients across our chosen industry verticals, which are areas in which we believe we have deep industry acumen. Our chosen industry verticals, which are also our three reportable segments, are: (1) Banking, Capital Markets and Insurance, or BCMI, (2) Consumer Goods, Retail, Life Sciences and Healthcare, or CGRLH, and (3) High Tech, Manufacturing and Services, or HMS.

Organizing our business by industry verticals allows us to leverage our deep domain knowledge specific to our chosen industries and create, replicate and standardize innovative solutions for clients in the same industries. In addition to our professional services, such as finance and accounting, that are available to clients across our verticals, we offer core industry-specific services to clients in select verticals.

### Banking, Capital Markets and Insurance

Our banking and capital markets clients include retail, investment and commercial banks, mortgage lenders, equipment and lease financing providers, investment banks, wealth and asset management firms, broker/dealers, exchanges, clearing and settlement organizations and other financial services companies. Our core operations services for these clients include application processing, collections and customer services, equipment and auto loan servicing, mortgage origination and servicing, risk management and compliance services, reporting and monitoring services, wealth management operations support, end-to-end information technology services, application development and maintenance, managed services, risk management and compliance services, and consulting.

Our core operations services for clients in the insurance industry vertical – such as property and casualty insurers, life and annuities insurers, reinsurance providers and insurance brokerage firms – include underwriting, claims management, regulatory reporting, risk and catastrophe modelling, and customer segmentation and loyalty.

### Consumer Goods, Retail, Life Sciences and Healthcare

Our consumer goods and retail clients include companies in the food and beverage, household goods, apparel, personal goods and consumer health industries as well as grocery chains and other retailers. The core operations services we provide to these clients include supply chain management, order management, trade promotion optimization, and supplier risk management.

Our life sciences and healthcare clients include pharmaceutical, medical technology and biotechnology companies as well as healthcare payers (health insurers) and providers and pharmacy benefit managers. Our core operations services for life sciences clients include regulatory affairs services, such as lifecycle management, regulatory operations, Chemistry Manufacturing Controls compliance, safety and pharmacovigilance, and regulatory information management. Our services for healthcare clients include managing the end-to-end lifecycle of a claim, from claims processing and adjudication to claims recovery and payment integrity.

## High Tech, Manufacturing and Services

Our clients in the high tech industry vertical include companies in the electronics, software and technology sectors. The core operations services we provide to these clients include industry-specific solutions for the Industrial Internet of Things (IIoT), order and supply chain management, digital content management and risk management.

Our manufacturing and services clients include companies in the automotive, chemicals, energy, hospitality, manufacturing, media and entertainment, and transportation and logistics sectors. Our core operations solutions for these clients include industry-specific solutions for the IIoT, aftermarket services support, industrial asset optimization, engineering services covering the complete product lifecycle from concept to release and sustaining engineering, supply chain management, direct procurement and logistics services.

## Our clients

We serve more than 700 clients across many industries and geographies. Our clients include some of the biggest brands in the world, many of which are leaders in their industries.

### GE

GE has been our largest client since our inception and accounted for \$478.1 million, or approximately 13.6%, of our total net revenues in 2019. We serve several of GE's business units, including Aviation, Corporate, Healthcare, Industrial Finance, Lighting, Power and Renewables.

We provide broad services to GE across all of our service offerings. Commitments with respect to services we may perform for GE are set forth in statements of work, or SOWs, purchase orders and business services agreements, or BSAs, that we may enter into with individual GE business units from time to time. These SOWs, purchase orders and BSAs cover in more detail the type of work to be performed and the associated amounts to be billed. In general, each GE business unit decides whether to enter into a SOW, purchase order or BSA with us and on what terms it will do so. Therefore, although some decisions may be made centrally at GE, our revenues from GE come from many different businesses, each with its own leader who makes decisions about our services.

### Global clients

We serve about one fourth of the Fortune Global 500. Our clients include industry leaders such as Anheuser-Busch InBev, Bridgewater, Canon, Citigroup, Kraft Heinz, Liberty Mutual Insurance, McKesson, Mondelez, Novartis and Walgreens Boots Alliance.

Our net revenues from our clients other than GE, which we refer to as our Global Clients, have grown from \$1.8 billion in 2014 to \$3.0 billion in 2019, representing a compound annual growth rate of 10.9%. Our net revenues from Global Clients as a percentage of total net revenues increased from approximately 79.6% in 2014 to approximately 86.4% in 2019. See Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations—Classification of Certain Net Revenues."

Our contracts with clients for Intelligent Operations services often take the form of a master services agreement, or MSA, which is a framework agreement that we then supplement with SOWs. For transformation services, we typically enter into software-as-a-service and/or consulting agreements with our clients depending on the scope of the services to be performed. For more about our contracting frameworks, see Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Net Revenues."

## Our people

Our people are critical to the success of our business. We have created, and constantly reinforce, a culture that emphasizes collaboration, innovation, process improvement, and dedication to our clients. We seek to foster a culture that wins clients, develops leaders and attracts and retains talent who exhibit our core values – curiosity, incisiveness and courage – and who uphold our dedication to integrity consistent with our Code of Ethical Business Conduct. We are committed to the career development of our employees and making them future-ready. To that end, we have developed a learning infrastructure that allows our people to continuously source and absorb knowledge and adapt to an ever-changing world by cultivating and sustaining skills necessary to thrive in the age of AI, fill in the talent gap and drive real-world innovation at scale for our clients. Our performance management approach supports our career philosophy by encouraging employees to reflect on their performance, set challenging goals, identify their development needs and find relevant learning and training opportunities.

As of December 31, 2019, we had approximately 96,500 employees working in more than 30 countries.

## Partnerships and alliances

We continue to invest in and expand our strategic alliances with companies whose services and solutions complement ours. Together, we work to enhance our existing solutions or create new offerings to meet market needs.

Our alliances generally fall into one of the following categories:

- Strategic, go-to-market partnerships
- Deal-specific relationships to jointly solve a specific issue for a client
- Digital and other “white label” embedded technology-based relationships

We have three primary types of partners: consulting partners, digital partners, and solution partners. Our digital and solution partnerships aim to nurture relationships with established and emerging players. These potential partners specialize in leading-edge disruptive digital technologies and solutions that we can embed into our offerings or jointly bring to market.

## Corporate social responsibility

Genpact’s approach to corporate social responsibility focuses on three pillars that reflect our strengths, core expertise, and causes that our employees care about:

- Education and employability
- Gender diversity and inclusion
- Sustainability

We foster a culture of giving and volunteering through several global platforms, projects, and social initiatives. Our more than 45,000 employee volunteers have, among other things, helped underprivileged children get better access to education, assisted unemployed women in developing job skills and finding jobs, and worked on projects to help improve infrastructure and education in the communities in which we work and live. Additionally, more than 10,000 of our employees participate in our payroll-based charitable donation programs.

## Sales and marketing

We market our services to both existing and potential clients through our business development team and our lead client partners and global relationship managers. Members of this team are based around the globe, including in the United States, Europe, Australia and Asia, and dedicate their time to expanding the services we provide to our existing clients as well as acquiring new clients.

We have designated lead client partners and global relationship managers for each of our strategic client relationships. The client partners and global relationship managers are supported by digital and analytics, process improvement, quality, transition, finance, human resources, information technology and industry/product subject matter expert teams to ensure the best possible solution is provided to our clients. We constantly measure our client satisfaction levels to ensure that we maintain high service levels for each client, using measures such as the Net Promoter Score. Our sales force is primarily organized by industry vertical teams that are supported by horizontal service offerings.

The length of our selling cycle varies depending on the type of engagement. The sales cycle for project work is typically much shorter than the sales cycle for a large business process engagement. Our efforts may begin in response to our lead generation program, a perceived opportunity, a reference by an existing client, a request for proposal or otherwise. In addition to our business development personnel, the sales effort involves people from the relevant service areas, people familiar with that prospective client's industry and business leaders. We may expend substantial time and resources in securing new business. See Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Net Revenues."

As our relationship with a client grows, the time required to win an engagement for additional services often gradually declines. In addition, as we become more knowledgeable about a client's business and processes, our ability to identify opportunities to create value for the client typically increases. For example, greater business impact, including productivity benefits, can often be achieved by applying our Lean Digital<sup>SM</sup> approach and SEPS<sup>SM</sup> methodology, by focusing on processes that are "upstream" or "downstream" from the processes we initially handle, or by applying our transformation services capabilities to reimagine processes.

We also strive to foster relationships between our senior leadership team and our clients' senior management. These "C-level" relationships ensure that both parties are focused on establishing priorities, aligning objectives and driving client value from the top down. High-level executive relationships represent particularly constructive means of increasing business from our existing clients. It also provides us with a forum for addressing client concerns. Our governance methodology is designed to ensure that we are well connected at all levels of our clients' organizations (executive, management and operations).

Significant new business opportunities are reviewed by business leaders, lead client partners and global relationship managers from the applicable industry vertical along with operations personnel and members of our finance department. If they determine that the new business is aligned with our strategic objectives and a good use of our resources, then our business development team is authorized to pursue the opportunity.

## Global delivery

We serve our clients using our global network of 93 delivery centers in 21 countries. We have delivery centers in Australia, Brazil, China, Costa Rica, Egypt, Germany, Guatemala, Hungary, India, Israel, Italy, Japan, Malaysia, Mexico, the Netherlands, the Philippines, Poland, Romania, Slovakia, the United Kingdom and the United States. We also have many employees in these and additional countries, such as Canada, Ireland, Portugal, Singapore, Spain and Turkey, who work with our clients either onsite or virtually, which offers flexibility for both clients and employees.

With this global network, we are able to manage complex processes around the world. We use different locations for different types of services depending on client needs and the mix of skills and cost of employees at each location.

Our global delivery model gives us:

- multilingual capabilities;
- access to a larger talent pool;
- “near-shoring” as well as off-shoring capabilities to take advantage of time zones; and
- proximity to our clients through a significant onshore presence.

We also regularly look for new places to open delivery centers and offices, both in new countries or new cities in countries where we already have a presence. Before we choose a new location, we consider several factors, such as the talent pool, infrastructure, government support, operating costs, and client demand.

### Service delivery model

We seek to be a seamless extension of our clients’ operations. To that end, we developed the **Genpact Virtual Captive<sup>SM</sup>** service delivery model, in which we create a virtual extension of our clients’ teams and environments. Our clients get dedicated employees and management, as well as dedicated infrastructure at our delivery centers. We also train our teams in our clients’ cultures, processes, and business environments.

## Intellectual Property

The solutions we offer our clients often include a range of proprietary methodologies, software, and reusable knowledge capital. We also develop intellectual property in the course of our business and our agreements with our clients regulate the ownership of such intellectual property. We seek to protect our intellectual property and our brand through various means, including by agreement and applications for patents, trademarks, service marks, copyrights and domain names. Some of our intellectual property rights are trade secrets and relate to proprietary business process enhancements.

We often use third-party and client software platforms and systems to provide our services. Our agreements with our clients normally include a license to use the client’s proprietary systems to provide our services. Clients authorize us to access and use third party software licenses held by the client so that we may provide our services.

It is our practice to enter into agreements with our employees and independent contractors that:

- ensure that all new intellectual property developed by our employees or independent contractors in the course of their employment or engagement is assigned to us;
- provide for employees’ and independent contractors’ cooperation in intellectual property protection matters even if they no longer work for us; and
- include a confidentiality undertaking by our employees and independent contractors.

## Competition

We operate in a highly competitive and rapidly evolving global market. We have a number of competitors offering services that are the same as or similar to ours. Our competitors include:

- large multinational service providers, primarily accounting and consulting firms, that provide consulting and other professional services;
- companies that are primarily business process service providers operating from low-cost countries, most commonly India;
- companies that are primarily information technology service providers with some business process service capabilities; and
- smaller, niche service providers that provide services in a specific geographic market, industry or service area, including digital.

We may also face losses or potential losses of business when in-house departments of companies use their own resources rather than engage an outside firm for the types of services and solutions we provide.

Our revenues are derived primarily from *Fortune* Global 500 and *Fortune* 1000 companies. We believe that the principal competitive factors in our industry include:

- skills and capabilities;
- technical and industry expertise;
- innovative service and product offerings, including digital offerings;
- ability to add value, including through continuous process improvement;
- reputation and client references;
- contractual terms, including competitive pricing;
- scope of services;
- quality of services and solutions;
- ability to sustain long-term client relationships; and
- global reach and scale.

Our clients typically retain us on a non-exclusive basis.

## Regulation

We are subject to regulation in many jurisdictions around the world as a result of the complexity of our operations and services, particularly in the countries where we have operations and where we deliver services. We are also subject to regulation by regional bodies such as the European Union, or EU.

In addition, the terms of our service contracts typically require that we comply with applicable laws and regulations. In some of our service contracts, we are contractually required to comply even if such laws and regulations apply to our clients, but not to us, and sometimes our clients require us to take specific steps intended to make it easier for them to comply with applicable requirements. In some of our service contracts, our clients undertake the responsibility to inform us about laws and regulations that may apply to us in jurisdictions in which they are located.

If we fail to comply with any applicable laws and regulations, we may face restrictions on our ability to provide services, and may also be the subject of civil or criminal actions involving penalties, any of which could have a material adverse effect on our operations. Our clients generally have the right to terminate our contracts for cause in the event of regulatory failures, subject in some cases to notice periods. See Item 1A—“Risk Factors—Risks Related to our Business—Our global operations expose us to numerous and sometimes conflicting legal and regulatory requirements, and violations of these laws and regulations could harm our business.” If we fail to comply with contractual commitments to facilitate our clients’ compliance, we may be liable for contractual damages, and clients in regulated industries may be less willing to use our services.

We are affected by laws and regulations in the United States, the United Kingdom, the EU and its member states, and other countries in which we do business that are intended to limit the impact of outsourcing on employees in those jurisdictions, and occasional changes to laws and regulations in such jurisdictions may impose changes that further restrict or discourage offshore outsourcing or otherwise harm our business. See Item 1A—“Risk Factors—Risks Related to our Business—Future legislation or executive action in the United States and other jurisdictions could significantly affect the ability or willingness of our clients and prospective clients to utilize our services.”

Our collection, use, disclosure and retention of personal health-related and other information is subject to an array of privacy, data security, and data breach notification laws and regulations that change frequently, are inconsistent across the jurisdictions in which we do business, and impose significant compliance costs. In the United States, personal information is subject to numerous federal and state laws and regulations relating to privacy, data security, and breach notification, including, for example, the Financial Modernization Act (sometimes referred to as the Gramm-Leach-Bliley Act), Health Insurance Portability and Accountability Act, Federal Trade Commission Act, Family Educational Rights and Privacy Act, Communications Act, Electronic Communications Privacy Act, and the California Consumer Privacy Act. All fifty U.S. states and the District of Columbia have implemented separate data security and breach notification laws with which we must comply; in addition, some states have strengthened their existing laws. Some courts have become more willing to allow individuals to pursue claims in data breach cases, indicating that it may become easier for consumers to sue companies for data breaches. Related laws and regulations govern our direct marketing activities and our use of personal information for direct marketing, including the Telemarketing and Consumer Fraud and Abuse Prevention Act, Telemarketing Sales Rule, Telephone Consumer Protection Act and rules promulgated by the Federal Communications Commission, and CAN-SPAM Act. In 2018, the Clarifying Lawful Overseas Use of Data, or CLOUD, Act established new required processes and procedures for handling U.S. law enforcement requests for data that we may store outside of the U.S. In the EU, the General Data Protection Regulation, or the GDPR, went into effect in May 2018. The GDPR supersedes EU member states’ national protection laws and imposes privacy and data security compliance obligations and increased penalties for noncompliance. In particular, the GDPR has introduced numerous privacy-related changes for companies operating in the EU, including greater control for data subjects, increased data portability for EU consumers, data breach notification requirements and increased fines. GDPR enforcement has begun, and companies have faced fines for violations of certain provisions. Fines can reach as high as 4% of a company’s annual total revenue, potentially including the revenue of a company’s international affiliates. Additionally, foreign governments outside of the EU are also taking steps to fortify their data privacy laws and regulations. For example, India, as well as some countries in Latin America and Asia, are considering GDPR-like data protection laws. Evolving laws and regulations in India protecting the use of personal information could also impact our engagements with clients, vendors and employees in India. As privacy laws and regulations around the world continue to evolve, these changes could adversely affect our business operations, websites and mobile applications that are accessed by residents in the applicable countries.

In the United States, we are either directly subject to, or contractually required to comply or facilitate our clients' compliance with, laws and regulations arising out of our work for clients operating there, especially in the area of banking, financial services and insurance, such as the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act, the Fair and Accurate Credit Transactions Act, the Right to Financial Privacy Act, the Bank Secrecy Act, the USA PATRIOT Act, the Bank Service Company Act, the Home Owners Loan Act, the Electronic Funds Transfer Act, the Equal Credit Opportunity Act, and regulation by U.S. agencies such as the SEC, the Federal Reserve, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Commodity Futures Trading Commission, the Federal Financial Institutions Examination Council, the Office of the Comptroller of the Currency, and the Consumer Financial Protection Bureau.

Because of our debt collections work in the United States, we are also regulated by laws such as the Truth in Lending Act, the Fair Credit Billing Act, the Fair Debt Collection Practices Act, the Telephone Consumer Protection Act and related regulations. We are currently licensed to engage in debt collection activities in all jurisdictions in the United States where licensing is required. U.S. banking and debt collection laws and their implementing regulations are occasionally amended, and these changes may impose new obligations on us or may change existing obligations.

Because of our insurance processing activities in the United States, we are currently licensed as a third-party administrator in 41 states and are regulated by the department of insurance in each such state. In two other states, we qualify for regulatory exemption from licensing based on the insurance processing activities we provide.

In the United States, we are subject to laws and regulations governing foreign trade, such as export control, customs and sanctions regulations maintained by government bodies such as the Commerce Department's Bureau of Industry and Security, the Treasury Department's Office of Foreign Assets Control, and the Homeland Security Department's Bureau of Customs and Border Protection. Other jurisdictions, such as the EU, also maintain similar laws and regulations that apply to some of our operations.

Several of our service delivery centers, primarily located in India, China, the Philippines and Guatemala, benefit from tax incentives or concessional rates provided by local laws and regulations. The Indian Special Economic Zones Act of 2005, or SEZ legislation, introduced a tax holiday in certain situations for operations established in designated "special economic zones," or SEZs. The SEZ tax benefits are available only for new business operations that are conducted at qualifying SEZ locations. We cannot predict what percentage of our operations or income in India or other jurisdictions in future years will be eligible for a tax holiday. See Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Income Taxes." In addition to the tax holidays described above, certain benefits are also available to us as an information technology enabled service (ITES) company under certain Indian state and central laws. These benefits include rebates and waivers in relation to payments for the transfer or registration of property (including for the purchase or lease of premises), waivers of conversion fees for land, exemption from state pollution control requirements, entry tax exemptions, labor law exemptions, commercial usage of electricity and incentives related to the export of qualified services.

Our hedging activities and currency transfer are restricted by regulations in certain countries, including India, Romania and China.

#### **Certain Bermuda Law Considerations**

As a Bermuda company, we are also subject to regulation in Bermuda. Among other things, we must comply with the provisions of the Companies Act 1981 of Bermuda as amended, or the Companies Act, regulating the declaration and payment of dividends and the making of distributions from contributed surplus.



We are classified as a non-resident of Bermuda for exchange control purposes by the Bermuda Monetary Authority. Pursuant to our non-resident status, we may engage in transactions in currencies other than Bermuda dollars. There are no restrictions on our ability to transfer funds in and out of Bermuda or to pay dividends to United States residents that are holders of our common shares.

Under Bermuda law, “exempted” companies are companies formed for the purpose of conducting business outside Bermuda. As an exempted company, we may not, without a license granted by the Minister of Finance, participate in certain business transactions, including transactions involving Bermuda landholding rights and the carrying on of business of any kind, for which we are not licensed in Bermuda.

In 2019, Bermuda also instituted economic substance requirements pursuant to the Economic Substance Act 2018, as amended, and the regulations issued thereunder, which requires us to have adequate economic substance in Bermuda in relation to certain of our activities.

## Organizational structure

We conduct our business primarily through direct and indirect subsidiaries of our parent company, Genpact Limited, which is a Bermuda exempted limited company.

Our business was initially conducted through various entities and divisions of GE. We began operating as an independent company in 2004, when GE spun off our operations and sold indirect interests in us to our initial investors. In 2007, we completed our initial public offering. In 2012, affiliates of Bain Capital Investors, LLC, or Bain Capital, acquired the majority of the remaining interests held by our initial investors which represented approximately 26% of our outstanding shares at that time. Following a series of sales from 2017 to 2019, Bain Capital and its affiliates no longer own any of our outstanding equity.

## Available Information

We file current and periodic reports, proxy statements, and other information with the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, at [www.sec.gov](http://www.sec.gov). We make available free of charge on our website, [www.genpact.com](http://www.genpact.com), our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The contents of our website are not incorporated by reference into this Annual Report.

## Information about our executive officers

The following table sets forth information concerning our executive officers as of March 2, 2020:

Name	Age	Position(s)
N.V. Tyagarajan	58	President, Chief Executive Officer and Director
Edward Fitzpatrick	53	Senior Vice President, Chief Financial Officer
Patrick Cogny	53	Senior Vice President, High Tech, Manufacturing and Services
Balkrishan Kalra	50	Senior Vice President, Consumer Goods, Retail, Life Sciences and Healthcare
Piyush Mehta	51	Senior Vice President, Chief Human Resources Officer
Darren Saumur	52	Senior Vice President, Global Operating Officer
Kathryn Stein	42	Senior Vice President, Chief Strategy Officer and Business Leader, Enterprise Services
Heather White	47	Senior Vice President, General Counsel and Corporate Secretary

**N.V. Tyagarajan** has served as our President and Chief Executive Officer since June 2011. From February 2009 to June 2011, he was our Chief Operating Officer. From February 2005 to February 2009, he was our Executive Vice President and Head of Sales, Marketing and Business Development. From October 2002 to January 2005, he was Senior Vice President, Quality and Global Operations, for GE's Commercial Equipment Finance division. Between 1999 and 2002, he served as our Chief Executive Officer.

**Edward Fitzpatrick** has served as our Chief Financial Officer since July 2014. Prior to joining Genpact, he spent 13 years at Motorola Solutions Inc. and its predecessor company Motorola Inc., most recently serving as executive vice president and Chief Financial Officer. Prior to Motorola, he worked at General Instrument Corporation, which was acquired by Motorola Inc., and Price Waterhouse, LLP. Mr. Fitzpatrick also currently serves as a director of CBOE, Inc.

**Patrick Cogny** has served as our Senior Vice President, Manufacturing and Services since September 2011 and has also been responsible for our High Tech business since January 2017. From 2005 to August 2011, he was the Chief Executive Officer of Genpact Europe. Prior to this, he spent 15 years working for GE in the Healthcare business and in the GE Europe corporate headquarters, in France, the United States and Belgium.

**Balkrishan Kalra** has served as our Senior Vice President, Consumer Goods, Retail and Life Sciences since 2008 and has also been responsible for our Healthcare business since 2016. Prior to this, he held various roles at Genpact since joining us in 1999.

**Piyush Mehta** has served as our Senior Vice President, Chief Human Resources Officer since March 2005. He has worked for us since 2001, initially as Vice President of Human Resources.

**Darren Saumur** has served as our Senior Vice President, Global Operating Officer since April 2018. Prior to joining Genpact, he was an executive vice president responsible for the services business at Infor from 2014 to 2018. From 2005 to 2014, he worked at SAP where he ran SAP's global consulting businesses. Mr. Saumur began his career at Ernst & Young, where he worked from 1991 to 2005.

**Kathryn Stein** has served as our Senior Vice President, Chief Strategy Officer since December 2016 and has also been responsible for our Enterprise Services business since February 2019. Prior to joining Genpact, Ms. Stein was at Mercer for six years, most recently as a Partner and Market Business Leader. Before Mercer, she worked with Boston Consulting Group, the Center for Strategic and International Studies and MarketBridge Consulting.

**Heather White** has served as our Senior Vice President, General Counsel and Corporate Secretary since April 2018. Ms. White has been with Genpact since 2005, and served most recently as our Senior Vice President and Deputy General Counsel. Prior to joining Genpact, she was a corporate attorney in the New York and London offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP.

## Item 1A. Risk Factors

### Risks Related to our Business

***Our success largely depends on our ability to achieve our business strategies, and our results of operations and financial condition may suffer if we are unable to continually develop and successfully execute our strategies.***

Our future growth, profitability and cash flows largely depend upon our ability to continually develop and successfully execute our business strategies. While we have confidence that our strategic plans reflect opportunities that are appropriate and achievable, the execution of our strategy may not result in long-term growth in revenue or profitability due to a number of factors, including incorrect assumptions, global or local economic conditions, competition, changes in the industries in which we operate, sub-optimal resource allocation or any of the other risks described in this “Risk Factors” section. In pursuit of our growth strategy, we may also invest significant time and resources into new product or service offerings, and these offerings may fail to yield sufficient return to cover our investments in them. The failure to continually develop and execute optimally on our business strategies could have a material adverse effect on our business, financial condition and results of operations.

***We could be liable to our clients or others for damages, subject to criminal liability, fines or penalties, and our reputation could be damaged, if our information systems are breached or confidential or sensitive client or employee data is compromised.***

We are often required to collect, process and store proprietary, personally identifying or other sensitive or confidential client data in the operation of our business or in connection with the services we provide under our contracts, including, for example, names, address, social security numbers, personal health information, credit card account numbers, payment history records, and checking and savings account numbers. In addition, we collect, process and store data regarding our employees and contractors. As a result, we are subject to numerous data protection and privacy laws and regulations designed to protect this information in the countries in which we operate as well as the countries of residence of the persons whose data we process. Data may be accessed, disclosed or modified improperly as a result of theft, error or malfeasance by our employees, contractors or other third parties, and others may attempt to fraudulently induce our employees, clients or other third parties into disclosing sensitive information such as user names, passwords or other information in order to gain access to our data or IT systems or our clients', contractors' or other third parties' data or IT systems. If any person, including any of our current or former employees or contractors, negligently disregards or intentionally breaches our or our clients' established controls with respect to sensitive data or if we do not adapt to changes in data protection legislation, we could be subject to significant litigation, monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions.

In addition, the products, services and software that we provide to our clients, or the third-party components we use to provide such products, services and software, may contain or introduce cybersecurity threats or vulnerabilities to our clients' information technology networks, intentionally or unintentionally. Our clients may maintain their own proprietary, sensitive, or confidential information that could be compromised in a cybersecurity attack, or their systems may be disabled or disrupted as a result of such an attack. Our clients, regulators, or other third parties may attempt to hold us liable, through contractual indemnification clauses or directly, for any such losses or damages resulting from such an attack.

The threat of incursion into our information systems and technology infrastructure has increased and evolved in recent years with the increasing number and sophistication of third parties who have hacked, attacked, disrupted or otherwise invaded information systems of other companies and have misappropriated or disclosed data. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, we may be unable to anticipate these techniques, detect when an incursion has occurred or implement adequate preventative and responsive measures. The steps we have taken to protect our data security may be inadequate. If an actual or perceived breach of our security occurs, whether through breach of our computer systems, systems failure (including due to aged IT systems or infrastructure) or otherwise, the market perception of the effectiveness of our security measures and our reputation could be harmed and we could lose existing or potential clients. Media or other reports of perceived breaches or weaknesses in our systems,

products or networks, even if nothing has actually been attempted or occurred, could also adversely impact our brand and reputation and materially affect our business.

In addition, we may not be able to prevent others from using our data and proprietary information to compete with us. Existing trade secret, copyright and trademark laws offer only limited protection. In addition, the laws of some foreign countries may not protect our data and proprietary information. For example, doing business in certain jurisdictions poses risks, including but not limited to theft of intellectual property and data and potentially different treatment of foreign owned intellectual property rights and data than that owned or developed in such jurisdictions. If we have to resort to legal proceedings to enforce our rights, the proceedings could be burdensome, protracted and expensive and could involve a high degree of risk and be unsuccessful.

Our clients, suppliers, subcontractors, and other third parties with whom we do business, including in particular cloud service providers and software vendors, generally face similar cybersecurity threats, and we must rely on the safeguards adopted by these parties. If these third parties do not have adequate safeguards or their safeguards fail, it might result in breaches of our systems or applications and unauthorized access to or disclosure of our and our clients' confidential data. In addition, we are regularly alerted to vulnerabilities in third-party technology components we use in our business that create vulnerabilities in our environments. We typically are not aware of such vulnerabilities until we receive notice from the third parties who have created the exposure, and our responses to such vulnerabilities may not be adequate or prompt enough to prevent their exploitation.

We may also be liable to our clients or others for damages caused by disclosure of confidential information or system failures. Many of our contracts do not limit our potential liability for breaches of confidentiality. We may also be subject to civil actions and criminal prosecution by governments or government agencies for breaches relating to such data. Our insurance coverage or indemnification protections for breaches or mismanagement of such data may not be adequate to cover all costs related to data loss, cybersecurity attacks, or disruptions resulting from such events, or they may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims against us and our insurers may disclaim coverage as to any future claims. The impact of these cybersecurity attacks, data losses, and other security breaches cannot be predicted, but any such attack, loss or breach could disrupt our operations, or the operations of our clients, suppliers, subcontractors, or other third parties. Incidents of this type could require significant management attention and resources, could result in the loss of business, regulatory enforcement and financial liability, and could harm our reputation among our clients and the public, any of which could have a material adverse impact on our financial condition, results of operation, or liquidity.

While we have developed and implemented security measures and internal controls designed to prevent, detect and respond to cyber and other security threats and incidents, such measures cannot guarantee security and may not be successful in preventing security breaches. In the ordinary course of business, we are subject to regular incursion attempts from a variety of sources, and we have experienced data security incidents such as inadvertent or unauthorized disclosures of data, including as a result of phishing or malware, and other unauthorized access to or use of our systems or those of third parties. To date such incidents have not had a material impact on our operations or financial results; however, there is no assurance that such impacts will not be material in the future.

***Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.***

We have delivery centers in more than 20 countries, and our global operations could be disrupted at any time by natural or other disasters, telecommunications failures, power or water shortages, extreme weather conditions (whether as a result of climate change or otherwise), medical epidemics or pandemics and other natural or manmade disasters or catastrophic events. The occurrence of any of these business disruptions could result in significant losses, seriously harm our revenue, profitability and financial condition, adversely affect our competitive position, increase our costs and expenses, and require substantial expenditures and recovery time in order to fully resume operations. In addition, global climate change may result in certain natural disasters occurring more frequently or with greater intensity, such as earthquakes, tsunamis, cyclones, drought, wildfires, sea-level rise, heavy rains and flooding, and any such disaster or series of disasters in areas where we have a concentration of delivery centers, such as India,

could significantly disrupt our operations and have a material adverse effect on our business, results of operations and financial condition.

Our delivery centers and our data and voice communications may also be damaged or disrupted as a result of technical disruptions such as electricity or infrastructure breakdowns, including damage to telecommunications cables, computer glitches and electronic viruses or human-caused events such as protests, riots, labor unrest and cyberattacks. Such events, or any natural or weather-related disaster, could lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our clients, our leadership team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace damaged equipment or delivery centers. Our operations and those of our significant suppliers and distributors could be adversely affected if manufacturing, logistics or other operations in these locations are disrupted for any reason, such as those listed above. Even if our operations are unaffected or recover quickly from any such events, if our customers cannot timely resume their own operations due to a catastrophic event, they may reduce or cancel their orders, which may adversely affect our results of operations. We may also be liable to our clients for disruption in service resulting from such damage or destruction.

Additionally, our business and operations could be materially and adversely affected by the effects of a widespread outbreak of a contagious disease, including the recent outbreak of the respiratory illness caused by a coronavirus strain known as COVID-19 first identified in Wuhan, Hubei Province, China, or any other outbreak of contagious diseases, and other adverse public health developments. Governments, public institutions and other organizations in countries and localities where cases of COVID-19 have been detected are taking certain emergency measures to combat its spread, including implementation of travel bans and closures of factories, schools, public buildings and businesses. While the full impact of this outbreak is not yet known, we are closely monitoring the spread of COVID-19 and continually assessing its potential effects on our business. These effects could include disruptions or restrictions on our employees' and other service providers' ability to travel, as well as temporary closures of our facilities or the facilities of our clients, suppliers, or other vendors in our supply chain. Restrictions on the ability of certain of our employees to travel could affect our ability to sell or render certain services, such as consulting services, and could have an adverse effect on our bookings and revenues from such services. We have operating subsidiaries around the world, including in China, the United States and other countries where cases of COVID-19 have been reported and may be spreading in the community. In particular, we have a large concentration of employees in India and we also have large delivery centers in the United States, and if COVID-19 were to spread widely and suddenly in India, the United States or in any other country where we have a large employee presence or critical operations, it could impair our ability to manage day-to-day service delivery for certain clients or at certain sites and result in, among other things, losses of revenue and inadvertent breaches of our client contracts if a large number of our employees, or a group of employees in the same service line or who serve the same clients, were unable to work at the same time. In addition to the potential direct effects on us of COVID-19 or any similar epidemic or pandemic, we could be materially adversely impacted, including from any disruption to critical vendor services or losses of business, if any of our suppliers or clients face significant business disruptions as a result of COVID-19 or any similar outbreak.

Our business continuity and disaster recovery plans may not be effective at preventing or mitigating the effects of any of the foregoing business disruptions, particularly in the case of a catastrophic event. Prolonged disruption of our services would also entitle our clients to terminate their contracts with us. While we currently have commercial liability insurance, our insurance coverage may not be sufficient. Furthermore, we may be unable to secure such insurance coverage at premiums acceptable to us in the future or at all. Any of the above factors may have a material adverse effect on our business, results of operations and financial condition.

***Our results of operations could be adversely affected by economic and political conditions and the effects of these conditions on our clients' businesses and levels of business activity.***

Global macroeconomic conditions affect our clients' businesses and the markets they serve. Volatile, negative or uncertain economic conditions in our significant markets have in the past undermined and could in the future undermine business confidence in our significant markets or in other markets, which are increasingly interdependent, and cause our clients to reduce or defer their spending on new initiatives, or may result in clients reducing, delaying or eliminating spending under existing contracts with us, which would negatively affect our business. Growth in the markets we serve could be at a slow rate, or could stagnate or contract, in each case, for an extended period of time. Differing economic conditions and patterns of economic growth and contraction in the geographical regions in which we operate and the industries we serve have affected and may in the future affect demand for our services.

A material portion of our revenues and profitability is derived from our clients in North America and Europe. Weak demand in these markets could have a material adverse effect on our results of operations. Additionally, major political events, including the United Kingdom's withdrawal from the European Union, or Brexit, pursuant to a withdrawal agreement, which became effective on January 31, 2020, create uncertainty for businesses that operate in these markets. As the United Kingdom and EU begin to negotiate the terms upon which they will trade with each other following the end of the 11-month Brexit transition period on December 31, 2020, there remains uncertainty on topics that are relevant to our operations in Europe, such as privacy regulations, immigration laws and employment laws. In the medium and long-term, we face uncertainty in our operations as to the impact of Brexit on, among other things, the free movement of our employees between the United Kingdom and EU member states and the movement of data between the United Kingdom and EU member states. Additionally, uncertainty as to the future trade terms between the United Kingdom and the EU could negatively impact our clients who are based or have operations in the United Kingdom or the EU, including clients in the financial services sector, and as a consequence could adversely impact our financial condition and results of operations. Furthermore, a significant portion of our revenues from clients in the United Kingdom is generated in British pounds. As a result, we are exposed to the risk that revenues from clients based in the United Kingdom will be affected by adverse movements in foreign currency exchange rates. We continue to examine the various possible impacts Brexit may have on our business and operating model. Any of these factors, or the possibility of an unfavorable trade agreement between the United Kingdom and the EU following the end of the transition period, could adversely affect global economic conditions and the stability of global financial markets, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

Ongoing economic volatility and uncertainty and changing demand patterns affect our business in a number of other ways, including making it more difficult to accurately forecast client demand and effectively build our revenue and resource plans. Economic volatility and uncertainty is particularly challenging because it may take some time for the effects and changes in demand patterns resulting from these and other factors to manifest themselves in our business and results of operations. Changing demand patterns from economic volatility and uncertainty could have a significant negative impact on our results of operations.

***Our business depends on generating and maintaining ongoing, profitable client demand for our services and solutions, including through the adaptation and expansion of our services and solutions in response to ongoing changes in technology and offerings, and a significant reduction in such demand or an inability to respond to the evolving technological environment could materially affect our results of operations.***

Our revenue and profitability depend on the demand for our services and solutions with favorable margins, which could be negatively affected by numerous factors, many of which are beyond our control and unrelated to our work product. Our success depends, in part, on our ability to continue to develop and implement services and solutions that anticipate and respond to rapid and continuing changes in technology and offerings to serve the evolving needs of our clients. Examples of areas of significant change include digital- and cloud-related offerings, which are continually evolving as developments such as AI, automation, Internet of Things and as-a-service solutions are commercialized. Technological developments such as these may materially affect the cost and use of technology by our clients and, in the case of as-a-service solutions, could affect the nature of how we generate revenue. Some of these technologies, such as cloud-based services, AI and automation, and others that may emerge, have reduced and replaced some of our historical services and solutions and may continue to do so in the future. This has caused, and may in the future cause, clients to delay spending under existing contracts and engagements and to delay entering into new contracts while they evaluate new technologies. Such delays can negatively impact our results of operations if the pace and level of spending on new technologies is not sufficient to make up any shortfall.

Developments in the industries we serve, which may be rapid, also could shift demand to new services and solutions. If, as a result of new technologies or changes in the industries we serve, our clients demand new services and solutions, we may be less competitive in these new areas or need to make significant investment to meet that demand. Our growth strategy focuses on responding to these types of developments by driving innovation that will enable us to expand our business into new growth areas. If we do not sufficiently invest in new technology and adapt to industry developments, or evolve and expand our business at sufficient speed and scale, or if we do not make the right strategic investments to respond to these developments and successfully drive innovation, our services and solutions, our results of operations, and our ability to develop and maintain a competitive advantage and to execute on our growth strategy could be negatively affected.

Companies in the industries we serve sometimes seek to achieve economies of scale and other synergies by combining with or acquiring other companies. If one of our current clients merges or consolidates with a company that relies on another provider for the services and solutions we offer, we may lose work from that client or lose the opportunity to gain additional work if we are not successful in generating new opportunities from the merger or consolidation.

***Tax matters may have an adverse effect on our operations, effective tax rate and financial condition.***

We are subject to income taxes in the United States and in numerous foreign jurisdictions, notably in India where we have substantial operations. Our provision for income taxes, actual tax expense and cash tax liability could be adversely affected by a variety of factors including, but not limited to, lower income before taxes generated in countries with lower tax rates; higher income generated in countries with higher tax rates; changes in tax laws and regulations or in applicable income tax treaties; changes in accounting principles or interpretations thereof or in the valuation of deferred tax assets and liabilities; the possible disappearance or expiration of certain tax concessions that we have enjoyed in prior years; and adverse outcomes of tax examinations and pending tax-related litigation. Any of these factors could have a material adverse effect on our operations, effective tax rate and financial condition.

We are subject to examination of our income tax returns by the U.S. Internal Revenue Service and tax authorities around the world, notably in India where we have substantial operations, and there can be no assurance that negative outcomes from those examinations or any appeals therefrom will not adversely affect our provision for income taxes and cash tax liability, which in turn could have a material adverse effect on our operations, effective tax rate and financial condition. For example, the Government of India has appealed a 2011 ruling by the Delhi High Court that Genpact India Private Limited (one of our



subsidiaries) cannot be held to be a representative assessee of GE in connection with an assertion that GE has tax liability in India by reason of a 2004 transfer of shares of our predecessor company. We believe that, if the Government of India is successful in its appeal, GE would be obligated to indemnify us for any resulting tax, though there can be no assurance as to the outcome of this matter.

In addition, the Government of India issued assessment orders to us in 2014, 2016 and 2019 seeking to assess tax on certain transactions that occurred in 2009, 2013 and 2015. We do not believe that the transactions should be subject to tax in India under applicable law, and have accordingly not provided a reserve for such exposure and have filed the necessary appeals. Although a judgment was rendered in our favor in respect of our appeal related to tax year 2009, the Indian tax authority has partially appealed the judgment in a higher court. We have received demands for potential tax claims resulting from assessments related to tax years 2009, 2013 and 2015 in an aggregate amount of \$154 million, including interest calculated through the date the orders were made. As of March 2, 2020, we have paid a total of \$55 million (including \$4 million in interest) toward these demands to the Indian tax authority under protest, including a payment of \$28 million on February 26, 2020 pursuant to a court order dated February 7, 2020. We may be required to pay the remainder of the demands pending resolution of the matters. Additionally, in the event we do not prevail in our appeals, the total amounts owed in connection with these demands would be subject to additional interest accrued over the period since the demands were made, and the amount of this additional interest could be material. There is no assurance that we will prevail in this matter or similar transactions, and a final determination of tax in the amounts claimed could have a material adverse effect on our operations, effective tax rate and financial condition. See Note 25—"Income taxes" to our consolidated financial statements under Part IV, Item 15—"Exhibits and Financial Statement Schedules" for additional information relating to these matters.

More generally, the Indian tax authorities may claim that Indian tax is owed with respect to certain of our transactions, such as our acquisitions (including our subsidiaries organized under Indian law or owning assets located in India), internal reorganizations and the sale of our shares in public offerings or otherwise by our existing significant shareholders, in which indirect transfers of Indian subsidiaries or assets are involved. Those authorities may seek to impose tax on us directly or as a withholding agent or representative assessee of the seller in these or other transactions.

Furthermore, there is growing pressure in many jurisdictions, including the United States, and from multinational organizations such as the Organization for Economic Cooperation and Development, or the OECD, and the EU to amend existing international tax rules in order to render them more responsive to current global business practices. For example, the OECD has published a package of measures for reform of the international tax rules as a product of its Base Erosion and Profit Shifting, or the BEPS, initiative, which was endorsed by the G20 finance ministers. Many of the initiatives in the BEPS package require amendments to the domestic tax legislation of various jurisdictions. Separately, the EU is asserting that a number of country-specific favorable tax regimes and rulings in certain member states may violate, or have violated, EU law, and may require rebates of some or all of the associated tax benefits to be paid by benefitted taxpayers in particular cases. In 2016, the EU adopted the Anti-Tax Avoidance Directive which requires EU member states to implement measures to prohibit tax avoidance practices.

In addition, in December 2017, the Tax Cuts and Jobs Act became law in the U.S., bringing about far-ranging changes to the existing corporate tax system. This legislation establishes a territorial-style system for taxing foreign-source income of multinational corporations and, among other items and with varying effective dates, includes changes to U.S. federal tax rates, an additional minimum tax measured in part by "base erosion payments" involving certain members of affiliated groups, significant additional limitations on the deductibility of interest, the modification of constructive ownership rules used to determine the status of certain non-U.S. companies as "controlled foreign corporations," and changes to the rules governing taxable and tax-free cross-border transfers of intangible property. Certain provisions in this legislation are unclear or incomplete in their application. While this legislation has not so far had a material overall impact on our effective tax rate or business practices and operations, it is possible that our tax liability may materially increase in the future as a result of this legislation. Other legislative and regulatory proposals may also affect our tax position or our business practices and operations, depending on whether and in what form they may ultimately take effect. See Item 1A—"Risk Factors—Risks Related to our Business—Future legislation or executive action in the United States and other jurisdictions could significantly affect the ability or willingness of our clients and prospective clients to utilize our services."

Although we monitor these developments, it is very difficult to assess to what extent changes and other proposals, if enacted, may be implemented in the United States and other jurisdictions in which we conduct our business or may impact the way in which we conduct our business or our effective tax rate due to their unpredictability and interdependency. As these and other tax laws and related regulations and practices change, those changes could have a material adverse effect on our operations, effective tax rate and financial condition.

***We may be subject to claims and lawsuits for substantial damages by our clients arising out of disruptions to their businesses or our inadequate performance of services.***

We depend in large part on our relationships with clients and our reputation for high-quality services to generate revenue and secure future engagements. Most of our service contracts with clients contain service level and performance requirements, including requirements relating to the quality of our services. Failure to consistently meet service requirements of a client, whether due to: (a) natural or other disasters, telecommunications failures, power or water shortages, extreme weather conditions (whether as a result of climate change or otherwise), medical epidemics, pandemics or other contagious diseases (such as COVID-19) or other natural or manmade disasters or catastrophic events; (b) breach of or incursion into our computer systems (for example, through a ransomware attack); (c) other systems failure, including due to aged IT systems or infrastructure; or (d) errors made by our employees in the course of delivering services to our clients could disrupt the client's business and result in a reduction in our revenues, clients terminating their business relationships with us and/or a claim for damages against us. Additionally, we could incur liability if a process we manage for a client were to result in internal control failures or impair our client's ability to comply with its own internal control requirements. We are also subject to actual and potential claims, lawsuits, investigations and proceedings outside of errors and omissions claims.

Under our MSAs with our clients, our liability for breach of our obligations is generally limited to actual damages suffered by the client and is typically capped at the greater of an agreed amount or the fees paid or payable to us under the relevant agreement. These limitations and caps on liability may be unenforceable or otherwise may not protect us from liability for damages. In addition, certain liabilities, such as claims of third parties for which we may be required to indemnify our clients or liability for breaches of confidentiality, are generally not limited under those agreements. Our MSAs are governed by laws of multiple jurisdictions, therefore the interpretation of such provisions, and the availability of defenses to us, may vary, which may contribute to the uncertainty as to the scope of our potential liability. Although we have commercial general liability insurance coverage, the coverage may not continue to be available on acceptable terms or in sufficient amounts to cover one or more large claims and our insurers may disclaim coverage as to any future claims.

The successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our reputation, business, results of operations and financial condition. It is also possible that future results of operations or cash flows for any particular quarterly or annual period could be materially adversely affected by an unfavorable resolution of these matters. In addition, these matters divert management and personnel resources away from operating our business. Even if we do not experience significant monetary costs, there may be adverse publicity or social media attention associated with these matters that could result in reputational harm, either to us directly or to the industries or geographies we operate in, that may materially adversely affect our business, client or employee relationships. Further, defending against these claims can involve potentially significant costs, including legal defense costs.

***Future legislation or executive action in the United States and other jurisdictions could significantly affect the ability or willingness of our clients and prospective clients to utilize our services.***

In the United States, federal and state measures aimed at limiting or restricting, or requiring disclosure of offshore outsourcing have been occasionally proposed and enacted. In addition, public figures in the United States, including the current President, members of his administration and other elected officials, continue to suggest that U.S. businesses be subjected to tax or other adverse consequences for outsourcing, with incentives for returning outsourced operations to the United States, although it is not known what specific measures might be proposed or how they would be implemented and enforced, or whether emerging or enacted tax reform or other near-term Congressional action will affect companies' outsourcing practices. There can be no assurance that pending or future legislation or executive action in the United States that would significantly adversely affect our business, results of operations, and financial condition will not be enacted.

Legislation enacted in certain European jurisdictions and any future legislation in Europe, Japan or any other country in which we have clients restricting the performance of business process services from an offshore location or imposing burdens on companies that outsource data processing functions could also have a material adverse effect on our business, results of operations and financial condition. For example, evolving EU cloud computing standards and regulations and proposed taxes on outsourced data center activities or new EU and Japanese regulations on international transfers of personal data may limit or restrict our operations, or make them more costly. Moreover, legislation enacted in the United Kingdom and by many EU countries, provides that if a company outsources all or part of its business to a service provider or changes its current service provider, the affected employees of the company or of the previous service provider are entitled to become employees of the new service provider, generally on the same terms and conditions as their original employment. In addition, dismissals of employees who were employed by the company or the previous service provider immediately prior to that outsourcing, if the dismissals resulted solely or principally from the outsourcing, are automatically considered unfair dismissals that entitle such employees to compensation. As a result, in order to avoid unfair dismissal claims we may have to offer, and become liable for, voluntary redundancy payments to the employees of our clients in the United Kingdom and other EU countries who have adopted similar laws who transfer business to us. Additionally, the United Kingdom's decision to leave the EU has introduced uncertainty into trade relations and could result in increased costs, delays, and regulatory complexity in our business involving the United Kingdom.

***Our global operations expose us to numerous and sometimes conflicting legal and regulatory requirements, and violations of these laws and regulations could harm our business.***

We are subject to, or subject to contractual requirements to comply with or facilitate our clients' compliance with, numerous, and sometimes conflicting, legal regimes on matters such as anticorruption, import/export controls, trade restrictions, taxation, immigration, internal and disclosure control obligations, securities regulation, anti-competition, data privacy and protection, wage-and-hour standards, and employment and labor relations. Our clients' business operations are also subject to numerous regulations, and our clients may require that we perform our services in compliance with regulations applicable to them or in a manner that will enable them to comply with such regulations.

The global nature of our operations increases the difficulty of compliance. Compliance with diverse legal requirements is costly, time-consuming and requires significant resources. Violations of one or more of these regulations in the conduct of our business could result in significant fines, criminal sanctions against us and/or our employees, prohibitions on doing business, breach of contract damages and harm to our reputation. Due to the varying degrees of development of the legal systems of the countries in which we operate, local laws may not be well developed or provide sufficiently clear guidance and may be insufficient to protect our rights.

In particular, our collection, use, disclosure, and retention of personal health-related and other information is subject to an array of privacy, data security, and data breach notification laws and regulations that change frequently, are inconsistent across the jurisdictions in which we do business, and impose significant compliance costs. Changes in these laws and regulations and inconsistencies in the standards that apply to our business in different jurisdictions may impose significant compliance costs, reduce the efficiency of our operations, and expose us to enforcement risks. In the United States, the California Consumer Privacy Act, or the CCPA, went into effect in January 2020. The CCPA imposes privacy and data security obligations on companies and provides California consumers with certain rights as data subjects. Several other U.S. states have proposed data privacy laws that impose similar but non-identical obligations. In addition, some states have passed laws imposing increased data security and breach notification obligations on companies operating in the U.S. In the EU, the GDPR imposes privacy and data security compliance obligations and significant penalties for noncompliance. The GDPR presents numerous privacy-related changes for companies operating in the EU, including rights guaranteed to data subjects, requirements for data portability for EU consumers, data breach notification requirements and significant fines for noncompliance. In GDPR enforcement matters, companies have faced fines for violations of certain provisions. Fines can reach as high as 4% of a company's annual total revenue, potentially including the revenue of a company's international affiliates. Additionally, foreign governments outside of the EU are also taking steps to fortify their data privacy laws and regulations. For example, some countries in Latin America and Asia, such as Brazil, South Korea and Thailand, are implementing or considering GDPR-like data protection laws. Evolving laws and regulations in India protecting the use of personal information could also impact our engagements with clients, vendors and employees in India. One proposal currently being considered in India relates to the regulation of cross-border transfers of sensitive personal information and has potentially broad-reaching implications in the backdrop of cloud computing. Given the size and scope of our operations in India, the costs of compliance with Indian data privacy laws, and any fines or penalties for breaches thereof, could be significant and could have a material adverse effect on our business, financial condition and results of operations. As privacy laws and regulations around the world continue to evolve, these changes and others could adversely affect our business operations, websites and mobile applications that are accessed by residents in the applicable countries.

In addition, in many parts of the world, including countries in which we operate and/or seek to expand, common practices in the local business community might not conform to international business standards and could violate anticorruption laws or regulations, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act 2010. Our employees, subcontractors, agents, joint venture partners, the companies we acquire and their employees, subcontractors and agents, and other third parties with which we associate, could take actions that violate policies or procedures designed to promote legal and regulatory compliance or applicable anticorruption laws or regulations. Violations of these laws or regulations by us, our employees or any of these third parties could subject us to criminal or civil enforcement actions (whether or not we participated or knew about the actions leading to the violations), including fines or penalties, disgorgement of profits and suspension or disqualification from work, any of which could materially adversely affect our business, including our results of operations and our reputation.

***If the transfer pricing arrangements we have among our subsidiaries are determined to be inappropriate, our tax liability may increase.***

We have transfer pricing arrangements among our subsidiaries in relation to various aspects of our business, including operations, financing, marketing, sales and delivery functions. U.S. and Indian transfer pricing regulations, as well as regulations applicable in other countries in which we operate, require that any international transaction involving associated enterprises be on arm's-length terms. We consider the transactions among our subsidiaries to be substantially on arm's-length terms. If, however, a tax authority in any jurisdiction reviews any of our tax returns and determines that the transfer prices and terms we have applied are not appropriate, or that other income of our affiliates should be taxed in that jurisdiction, we may incur increased tax liability, including accrued interest and penalties, which would cause our tax expense to increase, possibly materially, thereby reducing our profitability and cash flows, which in turn could have a material adverse effect on our operations, effective tax rate and financial condition.

***GE accounts for a significant portion of our revenues and any material loss of business from, or change in our relationship with, GE could have a material adverse effect on our business, results of operations and financial condition.***

Historically, we have derived a significant portion of our revenues from GE. In 2017, 2018 and 2019, GE accounted for 9.8%, 8.9% and 13.6% of our revenues, respectively. In the past, GE has divested businesses we serve, including a significant portion of its GE Capital business. We expect that our services for GE will decline in the future if GE pursues further divestitures. We intend to continue to make efforts to procure contracts with respect to GE's divested businesses; however, there can be no assurance that we will be able to procure any such contracts or that such contracts would be on favorable terms. GE is not obligated to provide us with any exclusivity or opportunity to work on GE projects and GE is not required to purchase a minimum amount of services from us. In addition, GE has the right to terminate our services in whole or in part for any reason by providing us with a short period of advance notice. Any material loss of business from, or change in relationship with, GE could have a material adverse effect on our business, results of operations and financial condition. Further, our revenues from GE may be more volatile in the future and this volatility could have a material adverse effect on our business and results of operations. See Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Net Revenues" for further information regarding our relationship with GE.

We expect that our business with GE will continue to come from a variety of GE's businesses and that, in general, GE's decisions to use our services will continue to be made by a number of people within GE. Therefore, although some decisions may be made centrally at GE, we expect that the total level of business we receive will continue to depend on the decisions of the various operating managers of such businesses. Any of the foregoing events could have a material adverse effect on our business, results of operations and financial condition.

***Our revenues are highly dependent on clients located in the United States and Europe, as well as on clients that operate in certain industries. If events or conditions occur which adversely affect the economic health of the United States or Europe, demand in the United States or Europe or in certain industries for the type of services we provide, or the rate of growth in the industries in which our clients operate, our business, results of operations and financial condition may be materially and adversely affected.***

In 2019, more than 70% of our revenues were derived from clients based in North America and more than 15% of our revenues were derived from clients based in Europe. Additionally, in 2019, more than 30% of our revenues were derived from clients in the financial services industry, which includes insurance.

A number of factors could adversely affect our ability to do business in the United States or Europe, which could in turn have a material adverse effect on our business, results of operations and financial condition. For example, Brexit has created, and continues to create, political and economic uncertainty about the future relationship between the United Kingdom and the EU and as to whether any other European countries may similarly seek to exit the EU. We have operations in the United Kingdom and a

number of countries in the EU and our global operations serve clients with operations in these regions, and as a result our business, financial condition and results of operations may be impacted by such uncertainty and by the terms of the United Kingdom's withdrawal from the EU.

Furthermore, any deterioration in economic activity in the United States or Europe could adversely affect demand for our services, thus reducing our revenue. Increased regulation, changes in existing regulation or increased government intervention in the industries in which our clients operate may adversely affect growth in such industries and therefore have an adverse impact on our revenues.

***We may face difficulties in providing end-to-end business solutions or delivering complex, large or unique projects for our clients that could cause clients to discontinue their work with us, which in turn could harm our business and our reputation.***

We continue to expand the nature and scope of our engagements, including by incorporating digital solutions that use social, mobility, big data and cloud-based technologies. Our ability to effectively offer a wide range of business solutions depends on our ability to attract existing or new clients to new service offerings, and the market for our solutions is highly competitive. We cannot be certain that our new service offerings, particularly our digital offerings, will effectively meet client needs or that we will be able to attract clients to these service offerings. The complexity of our new service offerings, our inexperience in developing or implementing them, and significant competition in the markets for these services may affect our ability to market these services successfully. In addition, the breadth of our existing service offerings continues to result in larger and more complex projects with our clients, which have risks associated with their scope and complexities. Our failure to deliver services that meet the requirements specified by our clients could result in termination of client contracts, and we could be liable to our clients for significant penalties or damages or suffer reputational harm. Larger projects may involve multiple engagements or stages, and there is a risk that a client may choose not to retain us for additional stages or may cancel or delay additional planned engagements. These terminations, cancellations or delays may result from factors that have little or nothing to do with the quality of our services, such as the business or financial condition of our clients or the economy generally. Such cancellations or delays make it difficult to plan for project resource requirements and inaccuracies in such resource planning and allocation may have a negative impact on our profitability.

From time to time we also enter into agreements that include unique service level delivery requirements or novel pricing arrangements with which we have no experience and that may be unique in the industry. These projects can include performance targets that become more rigorous over the term of the contracts and service delivery components that are partially subjective by design, and we may be unable achieve such targets or to satisfy our clients' expectations in delivering such services. Our failure to deliver such engagements to our clients' expectations could result in termination of client contracts, and we could be liable to our clients for penalties or damages or suffer reputational harm. We may also discover that we have not priced such engagements appropriately, which could adversely affect our profitability and results of operations.

***Our partnerships, alliances and relationships with third-party suppliers and contractors and other third parties with whom we do business expose us to a variety of risks that could have a material adverse effect on our business.***

Our partnerships and alliances and our relationships with a variety of third parties, including suppliers, contractors and others, expose us to a variety of risks that could have a material adverse effect on our business, and we may not be successful in mitigating such risks. Our operations depend on our ability to anticipate our needs for products and services, as well as our suppliers' ability to deliver sufficient quantities and quality of products and services at reasonable prices and in time for us to meet commitments for the delivery of our own services. In addition, we must adequately address quality issues associated with our services, including with respect to any third-party components to our services. Any performance failure on the part of our partners or the third parties with whom we do business could delay our performance of client deliverables, which could deprive us of potential revenue. Additionally, our partners, third-party suppliers and contractors and other third parties with whom we do business may not be able to comply with current good business practices or applicable laws or regulatory requirements. Our failure, or the failure of such third parties, to comply with applicable laws and regulations could result in

sanctions being imposed on us, including fines, injunctions, civil penalties and criminal prosecutions, any of which could significantly and adversely affect our business.

We may have limited control over the amount and timing of resources that our partners and third parties with whom we do business dedicate to their arrangements with us. Our ability to generate revenues from these arrangements will depend on our partners' or other third parties' desire and ability to successfully perform the functions assigned to them in these arrangements. Further, certain of our suppliers, partners and other contractors may decide to discontinue conducting business with us.

In addition, we are a party to a number of license agreements with third parties and expect to enter into additional licenses in the future. Our existing licenses impose, and we expect that future licenses will impose, various obligations and restrictions on us. If we fail to comply with these obligations and restrictions, the licensor may have the right to terminate the license, in which event we might not be able to market any product or service that is covered by these agreements, which could materially adversely affect our business. Termination of these license agreements or reduction or elimination of our licensed rights may result in our having to negotiate new or reinstated licenses with less favorable terms, or cause us to lose rights in important intellectual property or technology.

Any of the foregoing may prevent us from working with our partners or third parties with whom we do business and could subject us to losses, affect our ability to bring products and services to market, cause us to fail to satisfy our client obligations and harm our reputation.

***We may fail to attract and retain enough qualified employees to support our operations.***

Our industry relies on large numbers of skilled employees and our success depends on our ability to attract, train and retain a sufficient number of qualified employees. Historically, high employee attrition has been common in our industry. See Item 1—"Business—Our people." In 2019, our attrition rate for all employees who were employed for a day or more was approximately 28%, unchanged from 2018. We cannot assure you that we will be able to reduce our level of attrition or even maintain our attrition rate at the 2019 level. If our attrition rate increases, our operating efficiency and productivity may decrease.

Competition for qualified employees, particularly in India and China, remains high and we expect such competition to continue. We compete for employees not only with other companies in our industry but also with companies in other industries, such as software services, engineering services and financial services companies. In many locations in which we operate, there is a limited pool of employees who have the skills and training needed to do our work. If our business continues to grow, the number of people we will need to hire will increase. We will also need to increase our hiring if we are not able to maintain our attrition rate through innovative recruiting and retention policies. Significant competition for employees could have an adverse effect on our ability to expand our business and service our clients, as well as cause us to incur greater personnel expenses and training costs.

***Wage increases in the countries in which we have operations may prevent us from sustaining our competitive advantage and may reduce our profit margin.***

Salaries and related benefits of our employees are our most significant costs. Most of our employees are based in India and other countries in which wage levels have historically been significantly lower than wage levels in the United States and Western Europe for comparably skilled professionals, which has been one of our competitive advantages. However, wage levels for comparably skilled employees in most of the countries in which we operate have increased and further increases are expected at a faster rate than in the United States and Western Europe because of, among other reasons, faster economic growth, increased competition for skilled employees and increased demand for business process services. We will lose this competitive advantage to the extent that we are not able to control or share wage increases with our clients. Sharing wage increases may cause our clients to be less willing to utilize our services. In addition, wage increases may reduce our profitability. We will attempt to control such costs by our efforts to add capacity in locations where we consider wage levels of skilled personnel to be satisfactory, but we may not be successful in doing so. We may need to increase our wage levels significantly and rapidly in order to attract the quantity and quality of employees that are necessary for us to remain competitive, which may have a material adverse effect on our business, results of operations and financial condition.

In addition, in early 2019, the Supreme Court of India clarified that certain allowances paid by an employer to an employee should be included for purposes of calculating provident fund contributions in addition to contributions based on basic wages alone. If this decision is implemented with retrospective application, the amount of the payments that we are required to make at that time to or for the benefit of our employees could be substantial and could have a material adverse effect on our business, results of operations and financial condition. We have also increased, and expect to further increase, the number of employees we have in the United States from the levels that we have had historically, and this could have a negative effect on our profitability.

***Currency exchange rate fluctuations in various currencies in which we do business, especially the Indian rupee, the euro and the U.S. dollar, could have a material adverse effect on our business, results of operations and financial condition.***

Most of our revenues are denominated in U.S. dollars, with the remaining amounts largely in euros, UK pounds sterling, the Australian dollar, the Japanese yen and the Indian rupee. Most of our expenses are incurred and paid in Indian rupees, with the remaining amounts largely in U.S. dollars, Chinese renminbi, Romanian lei, euros, UK pounds sterling, Philippine pesos, Japanese yen, Polish zloty, Mexican pesos, Guatemalan quetzals, Hungarian forint and the Australian dollar. As we expand our operations to new countries, we will incur expenses in other currencies. We report our financial results in U.S. dollars. The exchange rates between the Indian rupee, the euro and other currencies in which we incur costs or receive revenues, on the one hand, and the U.S. dollar, on the other hand, have changed substantially in recent years and may fluctuate substantially in the future. See Item 7A—“Quantitative and Qualitative Disclosures about Market Risk.”

Our results of operations could be adversely affected over time by certain movements in exchange rates, particularly if the Indian rupee or other currencies in which we incur expenses appreciate against the U.S. dollar or if the currencies in which we receive revenues, such as the euro, depreciate against the U.S. dollar. Although we take steps to hedge a substantial portion of our foreign currency exposures, there is no assurance that our hedging strategy will be successful or that the hedging markets will have sufficient liquidity or depth for us to implement our strategy in a cost effective manner. In addition, in some countries such as India and China, we are subject to legal restrictions on hedging activities, as well as convertibility of currencies, which could limit our ability to use cash generated in one country in another country and could limit our ability to hedge our exposures. Finally, our hedging policies only provide near term protection from exchange rate fluctuations. If the Indian rupee or other currencies in which we incur expenses appreciate against the U.S. dollar, we may have to consider additional means of maintaining profitability, including by increasing pricing, which may or may not be achievable. See also Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Overview—Foreign exchange gains (losses), net.”



***Restrictions on entry visas may affect our ability to compete for and provide services to clients, which could have a material adverse effect on our business and financial results.***

A portion of our business depends on the ability of our employees to obtain the necessary visas and entry permits to do business in the countries where our clients and, in some cases, our delivery centers, are located. In recent years, in response to terrorist attacks, global unrest and political rhetoric, immigration authorities generally, and those in the United States in particular, have increased the level of scrutiny in granting visas. If further terrorist attacks occur, global unrest intensifies, or political rhetoric continues, then obtaining visas for our personnel may become even more difficult. Local immigration laws may also require us to meet certain other legal requirements as a condition to obtaining or maintaining entry visas. Countries where our clients may be located, including the United States, may through legislation or regulation restrict the number of visas or entry permits available. In general, immigration laws are subject to legislative change and varying standards of application and enforcement due to political forces, economic conditions, terrorist attacks or other events. In addition, there is currently uncertainty with respect to immigration laws and standards in the United States due to legislation introduced in Congress and policy changes suggested and adopted by the current U.S. President and members of his administration. Current U.S. efforts to reduce the number of first-time and renewal H-1B and H-4 temporary, or non-immigrant, visas could result in fewer employees eligible to work for us in the United States under those programs, as could executive actions that prohibit citizens of designated countries from emigrating to and/or working in the United States. The United States has broadly prohibited immigrant visas from several designated countries, and it is not currently known what, if any, additional visa restrictions might be proposed or how they would be implemented or enforced.

***Our senior leadership team is critical to our continued success and the loss of such personnel could harm our business.***

Our future success substantially depends on the continued service and performance of the members of our senior leadership team. These personnel possess business and technical capabilities that are difficult to replace. In particular, our Chief Executive Officer and other members of our senior leadership team have been involved in our business since its commencement under GE. Our employment agreement with our Chief Executive Officer does not obligate him to work for us for any specified period. In early 2020, one of our executive officers who had a long tenure with the Company resigned to take a leadership role at another company. If we lose other key members of our senior leadership team, we may not be able to effectively manage our current operations or meet ongoing and future business challenges, and this may have a material adverse effect on our business, results of operations and financial condition.

***We may be unable to service our debt or obtain additional financing on competitive terms.***

On August 9, 2018, we entered into an amended and restated five-year credit agreement with certain financial institutions as lenders which replaced our prior credit facility. The amended and restated credit agreement provides for a \$680 million term credit facility and a \$500 million revolving credit facility, each of which may be increased subject to certain conditions. The credit agreement obligations are unsecured, and guaranteed by certain subsidiaries. As of December 31, 2019, the total amount due under the credit facility, including the amount utilized under the revolving facility, was \$699 million. The credit agreement contains covenants that require maintenance of certain financial ratios, including consolidated leverage and interest coverage ratios, and also, under certain conditions, restrict our ability to incur additional indebtedness, create liens, make certain investments, pay dividends or make certain other restricted payments, repurchase common shares, undertake certain liquidations, mergers, consolidations and acquisitions and dispose of certain assets or subsidiaries, among other things. If we breach any of these restrictions and do not obtain a waiver from the lenders, subject to applicable cure periods the outstanding indebtedness (and any other indebtedness with cross-default provisions) could be declared immediately due and payable, which could adversely affect our liquidity and financial condition.

On March 27, 2017, we issued \$350.0 million aggregate principal amount of 3.70% senior notes, or the 2022 notes, in a private offering. On July 24, 2018, an exchange offer was completed and all outstanding unregistered 2022 notes were exchanged for freely tradable 2022 notes registered under the

Securities Act of 1933, as amended. As of December 31, 2019, the amount outstanding under the registered 2022 notes, net of debt expense of \$1.2 million, was \$348.8 million, which is payable on April 1, 2022 when the 2022 notes mature. We are required to pay interest on the 2022 notes semi-annually in arrears on April 1 and October 1 of each year, ending on the maturity date.

On November 18, 2019, we issued \$400 million aggregate principal amount of 3.375% senior notes, or the 2024 notes, in an underwritten public offering. As of December 31, 2019, the amount outstanding under the 2024 notes, net of debt amortization expense of \$2.9 million, was \$397.1 million, which is payable on December 1, 2024 when the notes mature. We are required to pay interest on the 2024 notes semi-annually in arrears on June 1 and December 1 of each year, ending on the maturity date.

The 2022 notes and 2024 notes were issued by, and are senior unsecured indebtedness of, Genpact Luxembourg S.à r.l., our indirect wholly owned subsidiary, and are guaranteed on a senior unsecured basis by Genpact Limited. The 2022 notes and 2024 notes are subject to certain customary covenants set forth in their respective governing indentures, including limitations on our ability to incur debt secured by liens, engage in certain sale and leaseback transactions and consolidate, merge, convey or transfer our assets. Upon certain change of control transactions, we would be required to make an offer to repurchase the 2022 notes and the 2024 notes, as applicable, at a price equal to 101% of the aggregate principal amount of such notes, plus accrued and unpaid interest. The interest rate payable on the 2022 notes and the 2024 notes is subject to adjustment if the credit rating of the 2022 notes or 2024 notes, as applicable, is downgraded up to a maximum increase of 2.0%. We may redeem the 2022 notes and 2024 notes at any time in whole or in part, at a redemption price equal to 100% of the principal amount of the notes redeemed, together with accrued and unpaid interest or, if redemption occurs prior to, in the case of the 2022 notes March 1, 2022 and, in the case of the 2024 notes, November 1, 2024, a specified “make-whole” premium. The 2022 notes and 2024 notes are our senior unsecured obligations and rank equally with all our other senior unsecured indebtedness outstanding from time to time.

Our indebtedness and related debt service obligations can have negative consequences, requiring us to dedicate significant cash flow from operations to the payment of principal and interest on our debt, which reduces the funds we have available for other purposes such as acquisitions and capital investment; limiting our ability to obtain additional financing and limiting our ability to undertake strategic acquisitions; increasing our vulnerability to adverse economic and industry conditions, including by reducing our flexibility in planning for or reacting to changes in our business and market conditions; and exposing us to interest rate risk since a portion of our debt obligations are at variable rates. We may incur more debt in the future, and there can be no assurance that our cost of funding will not substantially increase.

A portion of our indebtedness, including borrowings under our credit facility, bears interest at variable interest rates primarily based on LIBOR. The U.K. Financial Conduct Authority, which regulates LIBOR, announced in July 2017 that it will no longer compel banks to submit rates for the calculation of LIBOR after 2021. Accordingly, there is considerable uncertainty regarding the publication of such rates beyond 2021. The full impact of such reforms and actions, together with any transition away from LIBOR, including the discontinuance of LIBOR publication, remains unclear, and at this time it is not possible to predict the effect any discontinuance of LIBOR as a reference rate will have on us. These changes may have an adverse impact on the availability and costs of borrowings by us since we have LIBOR-based debt obligations.

***We often face a long selling cycle to secure a new contract as well as long implementation periods that require significant resource commitments, which result in a long lead time before we receive revenues from new relationships.***

We often face a long selling cycle to secure a new contract. If we are successful in obtaining an engagement, that is generally followed by a long implementation period in which the services are planned in detail and we demonstrate to a client that we can successfully integrate our processes and resources with their operations. During this time a contract is also negotiated and agreed. There is then a long ramping up period in order to commence providing the services. We typically incur significant business development expenses during the selling cycle. We may not succeed in winning a new client’s business, in which case we receive no revenues and may receive no reimbursement for such expenses. Even if we succeed in developing a relationship with a potential new client and begin to plan the services in detail, a

potential client may choose a competitor or decide to retain the work in-house prior to the time a final contract is signed. If we enter into a contract with a client, we will typically receive no revenues until implementation actually begins. Our clients may also experience delays in obtaining internal approvals or delays associated with technology or system implementations, thereby further lengthening the implementation cycle. We generally hire new employees to provide services to a new client once a contract is signed. We may face significant difficulties in hiring such employees and incur significant costs associated with these hires before we receive corresponding revenues. If we are not successful in obtaining contractual commitments after the selling cycle, in maintaining contractual commitments after the implementation cycle or in maintaining or reducing the duration of unprofitable initial periods in our contracts, it may have a material adverse effect on our business, results of operations and financial condition.

***Our profitability will suffer if we are not able to price appropriately, maintain employee and asset utilization levels and control our costs.***

Our profitability is largely a function of the efficiency with which we utilize our assets, and in particular our people and delivery centers, and the pricing that we are able to obtain for our services. Our utilization rates are affected by a number of factors, including our ability to transition employees from completed projects to new assignments, hire and assimilate new employees, forecast demand for our services and thereby maintain an appropriate headcount in each of our geographies and workforce and manage attrition, and our need to devote time and resources to training, professional development and other typically non-chargeable activities. The prices we are able to charge for our services are affected by a number of factors, including our clients' perceptions of our ability to add value through our services, competition, introduction of new services or products by us or our competitors, our ability to accurately estimate, attain and sustain revenues from client engagements, margins and cash flows over increasingly longer contract periods and general economic and political conditions. Therefore, if we are unable to price appropriately or manage our asset utilization levels, there could be a material adverse effect on our business, results of operations and financial condition. Our profitability is also a function of our ability to control our costs and improve our efficiency. As we increase the number of our employees and grow our business, we may not be able to manage the significantly larger and more geographically diverse workforce that may result and our profitability may not improve. New taxes may also be imposed on our services such as sales taxes or service taxes which could affect our competitiveness as well as our profitability. Additionally, we may fail to appropriately estimate our costs in agreeing to provide new or novel services with unique pricing arrangements or service delivery requirements.

***Our results of operations and share price could be adversely affected if we are unable to maintain effective internal controls.***

The accuracy of our financial reporting is dependent on the effectiveness of our internal controls. We are required to provide a report from management to our shareholders on our internal control over financial reporting that includes an assessment of the effectiveness of these controls. Internal control over financial reporting has inherent limitations, including human error, sample-based testing, the possibility that controls could be circumvented or become inadequate because of changed conditions, and fraud. Because of these inherent limitations, internal control over financial reporting might not prevent or detect all misstatements or fraud. If we cannot maintain and execute adequate internal control over financial reporting or implement required new or improved controls that provide reasonable assurance of the reliability of the financial reporting and preparation of our financial statements for external use, we could suffer harm to our reputation, fail to meet our public reporting requirements on a timely basis, be unable to properly report on our business and our results of operations, or be required to restate our financial statements, and our results of operations, the market price of our common shares and our ability to obtain new business could be materially adversely affected.

***We make estimates and assumptions in connection with the preparation of our consolidated financial statements, and any changes to those estimates and assumptions could adversely affect our financial results.***

Our financial statements have been prepared in accordance with U.S. generally accepted accounting principles. The application of generally accepted accounting principles requires us to make estimates and assumptions about certain items and future events that affect our reported financial condition, and our accompanying disclosure with respect to, among other things, revenue recognition and income taxes. We base our estimates on historical experience, contractual commitments and on various other assumptions that we believe to be reasonable under the circumstances and at the time they are made. These estimates and assumptions involve the use of judgment and are subject to significant uncertainties, some of which are beyond our control. If our estimates, or the assumptions underlying such estimates, are not correct, actual results may differ materially from our estimates, and we may need to, among other things, adjust revenues or accrue additional charges that could adversely affect our results of operations.

***Our operating results may experience significant fluctuations.***

Our operating results may fluctuate significantly from period to period. The long selling cycle for many of our services as well as the time required to complete the implementation phases of new contracts makes it difficult to accurately predict the timing of revenues from new clients or new SOWs as well as our costs. In addition, our future revenues, operating margins and profitability may fluctuate as a result of: lower demand for our services; lower win rates versus our competition; changes in pricing in response to client demands and competitive pressures; changes to the financial condition of our clients; employee wage levels and utilization rates; changes in foreign exchange rates, including the Indian rupee versus the U.S. dollar and the euro versus the U.S. dollar; the timing of collection of accounts receivable; enactment of new taxes; changes in domestic and international income tax rates and regulations; and changes to levels and types of share-based compensation awards and assumptions used to determine the fair value of such awards. As a result of these factors, it is possible that in some future periods, our revenues and operating results may be significantly below the expectations of public market analysts and investors. In such an event, the price of our common shares would likely be materially and adversely affected.

***We enter into long-term contracts and fixed price contracts with our clients. Our failure to price these contracts correctly may negatively affect our profitability.***

The pricing of our services is usually included in SOWs entered into with our clients, many of which are for terms of two to five years. In certain cases, we have committed to pricing over this period with only limited sharing of risk regarding inflation and currency exchange rates. In addition, we are obligated under some of our contracts to deliver productivity benefits to our clients. If we fail to estimate accurately future wage inflation rates, currency exchange rates or our costs, or if we fail to accurately estimate the productivity benefits we can achieve under a contract, it could have a material adverse effect on our business, results of operations and financial condition.

A portion of our SOWs are currently billed on a fixed price basis rather than on a time and materials basis. We may increase the number of fixed price contracts we perform in the future. Any failure to accurately estimate the resources or time required to complete a fixed price engagement or to maintain the required quality levels or any unexpected increase in the cost to us of employees, office space or technology could expose us to risks associated with cost overruns and could have a material adverse effect on our business, results of operations and financial conditions.

***If we are unable to collect our receivables, our results of operations, financial condition and cash flows could be adversely affected.***

Our business depends on our ability to successfully obtain payment from our clients of the amounts they owe us for work performed. We evaluate the financial condition of our clients and usually bill and collect on relatively short cycles. We have established allowances for losses of receivables and unbilled services. Actual losses on client balances could differ from those that we currently anticipate, and, as a result, we might need to adjust our allowances. We might not accurately assess the creditworthiness of our clients. Macroeconomic conditions could also result in financial difficulties for our clients, including bankruptcy and insolvency. Additionally, cyberattacks on any of our clients could disrupt their internal systems and capability to make payments. The occurrence of such events could cause clients to delay payments to us, request modifications to their payment arrangements that could increase our receivables balance, or default on their payment obligations to us. If we experience an increase in the time to bill and collect for our services, our cash flows could be adversely affected.

***Some of our contracts contain provisions which, if triggered, could result in lower future revenues and have a material adverse effect on our business, results of operation and financial condition.***

Some of our contracts allow a client, in certain limited circumstances, to request a benchmark study comparing our pricing and performance with that of an agreed list of other service providers for comparable services. Based on the results of the study and depending on the reasons for any unfavorable variance, we may be required to make improvements in the services we provide or to reduce the pricing for services on a prospective basis to be performed under the remaining term of the contract, which could have an adverse effect on our business, results of operations and financial condition.

Some of our contracts contain provisions that would require us to pay penalties to our clients and/or provide our clients with the right to terminate the contract if we do not meet pre-agreed service level requirements. Failure to meet these requirements could result in the payment of significant penalties by us to our clients which in turn could have a material adverse effect on our business, results of operations and financial condition.

A few of our MSAs provide that during the term of the MSA and under specified circumstances, we may not provide similar services to the competitors of our client. Some of our contracts also provide that, during the term of the contract and for a certain period thereafter ranging from six to 12 months, we may not provide similar services to certain or any of our client's competitors using the same personnel. These restrictions may hamper our ability to compete for and provide services to other clients in the same industry, which may inhibit growth and result in lower future revenues and profitability.

Some of our contracts with clients specify that if a change of control of our company occurs during the term of the contract, the client has the right to terminate the contract. These provisions may result in our contracts being terminated if there is such a change in control, resulting in a potential loss of

revenues. In addition, these provisions may act as a deterrent to any attempt by a third party to acquire our company.

Some of our contracts with clients require that we bear the cost of any sales or withholding taxes or unreimbursed value-added taxes imposed on payments made under those contracts. While the imposition of these taxes is generally minimized under our contracts, changes in law or the interpretation thereof and changes in our internal structure may result in the imposition of these taxes and a reduction in our net revenues.

***Our industry is highly competitive, and we may not be able to compete effectively.***

Our industry is highly competitive, highly fragmented and subject to rapid change. We believe that the principal competitive factors in our markets are breadth and depth of process, technology and domain expertise, service quality, the ability to attract, train and retain qualified people, compliance rigor, global delivery capabilities, price and marketing and sales capabilities. We compete for business with a variety of companies, including large multinational firms that provide consulting, technology and/or business process services, off-shore business process service providers in low-cost locations like India, in-house captives of potential clients, software services companies that also provide business process services and accounting firms that also provide consulting or outsourcing services.

Some of our competitors have greater financial, marketing, technological or other resources and larger client bases than we do, and may expand their service offerings and compete more effectively for clients and employees than we do. Some of our competitors have more established reputations and client relationships in our markets than we do. In addition, some of our competitors who do not have global delivery capabilities may expand their delivery centers to the countries in which we are located which could result in increased competition for employees and could reduce our competitive advantage. There could also be new competitors that are more powerful as a result of strategic consolidation of smaller competitors or of companies that each provide different services or service different industries.

Increased competition may result in lower prices and volumes, higher costs for resources, especially people, and lower profitability. We may not be able to supply clients with services that they deem superior and at competitive prices and we may lose business to our competitors. Any inability to compete effectively would adversely affect our business, results of operations and financial condition.

***Our business could be materially and adversely affected if we do not protect our intellectual property or if our services are found to infringe on the intellectual property of others.***

Our success depends in part on certain methodologies, practices, tools and technical expertise we utilize in designing, developing, implementing and maintaining applications and other proprietary intellectual property rights. In order to protect our rights in these various intellectual properties, we rely upon a combination of nondisclosure and other contractual arrangements as well as patent, trade secret, copyright and trademark laws. We also generally enter into confidentiality agreements with our employees, consultants, clients and potential clients and limit access to and distribution of our proprietary information. India is a member of the Berne Convention, an international intellectual property treaty, and has agreed to recognize protections on intellectual property rights conferred under the laws of other foreign countries, including the laws of the United States. There can be no assurance that the laws, rules, regulations and treaties in effect in the United States, India and the other jurisdictions in which we operate and the contractual and other protective measures we take, are adequate to protect us from misappropriation or unauthorized use of our intellectual property, or that such laws will not change. We may not be able to detect unauthorized use and take appropriate steps to enforce our rights, and any such steps may not be successful. Infringement by others of our intellectual property, including the costs of enforcing our intellectual property rights, may have a material adverse effect on our business, results of operations and financial condition.

Although we believe that we are not infringing on the intellectual property rights of others, claims may nonetheless be successfully asserted against us in the future. The costs of defending any such claims could be significant, and any successful claim may require us to modify, discontinue or rename any of our services. Any such changes may have a material adverse effect on our business, results of operations and financial condition.

***A substantial portion of our assets and operations are located in India and we are subject to regulatory, economic, social and political uncertainties in India.***

We are subject to several risks associated with having a substantial portion of our assets and operations located in India.

We have benefited from many policies of the Government of India and the Indian state governments in the states in which we operate which are designed to promote foreign investment generally and the business process services industry in particular, including significant fiscal incentives, relaxation of regulatory restrictions, liberalized import and export duties and preferential rules on foreign investment and repatriation. There is no assurance that such policies will continue. Various factors, such as changes in the central or state governments, could trigger significant changes in India's economic liberalization and deregulation policies and disrupt business and economic conditions in India generally and our business in particular.

In addition, our financial performance and the market price of our common shares may be adversely affected by general economic conditions and economic and fiscal policy in India, including changes in exchange rates and controls, interest rates and taxation policies, as well as social stability and political, economic or diplomatic developments affecting India in the future. In particular, India has experienced significant economic growth over the last several years, but faces major challenges in sustaining that growth in the years ahead. These challenges include the need for substantial infrastructure development and improving access to healthcare and education. Recent economic reform efforts have been disruptive and may increase the level of economic uncertainty in India. Our ability to recruit, train and retain qualified employees, develop and operate our delivery centers, and attract and retain clients could be adversely affected if India does not successfully meet these challenges.

***We may face difficulties as we expand our operations into countries in which we have no prior operating experience.***

We intend to continue to expand our global footprint in order to maintain an appropriate cost structure and meet our clients' delivery needs. This may involve expanding into countries other than those in which we currently operate. It may involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. As we expand our business into new countries we may encounter regulatory, personnel, technological and other difficulties that increase our expenses or delay our ability to start up our operations or become profitable in such countries. This may affect our relationships with our clients and could have an adverse effect on our business, results of operations and financial condition.

***Terrorist attacks and other acts of violence involving any of the countries in which we or our clients have operations could adversely affect our operations and client confidence.***

Terrorist attacks and other acts of violence or war may adversely affect worldwide financial markets and could potentially lead to economic recession, which could adversely affect our business, results of operations, financial condition and cash flows. These events could adversely affect our clients' levels of business activity and precipitate sudden significant changes in regional and global economic conditions and cycles. These events also pose significant risks to our people and to our delivery centers and operations around the world.

Southern Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries, including India and Pakistan. In recent years, military confrontations between India and Pakistan have occurred in the region of Kashmir and along the India/Pakistan border. There have also been incidents in and near India, such as continued terrorist activity around the northern border of India, troop mobilizations along the India/Pakistan border and an aggravated geopolitical situation in the region. Such military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult. Resulting political tensions could create a greater perception that investments in companies with Indian operations involve a high degree of risk, and that there is a risk of disruption of services provided by companies with Indian operations, which could have a material adverse effect on our share price and/or the market for our services. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, we might not be able to continue our operations. We generally do not have insurance for losses and interruptions caused by terrorist attacks, military conflicts and wars.

***If more stringent labor laws become applicable to us or if our employees unionize, our profitability may be adversely affected.***

India has stringent labor legislation that protects employee interests, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. Though we are exempt from some of these labor laws at present under exceptions in some states for providers of IT-enabled services, there can be no assurance that such laws will not become applicable to us in the future. If these labor laws become applicable to our employees, it may become difficult for us to maintain flexible human resource policies and attract and employ the numbers of sufficiently qualified candidates that we need or discharge employees, and our compensation expenses may increase significantly.

In addition, our employees may in the future form unions. If employees at any of our delivery centers become eligible for union membership, we may be required to raise wage levels or grant other benefits that could result in an increase in our compensation expenses, in which case our profitability may be adversely affected.

***We may engage in strategic transactions that could create risks.***

As part of our business strategy, we regularly review potential strategic transactions, including potential acquisitions, dispositions, consolidations, joint ventures or similar transactions, some of which may be material. Through the acquisitions we pursue, we may seek opportunities to add to or enhance the services we provide, to enter new industries or expand our client base, or to strengthen our global presence and scale of operations. We have completed numerous acquisitions since our inception. There can be no assurance that we will find suitable candidates in the future for strategic transactions at acceptable prices, have sufficient capital resources to accomplish our strategy, or be successful in entering into agreements for desired transactions.



Acquisitions, including completed acquisitions, also pose the risk that any business we acquire may lose clients or employees or could under-perform relative to expectations. We could also experience financial or other setbacks if transactions encounter unanticipated problems, including problems related to execution, integration or unknown liabilities. Although we conduct due diligence in connection with our acquisitions, there could be liabilities that we fail to discover, that we inadequately assess or that are not properly disclosed to us. Any material liabilities associated with our acquisitions could harm our business, results of operations and financial condition. Following the completion of an acquisition, we may have to rely on the seller to provide administrative and other support, including financial reporting and internal controls, to the acquired business for a period of time. There can be no assurance that the seller will do so in a manner that is acceptable to us.

***We may become subject to taxation as a result of our incorporation in Bermuda or place of management, which would have a material adverse effect on our business, results of operations and financial condition.***

We have received a written assurance from the Bermuda Minister of Finance under The Exempted Undertaking Tax Protection Act 1966 of Bermuda to the effect that if there is enacted in Bermuda any legislation imposing tax computed on profits or income, or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of any such tax shall not be applicable to us or to any of our operations or common shares, debentures or other obligations or securities until March 31, 2035, except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable by us in respect of real property owned or leased by us in Bermuda. We cannot assure you that after such date we would not be subject to any such tax. If we were to become subject to taxation in Bermuda or any other jurisdiction as a result of our incorporation in Bermuda, it could have a material adverse effect on our business, results of operations and financial condition.

***The introduction of economic substance requirements in Bermuda could adversely affect us.***

Harmful tax practices have become the focus of increased scrutiny from the EU. The Council of the EU adopted a resolution on a code of conduct for business taxation directed at counteracting the effects of zero tax and preferential tax regimes around the world. In 2017, the Code of Conduct Group (Business Taxation), or the COCG, investigated the tax policies of both EU member states and non-EU member states, assessing tax transparency, fair taxation and the implementation of anti-base erosion and profit shifting measures.

Following assessment by the COCG, Bermuda was included in a list of jurisdictions which are required by the EU to address concerns of the COCG relating to the demonstration of economic substance. On December 31, 2018, the Bermuda Government implemented legislation which brought certain substance requirements into force with effect from July 1, 2019 for currently existing entities. The introduction of the substance regime in Bermuda may present difficulties for us. Pursuant to the new economic substance requirements, core income generating activities carried out by Bermuda companies must be undertaken in Bermuda. To satisfy these requirements, we may be required to conduct additional activities in Bermuda. The new substance requirements could be difficult to manage or implement, and compliance with the requirements could be difficult or costly and could have a material adverse effect on us or our operations.

***We may not be able to realize the entire book value of goodwill and other intangible assets from acquisitions.***

As of December 31, 2019, we had \$1,574.5 million of goodwill and \$230.9 million of intangible assets. We periodically assess these assets to determine if they are impaired and we monitor for impairment of goodwill relating to all acquisitions and our formation in 2004. Goodwill is not amortized but is tested for impairment at least on an annual basis as of December 31 of each year, based on a number of factors including macro-economic conditions, industry and market considerations, overall financial performance, business plans and expected future cash flows. Impairment testing of goodwill may also be performed between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of goodwill below its carrying amount. We perform an assessment of qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Based on the results of the qualitative assessment, the Company performs the quantitative assessment of goodwill impairment if it determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the book value of our goodwill and other intangible assets is impaired, any such impairment would be charged to earnings in the period of impairment. We cannot assure you that any future impairment of goodwill and other intangible assets will not have a material adverse effect on our business, financial condition or results of operations.

**Risks Related to our Shares**

***The issuance of additional common shares by us or the sale of our common shares by our employees could dilute our shareholders' ownership interest in the Company and could significantly reduce the market price of our common shares.***

Sales of a substantial number of our common shares in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our common shares.

We have issued a significant number of equity awards under our equity compensation plans. The shares underlying these awards are or, with respect to certain option grants, will be registered on a Form S-8 registration statement. As a result, upon vesting these shares can be freely exercised and sold in the public market upon issuance, subject to volume limitations applicable to affiliates. The exercise of options and the subsequent sale of the underlying common shares or the sale of common shares upon vesting of other equity awards could cause a decline in our share price. These sales also might make it difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

Certain of our employees, executive officers and directors have entered or may enter into Rule 10b5-1 plans providing for sales of our common shares from time to time. Under a Rule 10b5-1 plan, a broker executes trades pursuant to parameters established by the employee, director or officer when entering into the plan, without further direction from the employee, officer or director. A Rule 10b5-1 plan may be amended or terminated in some circumstances. Our employees, executive officers and directors may also buy or sell additional shares outside of a Rule 10b5-1 plan when they are not in possession of material, nonpublic information.

In addition, we may in the future engage in strategic transactions that could dilute our shareholders' ownership and cause our share price to decline.

Sales of substantial amounts of our common shares or other securities by us could also dilute our shareholders' interests, lower the market price of our common shares and impair our ability to raise capital through the sale of equity securities.

***There can be no assurance that we will continue to declare and pay dividends on our common shares, and future determinations to pay dividends will be at the discretion of our board of directors.***

Prior to 2017, we did not declare regular dividends. In February 2017, we announced the declaration of the first quarterly cash dividend on our common shares in the amount of \$0.06 per common share. In February 2018, we announced an increase in our quarterly cash dividend to \$0.075 per common share, in February 2019 we announced an increase in our quarterly cash dividend to \$0.085 per share, and in February 2020 we announced an increase in our quarterly cash dividend to \$0.0975 per share, representing a planned annual dividend of \$0.39 per share. Any determination to pay dividends to holders of our common shares in the future, including future payment of a regular quarterly cash dividend, will be at the discretion of our board of directors and will depend on many factors, including our financial condition, results of operations, general business conditions, statutory requirements under Bermuda law and any other factors our board of directors deems relevant. Our ability to pay dividends will also continue to be subject to restrictive covenants contained in credit facility agreements governing indebtedness we and our subsidiaries have incurred or may incur in the future. In addition, statutory requirements under Bermuda law could require us to defer making a dividend payment on a declared dividend date until such time as we can meet statutory requirements under Bermuda law. A reduction in, delay of, or elimination of our dividend payments could have a negative effect on our share price.

***We are organized under the laws of Bermuda, and Bermuda law differs from the laws in effect in the United States and may afford less protection to shareholders.***

Our shareholders may have more difficulty protecting their interests than would shareholders of a corporation incorporated in a state of the United States. As a Bermuda company, we are governed by, in particular, the Companies Act. The Companies Act differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including the provisions relating to interested directors, mergers, amalgamations, takeovers and indemnification of directors.

Generally, the duties of directors and officers of a Bermuda company are owed to the company only. Shareholders of Bermuda companies generally do not have the right to take action against directors or officers of the company except in limited circumstances. Directors of a Bermuda company must, in exercising their powers and performing their duties, act honestly and in good faith with a view to the best interests of the company, exercising the care and skill that a reasonably prudent person would exercise in comparable circumstances. Directors have a duty not to put themselves in a position in which their duties to the company and their personal interests may conflict and also are under a duty to disclose any personal interest in any material contract or arrangement with the company or any of its subsidiaries. If a director of a Bermuda company is found to have breached his or her duties to that company, he may be held personally liable to the company in respect of that breach of duty. A director may be liable jointly and severally with other directors if it is shown that the director knowingly engaged in fraud or dishonesty (with such unlimited liability as the courts shall direct). In cases not involving fraud or dishonesty, the liability of the director will be determined by the Supreme Court of Bermuda or other Bermuda court (with such liability as the Bermuda court thinks just) who may take into account the percentage of responsibility of the director for the matter in question, in light of the nature of the conduct of the director and the extent of the causal relationship between his or her conduct and the loss suffered.

In addition, our bye-laws contain a broad waiver by our shareholders of any claim or right of action, both individually and on our behalf, against any of our officers or directors. The waiver applies to any action taken by an officer or director, or the failure of an officer or director to take any action, in the performance of his or her duties, except with respect to any matter involving or arising out of any fraud or dishonesty on the part of the officer or director or to matters which would render it void pursuant to the Companies Act. This waiver limits the rights of shareholders to assert claims against our officers and directors unless the act or failure to act involves fraud or dishonesty. Therefore, our shareholders may have more difficulty protecting their interests than would shareholders of a corporation incorporated in a state within the United States.

***The market price for our common shares has been and may continue to be volatile.***

The market price for our common shares has been and may continue to be volatile and subject to price and volume fluctuations in response to market and other factors, some of which are beyond our control. Among the factors that could affect our share price are:

- actual or anticipated fluctuations in our quarterly and annual operating results;
- changes in financial estimates by securities research analysts;
- changes in the economic performance or market valuations of other companies engaged in providing business process and information technology services;
- loss of one or more significant clients;
- addition or loss of executive officers or key employees;
- regulatory developments in our target markets affecting us, our clients or our competitors;
- announcements of technological developments;
- limited liquidity in our trading market;
- sales or expected sales of additional common shares, either by us, our employees, or any of our shareholders, or purchases or expected purchases of common shares, including by us under existing or future share repurchase programs, which purchases are at the discretion of our board of directors and may not continue in the future;
- terrorist attacks, natural disasters, epidemics or pandemics, or other such events impacting countries where we or our clients have operations; and
- actions or announcements by activist shareholders or others.

In addition, securities markets generally and from time to time experience significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may have a material adverse effect on the market price of our common shares.

***You may be unable to effect service of process or enforce judgments obtained in the United States or Bermuda against us or our assets in the jurisdictions in which we or our executive officers operate.***

We are incorporated and organized under the laws of Bermuda, and a significant portion of our assets are located outside the United States. It may not be possible to enforce court judgments obtained in the United States against us in Bermuda or in countries, other than the United States, where we have assets based on the civil liability or penal provisions of the federal or state securities laws of the United States. In addition, there is some doubt as to whether the courts of Bermuda and other countries would recognize or enforce judgments of United States courts obtained against us or our directors or officers based on the civil liability or penal provisions of the federal or state securities laws of the United States or would hear actions against us or those persons based on those laws. We have been advised by Appleby (Bermuda) Limited, our Bermuda counsel, that the United States and Bermuda do not currently have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in

the United States based on civil liability, whether or not based solely on United States federal or state securities laws, would not automatically be enforceable in Bermuda. Similarly, those judgments may not be enforceable in countries, other than the United States, where we have assets.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

We have delivery centers in 21 countries. We have a mixture of owned and leased properties and substantially all of our leased properties are leased under long-term leases with varying expiration dates. We believe that our properties and facilities are suitable and adequate for our present purposes and are well-maintained.

**Item 3. Legal Proceedings**

There are no legal proceedings pending against us that we believe are likely to have a material adverse effect on our business, results of operations and financial condition.

**Item 4. Mine Safety Disclosures**

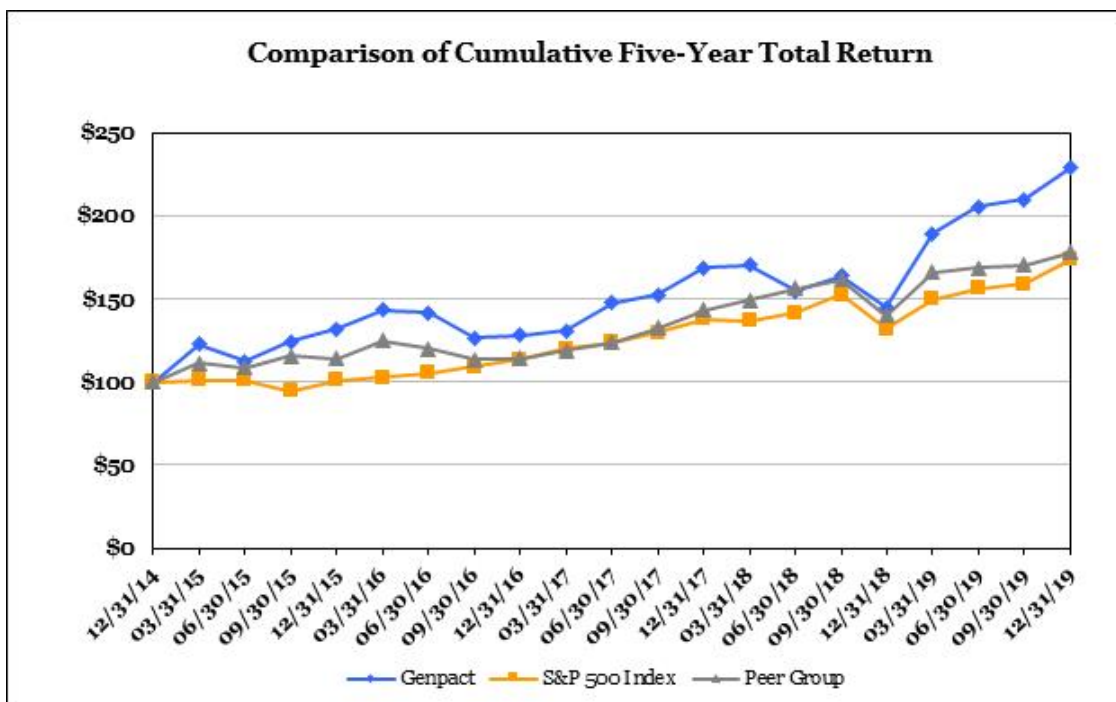
Not applicable.

**Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

**Stock Price Information and Stockholders**

The principal market on which the Company’s common shares are traded is the New York Stock Exchange under the symbol “G.” As of January 31, 2020, there were 29 holders of record of our common shares.

The following graph and table compare the performance of an investment in our common shares (measured as the cumulative total shareholder return) with investments in the S&P 500 Index (capitalization weighted) and a peer group of companies for the period from January 1, 2015 to December 31, 2019. The selected peer group for the period presented is comprised of six companies that we believe are our closest reporting issuer competitors: Accenture plc, Cognizant Technology Solutions Corp., ExlService Holdings, Inc., Infosys Technologies Limited, Wipro Technologies Limited, and WNS (Holdings) Limited. The returns of the component entities of our peer group index are weighted according to the market capitalization of each company as of the beginning of each period for which a return is presented. The returns assume that \$100 was invested on December 31, 2014 and that all dividends were reinvested. The performance shown in the graph and table below is historical and should not be considered indicative of future price performance.



	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16
Genpact	126.57	116.11	128.52	135.98	148.01
Peer Group	118.51	115.18	122.45	120.05	131.66
S&P 500	114.77	115.09	107.68	115.26	116.82
	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17
Genpact	146.11	130.38	132.50	135.11	152.19
Peer Group	126.87	118.79	119.27	124.55	129.62
S&P 500	119.68	124.29	129.05	136.88	141.10
	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Genpact	157.55	174.26	176.05	159.62	169.31
Peer Group	138.52	149.16	155.19	162.33	167.81
S&P 500	147.42	157.22	156.03	161.38	173.83
	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19
Genpact	149.70	189.82	205.99	210.00	229.01
Peer Group	146.03	150.27	156.74	159.40	173.86
S&P 500	150.33	166.31	168.90	170.50	178.16

This graph is not deemed to be “filed” with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, and should not be deemed to be incorporated by reference into any of our prior or subsequent filings under the Securities Act of 1933 or the Securities Exchange Act of 1934.

## Dividends

In February 2019, our board of directors approved an approximately 13% increase in our quarterly cash dividend to \$0.085 per common share, representing an annual dividend of \$0.34 per common share. In 2019, dividends were declared in February, May, July and October and paid in March, June, September and December. In February 2020, our board of directors approved an approximately 15% increase in our quarterly cash dividend to \$0.0975 per common share, representing a planned annual dividend of \$0.39 per common share for 2020. Any future dividends will be at the discretion of the board of directors and subject to Bermuda and other applicable laws.

## Unregistered Sales of Equity Securities

None.

## Purchase of Equity Securities by the Issuer and Affiliated Purchasers

Share repurchase activity during the three months ended December 31, 2019 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share (\$)	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan or Program (\$)
October 1-October 31, 2019	157,869	38.63	157,869	274,042,127
November 1-November 30, 2019	—	—	—	274,042,127
December 1-December 31, 2019	—	—	—	274,042,127

In February 2017, our board of directors authorized a \$500 million increase to our existing \$750 million share repurchase program, first announced in February 2015, bringing the total authorization under our existing program to \$1.25 billion. This repurchase program does not obligate us to acquire any specific number of shares and does not specify an expiration date. All shares repurchased under the plan have been cancelled. See Note 19—“Capital stock” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules” for additional information.

## Item 6. Selected Financial Data

The table below presents selected historical financial data.

We prepare our consolidated financial statements in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. Financial data as of December 31, 2018 and 2019 and for the three-year period ended December 31, 2019 have been derived from our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. Financial data as of December 31, 2015, 2016 and 2017 and for the years ended December 31, 2015 and 2016 have been derived from our audited consolidated financial statements not included in this Annual Report on Form 10-K.

You should read the selected financial data below together with the financial statements included herein and Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	Year ended December 31,				
	2015	2016	2017	2018	2019
	(dollars and share count in millions, except per share data)				
<b>Statement of income data:</b>					
Total net revenues	\$ 2,461.0	\$ 2,570.8	\$ 2,736.9	\$ 3,000.8	\$ 3,520.5
Income from operations	\$ 334.2	\$ 341.2	\$ 331.3	\$ 348.2	\$ 429.4
Net income available to Genpact Limited common shareholders	\$ 239.8	\$ 269.7	\$ 263.1	\$ 282.0	\$ 304.9
Earnings per common share					
Basic	\$ 1.11	\$ 1.30	\$ 1.36	\$ 1.48	\$ 1.60
Diluted	\$ 1.09	\$ 1.28	\$ 1.34	\$ 1.45	\$ 1.56
Weighted average number of common shares used in computing earnings per common share					
Basic	216.6	206.9	193.9	190.7	190.1
Diluted	219.1	210.1	197.0	194.0	195.2
Cash dividend per common share	\$ —	\$ —	\$ 0.24	\$ 0.30	\$ 0.34

	As of December 31,				
	2015	2016	2017	2018	2019
	(dollars in millions)				
<b>Balance sheet data:</b>					
Cash and cash equivalents	\$ 450.9	\$ 422.6	\$ 504.5	\$ 368.4	\$ 467.1
Total assets	2,793.5	2,885.9	3,449.6	3,529.4	4,454.2
Operating lease liabilities <sup>(1)</sup>	-	-	-	-	359.8
Long-term debt, including current portion	776.5	737.3	1,045.9	1,009.1	1,373.3
Genpact Limited shareholders’ equity	\$ 1,304.4	\$ 1,286.6	\$ 1,424.0	\$ 1,404.2	\$ 1,689.2

(1) On January 1, 2019, we adopted Accounting Standards Update No. 2016-02, Leases (Topic 842). Prior period amounts have not been adjusted under the modified retrospective method.



## Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes that appear elsewhere in this Annual Report on Form 10-K. In addition to historical information, this discussion includes forward-looking information that involves risks and assumptions, which could cause actual results to differ materially from management’s expectations. See “Special Note Regarding Forward-Looking Statements” included elsewhere in this Annual Report on Form 10-K.

We provided 2020 Company guidance in our earnings release furnished on Form 8-K dated February 6, 2020. We are not able to predict at this time what impact, if any, the spread of the coronavirus strain known as COVID-19 and related travel restrictions will have on our 2020 financial results. See Item 1A—“Risk Factors” included elsewhere in this Annual Report on Form 10-K for further information regarding risks and uncertainties relating to COVID-19.

### Overview

Our 2019 revenues were \$3.521 billion, an increase of 17% year-over-year, or 18% on a constant currency basis<sup>1</sup>.

Prior to the fourth quarter of 2019, we had one reportable segment. To align with how our Chief Operating Decision Maker, or CODM, manages our business, including resource allocation and performance assessment, we realigned our business segments into the following three reportable segments: Banking, Capital Markets and Insurance, or BCMI, Consumer Goods, Retail, Life Sciences and Healthcare, or CGRLH, and High Tech, Manufacturing and Services, or HMS. See Note 26—“Segment reporting” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.”

### Net Revenues

*Revenue by top clients.* The table below sets forth the percentage of our total net revenues derived from our largest clients, including GE, in the years ended December 31, 2018 and 2019:

	Percentage of Total Net Revenues	
	Year ended December 31,	
	2018	2019
Top five clients	21.9 %	28.4 %
Top ten clients	31.5 %	37.2 %
Top fifteen clients	37.9 %	43.1 %
Top twenty clients	42.8 %	47.7%

<sup>1</sup> Revenue growth on a constant currency basis is a non-GAAP measure and is calculated by restating current-period activity using the prior fiscal period’s foreign currency exchange rates adjusted for hedging gains/losses in such period.

We earn revenues pursuant to contracts that generally take the form of a master service agreement, or MSA, which is a framework agreement that is then supplemented by statements of work, or SOWs. Our MSAs specify the general terms applicable to the services we will provide. Our MSAs are generally for terms of three to seven years, although they may also have an indefinite term or be for terms of less than three years. In most cases they do not specify pricing terms or obligate the client to purchase a particular amount of services. We then enter into SOWs under an MSA, which specify particular services to be provided and the pricing terms. Most of our revenues are from SOWs with terms of two to five years. We typically have multiple SOWs under any given MSA, and the terms of our SOWs vary depending on the nature of the services to be provided. We seek to develop long-term relationships with our clients. We believe that these relationships best serve our clients as they create opportunities for us to provide a variety of services using the full range of our capabilities and to deliver continuous process improvement.

New business proposals are reviewed in line with our strategy to target specific industry verticals and geographical markets. We begin each year with a set of named accounts, including prospective clients with operations in our target areas, and all opportunities during the year are reviewed by business leaders from the applicable industry vertical, operations personnel, and members of our finance team. In this way, we try to ensure that contract terms meet our pricing, cash and service objectives. See Item 1—“Business—Sales and marketing” for additional information.

Many factors affect how we price our contracts. Under some of our MSAs, we are able to share a limited amount of inflation and currency exchange risk for engagements lasting longer than 12 months. Many of our MSAs also provide that, under transaction-based and fixed-price SOWs, we are entitled to retain a portion of certain productivity benefits we achieve. However, some of our MSAs and SOWs require certain minimum productivity benefits to be passed on to our clients. Once an MSA and the related SOWs are signed and production of services commences, our revenues and expenses increase as services are ramped up to the agreed upon level. In many cases, we may have opportunities to increase our margins over the life of an MSA or SOW, driven by a number of factors. Our revenues include gains or losses arising upon the maturity of qualified cash flow hedges.

Under our services agreements with GE, GE has the right to terminate the MSA or any SOW in whole or in part for any reason by providing us with a short period of advance notice, subject to early termination charges. GE is not obligated to provide us with any exclusivity or opportunity to work on GE projects and GE is not required to purchase a minimum amount of services from us.

Although some decisions about our services may be made centrally at GE, the total level of business we receive from GE generally depends on the decisions of the various operating managers of the GE businesses we serve. Because our business from GE is derived from a variety of businesses within GE, our exposure to GE is diversified in terms of industry risk. See Item 1A—“Risk Factors— GE accounts for a significant portion of our revenues and any material loss of business from, or change in our relationship with, GE could have a material adverse effect on our business, results of operations and financial condition.”

*Classification of certain net revenues.* We classify our net revenues in two categories: net revenues from GE and net revenues from Global Clients. Net revenues from Global Clients consist of revenues from services provided to all clients other than GE and the companies in which GE owns 20% or less of the outstanding equity interest. If GE ceases to own at least 20% of a business we serve, we reclassify the revenues from such business as Global Client revenues from the date of divestiture. The impact of the reclassification of revenue from divested GE businesses to Global Client revenue in 2018 and 2019 was immaterial.

In many cases, we have continued to perform services for GE-divested businesses following their divestiture by GE even though they were not obligated by the GE MSA to continue to use our services. In such cases, we have either entered into new MSAs with respect to such businesses following their divestiture by GE or agreed with such businesses to continue to work pursuant to the terms agreed to by GE. We are currently undertaking efforts, and plan to continue efforts, to procure engagements with the businesses that GE divests as part of its GE Capital divestitures.

*Expenses.* Personnel expenses are a major component of both our cost of revenue and our selling, general and administrative expenses. Personnel expenses include salaries and benefits (including stock-based compensation) as well as costs related to recruitment and training. Personnel expenses are allocated between cost of revenue and selling, general and administrative expenses based on the classification of the employee. Stock-based compensation and depreciation and amortization expense are allocated between cost of revenue and selling, general and administrative expenses using an appropriate allocation basis.

Our industry is labor-intensive. Wage levels in the countries in which our delivery centers are located have historically increased on a year-over-year basis. We attempt to address the impact of wage increases, and pressures to increase wages, in a number of ways, which include seeking to control entry-level wages, managing our attrition rate, delivering productivity and “right-skilling,” which refers to ensuring that positions are not filled by overqualified employees. We try to control increases in entry-level wages by implementing innovative recruitment policies, utilizing continuous training techniques, emphasizing promotion opportunities and maintaining an attractive work atmosphere and culture.

In planning capacity expansion, we look for locations that help us ensure global delivery capability while helping us control average salary levels. In India and in other countries where we may open multiple offices or delivery centers, we try to expand into cities where competition for personnel and wage levels may be lower than in more developed cities. In addition, under some of our contracts we have the ability to share with our clients a portion of any increase in costs due to inflation. Nevertheless, despite these steps, we expect general increases in wage levels in the future, which could adversely affect our margins. A significant increase in attrition rates would also increase our recruitment and training costs and decrease our operating efficiency, productivity and profit margins. Increased attrition rates or increased pricing may also cause some clients to be less willing to use our services. See Item 1A—“Risk Factors—Wage increases in the countries in which we have operations may prevent us from sustaining our competitive advantage and may reduce our profit margin.”

Our operational expenses include facilities maintenance expenses, travel and living expenses, IT expenses, and consulting and certain other expenses. Consulting charges, consisting of the cost of consultants and contract employees with specialized skills who are directly responsible for the performance of services for clients, are included in cost of revenue. Facilities maintenance expenses and certain other expenses are allocated between cost of revenue and selling, general and administrative expenses on the basis of the employee’s function.

*Cost of revenue.* The principal component of cost of revenue is personnel expenses. We include in cost of revenue all personnel expenses for employees who are directly responsible for the performance of services for clients, their supervisors and certain support personnel who may be dedicated to a particular client or a set of processes. Travel and living expenses are included in cost of revenue if the personnel expense for the employee incurring such expense is included in cost of revenue.

The ratio of cost of revenue to revenues for any particular SOW or for all SOWs under an MSA is typically higher in the early periods of the contract or client relationship than in later periods. This is because the number of supervisory and direct support personnel relative to the number of employees who are performing services declines. It is also because we may retain a portion of the benefit of productivity increases realized over time.

*Selling, general and administrative expenses.* Our selling, general and administrative, or SG&A, expenses are primarily comprised of personnel expenses for senior management, corporate personnel in enabling functions such as human resources, finance, legal, marketing, sales and sales-related personnel, and other support personnel. The operational costs component of SG&A expenses also includes travel and living costs for such personnel. Additionally, the operational costs component of SG&A expenses includes professional fees, which represent the costs of third-party legal, tax, accounting and other advisors, and an allowance for doubtful receivables.

*Amortization of acquired intangible assets.* Amortization of acquired intangible assets consists of amortization expenses relating to intangible assets acquired through acquisitions.

*Other operating (income) expense, net.* Other operating (income) expense, net primarily consists of the impact of the change in the fair value of earn-out consideration and deferred consideration relating to business acquisitions, certain operating losses resulting from the impairment of property, plant and equipment and intangible assets and certain operating gains upon the disposition of property, plant and equipment, including the transfer of land pursuant to a co-development agreement under which we will acquire an interest in commercial property being developed on the land.

*Foreign exchange gains (losses), net.* Foreign exchange gains (losses), net, primarily consists of gains or losses on the re-measurement of non-functional currency assets and liabilities. In addition, it includes gains or losses from derivative contracts entered into to offset the impact of the re-measurement of non-functional currency assets and liabilities. It also includes the realized and unrealized gains or losses on derivative contracts that do not qualify for hedge accounting.

We also enter into derivative contracts to offset the impact of the re-measurement of non-functional currency expenditures and income. The gains or losses on derivative contracts that qualify for hedge accounting are deferred and included under other comprehensive income (loss) until the derivative contracts mature, at which time the gains or losses on such cash flow hedges are classified as net revenues, cost of revenue or selling, general and administrative expenses based on the underlying risk being hedged. See Note 2—“Summary of significant accounting policies” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules” and Item 7A—“Quantitative and Qualitative Disclosures about Market Risk—Foreign Currency Risk.”

Approximately 77% of our fiscal 2019 revenues were earned in U.S. dollars. We also received payments in euros, U.K. pounds sterling, Australian dollars, Chinese renminbi, Japanese yen and Indian rupees. Our costs are primarily incurred in Indian rupees, as well as in U.S. dollars, Chinese renminbi, euros and the currencies of the other countries in which we have operations. While some of our contracts provide for limited sharing of the risk of inflation and fluctuations in currency exchange rates, we bear a substantial portion of this risk, and therefore our operating results could be negatively affected by adverse changes in wage inflation rates and foreign currency exchange rates. See our discussion of wage inflation under “Expenses” above. We enter into forward currency contracts, which are generally designed to qualify for hedge accounting, in order to hedge most of our net cost currency exposure between the U.S. dollar and the Indian rupee and Mexican peso, and between the euro and the Romanian leu, and our revenue currency exposure between the U.S. dollar and the pound sterling, Australian dollar, Philippine peso, Hungarian forint and euro, and between the Chinese renminbi and the Japanese yen. However, our ability to hedge such risks is limited by local law, the liquidity of the market for such hedges and other practical considerations. Thus, our results of operations may be adversely affected if we are not able to enter into the desired hedging arrangements or if our hedging strategies are not successful. See Note 2—“Summary of significant accounting policies” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules” for additional information.

*Interest income (expense), net.* Interest income (expense), net consists primarily of interest expense on indebtedness, including resulting from interest rate swaps, capital/finance lease obligations, interest adjustments relating to earn-out consideration in connection with certain acquisitions, certain items related to debt restructuring, and interest income on certain deposits. We manage a portion of our interest rate risk related to floating rate indebtedness by entering into interest rate swaps under which we receive floating rate payments based on the greater of LIBOR and the floor rate under our term loan and make payments based on a fixed rate.

*Other income (expense), net.* Other income (expense), net primarily includes the gain or loss on the divestitures of certain businesses and certain government incentives received by our subsidiaries.

*Net loss (income) attributable to redeemable non-controlling interest.* Non-controlling interest primarily refers to the loss associated with the redeemable non-controlling interest in the operations of Strategic Sourcing Excellence, LLC, or SSE, which we acquired in the first quarter of 2016. We purchased the remainder of the outstanding equity interest in SSE in the first quarter of 2018.

*Equity-method investment activity, net.* Equity-method investment activity, net primarily represents our share of loss in a non-consolidated affiliate that was divested on June 30, 2017.

*Income taxes.* We are incorporated in Bermuda and have operations in many countries. Our effective tax rate has historically varied and will continue to vary from year to year based on the tax rate in the jurisdiction of our organization, the geographical sources of our earnings and the tax rates in those countries, the tax relief and incentives available to us, the financing and tax planning strategies employed by us, changes in tax laws or the interpretation thereof, and movements in our tax reserves, if any.

*Bermuda taxes.* We are organized in Bermuda. Bermuda does not impose any income tax on us.

*Indian taxes.* Indian SEZ legislation provides for a 15-year tax holiday scheme for operations established in designated special economic zones, or SEZs. Under the SEZ legislation, qualifying operations are eligible for a deduction from taxable income equal to (i) 100% of their profits or gains derived from the export of services for a period of five years from the commencement of operations; (ii) 50% of such profits or gains for the next five years; and (iii) 50% of such profits or gains for an additional period of five years, subject to the creation of a "Special Economic Zone Re-investment Reserve Account," to be utilized only for acquiring new plant or machinery or for other business purposes, not including the distribution of dividends. This holiday is available only for new business operations that are conducted at qualifying SEZ locations and is not available to operations formed by splitting up or reconstructing existing operations or transferring existing plant and equipment (beyond prescribed limits) to new locations. During the last twelve years, we established new delivery centers that we believe are eligible for the SEZ benefits. However, we cannot forecast what percentage of our operations or income in India will in the future be eligible for SEZ benefits, as this will depend on how much of our business can be conducted at the qualifying locations and how much of that business can be considered to meet the restrictive conditions described above.

Our tax expense will increase as a result of the expiration of our tax holidays, and our after-tax profitability will be materially reduced, unless we can obtain comparable benefits under new legislation or otherwise reduce our tax liability. The Indian government recently enacted a law that allows companies to elect to pay reduced tax rate on all of their income provided they do not take advantage of any tax holidays or other exemptions. In response to this law, the Company currently expects to cease taking advantage of tax holidays and thereby benefit from the reduced tax rate after March 31, 2022.

Additionally, the governments of foreign jurisdictions where we deliver services may assert that certain of our clients have a “permanent establishment” in such jurisdictions by reason of the activities we perform on their behalf, particularly those clients that exercise control over or have substantial dependency on our services. Such an assertion could affect the size and scope of the services requested by such clients in the future.

*Transfer pricing.* We have transfer pricing arrangements among our subsidiaries involved in various aspects of our business, including operations, marketing, sales and delivery functions. U.S. and Indian transfer pricing regulations, as well as the regulations applicable in the other countries in which we operate, require that any international transaction involving affiliated enterprises be made on arm’s-length terms. We consider the transactions among our subsidiaries to be substantially on arm’s-length pricing terms. If, however, a tax authority in any jurisdiction reviews any of our tax returns and determines that the transfer prices we have applied are not appropriate, or that other income of our affiliates should be taxed in that jurisdiction, we may incur increased tax liability, including accrued interest and penalties, which would cause our tax expense to increase, possibly materially, thereby reducing our profitability and cash flows.

*Other taxes.* We have operating subsidiaries or branches in other countries, including Australia, Austria, Brazil, Canada, China, Costa Rica, the Czech Republic, Germany, Guatemala, Hungary, Ireland, Israel, Japan, Malaysia, Mexico, Netherlands, New Zealand, Philippines, Poland, Romania, Singapore, Slovakia, South Africa, United Kingdom and United States, as well as sales and marketing subsidiaries in certain jurisdictions, including the United States and the United Kingdom, which are subject to tax in such jurisdictions.

In 2009, one of our subsidiaries in China obtained a ruling from the Government of China certifying it to be a Technologically Advanced Service Enterprise. As a result, that subsidiary was subject to a lower corporate income tax rate of 15%, initially for a three-year period that began in 2009, which has been extended through December 31, 2020, subject to the fulfillment of certain conditions. Our delivery centers also enjoy corporate tax holidays or concessional tax rates in certain other jurisdictions, including the Philippines, Malaysia and Israel. These tax concessions will expire over the next few years, possibly increasing our overall tax rate.

Our ability to repatriate surplus earnings from our foreign subsidiaries in a tax-efficient manner is dependent upon interpretations of local laws, possible changes in such laws and the renegotiation of existing double tax avoidance treaties. Changes to any of these may adversely affect our overall tax rate.

*Tax audits.* Our tax liabilities may also increase, including due to accrued interest and penalties, if the applicable income tax authorities in any jurisdiction, during the course of any audits, were to disagree with any of our tax return positions. Through the period ended December 30, 2004, we have an indemnity from GE for any additional taxes attributable to periods prior to December 30, 2004.

*Tax losses and other deferred tax assets.* Our ability to utilize our tax loss carry-forwards and other deferred tax assets and credits may be affected if our profitability deteriorates or if new legislation is introduced that changes carry-forward or crediting rules. Additionally, reductions in enacted tax rates may affect the value of our deferred tax assets and our tax expense.

## Certain Acquisitions

From time to time we may make acquisitions or engage in other strategic transactions if suitable opportunities arise, and we may use cash, securities, other assets or a combination thereof as consideration.

On November 12, 2019, we acquired the outstanding equity/limited liability company interests in Rightpoint Consulting, LLC, an Illinois limited liability company, and certain affiliated entities in the United States and India (collectively referred to as "Rightpoint") for total purchase consideration of \$270.7 million. This amount includes cash consideration of \$268.2 million, net of cash acquired of \$2.5 million. This acquisition expands our capabilities in improving customer experience and strengthens our reputation as a thought leader in this space. The securities purchase agreement provided certain of the selling equity holders the option to elect to either (a) receive 100% consideration in cash at the closing date for their limited liability company interests and vested options or (b) "roll over" and retain 25% of their Rightpoint limited liability company interests and vested options and receive consideration in cash at closing for the remaining 75% of their Rightpoint limited liability company interests and vested options. Certain selling equity holders elected to receive deferred, variable earnout consideration with an estimated value of \$21.5 million over the three-year rollover period. The amount of deferred consideration ultimately paid to the rollover sellers will be based on the future revenue multiple of the acquired business and is included in the purchase consideration outstanding as of December 31, 2019. Goodwill arising from the acquisition amounting to \$182.8 million has been allocated among our three reporting units as follows: BCMI in the amount of \$17.5 million, CGRLH in the amount of \$44.4 million and HMS in the amount of \$120.9 million, using a relative fair value allocation method. Of the total goodwill amount, \$97.8 million is deductible for income tax purposes. The goodwill represents primarily the acquired capabilities, operating synergies and other benefits expected to result from combining the acquired operations with those of the Company.

On January 7, 2019, we acquired 100% of the outstanding equity interests in riskCanvas Holdings, LLC, a Delaware limited liability company, for total purchase consideration of \$5.75 million. This amount includes cash consideration of \$5.7 million, net of adjustment for working capital. This acquisition expands our services in the areas of financial institution fraud, anti-money laundering and financial transaction surveillance and enhances its consulting capabilities for clients in the financial services industry. Goodwill arising from the acquisition amounted to \$2.6 million, which has been allocated to our BCMI reporting unit and is deductible for income tax purposes. The goodwill represents primarily the acquired capabilities, operating synergies and other benefits expected to result from combining the acquired operations with those of the Company.

On August 30, 2018, we acquired 100% of the outstanding equity/partnership interests in Barkawi Management Consultants GmbH & Co. KG, a German limited partnership, and certain affiliated entities in the United States, Germany and Austria for total purchase consideration of \$101.3 million. This amount includes cash consideration of \$95.6 million, net of cash acquired of \$5.7 million. This acquisition enhances our supply chain management consulting capabilities. Goodwill arising from the acquisition amounted to \$79.9 million, which has been allocated to our BCMI reporting unit, our CGRLH reporting unit and our HMS reporting unit using a relative fair value allocation method. Of the total goodwill arising from the acquisition, \$64.5 million is deductible for tax purposes. The goodwill represents primarily the acquired consulting expertise, operating synergies and other benefits expected to result from combining the acquired operations with those of our existing operations.

On July 3, 2018, we acquired 100% of the outstanding equity interest in Commonwealth Informatics Inc., a Massachusetts corporation, for preliminary purchase consideration of \$17.9 million. This amount includes cash consideration of \$16.1 million, net of cash acquired of \$1.5 million, and adjustments for working capital and indebtedness. This acquisition enhances our signal management and pharmacovigilance capabilities for clients in the life sciences industry. Goodwill arising from the acquisition amounted to \$11.6 million, which has been allocated to our CGRLH reporting unit and is deductible for tax purposes. The goodwill represents primarily the acquired capabilities, operating synergies and other benefits expected to result from combining the acquired operations with our existing operations.

## Secondary Offerings

On February 15, 2019, we completed a secondary offering of our common shares pursuant to which certain of our shareholders affiliated with Bain Capital Investors, LLC, namely Glory Investments A Limited and its affiliated assignees, together with their co-investors (collectively, the “Selling Shareholders”), sold 10.0 million common shares at a price of \$32.215 per share in an underwritten public offering, with Goldman Sachs & Co. LLC acting as the sole underwriter. All of the common shares were sold by the Selling Shareholders and, as a result, we did not receive any of the proceeds from the offering.

On May 24, 2019, we completed a secondary offering of our common shares pursuant to which the Selling Shareholders sold 10.0 million common shares at a price of \$36.01 per share in an underwritten public offering, with Citigroup Global Markets, Inc. acting as the sole underwriter. All of the common shares were sold by the Selling Shareholders and, as a result, we did not receive any of the proceeds from the offering.

On August 16, 2019, we completed a secondary offering of our common shares pursuant to which the Selling Shareholders sold 12.5 million common shares at a price of \$40.59 per share in an underwritten public offering, with Goldman Sachs & Co. LLC acting as the sole underwriter. All of the common shares were sold by the Selling Shareholders and, as a result, we did not receive any of the proceeds from the offering.

On November 21, 2019, we completed a secondary offering of our common shares pursuant to which the Selling Shareholders sold 15,430,841 common shares at a price of \$39.95 per share in an underwritten public offering, with Goldman Sachs & Co. LLC acting as the sole underwriter. All of the common shares were sold by the Selling Shareholders and, as a result, we did not receive any of the proceeds from the offering. Following this offering, the Selling Shareholders no longer own any of our common shares.

## Bookings

New bookings is an operating or other statistical measure. We define new bookings as the total contract value of new client contracts, and certain renewals, extensions and changes to existing contracts to the extent that such contracts represent incremental future business. In determining total contract value for this purpose, we assume the minimum volume to which the client has committed or make a conservative projection where the client has not made a minimum volume commitment. New bookings attributable to large deals may exclude a portion of the total contract value above certain thresholds if the services are subject to certain contingencies, such as the establishment of new delivery centers or regulatory or other approvals. Regular renewals of contracts with no change in scope, which we consider business as usual, are not counted as new bookings. We provide information regarding our new bookings because we believe doing so provides useful trend information regarding changes in the volume of our new business over time and may be a useful metric as an indicator of future revenue growth potential. New bookings is also used by management to measure our sales force productivity.

New bookings in 2019 were approximately \$3.9 billion, consistent with 2018. While overall bookings were approximately flat year-over-year, our transformation services bookings and new sales of digitally-enabled services in our BPO business both increased. We attribute this growth to strategic investments in our digital and analytics capabilities, domain expertise, our people and our brand, together with a focus on growth opportunities in a specific set of industry verticals and service lines.



New bookings can vary significantly year to year depending in part on the timing of the signing of a small number of large contracts. The types of services clients are demanding, the duration of the contract and the pace and level of their spending may impact the conversion of new bookings to revenues. For example, business process outsourcing, or BPO, bookings, which are typically for multi-year contracts, generally convert to revenue over a longer period of time compared to information technology outsourcing or consulting bookings, which are often related to short-term, project-based work.

Information regarding our new bookings is not comparable to, nor should it be substituted for, an analysis of our revenues over time. The calculation of new bookings involves estimates and judgments. There are no third-party standards or requirements governing the calculation of new bookings. We do not update our new bookings for material subsequent terminations or reductions related to bookings originally recorded in prior fiscal years. New bookings are recorded using then-existing foreign currency exchange rates and are not subsequently adjusted for foreign currency exchange rate fluctuations. Our revenues recognized each year will vary from the new bookings value since new bookings is a snapshot measurement of a portion of the total client contract value at a given time.

### **Critical Accounting Policies and Estimates**

A summary of our significant accounting policies is included in Note 2—“Summary of significant accounting policies” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.” An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made and if changes in the estimate that are reasonably possible could materially impact the financial statements or require a higher degree of judgment than others in their application. We base our estimates on historical experience, contractual commitments and on various other assumptions that we believe to be reasonable under the circumstances and at the time they are made. We believe the following critical accounting policies require a higher level of management judgment and estimates than others in preparing the consolidated financial statements. Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

*Revenue recognition.* We typically face a long selling cycle in securing a new client. It is not unusual for us to spend twelve to eighteen months or more from the time we begin actively soliciting a new client until we begin to recognize revenues.

All costs we incur prior to signing a contract with a client are expensed as incurred, except for any incremental and direct costs incurred for acquiring the contracts, such as certain sales commissions to employees or third parties, which are classified as contract cost assets and are amortized over the expected period of benefit. Contract acquisition fees or other upfront fees paid to a client are classified as contract assets which are amortized over the expected period of benefit and recorded as an adjustment to the transaction price.

Once a contract is signed, we defer revenues from the transition of services to our delivery centers, as well as the related cost of revenue where such activities do not represent separate performance obligations. Revenues relating to such transition activities are classified under contract liabilities and subsequently recognized ratably over the period in which the related services are performed. Costs relating to such transition activities are fulfillment costs which are directly related to the contract and result in the generation or enhancement of resources. Such costs are expected to be recoverable under the contract and are therefore classified as contract cost assets and recognized ratably over the estimated expected period of benefit under cost of revenue.

Our client contracts sometimes also include incentive payments received for discrete benefits delivered or promised to be delivered to clients or service level agreements that could result in credits or refunds to the clients. Revenues relating to such arrangements are accounted for as variable consideration when the amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

We include offerings such as sale of licenses in certain contracts, which may be perpetual or subscription-based. We recognize upfront revenue from distinct perpetual licenses at the point in time when the software is made available to the client. Revenue from distinct subscription-based licenses is recognized at the point in time it is transferred to the client. Revenue from any associated maintenance or ongoing support services is recognized ratably over the term of the contract. For a combined software license/services performance obligation, revenue is recognized over the period that the services are performed.

We price our services under a variety of arrangements, including time and materials, transaction-based and, to a lesser extent, fixed-price contracts. When services are priced on a time-and-materials basis, we charge the client based on full-time equivalent, or FTE, rates for the personnel who will directly perform the services. The FTE rates are determined on a periodic basis, vary by category of service delivery personnel and are set at levels to reflect all of our costs, including the cost of supervisory personnel, the allocable portion of other costs, and a margin. In some cases, time-and-materials contracts are based on hourly rates of the personnel providing the services. We recognize revenues when the promised services are delivered to customers for an amount that reflects the consideration to which we expect to be entitled in exchange for those services. We accrue for revenue and unbilled receivables for services rendered between the last billing date and the balance sheet date.

In transaction-based pricing, clients are charged a fixed fee per transaction, with the fee per transaction sometimes linked to the total number of transactions processed. Some of our contracts give the client the option to prospectively change from a time-and-materials model to a transaction-based pricing model. Revenues from services rendered under time-and-material and transaction-based contracts are recognized as the services are provided.

In the case of fixed-price contracts, including those for application development, maintenance and support services, revenues are recognized ratably over the terms of the contracts.

We sometimes enter into multiple-element revenue arrangements in which a customer may purchase a combination of our services. Revenue from multiple-element arrangements is recognized, for each element, based on an allocation of the transaction price to each performance obligation on a relative standalone basis.

Revenue for performance obligations that are satisfied over time is recognized in accordance with the methods prescribed for measuring progress. The input (effort or cost expended) method has been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Timing of revenue recognition may differ from the timing of invoicing. If we receive payment in respect of services prior to the time a contract is signed, we recognize the payment as an advance from a client. When the related contract is signed, the advance becomes revenue to the extent the services are rendered and price is fixed or determinable.

Significant judgements involved include (a) determining whether services are considered distinct performance obligations that should be accounted for separately rather than together where we enter into contracts with clients that include promises to transfer multiple products and services, (b) determining the standalone selling price for each distinct performance obligation and (c) estimating credits or refunds to our clients resulting from incentive payments received for discrete benefits delivered to clients or under service level agreements. In instances where a standalone selling price for a performance obligation is not directly observable, we use information that may include market conditions and other observable inputs. We estimate credit or refund amounts at contract inception and adjust them at the end of each reporting period as additional information becomes available only to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

*Accounts receivable.* Our accounts receivable include amounts for services that we have performed but for which we have not received payment. Accounts receivable are recorded at the invoiced or to-be-invoiced amount and do not bear interest. We typically follow a 30-day billing cycle and, as such, at any point in time we may have accrued up to 30 days of revenues that have not been billed. We maintain an allowance for doubtful accounts for estimated losses inherent in our accounts receivable portfolio. In establishing the required allowance, we consider historical losses adjusted to take into account current market conditions and our clients' financial condition, the amount of receivables in dispute, and the current receivables' aging and current payment patterns of the client. We do not have any off-balance-sheet credit exposure related to our clients.

*Business combinations.* The application of business combination accounting requires the use of significant estimates and assumptions. We account for business combinations using the acquisition method of accounting, by recognizing the identifiable tangible and intangible assets acquired and liabilities assumed, and any non-controlling interest in the acquired business, measured at their acquisition date fair values. Contingent consideration is included within the acquisition cost and is recognized at its fair value on the acquisition date. The measurement of purchase price, including future contingent consideration, if any, and its allocation, requires significant estimates in determining the fair values of assets acquired and liabilities assumed, including with respect to intangible assets and deferred and contingent consideration. Significant estimates and assumptions we may make include, but are not limited to, the timing and amount of future revenue and cash flows based on, among other things, anticipated growth rates, customer attrition rates, and the discount rate reflecting the risk inherent in future cash flows.

*Goodwill and other intangible assets.* Goodwill represents the cost of acquired businesses in excess of the fair value of the identifiable tangible and intangible net assets purchased. Goodwill is tested for impairment at least on an annual basis on December 31, or as circumstances warrant based on a number of factors, including operating results, business plans and future cash flows. We perform an assessment of qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Based on our assessment of events or circumstances, we perform a quantitative assessment of goodwill impairment if it is determined that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Based on the results of our assessments of qualitative factors, we determined that the fair values of all of our reporting units are likely to be higher than their respective carrying amounts as of December 31, 2019 and December 31, 2018.

Prior to the fourth quarter of 2019, we had one reportable segment. To align with how our Chief Operating Decision Maker (CODM) manages our business, including resource allocation and performance assessment, we realigned our business segments into the following three reportable segments effective October 1, 2019: BCMI, CGRLH and HMS. See Note 10—“Goodwill and intangible assets” and Note 26—“Segment reporting” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.” Goodwill has been allocated based on the relative fair value of each newly identified reporting unit. We tested goodwill for impairment both prior to the change in reporting units and immediately thereafter for events and conditions identified in accordance with the guidance in ASC 350, “Intangibles—Goodwill and Other.” The fair value of our reporting units was calculated using a discounted cash flow model using estimated future cash flows. The results of our evaluation demonstrated that the fair value of each reporting unit exceeded its book value as of the date of the change in reporting units.

We capitalize certain software and technology development costs incurred in connection with developing or obtaining software or technology for providing software as a service to customers when the initial design phase is completed and commercial and technological feasibility has been established. Any development cost incurred before technological feasibility is established is expensed as incurred as research and development costs. Technological feasibility is established upon completion of a detailed design program or, in its absence, completion of a working model. Capitalized software and technology costs include only (i) the external direct costs of materials and services utilized in developing or obtaining software and technology and (ii) compensation and related benefits for employees who are directly associated with the project.

We test our intangible assets for impairment whenever events occur or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether we have incurred an impairment loss requires comparing the carrying amounts of the assets to the sum of future undiscounted cash flows expected to be generated by the assets. When determining the fair value of our intangible assets, we utilize various assumptions, including discount rates, estimated growth rates, economic trends and projections of future cash flows. These projections also take into account factors such as the expected impact of new client contracts, expanded or new business from existing clients, efficiency initiatives, and the maturity of the markets in which each of our businesses operates. We generally categorize intangible assets acquired individually or with a group of other assets or in a business combination as customer-related, marketing-related, technology-related, and other intangible assets. See Note 2—“Summary of significant accounting policies—Business combinations, goodwill and other intangible assets” and Note 10—“Goodwill and intangible assets” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules” for more information about how we value our intangible assets. Actual results may vary, and may cause significant adjustments to the valuation of our assets in the future.

*Derivative instruments and hedging activities.* We enter into forward foreign exchange contracts to mitigate the risk of changes in foreign exchange rates on intercompany transactions and forecasted transactions denominated in foreign currencies, and we enter into interest rate swaps to mitigate interest rate fluctuation risk on our indebtedness. Most of these transactions meet the criteria for hedge accounting as cash flow hedges under the Financial Accounting Standards Board, or FASB, guidance on Derivatives and Hedging.

With respect to derivatives designated as cash flow hedges, we formally document all relationships between hedging instruments and hedged items, as well as our risk management objectives and strategy for undertaking various hedge transactions. In addition, we formally assess, both at the inception of a hedge and on a quarterly basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If we determine that a derivative or a portion thereof is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, we prospectively discontinue hedge accounting with respect to that derivative instrument.

We recognize derivative instruments and hedging activities as either assets or liabilities and measure them at fair value in our consolidated balance sheets. Changes in the fair values of these hedges are deferred and recorded as a component of other comprehensive income (losses), net of tax, until the hedged transactions occur and are recognized in the Consolidated Statements of Income along with the underlying hedged item and disclosed as a part of “Total net revenues,” “Cost of revenue,” “Selling, general and administrative expenses” and “Interest expense,” as applicable.

We value our derivatives based on market observable inputs, including both forward and spot prices for currencies. Derivative assets and liabilities included in Level 2 of the fair value hierarchy primarily represent foreign currency forward contracts. The quotes are taken from independent sources and databases.

*Income taxes.* We account for income taxes using the asset and liability method. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their tax bases and operating losses carried forward, if any. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates or tax status is recognized in the statement of income in the period that includes the enactment date or the filing or approval date of the tax status change. Deferred tax assets are recognized in full, subject to a valuation allowance that reduces the amount recognized to that which is more likely than not to be realized. In assessing the likelihood of realization, we consider estimates of future taxable income. In the case of an entity that benefits from a corporate tax holiday, deferred tax assets or liabilities for existing temporary differences are recorded only to the extent such temporary differences are expected to reverse after the expiration of the tax holiday.

We also evaluate potential exposures related to tax contingencies or claims made by tax authorities in various jurisdictions and determine if a reserve is required. A reserve is recorded if we believe that a loss is more likely than not to occur and the amount can be reasonably estimated. Any such reserves are based on estimates and are subject to changing facts and circumstances considering the progress of ongoing audits, case law and new legislation. We believe that the reserves we have established are adequate.

We apply a two-step approach for recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position is more likely than not to be sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50% likely of being realized upon settlement. We also include interest and penalties related to unrecognized tax benefits within our provision for income tax expense.

We generally plan to indefinitely reinvest the undistributed earnings of foreign subsidiaries, except for those earnings that can be repatriated in a tax-free manner. Accordingly, we do not currently accrue any material income, distribution or withholding taxes that would arise if such earnings were repatriated.

*Employee benefit plans.* We record annual costs relating to defined benefit plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return on plan assets, future compensation increases and attrition rates. We review these assumptions on an annual basis and modify the assumptions based on current rates and trends when it is appropriate to do so. Actual results in any given year will often differ from actuarial assumptions because of economic and other factors.

*Leases.* At the inception of a contract, we assess whether the contract is, or contains, a lease. Our assessment is based on whether: (1) the contract involves the use of a distinct identified asset, (2) we obtain the right to substantially all the economic benefit from the use of the asset throughout the term of the contract, and (3) we have the right to direct the use of the asset. At the inception of a lease, the consideration in the contract is allocated to each lease component based on its relative standalone price to determine the lease payments. The Company adopted Accounting Standards Codification Topic 842, Leases (“Topic 842”), effective January 1, 2019 and applied Topic 842 using the modified retrospective adoption approach. Leases entered into prior to January 1, 2019 have been accounted for under ASC 840 and were not reassessed.

Leases are classified as either finance leases or operating leases. A lease is classified as a finance lease if any one of the following criteria are met: (1) the lease transfers ownership of the asset by the end of the lease term, (2) the lease contains an option to purchase the asset that is reasonably certain to be exercised, (3) the lease term is for a major part of the remaining useful life of the asset or (4) the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any one of the above criteria.

For all leases, at the lease commencement date, a ROU asset and a lease liability are recognized. The lease liability represents the present value of the lease payments under the lease. Lease liabilities are initially measured at the present value of the lease payments not yet paid, discounted using the discount rate for the lease at lease commencement. The lease liabilities are subsequently measured on an amortized cost basis. The lease liability is adjusted to reflect interest on the liability and the lease payments made during the period. Interest on the lease liability is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability.

The ROU asset represents the right to use the leased asset for the lease term. The ROU asset for each lease initially includes the amount of the initial measurement of the lease liability adjusted for any lease payments made to the lessor at or before the commencement date, accrued lease liabilities and any lease incentives received or any initial direct costs incurred by us.

The ROU asset of finance leases is subsequently measured at cost, less accumulated amortization and any accumulated impairment losses. The ROU asset of operating leases is subsequently measured from the carrying amount of the lease liability at the end of each reporting period, and is therefore equal to the carrying amount of lease liabilities adjusted for (1) unamortized initial direct costs, (2) prepaid/(accrued) lease payments and (3) the unamortized balance of lease incentives received.

Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

*Stock-based compensation expense.* We recognize and measure compensation expense for all stock-based awards based on the grant date fair value. For option awards, grant date fair value is determined under the option pricing model (Black-Scholes-Merton model) and, for stock-based awards other than option awards, grant date fair value is determined on the basis of the fair market value of our shares on the grant date of such awards. Determining the fair value of stock-based awards requires estimates and assumptions, including estimates of the period the stock awards will be outstanding before they are exercised, future volatility in the price of our common shares, and the number of stock-based awards that are likely to be forfeited. The Black-Scholes-Merton option pricing model also involves the use of additional key assumptions, including dividend yield and risk-free interest rate. For performance share units, we are required to estimate the most probable outcome of the performance conditions in order to determine the stock-based compensation cost to be recorded over the vesting period. We periodically assess the reasonableness of our assumptions and update our estimates as required. If actual results differ significantly from our estimates, stock-based compensation expense and our results of operations could be materially affected. *Government incentives.* We recognize government incentives in the consolidated statement of income under “other income (expense), net.” Incentives are recognized in the consolidated statement of income when there is reasonable assurance that we will comply with the conditions for their receipt and a reasonable expectation that the funds will be received. In certain circumstances, the receipt of an incentive may not be subject to any condition or requirement to incur further costs, in which case the incentive is recognized in the consolidated statement of income in the period in which it becomes receivable. In the event that it becomes likely that we will be required to repay an incentive that has already been recognized, we make a provision for the estimated liability.

## Results of Operations

For a discussion of our results of operations for the year ended December 31, 2017, including a year-to-year comparison between 2018 and 2017, refer to Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2018.

The following table sets forth certain data from our income statement for the years ended December 31, 2018 and 2019:

	Year ended December 31,		Percentage change Increase/ (Decrease) 2019 vs. 2018
	2018	2019	
Net revenues—GE	\$ 268.2	\$ 478.1	78.3 %
Net revenues—Global Clients	2,732.6	3,042.5	11.3 %
<b>Total net revenues</b>	<b>3,000.8</b>	<b>3,520.5</b>	<b>17.3 %</b>
Cost of revenue	1,921.8	2,294.7	19.4 %
<b>Gross profit</b>	<b>1,079.0</b>	<b>1,225.9</b>	<b>13.6 %</b>
<b>Gross profit margin</b>	<b>36.0 %</b>	<b>34.8 %</b>	
Operating expenses			
Selling, general and administrative expenses	693.9	794.9	14.6 %
Amortization of acquired intangible assets	38.9	32.6	(16.2) %
Other operating (income) expense, net	(1.8)	(31.0)	1,642.1 %
<b>Income from operations</b>	<b>348.2</b>	<b>429.4</b>	<b>23.3 %</b>
<b>Income from operations as a percentage of net revenues</b>	<b>11.6 %</b>	<b>12.2 %</b>	
Foreign exchange gains (losses), net	15.2	7.7	(49.2) %
Interest income (expense), net	(37.1)	(43.5)	17.1 %
Other income (expense), net	35.8	5.8	(83.8) %
<b>Income before equity-method investment activity, net and income tax expense</b>	<b>362.0</b>	<b>399.4</b>	<b>10.3 %</b>
Equity-method investment activity, net	(0.0)	(0.0)	33.3 %
<b>Income before income tax expense</b>	<b>362.0</b>	<b>399.4</b>	<b>10.3 %</b>
Income tax expense	80.8	94.5	17.0 %
<b>Net income</b>	<b>281.3</b>	<b>304.9</b>	<b>8.4 %</b>
Net loss attributable to redeemable non-controlling interest	0.8	0.0	(100.0) %
<b>Net income attributable to Genpact Limited common shareholders</b>	<b>\$ 282.0</b>	<b>\$ 304.9</b>	<b>8.1 %</b>
<b>Net income attributable to Genpact Limited common shareholders as a percentage of net revenues</b>	<b>9.4 %</b>	<b>8.7 %</b>	

### Fiscal Year Ended December 31, 2019 Compared to the Fiscal Year Ended December 31, 2018

*Net revenues.* Our net revenues were \$3,520.5 million in 2019, up \$519.8 million, or 17.3%, from \$3,000.8 million in 2018. The growth in our net revenues was primarily driven by an increase in BPO services delivered to our Global Clients and GE, in particular transformation services, and incremental revenues from large deals won in the fourth quarter of 2018 and during 2019. Adjusted for foreign exchange, primarily the impact of changes in the values of the euro and the U.K. pound sterling against the U.S. dollar, our net revenues grew 18.2% compared to 2018 on a constant currency basis. Revenue growth on a constant currency basis is a non-GAAP measure. We provide information about our revenue growth on a constant currency basis so that our revenue may be viewed without the impact of foreign currency exchange rate fluctuations compared to prior fiscal periods, thereby facilitating period-to-period



comparisons of our business performance. Total net revenues on a constant currency basis are calculated by restating current-period activity using the prior fiscal period's foreign currency exchange rates and adjusted for hedging gains/losses.

Our average headcount increased to approximately 91,300 in 2019 from approximately 79,900 in 2018.

	Year ended December 31,		Percentage Change Increase/ (Decrease) 2019 vs. 2018
	2018	2019	
(dollars in millions)			
<i>Global Clients:</i>			
BPO services	\$ 2,345.0	\$ 2,642.3	12.7 %
IT services	387.6	400.2	3.2
<b>Total net revenues from Global Clients</b>	<b>\$ 2,732.6</b>	<b>\$ 3,042.5</b>	<b>11.3 %</b>
<i>GE:</i>			
BPO services	157.8	331.9	110.3 %
IT services	110.4	146.1	32.4
<b>Total net revenues from GE</b>	<b>\$ 268.2</b>	<b>\$ 478.1</b>	<b>78.3 %</b>
Total net revenues from BPO services	2,502.8	2,974.2	18.8
Total net revenues from IT services	498.0	546.3	9.7
<b>Total net revenues</b>	<b>\$ 3,000.8</b>	<b>\$ 3,520.5</b>	<b>17.3 %</b>

Net revenues from Global Clients in 2019 were \$3,042.5 million, up \$309.9 million, or 11.3%, from \$2,732.6 million in 2018. This increase was primarily driven by growth in several of our verticals, including the high tech vertical within our HMS segment, the consumer goods vertical within our CGRLH segment, and the capital markets vertical within our BCMI segment. As a percentage of total net revenues, net revenues from Global Clients decreased from 91.1% in 2018 to 86.4% in 2019.

Net revenues from GE were \$478.1 million in 2019, up \$209.9 million, or 78.3%, from 2018, driven by services delivered in connection with a large new contract signed in the fourth quarter of 2018, for which the scope of work was increased during 2019, as well as an increase in transformation services project engagements in 2019.

Net revenues from BPO services in 2019 were \$2,974.2 million, up \$471.4 million, or 18.8%, from \$2,502.8 million in 2018. This increase was primarily attributable to an increase in services, including transformation services – in particular those associated with large deals signed in the fourth quarter of 2018 – delivered to clients in several of our verticals, including the consumer goods and retail vertical within our CGRLH segment, the capital markets vertical within our BCMI segment, and the manufacturing and services vertical within our HMS segment. Net revenues from IT services were \$546.3 million in 2019, up \$48.3 million, or 9.7%, from \$498.0 million in 2018.

Net revenues from BPO services as a percentage of total net revenues increased to 84.5% in 2019 from 83.4% in 2018, with a corresponding decline in the percentage of total net revenues attributable to IT services.

Revenues by reportable business segment were as follows:

	Year ended December 31,		Percentage Change
	2018	2019	Increase/ (decrease) 2019 vs 2018
	(dollars in millions)		
BCMI	1,079.7	1,078.8	(0.1)%
CGRLH	903.2	1,107.5	22.6
HMS	1,005.1	1,348.6	34.2
Others	12.8	(14.5)	-
<b>Total net revenues</b>	<b>3,000.8</b>	<b>3,520.5</b>	<b>17.3%</b>

Net revenues from our BCMI segment were flat from 2018 to 2019. The increase in revenue in our BCMI segment in 2019 due to large deals signed in 2018 was offset by client attrition within the segment. Net revenues in our CGRLH and HMS segments increased by 22.6% and 34.2%, respectively, in 2019 compared to 2018, primarily driven by an increase in transformation services, in particular associated with large deals won in the fourth quarter of 2018.

*Cost of revenue and gross margin.* The following table sets forth the components of our cost of revenue and the resulting gross margin:

	Year ended December 31,		As a Percentage of Total Net Revenues	
	2018	2019	2018	2019
	(dollars in millions)			
Personnel expenses	\$ 1,322.7	\$ 1,687.9	44.1 %	47.9 %
Operational expenses	543.0	521.0	18.1	14.8
Depreciation and amortization	56.1	85.8	1.9	2.4
<b>Cost of revenue</b>	<b>\$ 1,921.8</b>	<b>\$ 2,294.7</b>	<b>64.0 %</b>	<b>65.2 %</b>
<b>Gross margin</b>	<b>36.0 %</b>	<b>34.8 %</b>		

Cost of revenue was \$2,294.7 million in 2019, up \$372.9 million, or 19.4%, from \$1,921.8 million in 2018. Increases in our operational headcount, including in the number of onshore personnel, in particular for large new deals, transformation services delivery and additional headcount from large deals, wage inflation, higher stock-based compensation expense and a non-recurring impairment charge related to a wealth management platform that we no longer plan to leverage beyond its current scope contributed to the increase in cost of revenue, offset by improved utilization of transformation services resources in 2019 compared to 2018.

Our gross margin decreased from 36.0% in 2018 to 34.8% in 2019, driven primarily by lower initial gross margins associated with new large deals, higher stock-based compensation expense and a non-recurring impairment charge related to a wealth management platform that we no longer plan to leverage beyond its current scope, partially offset by improved utilization of transformation services resources and improved operating leverage.

*Personnel expenses.* Personnel expenses as a percentage of total net revenues increased from 44.1% in 2018 to 47.9% in 2019. Personnel expenses were \$1,687.9 million in 2019, up \$365.2 million, or 27.6%, from \$1,322.7 million in 2018. This increase is primarily due to a net increase in our stock-based compensation expense from \$13 million in 2018 to \$24 million in 2019, an approximately 9,800-person, or 14.4%, net increase in our operational headcount, including an increase in the number of onshore personnel, particularly related to large new deals and transformation services delivery, and the impact of wage inflation in 2019 compared to 2018.

*Operational expenses.* Operational expenses as a percentage of total net revenues decreased from 18.1% in 2018 to 14.8% in 2019, largely due to improved operational efficiencies.

*Depreciation and amortization expenses.* Depreciation and amortization expenses as a percentage of total net revenues were 2.4% in 2019, compared to 1.9% in 2018. Depreciation and amortization expenses as a component of cost of revenue were \$85.8 million in 2019, up \$29.7 million, or 53.0%, from \$56.1 million in 2018. This increase was primarily due to the expansion of certain existing facilities and the purchase and deployment of new assets in 2019, including technology-related intangible assets, and additional finance leases recognized upon adoption of the new lease standard in 2019.

*Selling, general and administrative expenses.* The following table sets forth the components of our selling, general and administrative, or SG&A, expenses:

	Year ended December 31,		As a Percentage of Total Net Revenues		
	2018	2019	2018	2019	
	(dollars in millions)				
Personnel expenses	\$ 518.9	\$ 592.8	17.3	%	16.8 %
Operational expenses	166.4	192.1	5.5		5.5
Depreciation and amortization	8.5	10.0	0.3		0.3
<b>Selling, general and administrative expenses</b>	<b>\$ 693.9</b>	<b>\$ 794.9</b>	<b>23.1</b>	<b>%</b>	<b>22.6 %</b>

SG&A expenses as a percentage of total net revenues decreased from 23.1% in 2018 to 22.6% in 2019 primarily due to operating leverage driven by revenue growth. SG&A expenses were \$794.9 million, up \$101.0 million, or 14.6%, from 2018. This increase in expense was primarily due to wage inflation, a net increase in our support personnel headcount and higher stock-based compensation, marketing expenses and infrastructure costs.

*Personnel expenses.* Personnel expenses as a percentage of total net revenues decreased from 17.3% in 2018 to 16.8% in 2019. This decrease was primarily due to operating leverage and savings from functional efficiency initiatives.

*Operational expenses.* Operational expenses as a component of SG&A expenses were \$192.1 million in 2019, up \$25.7 million, or 15.4%, from \$166.4 million in 2018. Operational expenses as a percentage of total net revenues were 5.5% in both 2019 and 2018.

*Depreciation and amortization.* Depreciation and amortization expenses as a percentage of total net revenues were 0.3% in both 2019 and 2018. Depreciation and amortization expenses as a component of SG&A expenses were \$10.0 million in 2019, up \$1.5 million, or 17.6%, from \$8.5 million in 2018.

*Amortization of acquired intangibles.* Non-cash expenditures on account of amortization of acquired intangibles were \$32.6 million in 2019, down \$6.2 million, or 16.1%, from \$38.9 million in 2018. This decrease is primarily due to a reduction in amortization as a result of the expiration of the lives of intangibles acquired in prior periods, partially offset by amortization of intangibles acquired during 2018 and 2019.

*Other operating (income) expense, net.* Other operating income, net of expenses, was \$31.0 million in 2019, up \$29.2 million from \$1.8 million in 2018. We recorded a gain of \$31.4 million upon the transfer of land in 2019 to a real estate developer in exchange for an interest in commercial property being developed on the land. We also recorded a gain of \$3.4 million in connection with an advance related to a parcel of land in India in 2019 that had been previously written off. No such gains were recorded in 2018. We recorded a gain of \$5.7 million in 2018 due to changes in the fair value of earn-out consideration payable in connection with certain acquisitions and no such gain was recorded in 2019. Additionally, we recorded a \$3.5 million charge in 2019 compared to a \$4.3 million charge in 2018 relating to certain computer software and technology-related intangible assets, which charge we discuss in Note 10—“Goodwill and intangible assets” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.”

*Income from operations.* As a result of the foregoing factors, income from operations as a percentage of total net revenues increased from 11.6% in 2018 to 12.2% in 2019. Income from operations was \$429.4 million in 2019, up 23.3%, or \$81.2 million, from \$348.2 million in 2018.

*Foreign exchange gains (losses), net.* We recorded a net foreign exchange gain of \$7.7 million in 2019, compared to a \$15.2 million gain in 2018. The gains in 2019 and 2018 resulted primarily from the depreciation of the Indian rupee against the U.S. dollar.

*Interest income (expense), net.* The following table sets forth the components of interest income (expense), net:

	<u>Year ended December 31,</u>		<u>Percentage Change</u>
	<u>2018</u>	<u>2019</u>	<u>Increase/(Decrease)</u>
	(dollars in millions)		<u>2019 vs. 2018</u>
Interest income	\$ 11.4	\$ 7.3	(35.7) %
Interest expense	(48.5 )	(50.8 )	4.7
<b>Interest income (expense), net</b>	<b>\$ (37.1 )</b>	<b>\$ (43.5 )</b>	<b>17.1 %</b>
<b>Interest income (expense), net as a percentage of total net revenues</b>	<b>(1.2) %</b>	<b>(1.2) %</b>	

Our net interest expense was \$43.5 million in 2019, up \$6.4 million from \$37.1 million in 2018, primarily due to a \$2.3 million increase in interest expense and a \$4.1 million decrease in interest income. The increase in interest expense is primarily due to (i) higher interest expense recognized under finance leases (including those recognized under the new accounting pronouncement on leases adopted in 2019), (ii) additional interest expense on the \$400 million aggregate principal amount of our 3.375% senior notes due December 1, 2024, which we issued in an underwritten public offering in November 2019, and (iii) higher drawdown on our revolving credit facility in 2019 compared to 2018. This increase was partially offset by (i) higher gains on interest rate swaps in 2019 compared to 2018, which was largely offset by higher interest expense on our LIBOR-linked term loan due to an increase in the average LIBOR rate during the year, which we discuss in the section titled “Liquidity and Capital Resources—Financial Condition” below, and (ii) lower interest on earn-out consideration recognized in 2019 compared to 2018. Our interest income decreased by \$4.1 million in 2019 compared to 2018, primarily due to higher account balances in India in 2018 compared to 2019. The weighted average rate of interest on our debt, including the net impact of interest rate swaps, increased from 3.2% in 2018 to 3.3% in 2019.

Other income (expense), net. The following table sets forth the components of other income (expense), net:

	Year ended December 31,		Percentage Change
	2018	2019	Increase/(Decrease) 2019 vs. 2018
	(dollars in millions)		
Government incentives	\$ 36.1	\$ 4.0	(89.0) %
Other income/(expense)	(0.3)	1.8	(635.5)
<b>Other income (expense), net</b>	<b>\$ 35.8</b>	<b>\$ 5.8</b>	<b>(83.8) %</b>
<b>Other income (expense), net as a percentage of total net revenues</b>	<b>1.2 %</b>	<b>0.2 %</b>	

Our net other income was \$5.8 million in 2019, down \$30.0 million from \$35.8 million in 2018. This decrease is primarily due to a reduction in the amount received under an Indian export subsidy from \$36.1 million in 2018 to \$4.0 million in 2019. This subsidy was introduced under the Foreign Trade Policy of India to encourage the export of specified services from India and was available for eligible export services until March 31, 2019.

*Net income attributable to Genpact Limited common shareholders.* As a result of the foregoing factors, net income attributable to our common shareholders as a percentage of net revenues decreased from 9.4% in 2018 to 8.7% in 2019. Net income attributable to our common shareholders increased by \$22.9 million from \$282.0 million in 2018 to \$304.9 million in 2019.

*Adjusted income from operations.* Adjusted income from operations, or AOI, increased by \$85.5 million from \$473.3 million in 2018 to \$558.8 million in 2019. This increase in AOI was primarily due to higher revenues and operating leverage, in part from G&A savings initiatives.

AOI is a non-GAAP measure and is not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. We believe that presenting AOI together with our reported results can provide useful supplemental information to our investors and management regarding financial and business trends relating to our financial condition and results of operations. A limitation of using AOI versus net income attributable to Genpact Limited shareholders calculated in accordance with GAAP is that AOI excludes certain recurring costs and certain other charges, namely stock-based compensation and amortization of acquired intangibles. We compensate for this limitation by providing specific information on the GAAP amounts excluded from AOI.

We calculate AOI as net income attributable to Genpact Limited shareholders, excluding (i) stock-based compensation, (ii) amortization of acquired intangible assets, (iii) acquisition-related expenses excluded in the period in which an acquisition is consummated, (iv) foreign exchange (gain)/loss, (v) interest (income) expense, and (vi) income tax expense as we believe that our results after taking into account these adjustments more accurately reflect our ongoing operations.

The following table shows the reconciliation of AOI to the most directly comparable GAAP measure for the years ended December 31, 2018 and 2019:

	Year ended December 31,	
	2018	2019
	(dollars in millions)	
<b>Net income attributable to Genpact Limited shareholders</b>	<b>\$ 282.0</b>	<b>\$ 304.9</b>
Less: Foreign exchange (gains) losses, net	(15.2)	(7.7)
Add: Interest (income) expense, net	37.1	43.4
Add: Income tax expense	80.8	94.5
Add: Stock-based compensation	49.0	83.9
Add: Amortization of acquired intangible assets	37.3	31.5
Add: Acquisition-related expenses	2.3	8.3
<b>Adjusted income from operations</b>	<b>\$ 473.3</b>	<b>\$ 558.8</b>

The following table sets forth our AOI by reportable business segment for the years ended December 31, 2018 and 2019:

	Year ended December 31,	
	2018	2019
	(dollars in millions)	
BCMI	148.7	116.0
CGRLH	116.7	161.5
HMS	177.2	238.1
Others	30.7	43.2

AOI of our BCMI segment decreased to \$116.0 million in 2019 from \$148.7 million in 2018, primarily driven by flat revenues, losses in our wealth management business and lower insurance claims services revenue due to significantly reduced weather-related claims in 2019 compared to 2018. AOI of our CGRLH segment increased to \$161.5 million in 2019 from \$116.7 million in 2018, primarily due to revenue growth in the segment and more efficient utilization of resources. AOI of our HMS segment increased to \$238.1 million in 2019 from \$177.2 million in 2018, primarily due to increased leverage driven by revenue growth in the segment, offset by lower margins on large deals signed in the fourth quarter of 2018 and in 2019. AOI for “Others” in the table above primarily represents government incentives and the impact of foreign exchange fluctuations for both 2018 and 2019 and a gain upon the exchange of certain non-monetary assets (namely land) in 2019, none of which are allocated to any individual segment for management’s internal reporting purposes. See Note 26—“Segment reporting” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.”

*Income tax expense.* Our income tax expense increased from \$80.8 million in 2018 to \$94.5 million in 2019, due to higher income before taxes and an increase in our effective tax rate, or ETR. Our ETR was 23.7% in 2019, up from 22.3% in 2018. The increase in our ETR is primarily due to the expiration of special economic zone benefits, changes in the jurisdictional mix of our income and the impact of tax law changes, offset by tax benefits recorded on employment-related tax deductions in India.

*Net income attributable to cc* acquired in the first quarter of 2016. We purchased the remainder of the outstanding equity interest in SSE in 2018

## Seasonality

Our financial results may vary from period to period. Our revenues are typically higher in the third and fourth quarters than in other quarters, as a result of several factors. We generally find that demand for short-term IT projects, transformation services and analytics services increases in the fourth quarter as our clients utilize the balance of their budgets for the year. In addition, contracts for long-term IT Services and BPO engagements are often signed in the first and second quarters as clients begin new budget cycles. Volumes under such contracts then increase in the latter part of the year as engagements

ramp up. Additionally, demand for certain services, such as collections and transaction processing, is often greater in the second half of the year as our clients' volumes in such areas increase.

The tables in Note 31—"Quarterly financial data (unaudited)" to our consolidated financial statements under Part IV, Item 15—"Exhibits and Financial Statement Schedules" present unaudited quarterly financial information for each of our last eight fiscal quarters on a historical basis. We believe the quarterly information set forth therein contains all adjustments necessary to fairly present such information. The comparison of our results for the first quarter of 2019 with the fourth quarter of 2018 reflects the seasonal trends described above. The results for any interim period are not necessarily indicative of the results that may be expected for the full year.

## Statement of financial position

### Key changes in our financial position during 2019

Following are the significant changes in our financial position as of December 31, 2019 compared to December 31, 2018:

- **Short-term borrowings decreased by \$225.0 million**  
Our short-term borrowings decreased due to the use of the proceeds from our 3.375% senior notes issued in 2019 to repay short-term borrowings. See Note 15—"Short-term borrowings" to our consolidated financial statements under Part IV, Item 15—"Exhibits and Financial Statement Schedules" for additional information.
- **Prepaid expenses, other current assets, contract cost assets and other assets increased by \$65.1 million**  
The increase in other assets, contract cost assets and prepaid expenses is primarily due to the capitalization of certain sales incentives and fulfillment costs under contract cost assets. See Note 2—"Summary of significant accounting policies" and Note 27—"Net revenues—Contract balances" to our consolidated financial statements under Part IV, Item 15—"Exhibits and Financial Statement Schedules" for additional information. The balance of the increase is primarily due to the recognition of right-of-use assets under finance leases upon our adoption of the new lease standard, ASC 842, effective January 1, 2019, advance income and non-income taxes and deposits, partially offset by lower contract assets along with the impact of mark-to-market gains on derivative financial instruments and fluctuations in foreign exchange, primarily the depreciation of the Indian rupee against the U.S. dollar.
- **Net accounts receivable increased by \$140.1 million**  
The increase in our accounts receivable is primarily due to increased revenues in 2019 and an increase in days sales outstanding.
- **Goodwill and intangible assets increased by \$234.4 million**  
Goodwill increased by \$180.6 million, primarily due to goodwill arising out of acquisitions completed in 2019. Our intangible assets increased by \$53.8 million due to such acquisitions, partially offset by amortization expenses. See Note 10—"Goodwill and intangible assets" to our consolidated financial statements under Part IV, Item 15—"Exhibits and Financial Statement Schedules."
- **Operating lease right-of-use assets increased by 330.9 million**  
This increase is due to the recognition of right-of-use assets upon our adoption of new lease standard, ASC 842, effective January 1, 2019.
- **Operating lease liability increased by 359.8 million**  
This increase is due to the recognition of an operating lease liability upon our adoption of the new lease standard, ASC 842, effective January 1, 2019.

- **Accounts payable, accrued expenses, other current liabilities and other liabilities increased by \$135.6 million**  
This increase is due to the recognition of a finance lease liability upon our adoption of the new lease standard, ASC 842, effective January 1, 2019, contract liabilities, earn-out consideration and accrued employee costs, partially offset by a decrease in accounts payable, accrued expenses and lower mark-to-market losses on derivative financial instruments along with the impact of fluctuations in foreign exchange, primarily the depreciation of the Indian rupee against the U.S. dollar.
- **Long-term debt increased by \$364.2 million**  
The increase in long-term debt is due to the issuance in 2019 of \$397.7 million aggregate principal amount (net of debt issuance cost) of our 3.375% senior notes in a registered offering. For additional information, see Note 14—“Long-term debt” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.” We also made principal repayments totaling \$34.0 million on our long-term debt in 2019.
- **Net deferred tax assets increased by \$19.2 million**  
Our net deferred tax assets increased by \$19.2 million. See Note 25—“Income taxes” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.”

## Liquidity and Capital Resources

### Overview

Information about our financial position as of December 31, 2018 and 2019 is presented below:

	As of December 31,		Percentage Change
	2018	2019	Increase/(Decrease)
	(dollars in millions)		2019 vs. 2018
Cash and cash equivalents	\$ 368.4	\$ 467.1	26.8 %
Short-term borrowings	295.0	70.0	(76.3)
Long-term debt due within one year	33.5	33.5	-
Long-term debt other than the current portion	975.6	1,339.8	37.3
Genpact Limited total shareholders' equity	\$ 1,404.2	\$ 1,689.2	20.3 %

### Financial Condition

We have historically financed our operations and our expansion, including acquisitions, with cash from operations and borrowing facilities.



As of December 31, 2019, \$464.9 million of our \$467.1 million in cash and cash equivalents was held by our foreign (non-Bermuda) subsidiaries. \$25.5 million of this cash is held by foreign subsidiaries for which we expect to incur and have accrued a deferred tax liability on the repatriation of \$15.6 million of retained earnings. \$439.4 million of the cash and cash equivalents is held by foreign subsidiaries in jurisdictions where no tax is expected to be imposed upon repatriation of retained earnings or is being indefinitely reinvested.

In February 2018, our board of directors approved a 25% increase in our quarterly cash dividend from a \$0.06 per share quarterly dividend in 2017 to \$0.075 per common share, representing an annual dividend of \$0.30 per common share, up from \$0.24 per common share in 2017. On each of March 21, 2018, June 20, 2018, September 19, 2018 and December 19, 2018, we paid dividends of \$0.075 per share, amounting to \$14.4 million, \$14.2 million, \$14.3 million and \$14.2 million in the aggregate, to shareholders of record as of March 9, 2018, June 8, 2018, September 10, 2018 and December 10, 2018, respectively.

In February 2019, our board of directors approved an approximately 13% increase in our quarterly cash dividend from a \$0.075 per share quarterly dividend in 2018 to \$0.085 per common share, representing an annual dividend of \$0.34 per common share, up from \$0.30 per share in 2018. On each of March 20, 2019, June 21, 2019, September 20, 2019 and December 18, 2019, the Company paid dividends of \$0.085 per share, amounting to \$16.1 million, \$16.2 million, \$16.2 million and \$16.2 million in the aggregate, to shareholders of record as of March 8, 2019, June 12, 2019, September 11, 2019 and December 9, 2019, respectively.

In February 2020, our board of directors approved an approximately 15% increase in our quarterly cash dividend from a \$0.085 per share quarterly dividend in 2018 to \$0.0975 per common share, representing a planned annual dividend of \$0.39 per common share for 2020, up from \$0.34 per common share in 2019. Any future dividends will be at the discretion of our board of directors and subject to Bermuda and other applicable laws.

The total authorization under our existing share repurchase program is \$1,250.0 million, of which \$274.0 million remained available as of December 31, 2019. Since our share repurchase program was initially authorized in 2015, we have repurchased 37,397,222 of our common shares at an average price of \$26.10 per share, for an aggregate purchase price of approximately \$976.0 million. This amount includes shares repurchased under our 2017 accelerated share repurchase program.

During the years ended December 31, 2019 and December 31, 2018, we repurchased 766,154 and 4,921,192 of our common shares, respectively, on the open market at a weighted average price of \$39.16 and \$31.30 per share, respectively, for an aggregate purchase price of \$30 million and \$154 million, respectively. Additionally, in the first quarter of 2018, we received a final delivery of 163,975 common shares upon the final settlement under our 2017 accelerated share repurchase program. All repurchased shares have been retired.

For additional information, see Note 19—“Capital stock” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.”

We expect that in the future our cash from operations, cash reserves and debt capacity will be sufficient to finance our operations, our growth and expansion plans, dividend payments and additional share repurchases we may make under our share repurchase program. In addition, we may raise additional funds through public or private debt or equity financings. Our working capital needs are primarily to finance our payroll and other administrative and information technology expenses in advance of the receipt of accounts receivable. Our primary capital requirements include opening new delivery centers, expanding existing operations to support our growth, financing acquisitions and enhancing capabilities, including building digital solutions.

Cash flows from operating, investing and financing activities, as reflected in our consolidated statements of cash flows, are summarized in the following table:

	Year ended, December 31,		Percentage Change
	2018	2019	Increase/(Decrease) 2019 vs. 2018
(dollars in millions)			
Net cash provided by (used for)			
Operating activities	\$ 339.5	\$ 427.9	26.0 %
Investing activities	(276.1)	(357.1)	29.3
Financing activities	(135.2)	39.6	(129.3 )
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ (71.7)</b>	<b>\$ 110.4</b>	<b>(254.3 )%</b>

*Cash flows from operating activities.* Net cash provided by operating activities was \$427.9 million in 2019, compared to \$339.5 million in 2018. This increase is primarily due to (i) a \$23.6 million increase in net income in 2019 compared to 2018, (ii) a \$68.1 million decrease in our working capital mainly driven by the collection of an export subsidy relating to previous years, increase in employee-related accruals, statutory liabilities and tax accruals, partially offset by an increase in accounts receivable, and higher payments for pension and security deposits in 2019 as compared to 2018, and (iii) a \$3.3 million decrease in non-cash expenses, mainly due to gain on exchange of non-monetary asset, unrealized gain on revaluation of foreign currency assets and liabilities and deferred tax benefits partially offset by higher stock-based compensation and depreciation and amortization expense.

*Cash flows from investing activities.* Our net cash used for investing activities was \$357.1 million in 2019, up \$81.0 million from \$276.1 million in 2018. We made payments of \$252.3 million in the aggregate related to acquisitions in 2019 compared to payments of \$111.6 million in 2018. Payments for acquired/internally generated intangible assets and purchases of property, plant and equipment (net of sales proceeds) were \$52.7 million lower in 2019 than in 2018. This decrease is on account of an advance paid in 2018 to acquire certain software platforms to be used for client service delivery.

*Cash flows from financing activities.* Our net cash generated by financing activities was \$39.6 million in 2019, compared to net cash used for financing activities of \$135.2 million in 2018. In 2019, we issued \$400.0 million aggregate principal amount of 3.375% senior notes in an underwritten public offering. In 2019, our short-term borrowings and long-term debt increased by \$141.0 million, primarily as a result of the issuance of our 3.375% senior notes. In 2018, our short-term borrowings and long-term debt increased by \$88.0 million. For additional information, see Notes 14—“Long-term debt” and 15—“Short-term borrowings” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.”

We received proceeds from long-term debt (net of debt-issuance cost) of \$397.7 million in 2019 compared to \$124.9 million in 2018. We repaid \$34.0 million and \$166.2 million of our long-term debt in 2019 and 2018, respectively. We received proceeds from short-term borrowings of \$400 million and \$250 million in 2019 and 2018, respectively. Of the short-term borrowings, we also repaid \$625.0 million and \$125.0 million in 2019 and 2018, respectively.

Proceeds in connection with the issuance of common shares under stock-based compensation plans (net of payments) were \$15.8 million in 2019 compared to payments (net of proceeds) of \$1.9 million in 2018. Payments related to earn-out or deferred consideration were \$9.4 million higher in 2019 than in 2018. In 2019, we paid cash dividends in an aggregate amount of \$64.7 million compared to \$57.1 million in 2018. Payments for share repurchases (including related expenses) were \$30.0 million in 2019 compared to \$154.2 million in 2018.

#### Financing Arrangements (Credit Facility)

In August 2018, we amended our 2015 credit facility, which was comprised of a term loan of \$800.0 million and a revolving credit facility of \$350.0 million. The amended facility is comprised of a \$680.0 million term loan, which represents the outstanding balance under the 2015 facility as of the date of amendment, and a \$500.0 million revolving credit facility. The amended facility expires on August 8, 2023. The amendment did not result in a substantial modification of \$550.8 million of the outstanding term loan under the 2015 facility. Further, as a result of the amendment, we extinguished \$129.2 million of the outstanding term loan under the 2015 facility and obtained additional funding of \$129.2 million from a different lender, resulting in no change to the outstanding principal of the term loan under the amended facility. In connection with the amendment, we expensed \$2.0 million, representing partial acceleration of the amortization of the existing unamortized debt issuance costs and an additional fee paid to our lenders related to the term loan.

The overall borrowing capacity under the revolving facility increased from \$350.0 million to \$500.0 million. The remaining unamortized costs and an additional third party fee paid in connection with the amendment will be amortized over the term of the amended facility, which expires on August 8, 2023. For additional information, see Note 14—“Long-term debt” and Note 15—“Short-term borrowings” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.”

Borrowings under the amended facility bear interest at a rate equal to, at our election, either LIBOR plus an applicable margin equal to 1.375% per annum, compared to a margin of 1.50% under the 2015 facility, or a base rate plus an applicable margin equal to 0.375% per annum, compared to a margin of 0.50% under the 2015 facility, in each case subject to adjustment based on our credit ratings assigned by Standard & Poor’s Rating Services and Moody’s Investors Service, Inc. Based on our election and current credit rating, the applicable interest rate is equal to LIBOR plus 1.375% per annum. The amended credit agreement contains certain customary covenants, including a maximum leverage covenant and a minimum interest coverage ratio. During the year ended December 31, 2019, the Company was in compliance with the financial covenants. As of December 31, 2018 and December 31, 2019, our outstanding term loan, net of debt amortization expense of \$2.2 million and \$1.6 million, respectively, was \$660.8 million and \$627.4 million, respectively. We also have fund-based and non-fund based credit facilities with banks, which are available for operational requirements in the form of overdrafts, letters of credit, guarantees and short-term loans.

As of December 31, 2018 and December 31, 2019, the limit available under such facilities was \$14.3 million, of which \$7.4 million and \$7.5 million, respectively, was utilized, constituting non-funded drawdown. As of December 31, 2018 and December 31, 2019, a total of \$297.1 million and \$72.1 million, respectively, of our revolving credit facility was utilized, of which \$295 million and \$70 million, respectively, constituted funded drawdown and \$2.1 million constituted non-funded drawdown as of both dates.

We have entered into interest rate swaps under which we receive floating rate payments based on the greater of LIBOR and the floor rate under our term loan and make payments based on a fixed rate. As of December 31, 2019, we were party to interest rate swaps covering a total notional amount of \$477.6 million. Under our swap agreements, the rate that we pay to banks in exchange for LIBOR ranges between 0.88% and 2.65%.

In November 2019, we issued \$400.0 million aggregate principal amount of 3.375% senior notes in an underwritten public offering, resulting in cash proceeds of approximately \$398.3 million after an underwriting fee of approximately \$1.6 million, reflecting a \$0.1 million discount. In March 2017, we issued \$350.0 million aggregate principal amount of 3.70% senior notes in a private offering, resulting in cash proceeds of approximately \$348.5 million after an underwriting fee of approximately \$1.5 million. In connection with these note offerings, there were other debt issuance related costs of \$1.24 million related to the 2019 offering and \$1.16 million related to the 2017 offering. Total debt issuance costs of \$2.6 million and \$2.9 million incurred in connection with the 2019 and 2017 notes offerings, respectively, are being amortized over the lives of the notes as additional interest expense. As of December 31, 2018 and December 31, 2019, the amount outstanding under the 3.70% senior notes, net of debt amortization expense of \$1.7 million and \$1.2 million, respectively, was \$348.3 million and \$348.8 million, respectively, which is payable on April 1, 2022. As of December 31, 2019, the amount outstanding under the 3.375% senior notes issued in November 2019, net of debt amortization expense of \$2.9 million, was \$397.1 million. We will pay interest on the 2017 notes semi-annually in arrears on April 1 and October 1 of each year and on the 2019 notes semi-annually in arrears on June 1 and December 1 of each year, ending on the maturity dates of April 1, 2022 and December 1, 2024, respectively.

In connection with the 3.70% senior notes issued in 2017, we entered into a registration rights agreement with the initial purchasers of the outstanding unregistered notes pursuant to which we agreed to complete an exchange offer within 455 days after the date of the private offering upon terms identical in all material respects to the terms of the outstanding unregistered notes, except that the transfer restrictions, registration rights and additional interest provisions applicable to the outstanding unregistered notes would not apply to the exchange notes. On July 24, 2018, the unregistered notes exchange offer was completed and all outstanding unregistered notes were exchanged for freely tradable notes registered under the Securities Act of 1933, as amended. At our option, we may redeem the 3.70% and 3.375% senior notes at any time in whole or in part, at a redemption price equal to (i) 100% of the principal amount of the notes redeemed, together with accrued and unpaid interest on the redeemed amount, or (ii) if the redemption occurs prior to, in the case of the 3.70% notes, March 1, 2022, and in the case of the 3.375% notes, November 1, 2024, a specified “make-whole” premium. The 3.70% notes and the 3.375% notes are subject to certain customary covenants, including limitations on the ability of the Company and certain of its subsidiaries to incur debt secured by liens, engage in certain sale and leaseback transactions and consolidate, merge, convey or transfer their assets, and during the year ended December 31, 2019, the Company and its applicable subsidiaries were in compliance with the covenants. For additional information, see Notes 14 and 15—“Long-term debt” and “Short-term borrowings” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.”

### **Goodwill Impairment Testing**

Goodwill of a reporting unit is tested for impairment at least annually and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount. In accordance with ASU 2011-08, the Company has an option to perform an assessment of qualitative factors, including but not limited to macro-economic conditions, industry and market considerations, overall financial performance, business plans and expected future cash flows, to determine whether events or circumstances exist which lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount.

Based on our assessment of such qualitative factors, in accordance with ASU 2011-08, we concluded that as of December 31, 2019 and December 31, 2018, the fair values of all of our reporting units are likely to be higher than their respective carrying values.

## Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist of foreign exchange contracts. For additional information, see Item 1A—“Risk Factors—Currency exchange rate fluctuations in various currencies in which we do business, especially the Indian rupee, the euro and the U.S. dollar, could have a material adverse effect on our business, results of operations and financial condition,” the section titled “Contractual Obligations” below, and Note 7—“Derivative financial instruments” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules.”

## Contractual Obligations

The following table sets forth our total future contractual obligations as of December 31, 2019:

	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
	(dollars in millions)				
Long-term indebtedness	\$ 1,539.3	80.1	498.3	960.9	—
— Principal payments	1,373.3	33.5	415.9	923.9	—
— Interest payments*	166.0	46.6	82.4	37.0	—
Short-term borrowings	72.2	72.2	—	—	—
— Principal payments	70.0	70.0	—	—	—
— Interest payments**	2.2	2.2	—	—	—
Finance leases	36.2	12.0	14.8	7.9	1.5
— Principal payments	30.5	9.7	12.7	6.8	1.3
— Interest payments	5.7	2.3	2.1	1.1	0.2
Operating leases	456.9	79.9	138.3	103.6	135.1
— Principal payments	359.8	57.7	110.8	83.0	108.3
— Interest payments	97.1	22.2	27.5	20.6	26.8
Purchase obligations	33.0	24.8	8.2	—	—
Capital commitments net of advances	5.4	5.4	—	—	—
Earn-out consideration	24.3	7.4	16.9	—	—
— Reporting date fair value	22.2	6.4	15.8	—	—
— Interest	2.1	1.0	1.1	—	—
Other liabilities	64.3	27.4	35.9	1.0	—
<b>Total contractual obligations</b>	<b>\$ 2,231.6</b>	<b>309.2</b>	<b>712.4</b>	<b>1,073.4</b>	<b>136.6</b>

\* Our interest payments on long-term debt are calculated based on our current debt rating at a rate equal to LIBOR plus a margin of 1.375% per annum as of December 31, 2019, which excludes the impact of interest rate swaps. Interest payments on long-term debt also include interest on our senior notes due in 2022 and 2024 at a rate of 3.70% per annum and 3.375% per annum, respectively, which is not based on LIBOR.

\*\* Our interest payments on short-term debt are calculated based on our current debt rating at a rate equal to LIBOR plus a margin of 1.375% per annum as of December 31, 2019 and our expectation for the repayment of such debt.

## Recent Accounting Pronouncements

### Recently adopted accounting pronouncements

For a description of recently adopted accounting pronouncements, see Note 2—“Summary of significant accounting policies—Recently issued accounting pronouncements” to our consolidated financial statements under Part IV, Item 15—“Exhibits and Financial Statement Schedules” and Part II, Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations”—“Critical Accounting Policies and Estimates” in this Annual Report on Form 10-K.

For a description of recently issued accounting pronouncements, see Note 2—“Summary of significant accounting policies—Recently issued accounting pronouncements” to our consolidated

## **Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

### *Foreign currency risk*

Our exposure to market risk arises principally from exchange rate risk. A substantial portion of our revenues (approximately 77% in fiscal 2019) is received in U.S. dollars. We also receive revenues in Japanese yen, euros, U.K. pounds sterling, Australian dollars, Chinese renminbi, and Indian rupees. Our expenses are primarily in Indian rupees and we also incur expenses in U.S. dollars, Chinese renminbi, euros and the currencies of the other countries in which we have operations. Our exchange rate risk arises from our foreign currency revenues, expenses, receivables and payables. Based on the results of our European operations for fiscal 2019, and excluding any hedging arrangements that we had in place during that period, a 5.0% appreciation or depreciation of the euro against the U.S. dollar would have increased or decreased, as applicable, our revenues in fiscal 2019 by approximately \$4 million. Similarly, excluding any hedging arrangements that we had in place during that period, a 5.0% depreciation of the Indian rupee against the U.S. dollar would have decreased our expenses incurred and paid in Indian rupees in fiscal 2019 by approximately \$40 million. Conversely, a 5.0% appreciation of the Indian rupee against the U.S. dollar would have increased our expenses incurred and paid in rupees in fiscal 2019 by approximately \$45 million.

We have sought to reduce the effect of any Indian rupee-U.S. dollar, Philippine Peso-U.S. dollar, Chinese renminbi-Japanese yen, euro-Romanian leu, Mexican peso-U.S. dollar, Hungarian forint-U.S. dollar and certain other local currency exchange rate fluctuations on our results of operations by purchasing forward foreign exchange contracts to cover a portion of our expected cash flows and accounts receivable. These instruments typically have maturities of zero to sixty months. We use these instruments as economic hedges and not for speculative purposes, and most of them qualify for hedge accounting under the FASB guidance on derivatives and hedging. Our ability to enter into derivatives that meet our planning objectives is subject to the depth and liquidity of the market for such derivatives. In addition, the laws of China and India limit the duration and amount of such arrangements. We may not be able to purchase contracts adequate to insulate us from Indian rupee-U.S. dollar and Chinese renminbi-Japanese yen foreign exchange currency risks. In addition, any such contracts may not perform adequately as hedging mechanisms. See Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations—Foreign exchange gains (losses), net.”

### *Interest rate risk*

Our exposure to interest rate risk arises principally from interest on our indebtedness. As of December 31, 2019, we had \$1,443.3 million of indebtedness, comprised of (a) \$627.4 million of indebtedness under our credit facility, comprised of a long-term loan of \$629 million, net of \$1.6 million in unamortized debt issuance expenses, and a revolving loan of \$70 million, (b) \$348.8 million in indebtedness under our 3.70% senior notes issued in March 2017, net of \$1.6 million in unamortized bond issuance expenses and (c) \$397.1 million in indebtedness under our 3.375% senior notes issued in November 2019, net of \$2.9 million in unamortized bond issuance expenses. Interest on indebtedness under our credit facility is variable based on LIBOR, and we are subject to market risk from changes in interest rates. Borrowings under our term loan bear interest at floating rates based on LIBOR, but in no event less than the floor rate of 0.0% plus an applicable margin. Based on our indebtedness as of December 31, 2019, a 1% change in interest rates, including the impact on the cost of our interest rate swaps, would have had an approximately \$5.0 million impact on our net interest expense in fiscal 2019. Additionally, the interest rates on our 3.70% senior notes and our 3.375% senior notes are subject to adjustment based on the ratings assigned by Moody’s and S&P to the notes from time to time. A decline in such ratings could result in an increase of up to 2% in the rate of interest on the notes. For fiscal 2019, such an increase would have had an impact of up to \$8.0 million on our net interest expense.

We manage a portion of our interest rate risk related to floating rate indebtedness by entering into interest rate swaps under which we receive floating rate payments based on the greater of LIBOR and the floor rate under our term loan and make payments based on a fixed rate. As of December 31, 2019, we were party to interest rate swaps covering a total notional amount of \$477.6 million. Under our swap agreements, the rate that we pay to banks in exchange for LIBOR ranges between 0.88% and 2.65%.

*Credit risk*

As of December 31, 2019, we had accounts receivable, including long-term accounts receivable, net of provisions for doubtful receivables, of \$922.1 million. \$155.9 million of this amount was owed by GE, and the balance, or \$766.2 million, was owed by Global Clients. No single Global Client owed more than 10% of our accounts receivable balance as of December 31, 2019.

**Item 8. Financial Statements and Supplementary Data**

The financial statements and supplementary data required by this item are listed in Part IV, Item 15—“Exhibits and Financial Statement Schedules” in this Annual Report on Form 10-K.

**Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

*Evaluation of disclosure controls and procedures*

Disclosure controls and procedures are the Company’s controls and other procedures which are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, or the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer along with the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, the Company's Chief Executive Officer along with the Company's Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

#### *Management's Report on Internal Control Over Financial Reporting*

Genpact's management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- (ii) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with the authorization of management and/or our Board of Directors; and
- (iii) provide reasonable assurance regarding the prevention or timely detection of any unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Due to its inherent limitations, including that it relies on sample-based testing, internal control over financial reporting may not prevent or detect misstatements. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate due to changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013). Based on its evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2019.

During 2019, we acquired riskCanvas Holdings, LLC and Rightpoint Consulting, LLC and certain affiliated entities, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2019 riskCanvas Holdings, LLC and Rightpoint Consulting, LLC and certain affiliated entities' internal control over financial reporting associated with total assets of \$300.3 million (of which \$260.1 million represent goodwill and intangible assets included within the scope of the assessment) and total revenues of \$16.3 million included in the consolidated financial statements of the Company as of and for the year ended December 31, 2019.



KPMG, an independent registered public accounting firm, has audited the consolidated financial statements included in this Annual Report on Form 10-K and, as part of its audit, has issued an attestation report, included herein, on the effectiveness of our internal control over financial reporting. See “Report of Independent Registered Public Accounting Firm” on page F-5.

#### *Changes in internal control over financial reporting*

There were no changes in the Company’s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarterly period ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

#### **Item 9B. Other Information**

None.

### **PART III**

#### **Item 10. Directors, Executive Officers and Corporate Governance**

Information about our executive officers is contained in the section titled “Information about our executive officers” in Part I of this Annual Report on Form 10-K. The other information required by this Item will be included in our Proxy Statement for the 2020 Annual General Meeting of Shareholders under the captions “Director Nominees,” “Corporate Governance,” and “Delinquent Section 16(a) Reports,” which will be filed with the SEC no later than 120 days after the close of the fiscal year ended December 31, 2019 and is incorporated by reference in this report.

#### **Item 11. Executive Compensation**

The information required by this Item will be included in our Proxy Statement for the 2020 Annual General Meeting of Shareholders under the caption “Information about Executive and Director Compensation,” which will be filed with the SEC no later than 120 days after the close of the fiscal year ended December 31, 2019 and is incorporated by reference in this report.

#### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this Item will be included in our Proxy Statement for the 2020 Annual General Meeting of Shareholders under the captions “Security Ownership of Certain Beneficial Owners and Management” and “Securities Authorized for Issuance under Equity Compensation Plans,” which will be filed with the SEC no later than 120 days after the close of the fiscal year ended December 31, 2019 and is incorporated by reference in this report.

#### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this Item will be included in our Proxy Statement for the 2020 Annual General Meeting of Shareholders under the captions “Certain Relationships and Related Party Transactions” and “Director Independence,” which will be filed with the SEC no later than 120 days after the close of the fiscal year ended December 31, 2019 and is incorporated by reference in this report.

## Item 14. Principal Accounting Fees and Services

The information required by this Item will be included in our Proxy Statement for the 2020 Annual General Meeting of Shareholders under the caption “Independent Registered Public Accounting Firm Fees and Other Matters,” which will be filed with the SEC no later than 120 days after the close of the fiscal year ended December 31, 2019 and is incorporated by reference in this report.

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this Annual Report on Form 10-K:

1. Consolidated Financial Statements

The consolidated financial statements required to be filed in the Annual Report on Form 10-K are listed on page F-1 hereof. The required financial statements appear on pages F-7 through F-80 hereof.

2. Financial Statement Schedules

Separate financial statement schedules have been omitted either because they are not applicable or because the required information is included in the consolidated financial statements.

3. Exhibit Index:

<u>Exhibit Number</u>	<u>Description</u>
3.1	<a href="#"><u>Memorandum of Association of the Registrant (incorporated by reference to Exhibit 3.1 to Amendment No. 2 of the Registrant’s Registration Statement on Form S-1 (File No. 333-142875) filed with the SEC on July 16, 2007).</u></a>
3.2	<a href="#"><u>Bye-laws of the Registrant (incorporated by reference to Exhibit 3.3 to Amendment No. 4 of the Registrant’s Registration Statement on Form S-1 (File No. 333-142875) filed with the SEC on August 1, 2007).</u></a>
4.1	<a href="#"><u>Form of specimen certificate for the Registrant’s common shares (incorporated by reference to Exhibit 4.1 to Amendment No. 4 of the Registrant’s Registration Statement on Form S-1 (File No. 333-142875) filed with the SEC on August 1, 2007).</u></a>
4.2	<a href="#"><u>Base Indenture, dated as of March 27, 2017, by and among the Registrant, Genpact Luxembourg S.à r.l. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant’s Current Report on Form 8-K (File No. 001-33626) filed with the SEC on March 28, 2017).</u></a>
4.3	<a href="#"><u>First Supplemental Indenture, dated as of March 27, 2017, by and among the Registrant, Genpact Luxembourg S.à r.l. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.2 to the Registrant’s Current Report on Form 8-K (File No. 001-33626) filed with the SEC on March 28, 2017).</u></a>
4.4	<a href="#"><u>Second Supplemental Indenture, dated as of November 18, 2019, by and among the Registrant, Genpact Luxembourg S.à r.l. and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Registrant’s Current Report on Form 8-K (File No. 001-33626) filed with the SEC on November 18, 2019).</u></a>
4.5	<a href="#"><u>Form of 3.700% Senior Note due 2022 (incorporated by reference to Exhibit 4.3 to the Registrant’s Current Report on Form 8-K (File No. 001-33626) filed with the SEC on March 28, 2017).</u></a>

Exhibit Number	Description
4.6	<a href="#">Form of 3.375% Senior Note due 2024 (incorporated by reference to Exhibit A to Exhibit 4.1 to the Registrant's Current Report on Form 8-K (File No. 001-33626) filed with the SEC on November 18, 2019).</a>
4.7*	<a href="#">Description of Registrant's Securities.</a>
10.1†	<a href="#">Form of Indemnity Agreement for directors and executive officers (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33626) filed with the SEC on February 26, 2020).</a>
10.2†	<a href="#">Amended and Restated U.S. Employee Stock Purchase Plan and Amended and Restated International Employee Stock Purchase Plan (incorporated by reference to Exhibit 1 to the Registrant's Proxy Statement on Schedule 14A (File No. 001-33626) filed with the SEC on April 10, 2018).</a>
10.3†	<a href="#">Amended and Restated Genpact Limited 2007 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 1 to the Registrant's Definitive Proxy Statement on Schedule 14A (File No. 001-33626) filed with the SEC on April 15, 2011).</a>
10.4†	<a href="#">First Amendment to the Genpact Limited 2007 Omnibus Incentive Compensation Plan (as Amended and Restated April 11, 2012), effective as of August 1, 2012 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No. 001-33626) filed with the SEC on August 3, 2012).</a>
10.5†	<a href="#">Form of Share Option Agreement under the Genpact Limited 2007 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.5 to the Registrant's Annual Report on Form 10-K (File No. 001-33626) filed with the SEC on March 1, 2019).</a>
10.6†	<a href="#">Form of Restricted Share Unit Issuance Agreement under the Genpact Limited 2007 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.6 to the Registrant's Annual Report on Form 10-K (File No. 001-33626) filed with the SEC on March 1, 2019).</a>
10.7†	<a href="#">Genpact Limited 2017 Omnibus Incentive Compensation Plan (as amended and restated as of April 5, 2019) (incorporated by reference to Exhibit 1 to the Registrant's Proxy Statement on Schedule 14A (File No. 001-33626) filed with the SEC on April 10, 2019).</a>
10.8†	<a href="#">Form of Share Option Agreement under the Genpact Limited 2017 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.9 to the Registrant's Annual Report on Form 10-K (File No. 001-33626) filed with the SEC on March 1, 2019).</a>
10.9†	<a href="#">Form of Restricted Share Unit Issuance Agreement under the Genpact Limited 2017 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.10 to the Registrant's Annual Report on Form 10-K (File No. 001-33626) filed with the SEC on March 1, 2019).</a>
10.10†	<a href="#">Form of Performance Share Award Agreement under the Genpact Limited 2017 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.11 to the Registrant's Annual Report on Form 10-K (File No. 001-33626) filed with the SEC on March 1, 2019).</a>

Exhibit Number	Description
10.11†	<a href="#"><u>Genpact LLC Executive Deferred Compensation Plan (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K (File No. 001-33626) filed with the SEC on July 6, 2018).</u></a>
10.12†	<a href="#"><u>Employment Agreement by and between the Registrant and N.V. Tyagarajan, dated June 15, 2011 (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K (File No. 001-33626) filed with the SEC on June 17, 2011).</u></a>
10.13†	<a href="#"><u>Employment Agreement by and between Genpact LLC and Patrick Cogny, dated August 5, 2011 (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K (File No. 001-33626) filed with the SEC on August 10, 2011).</u></a>
10.14†	<a href="#"><u>Employment Agreement by and between the Registrant and Edward Fitzpatrick, dated June 26, 2014 (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K (File No. 001-33626) filed with the SEC on July 2, 2014).</u></a>
10.15	<a href="#"><u>Amended &amp; Restated Credit Agreement, dated as of August 9, 2018, among Genpact International, Inc., Genpact Global Holdings (Bermuda) Limited, Genpact Luxembourg S.À R.L., the Registrant, the lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, swingline lender, term lender, an issuing bank and a revolving lender, and the other parties thereto (incorporated by reference to Exhibit 10.2 to the Registrant’s Quarterly Report on Form 10-Q (File No. 001-33626) filed with the SEC on August 9, 2018).</u></a>
10.16†	<a href="#"><u>Amendment No. 1 to Employment Agreement by and among Genpact International, Inc., Genpact LLC and Patrick Cogny, dated as of December 15, 2015 (incorporated by reference to Exhibit 10.1 to the Registrant’s Current Report on Form 8-K (File No. 001-33626) filed with the SEC on December 18, 2015).</u></a>
10.17+	<a href="#"><u>Master Services Agreement, dated as of December 22, 2016, by and between Genpact International, Inc. and General Electric International, Inc. (incorporated by reference to Exhibit 10.36 to the Registrant’s Annual Report on Form 10-K (File No. 001-33626) filed with the SEC on March 1, 2017).</u></a>
10.18	<a href="#"><u>Borrower Assignment &amp; Assumption and Amendment Agreement, dated as of January 17, 2019, by and among Genpact International, LLC (formerly Genpact International, Inc.), as the assignor, Genpact USA, Inc., as the assignee, Genpact Global Holdings (Bermuda) Limited, Genpact Luxembourg S.à r.l., the Company, the lenders party thereto and Wells Fargo Bank, National Association, as administrative agent (incorporated by reference to Exhibit 10.26 to the Registrant’s Annual Report on Form 10-K (File No. 001-33626) filed with the SEC on March 1, 2019).</u></a>
21.1*	<a href="#"><u>Subsidiaries of the Registrant.</u></a>
23.1*	<a href="#"><u>Consent of KPMG.</u></a>
24.1*	<a href="#"><u>Powers of Attorney (included on the signature pages of this report).</u></a>
31.1*	<a href="#"><u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>

<b>Exhibit Number</b>	<b>Description</b>
31.2*	<a href="#">Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32.1*	<a href="#">Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2*	<a href="#">Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).
*	Filed with this Annual Report on Form 10-K.
+	Confidential treatment has been granted for portions of this exhibit. Confidential materials have been omitted and filed separately with the Securities and Exchange Commission.
†	Indicates a management contract or compensatory plan, contract or arrangement in which any director or executive officer participates.

**Item 16. Form 10-K Summary**

None.

GENPACT LIMITED AND ITS SUBSIDIARIES

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## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Genpact Limited:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Genpact Limited and subsidiaries (Genpact Limited or the Company) as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2019, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 02, 2020 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

### *Change in Accounting Principle*

As discussed in Note 2(g) to the consolidated financial statements, the Company has changed its method of accounting for Leases as of January 1, 2019 due to the adoption of *Accounting Standards Codification Topic 842, Leases (Topic 842)*.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. 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, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

## *Critical Audit Matters*

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### *Evaluation of realizability of deferred tax assets*

As discussed in Note 25 to the consolidated financial statements as of December 31, 2019, the Company has recorded gross deferred tax assets of \$208,912 thousand and corresponding valuation allowance of \$62,628 thousand. The Company records a valuation allowance for the portion of the deferred tax assets that are not expected to be realized. Changes in assumptions regarding estimates of future taxable income during the carryforward period primarily for utilization of net operating losses under applicable law could have a significant impact on the realizability of deferred tax assets, and the amount of valuation allowance.

We identified the evaluation of the realizability of deferred tax assets as a critical audit matter. Subjective and complex auditor judgment was required in assessing the Company's forecasted taxable income, including complexity in the application of the relevant tax regulations. In addition, a high degree of auditor judgment was required in assessing the feasibility and viability of the Company's tax-planning strategies.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's deferred tax asset valuation allowance process, including controls related to the development of assumptions and application of the relevant tax regulations in determining the forecasted taxable income. To assess the Company's ability to forecast, we compared the Company's previous forecasts to actual results. We also involved federal and international income tax professionals with specialized skills and knowledge, who assisted in assessing the Company's application of the relevant tax regulations and evaluating the feasibility and viability of the Company's tax-planning strategies.

### *Assessment of gross unrecognized tax benefits pertaining to operations in India*

As discussed in Note 25 to the consolidated financial statements, the Company has recorded gross unrecognized tax benefits, excluding associated interest and penalties, of \$31,029 thousand as of December 31, 2019, of which \$18,500 thousand pertains to tax matters relating to operations in India.



We identified the assessment of the Company's gross unrecognized tax benefits pertaining to operations in India as a critical audit matter. The Company operates in multiple jurisdictions across the world with a significant portion of the operations being in India. Complex auditor judgment was required in evaluating the Company's interpretation of tax law in respect of matters relating to operations in India, and its estimate of the ultimate resolution of the related tax positions.

The primary procedures we performed to address this critical audit matter included the following. We tested certain internal controls over the Company's unrecognized tax benefit process, including controls related to the interpretation of tax law and its application in the liability estimation process. We involved tax professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's interpretation of tax law and its potential impact on the unrecognized tax benefits;
- inspecting correspondence, assessments, and settlement documents with applicable taxing authorities;
- assessing the expiration of statutes of limitations; and
- performing an assessment of the Company's tax positions and comparing the results to the Company's assessment.

In addition, we evaluated the Company's ability to accurately estimate its gross unrecognized tax benefits by comparing historical gross unrecognized tax benefits to actual results upon conclusion of tax examinations or expiration of the statute of limitations.

/s/KPMG

We have served as the Company's auditor since 2004.

Gurugram, Haryana, India  
March 02, 2020

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Genpact Limited:

### *Opinion on Internal Control Over Financial Reporting*

We have audited Genpact Limited and subsidiaries (Genpact Limited or the Company) internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the consolidated financial statements), and our report dated March 02, 2020 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired Rightpoint Consulting LLC and certain affiliated entities and riskCanvas Holdings, LLC during 2019, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2019, Rightpoint Consulting LLC and certain affiliated entities and riskCanvas Holdings, LLC's internal control over financial reporting associated with total assets of \$300,275 thousand (of which \$260,094 thousand represent goodwill and intangible assets within the scope of the assessment) and total revenues of \$16,251 thousand included in the consolidated financial statements of the Company as of and for the year ended December 31, 2019. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Rightpoint Consulting LLC and certain affiliated entities and riskCanvas Holdings, LLC.

### *Basis for Opinion*

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

*Definition and Limitations of Internal Control Over Financial Reporting*

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

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/KPMG  
Gurugram, Haryana, India  
March 02, 2020

GENPACT LIMITED AND ITS SUBSIDIARIES

Consolidated Balance Sheets

(In thousands, except per share data and share count)

	Notes	As of December 31, 2018	As of December 31, 2019
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	4	\$ 368,396	\$ 467,096
Accounts receivable, net	5	774,184	914,255
Prepaid expenses and other current assets	8	212,477	170,325
<b>Total current assets</b>		<b>\$ 1,355,057</b>	<b>\$ 1,551,676</b>
Property, plant and equipment, net	9	212,715	254,035
Operating lease right-of-use assets		—	330,854
Deferred tax assets	25	74,566	89,715
Investment in equity affiliates	28	836	—
Intangible assets, net	10	177,087	230,861
Goodwill	10	1,393,832	1,574,466
Contract cost assets	27	160,193	205,498
Other assets	11	155,159	217,079
<b>Total assets</b>		<b>\$ 3,529,445</b>	<b>\$ 4,454,184</b>
<b>Liabilities and equity</b>			
<i>Current liabilities</i>			
Short-term borrowings	15	\$ 295,000	\$ 70,000
Current portion of long-term debt	14	33,483	33,509
Accounts payable		42,584	21,981
Income taxes payable	25	33,895	43,186
Accrued expenses and other current liabilities	13	571,350	683,871
Operating leases liability		—	57,664
<b>Total current liabilities</b>		<b>\$ 976,312</b>	<b>\$ 910,211</b>
Long-term debt, less current portion	14	975,645	1,339,796
Operating leases liability		—	302,100
Deferred tax liabilities	25	8,080	3,990
Other liabilities	16	165,226	208,916
<b>Total liabilities</b>		<b>\$ 2,125,263</b>	<b>\$ 2,765,013</b>
<b>Shareholders' equity</b>			
Preferred shares, \$0.01 par value, 250,000,000 authorized, none issued		—	—
Common shares, \$0.01 par value, 500,000,000 authorized, 189,346,101 and 190,118,181 issued and outstanding as of December 31, 2018 and December 31, 2019, respectively		1,888	1,896
Additional paid-in capital		1,471,301	1,570,575
Retained earnings		438,453	648,656
Accumulated other comprehensive income (loss)		(507,460)	(531,956)
<b>Total equity</b>		<b>\$ 1,404,182</b>	<b>\$ 1,689,171</b>
Commitments and contingencies	30		
<b>Total liabilities and equity</b>		<b>\$ 3,529,445</b>	<b>\$ 4,454,184</b>

See accompanying notes to the Consolidated Financial Statements.

**GENPACT LIMITED AND ITS SUBSIDIARIES**

**Consolidated Statements of Income**

**(In thousands, except per share data and share count)**

	Notes	Year ended December 31,		
		2017 <sup>(1)</sup>	2018	2019
Net revenues	26, 28	\$ 2,736,929	\$ 3,000,790	\$ 3,520,543
Cost of revenue	21, 28	1,681,438	1,921,768	2,294,688
<b>Gross profit</b>		<b>\$ 1,055,491</b>	<b>\$ 1,079,022</b>	<b>\$ 1,225,855</b>
<i>Operating expenses:</i>				
Selling, general and administrative expenses	22, 28	689,461	693,865	794,901
Amortization of acquired intangible assets	10	36,412	38,850	32,612
Other operating (income) expense, net	23	(1,661)	(1,845)	(31,034)
<b>Income from operations</b>		<b>\$ 331,279</b>	<b>\$ 348,152</b>	<b>\$ 429,376</b>
Foreign exchange gains (losses), net		1,996	15,239	7,729
Interest income (expense), net	24	(31,735)	(37,119)	(43,458)
Other income (expense), net	29	23,586	35,761	5,786
<b>Income before equity-method investment activity, net and income tax expense</b>		<b>\$ 325,126</b>	<b>\$ 362,033</b>	<b>\$ 399,433</b>
Equity-method investment activity, net		(4,543)	(12)	(16)
<b>Income before income tax expense</b>		<b>\$ 320,583</b>	<b>\$ 362,021</b>	<b>\$ 399,417</b>
Income tax expense	25	59,742	80,763	94,536
<b>Net income</b>		<b>\$ 260,841</b>	<b>\$ 281,258</b>	<b>\$ 304,881</b>
Net loss attributable to redeemable non-controlling interest		2,270	761	—
<b>Net income attributable to Genpact Limited shareholders</b>		<b>\$ 263,111</b>	<b>\$ 282,019</b>	<b>\$ 304,881</b>
Net income available to Genpact Limited common shareholders		\$ 263,111	\$ 282,019	\$ 304,881
Earnings per common share attributable to Genpact Limited common shareholders	20			
Basic		\$ 1.36	\$ 1.48	\$ 1.60
Diluted		\$ 1.34	\$ 1.45	\$ 1.56
Weighted average number of common shares used in computing earnings per common share attributable to Genpact Limited common shareholders	20			
Basic		193,864,755	190,674,740	190,074,475
Diluted		197,049,552	193,980,038	195,160,855

(1) Cost of revenue, selling, general and administrative expenses, other income (expense) and income from operations for the year ended December 31, 2017 have been restated due to the adoption of ASU No. 2017-07 with effect from January 1, 2018. The impact of such restatement is not material to the Company's consolidated results of operations, cash flows, financial position and disclosures.

See accompanying notes to the Consolidated Financial Statements.

**GENPACT LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income (Loss)**  
(In thousands)

	2017		Year ended December 31, 2018		2019	
	Genpact Limited Shareholders	Redeemable Non- controlling interest	Genpact Limited Shareholders	Redeemable Non-controlling interest	Genpact Limited Shareholders	
Net income (loss)	\$ 263,111	\$ (2,270)	\$ 282,019	\$ (761)	\$ 304,881	
Other comprehensive income:						
Currency translation adjustments	93,871	(341)	(109,656)	(424)	(20,297)	
Net income (loss) on cash flow hedging derivatives, net of taxes (Note 7)	12,611	—	(46,293)	—	2,343	
Retirement benefits, net of taxes	(3,787)	—	1,454	—	(6,542)	
Other comprehensive income (loss)	102,695	(341)	(154,495)	(424)	(24,496)	
Comprehensive income (loss)	<u>\$ 365,806</u>	<u>\$ (2,611)</u>	<u>\$ 127,524</u>	<u>\$ (1,185)</u>	<u>\$ 280,385</u>	

See accompanying notes to the Consolidated Financial Statements.

GENPACT LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Equity [and](#) Redeemable Non-controlling Interest

For the year ended December 31, 2017

(In thousands, except share count)

Genpact Limited Shareholders

	Common shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity	Redeemable non-controlling interest
	No. of Shares	Amount					
<b>Balance as of January 1, 2017</b>	<b>198,794,052</b>	<b>\$ 1,984</b>	<b>\$ 1,384,468</b>	<b>\$ 358,121</b>	<b>\$ (457,925)</b>	<b>\$ 1,286,648</b>	<b>\$ 4,520</b>
Issuance of common shares on exercise of options (Note 18)	743,045	7	10,765	—	—	10,772	—
Issuance of common shares under the employee stock purchase plan (Note 18)	190,435	2	4,754	—	—	4,756	—
Net settlement on vesting of restricted share units (Note 18)	103,220	1	(358)	—	—	(357)	—
Net settlement on vesting of performance units (Note 18)	731,701	7	(9,946)	—	—	(9,939)	—
Stock repurchased and retired (Note 19)	(7,737,246)	(77)	(4,000)	(215,707)	—	(219,784)	—
Expenses related to stock repurchase (Note 19)	—	—	—	(16)	—	(16)	—
Stock-based compensation expense (Note 18)	—	—	35,685	—	—	35,685	—
Change in fair value of redeemable non-controlling interest	—	—	—	(2,841)	—	(2,841)	2,841
Comprehensive income (loss):							
Net income (loss)	—	—	—	263,111	—	263,111	(2,270)
Other comprehensive income (loss)	—	—	—	—	102,695	102,695	(341)
Dividend (\$0.24 per common share, Note 19)	—	—	—	(46,686)	—	(46,686)	—
<b>Balance as of December 31, 2017</b>	<b>192,825,207</b>	<b>\$ 1,924</b>	<b>\$ 1,421,368</b>	<b>\$ 355,982</b>	<b>\$ (355,230)</b>	<b>\$ 1,424,044</b>	<b>\$ 4,750</b>

GENPACT LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Equity and Redeemable Non-controlling Interest

For the year ended December 31, 2018

(In thousands, except share count)

Genpact Limited Shareholders

	Common shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity	Redeemable non-controlling interest
	No. of Shares	Amount					
<b>Balance as of January 1, 2018, as previously reported</b>	<b>192,825,207</b>	<b>\$ 1,924</b>	<b>\$ 1,421,368</b>	<b>\$ 355,982</b>	<b>\$ (355,230)</b>	<b>\$ 1,424,044</b>	<b>\$ 4,750</b>
Adoption of ASU 2014-091	—	—	—	17,924	—	17,924	—
<b>Adjusted balance as of January 1, 2018</b>	<b>192,825,207</b>	<b>\$ 1,924</b>	<b>\$ 1,421,368</b>	<b>\$ 373,906</b>	<b>\$ (355,230)</b>	<b>\$ 1,441,968</b>	<b>\$ 4,750</b>
Adoption of ASU 2018-02 (Note 7, 25)	—	—	—	(2,265)	2,265	—	—
Issuance of common shares on exercise of options (Note 18)	441,076	4	7,254	—	—	7,258	—
Issuance of common shares under the employee stock purchase plan (Note 18)	245,467	2	6,774	—	—	6,776	—
Net settlement on vesting of restricted share units (Note 18)	227,560	2	(2,651)	—	—	(2,649)	—
Net settlement on vesting of performance units (Note 18)	691,958	7	(13,277)	—	—	(13,270)	—
Stock repurchased and retired (Note 19)	(5,085,167)	(51)	4,000	(158,007)	—	(154,058)	—
Expenses related to stock repurchase (Note 19)	—	—	—	(98)	—	(98)	—
Stock-based compensation expense (Note 18)	—	—	48,998	—	—	48,998	—
Payment for purchase of redeemable non-controlling interest	—	—	(1,165)	—	—	(1,165)	(3,565)
Comprehensive income (loss):							
Net income (loss)	—	—	—	282,019	—	282,019	(761)
Other comprehensive income (loss)	—	—	—	—	(154,495)	(154,495)	(424)
Dividend (\$0.30 per common share, Note 19)	—	—	—	(57,102)	—	(57,102)	—
<b>Balance as of December 31, 2018</b>	<b>189,346,101</b>	<b>\$ 1,888</b>	<b>\$ 1,471,301</b>	<b>\$ 438,453</b>	<b>\$ (507,460)</b>	<b>\$ 1,404,182</b>	<b>\$ —</b>

1 Pursuant to the Company's transition to Topic 606, Revenue from contracts with customers, effective January 1, 2018.

See accompanying notes to the Consolidated Financial Statements.



GENPACT LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Equity

For the year ended December 31, 2019

(In thousands, except share count)

	Common shares		Additional Paid-in Capital	Retained Earnings	Genpact Limited Shareholders Accumulated Other Comprehensive Income (Loss)		Total Equity
	No. of Shares	Amount					
<b>Balance as of January 1, 2019</b>	<b>189,346,101</b>	<b>\$ 1,888</b>	<b>\$ 1,471,301</b>	<b>\$ 438,453</b>	<b>\$ (507,460)</b>	<b>\$ 1,404,182</b>	
Issuance of common shares on exercise of options (Note 18)	697,531	7	10,683	—	—	10,690	
Issuance of common shares under the employee stock purchase plan (Note 18)	264,440	3	8,977	—	—	8,980	
Net settlement on vesting of restricted share units (Note 18)	574,112	6	(4,271)	—	—	(4,265)	
Net settlement on vesting of performance units (Note 18)	2,151	—	—	—	—	—	
Stock repurchased and retired (Note 19)	(766,154)	(8)	—	(29,992)	—	(30,000)	
Expenses related to stock repurchase (Note 19)	—	—	—	(15)	—	(15)	
Stock-based compensation expense (Note 18)	—	—	83,885	—	—	83,885	
Comprehensive income (loss):							
Net income (loss)	—	—	—	304,881	—	304,881	
Other comprehensive income (loss)	—	—	—	—	(24,496)	(24,496)	
Dividend (\$0.34 per common share, Note 19)	—	—	—	(64,671)	—	(64,671)	
<b>Balance as of December 31, 2019</b>	<b>190,118,181</b>	<b>\$ 1,896</b>	<b>\$ 1,570,575</b>	<b>\$ 648,656</b>	<b>\$ (531,956)</b>	<b>\$ 1,689,171</b>	

See accompanying notes to the Consolidated Financial Statements.

**GENPACT LIMITED AND ITS SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

(In thousands)

	Year ended December 31,		
	2017	2018	2019
<b>Operating activities</b>			
Net income attributable to Genpact Limited shareholders	\$ 263,111	\$ 282,019	\$ 304,881
Net (loss) attributable to redeemable non-controlling interest	(2,270)	(761)	—
<b>Net income</b>	<b>\$ 260,841</b>	<b>\$ 281,258</b>	<b>\$ 304,881</b>
<i>Adjustments to reconcile net income to net cash provided by (used for) operating activities:</i>			
Depreciation and amortization	58,503	64,868	96,101
Amortization of debt issuance costs (including loss on extinguishment of debt)	1,884	3,975	1,779
Amortization of acquired intangible assets	36,412	38,850	32,612
Write-down of intangible assets and property, plant and equipment	9,311	4,265	3,511
Reserve for doubtful receivables	9,819	1,857	7,443
Unrealized loss (gain) on revaluation of foreign currency asset/liability	(11,830)	3,352	(5,171)
Equity-method investment activity, net	4,543	12	16
Stock-based compensation expense	35,685	48,998	83,885
Deferred tax expense (benefit)	(10,391)	6,054	(16,315)
Loss (gain) on divestiture	5,668	—	—
Gain on exchange of non-monetary asset	(4,100)	—	(31,380)
Others, net	(685)	1,317	(2,229)
Change in operating assets and liabilities:			
Increase in accounts receivable	(57,267)	(76,894)	(121,983)
Increase in prepaid expenses, other current assets, contract cost assets, operating lease right-of-use assets and other assets	(28,381)	(76,392)	(69,813)
Increase (decrease) in accounts payable	(2,155)	26,401	(21,375)
Increase in accrued expenses, other current liabilities, operating lease liabilities and other liabilities	46,581	5,993	157,580
Increase (decrease) in income taxes payable	4,640	5,597	8,346
<b>Net cash provided by operating activities</b>	<b>\$ 359,078</b>	<b>\$ 339,511</b>	<b>\$ 427,888</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(57,231)	(84,978)	(74,927)
Payment for internally generated intangible assets (including intangibles under development)	(16,441)	(75,439)	(33,834)
Proceeds from sale of property, plant and equipment	1,738	668	1,750
Investment in equity affiliates	(496)	—	—
Proceeds from sale of equity affiliates	—	—	2,168
Payment for business acquisitions, net of cash acquired	(284,822)	(111,571)	(252,276)
Proceeds from divestiture of business, net of cash divested	(4,738)	—	—
Payment for purchase of redeemable non-controlling interest	—	(4,730)	—
<b>Net cash used for investing activities</b>	<b>\$ (361,990)</b>	<b>\$ (276,050)</b>	<b>\$ (357,119)</b>
<b>Financing activities</b>			
Repayment of capital/finance lease obligations	(2,708)	(2,395)	(7,380)
Payment of debt issuance costs	(2,630)	(4,293)	(2,317)
Proceeds from long-term debt	350,000	129,186	400,000
Repayment of long-term debt	(40,000)	(166,186)	(34,000)
Proceeds from short-term borrowings	295,000	250,000	400,000
Repayment of short-term borrowings	(285,000)	(125,000)	(625,000)
Proceeds from issuance of common shares under stock-based compensation plans	15,528	14,034	19,670
Payment for net settlement of stock-based awards	(10,296)	(15,919)	(3,850)
Payment of earn-out/deferred consideration	(6,219)	(3,356)	(12,790)
Dividend paid	(46,686)	(57,102)	(64,671)
Payment for stock repurchased and retired	(219,784)	(154,058)	(30,000)
Payment for expenses related to stock repurchase	(16)	(98)	(15)
<b>Net cash provided by/(used for) financing activities</b>	<b>\$ 47,189</b>	<b>\$ (135,187)</b>	<b>\$ 39,647</b>
Effect of exchange rate changes	37,568	(64,346)	(11,716)
Net increase (decrease) in cash and cash equivalents	44,277	(71,726)	110,416
Cash and cash equivalents at the beginning of the period	422,623	504,468	368,396
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 504,468</b>	<b>\$ 368,396</b>	<b>\$ 467,096</b>
<b>Supplementary information</b>			
Cash paid during the period for interest (including interest rate swaps)	\$ 27,915	\$ 41,484	\$ 45,084
Cash paid during the period for income taxes (net of refunds)	\$ 66,238	\$ 81,411	\$ 104,217
Property, plant and equipment acquired under capital/finance lease obligations	\$ 2,318	\$ 2,031	\$ 5,008
Non-cash transaction: Gain on exchange of non-monetary asset	(4,100)	—	(31,380)

See accompanying notes to the Consolidated Financial Statements.

# GENPACT LIMITED AND ITS SUBSIDIARIES

## Notes to the Consolidated Financial Statements

(In thousands, except per share data and share count)

### 1. Organization

The Company is a global professional services firm that drives digitally-led innovation and runs digitally-enabled intelligent operations for its customers, guided by its experience over time running thousands of processes for hundreds of Fortune Global 500 clients. The Company has over 96,500 employees serving customers in key industry verticals from more than 30 countries.

Prior to the fourth quarter of 2019, the Company had one reportable segment. To align with how the Company's Chief Operating Decision Maker, or CODM, manages its business, including resource allocation and performance assessment, the Company realigned its business segments into the following three reportable segments: Banking, Capital Markets and Insurance, or BCMI, Consumer Goods, Retail, Life Sciences and Healthcare, or CGRLH, and High Tech, Manufacturing and Services, or HMS.

### 2. Summary of significant accounting policies

#### *(a) Basis of preparation and principles of consolidation*

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). The accompanying consolidated financial statements reflect all adjustments that management considers necessary for a fair presentation of the results of operations for these periods.

The accompanying financial statements have been prepared on a consolidated basis and reflect the financial statements of Genpact Limited, a Bermuda company, and all of its subsidiaries that are more than 50% owned and controlled. When the Company does not have a controlling interest in an entity but exerts significant influence over the entity, the Company applies the equity method of accounting. All intercompany transactions and balances are eliminated on consolidation.

Non-controlling interest in subsidiaries outside of the Company's control that is redeemable for cash or other assets is reflected in the mezzanine section between liabilities and equity in the consolidated balance sheets at the redeemable value, which approximates fair value. Redeemable non-controlling interest is adjusted to its fair value at each balance sheet date. Any resulting increases or decreases in the estimated redemption amount are affected by corresponding charges to additional paid-in capital. The share of non-controlling interest in subsidiary earnings is reflected in net loss (income) attributable to redeemable non-controlling interest in the consolidated statements of income.

#### *(b) Use of estimates*

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements. Significant items subject to such estimates and assumptions include the useful lives of property, plant and equipment, intangibles and goodwill, revenue recognition, reserves for doubtful receivables, valuation allowances for deferred tax assets, the valuation of derivative financial instruments, the measurement of lease liabilities and right-of-use (ROU) assets, measurements of stock-based compensation, assets and obligations related to employee benefits, the nature and timing of the satisfaction of performance obligations, the standalone selling price of performance obligations, variable consideration, other obligations for revenue recognition, income tax uncertainties and other contingencies. Management believes that the estimates used in the preparation of the consolidated financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the Company's consolidated financial statements.

## 2. Summary of significant accounting policies (Continued)

### (c) Business combinations, goodwill and other intangible assets

The Company accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805, Business Combinations, by recognizing the identifiable tangible and intangible assets acquired and liabilities assumed, and any non-controlling interest in the acquired business, measured at their acquisition date fair values. Contingent consideration is included within the acquisition cost and is recognized at its fair value on the acquisition date. A liability resulting from contingent consideration is remeasured to fair value as of each reporting date until the contingency is resolved. Changes in fair value are recognized in earnings. All assets and liabilities of the acquired business, including goodwill, are assigned to reporting units. Acquisition-related costs are expensed as incurred under selling, general and administrative expenses.

Goodwill represents the cost of acquired businesses in excess of the fair value of identifiable tangible and intangible net assets purchased. Goodwill is not amortized but is tested for impairment at least on an annual basis on December 31, based on a number of factors, including operating results, business plans and future cash flows. The Company performs an assessment of qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Based on the assessment of events or circumstances, the Company performs a quantitative assessment of goodwill impairment if it determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, based on the quantitative impairment analysis, the carrying value of the goodwill of a reporting unit exceeds the fair value of such goodwill, an impairment loss is recognized in an amount equal to the excess. In addition, the Company performs a qualitative assessment of goodwill impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. See Note 10 for information and related disclosures.

Intangible assets acquired individually or with a group of other assets or in a business combination or developed internally are carried at cost less accumulated amortization and accumulated impairment loss based on their estimated useful lives as follows:

Customer-related intangible assets	2-11 years
Marketing-related intangible assets	2-8 years
Technology-related intangible assets	2-8 years
Other intangible assets	3 years

Intangible assets are amortized over their estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized.

In business combinations where the fair value of identifiable tangible and intangible net assets purchased exceeds the cost of the acquired business, the Company recognizes the resulting gain under "Other operating (income) expense, net" in the consolidated statements of income.

The Company also capitalizes certain software and technology-related development costs incurred in connection with developing or obtaining software or technology for sale/lease to customers when the initial design phase is completed and commercial and technological feasibility has been established. Any development cost incurred before technological feasibility is established is expensed as incurred as research and development costs. Technological feasibility is established upon completion of a detailed design program or, in its absence, completion of a working model. Capitalized software and technology costs include only (i) external direct costs of materials and services utilized in developing or obtaining software and technology and (ii) compensation and related benefits for employees who are directly associated with the project.

Costs incurred in connection with developing or obtaining software or technology for sale/lease to customers which are under development and not put to use are disclosed under "intangible assets under development." Advances paid toward the acquisition of intangible assets outstanding as of each balance sheet date are disclosed under "intangible assets under development."

Capitalized software and technology costs are included in intangible assets under technology-related intangible assets on the Company's balance sheet and amortized on a straight-line basis when placed into service over the estimated useful lives of the software and technology.

The Company evaluates the remaining useful life of intangible assets that are being amortized at each reporting period wherever events and circumstances warrant a revision to the remaining period of amortization, and the remaining carrying amount of the intangible asset is amortized prospectively over that revised remaining useful life.

## 2. Summary of significant accounting policies (Continued)

### *(d) Financial instruments and concentration of credit risk*

Financial instruments that potentially subject the Company to concentration of credit risk are reflected principally in cash and cash equivalents, derivative financial instruments and accounts receivable. The Company places its cash and cash equivalents and derivative financial instruments with corporations and banks with high investment grade ratings, limits the amount of credit exposure with any one corporation or bank and conducts ongoing evaluations of the creditworthiness of the corporations and banks with which it does business. To reduce its credit risk on accounts receivable, the Company conducts ongoing credit evaluations of its customers. The General Electric Company (“GE”) accounted for 11% and 17% of the Company’s receivables as of December 31, 2018 and 2019, respectively. GE accounted for 10%, 9% and 14% of the Company’s revenues in the years ended December 31, 2017, 2018 and 2019, respectively.

### *(e) Accounts receivable*

Accounts receivable are recorded at the invoiced or to be invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the consolidated statements of cash flows. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions, clients’ financial conditions, the amount of receivables in dispute, and the current receivables’ aging and current payment patterns. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its clients.

### *(f) Revenue Recognition (effective January 1, 2018)*

The Company derives its revenue primarily from business process management including analytics, consulting and related digital solutions and information technology services, which are provided primarily on a time-and-material, transaction or fixed-price basis. The Company recognizes revenue upon transfer of control of promised services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those services. Revenues from services rendered under time-and-materials and transaction-based contracts are recognized as the services are provided. The Company’s fixed-price contracts include contracts for customization of applications, maintenance and support services. Revenues from these contracts are recognized ratably over the term of the agreement. The Company accrues for revenue and unbilled receivables for the services rendered between the last billing date and the balance sheet date.

The Company’s contracts with customers also include incentive payments received for discrete benefits delivered or promised to be delivered to the customer or service level agreements that could result in credits or refunds to the customer. Revenues relating to such arrangements are accounted for as variable consideration when the amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

The Company records deferred revenue attributable to certain process transition activities where such activities do not represent separate performance obligations. Revenues relating to such transition activities are classified under contract liabilities and subsequently recognized ratably over the period in which the related services are performed. Costs relating to such transition activities are fulfillment costs which are directly related to the contract and result in the generation or enhancement of resources. Such costs are expected to be recoverable under the contract and are therefore classified as contract cost assets and recognized ratably over the estimated expected period of benefit under cost of revenue.

Revenues are reported net of value-added tax, business tax and applicable discounts and allowances. Reimbursements of out-of-pocket expenses received from customers have been included as part of revenues.

Revenue for performance obligations that are satisfied over time is recognized in accordance with the methods prescribed for measuring progress. The input (cost expended) method has been used to measure progress towards completion as there is a direct relationship between input and the satisfaction of a performance obligation. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the current contract estimates.

## 2. Summary of significant accounting policies (Continued)

The Company enters into multiple-element revenue arrangements in which a customer may purchase a combination of products or services. The Company determines whether each product or service promised to a customer is capable of being distinct, and is distinct in the context of the contract. If not, the promised products or services are combined and accounted for as a single performance obligation. In the event of a multiple-element revenue arrangement, the Company allocates the arrangement consideration to separately identifiable performance obligations based on their relative stand-alone selling prices.

Certain contracts may include offerings such as sale of licenses, which may be perpetual or subscription-based. Revenue from distinct perpetual licenses is recognized upfront at the point in time when the software is made available to the customer. Revenue from distinct, non-cancellable, subscription-based licenses is recognized at the point in time it is transferred to the customers. Revenue from any associated maintenance or ongoing support services is recognized ratably over the term of the contract. For a combined software license/services performance obligation, revenue is recognized over the period that the services are performed.

All incremental and direct costs incurred for acquiring contracts, such as certain sales commissions, are classified as contract cost assets. Such costs are amortized over the expected period of benefit and recorded under selling, general and administrative expenses.

Other upfront fees paid to customers are classified as contract assets. Such costs are amortized over the expected period of benefit and recorded as an adjustment to the transaction price and deducted from revenue.

Timing of revenue recognition may differ from the timing of invoicing. If a payment is received in respect of services prior to the delivery of services, the payment is recognized as an advance from customers and classified as a contract liability. Contract assets and contract liabilities relating to the same customer contract are offset against each other and presented on a net basis in the consolidated financial statements.

### Significant judgements

The Company often enters into contracts with customers that include promises to transfer multiple products and services to the customer. Determining whether products and services are considered distinct performance obligations that should be accounted for separately rather than together may require significant judgment.

Judgment is also required to determine the standalone selling price for each distinct performance obligation. In instances where the standalone selling price is not directly observable, it is determined using information that may include market conditions and other observable inputs.

Customer contracts sometimes include incentive payments received for discrete benefits delivered to the customer or service level agreements that could result in credits or refunds to the customer. Such amounts are estimated at contract inception and are adjusted at the end of each reporting period as additional information becomes available only to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

### *(g) Changes in accounting policies*

Except as described below, the Company has applied accounting policies consistently to all periods presented in these consolidated financial statements. The Company adopted Accounting Standards Codification Topic 842, Leases (“Topic 842”), effective January 1, 2019. The Company applied Topic 842 using the modified retrospective adoption approach, which involves recognizing new right-of-use (“ROU”) assets and lease liabilities in its statement of financial position for various operating leases. Therefore, comparative information has not been adjusted and continues to be reported under ASC Topic 840.

## 2. Summary of significant accounting policies (Continued)

As a result of the Company's adoption of this new standard, all leases are classified as either operating leases or finance leases and are recorded on the balance sheet. The Company's accounting for finance leases (capital leases under ASC 840) is substantially unchanged. The Company has elected the "package of practical expedients," which allows the Company not to reassess, under the new standard, its prior conclusions about lease identification, lease classification and initial direct costs. The Company has also elected to not separate lease and non-lease components for all of its leases and to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"). As of January 1, 2019, the date of the Company's initial application of ASC 842, the Company recognized its lease liabilities measured as the present value of lease payments not yet paid, discounted using the discount rate for the lease as of the date of initial application. The ROU asset for each existing lease as of the date of initial application includes an initial measurement of the lease liability adjusted for any lease payments made to the lessor at or before the date of initial application, accrued lease payments and any lease incentives received or any initial direct costs incurred by the Company as of the date of initial application.

As a result of the Company's adoption of ASC 842, the Company recognized additional lease liabilities of \$328,978 and ROU assets of \$309,687.

### Leases (effective January 1, 2019)

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease. The Company's assessment is based on whether: (1) the contract involves the use of a distinct identified asset, (2) the Company obtains the right to substantially all the economic benefit from the use of the asset throughout the term of the contract, and (3) the Company has the right to direct the use of the asset. At the inception of a lease, the consideration in the contract is allocated to each lease component based on its relative standalone price to determine the lease payments. Leases entered into prior to January 1, 2019 have been accounted for under ASC 840 and were not reassessed.

Leases are classified as either finance leases or operating leases. A lease is classified as a finance lease if any one of the following criteria are met: (1) the lease transfers ownership of the asset by the end of the lease term, (2) the lease contains an option to purchase the asset that is reasonably certain to be exercised, (3) the lease term is for a major part of the remaining useful life of the asset or (4) the present value of the lease payments equals or exceeds substantially all of the fair value of the asset. A lease is classified as an operating lease if it does not meet any one of the above criteria.

For all leases at the lease commencement date, a ROU asset and a lease liability are recognized. The lease liability represents the present value of the lease payments under the lease. Lease liabilities are initially measured as the present value of the lease payments not yet paid, discounted using the discount rate for the lease at lease commencement. The lease liabilities are subsequently measured on an amortized cost basis. The lease liability is adjusted to reflect interest on the liability and the lease payments made during the period. Interest on the lease liability is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability.

The ROU asset represents the right to use the leased asset for the lease term. The ROU asset for each lease initially includes the amount of the initial measurement of the lease liability adjusted for any lease payments made to the lessor at or before the commencement date, accrued lease liabilities and any lease incentives received or any initial direct costs incurred by the Company.

The ROU asset of finance leases is subsequently measured at cost, less accumulated amortization and any accumulated impairment losses. The ROU asset of operating leases is subsequently measured from the carrying amount of the lease liability at the end of each reporting period, and is therefore equal to the carrying amount of lease liabilities adjusted for (1) unamortized initial direct costs, (2) prepaid/(accrued) lease payments and (3) the unamortized balance of lease incentives received.

Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

### Significant judgements

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

## 2. Summary of significant accounting policies (Continued)

Under certain of its leases, the Company has a renewal and termination option to lease assets for additional terms between one and five years. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal or termination option. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within the Company's control and affects its ability to exercise (or not to exercise) the option to renew or terminate.

The Company has applied an incremental borrowing rate for the purpose of computing lease liabilities based on the rate prevailing in different geographies. Upon the Company's adoption of ASC 842, the Company applied an incremental borrowing rate to leases existing as of January 1, 2019, the date of initial application.

### Impact on consolidated financial statements

The following table summarizes the impact of the Company's adoption of Topic 842 on its consolidated financial statements as of January 1, 2019.

	As reported December 31, 2018	Adoption of ASC 842 Increase/(Decrease)	Balance as of January 1, 2019
Prepaid expenses and other current assets	212,477	(3,529) <sup>1</sup>	208,948
Operating lease ROU assets	-	273,732	273,732
Other assets: Finance lease ROU assets	-	35,955 <sup>6</sup>	35,955
Other assets	155,159	(5,126) <sup>3</sup>	150,033
Property, plant and equipment, net	212,715	(2,343) <sup>2</sup>	210,372
Accrued expenses and other current liabilities	571,350	(1,123) <sup>4</sup>	570,227
Operating leases liability (current)	-	42,200	42,200
Operating leases liability (non-current)	-	258,378	258,378
Other liabilities	165,226	(767) <sup>5</sup>	164,459

1. Includes prepaid rent amounting to \$3,160 and leasehold land amounting to \$369, which have been reclassified to operating lease ROU assets and finance lease ROU assets, respectively.
2. Represents vehicles recognized as capital leases under ASC 840 and reclassified as a finance lease ROU asset.
3. Includes prepaid rent amounting to \$284 and leasehold land amounting to \$4,842, which have been reclassified to operating lease ROU assets and finance lease ROU assets, respectively.
4. Includes accrued lease liabilities of \$4,562 adjusted with operating lease ROU assets offset by the additional current portion of finance lease liabilities of \$3,439 recognized upon the adoption of ASC 842.
5. Includes accrued lease liabilities of \$25,728 adjusted with operating lease ROU assets offset by additional finance lease liabilities of \$24,961 recognized upon the adoption of ASC 842.
6. The balance is included in "other assets" in the consolidated balance sheet.

#### (h) Reclassification

Certain reclassifications have been made in the consolidated financial statements of prior periods to conform to the classification used in the current period. The impact of such reclassifications on the consolidated financial statements is not material.

#### (i) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and all highly liquid investments purchased with an original maturity of three months or less.



## 2. Summary of significant accounting policies (Continued)

### (j) Short-term investments

All liquid investments with an original maturity greater than three months but less than one year are considered to be short-term investments. Marketable short-term investments are classified and accounted for as available-for-sale investments. Available-for-sale investments are reported at fair value with changes in unrealized gains and losses recorded as a separate component of other comprehensive income (loss) until realized. Realized gains and losses on investments are determined based on the specific identification method and are included in "Other income (expense), net." The Company does not hold these investments for speculative purposes.

### (k) Property, plant and equipment, net

Property, plant and equipment are stated at cost less accumulated depreciation and amortization and accumulated impairment loss. Expenditures for replacements and improvements are capitalized, whereas the costs of maintenance and repairs are charged to earnings as incurred. The Company depreciates and amortizes all property, plant and equipment using the straight-line method over the following estimated economic useful lives of the assets:

	Years
Buildings	40
Furniture and fixtures	4
Computer equipment and servers	4
Plant, machinery and equipment	4
Computer software	4-7
Leasehold improvements	Lease period or 10 Years, whichever is less
Vehicles	3-4

The Company capitalizes certain computer software and software development costs incurred in connection with developing or obtaining computer software for internal use when both the preliminary project stage is completed and it is probable that the software will be used as intended. Capitalized software costs include only (i) external direct costs of materials and services utilized in developing or obtaining computer software, (ii) compensation and related benefits for employees who are directly associated with the software project, and (iii) interest costs incurred while developing internal-use computer software.

Capitalized computer software costs are included in property, plant and equipment on the Company's balance sheet and amortized on a straight-line basis when placed into service over the estimated useful lives of the software.

Advances paid towards acquisition of property, plant and equipment outstanding as of each balance sheet date and the cost of property, plant and equipment not put to use before such date are disclosed under "Capital work in progress."

### (l) Impairment of long-lived assets

Long-lived assets, including certain intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are required to be tested for impairment if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured as the amount by which the carrying value of the assets exceeds their fair value. The Company determines fair value by using a discounted cash flow approach.

### (m) Foreign currency

The Company's consolidated financial statements are reported in U.S. dollars, the Company's functional currency. The functional currency for the Company's subsidiaries organized in Europe, other than the United Kingdom, the Czech Republic, Luxembourg and one subsidiary in Poland, is the euro, and the functional currencies of the Company's subsidiaries organized in Brazil, China, Colombia, Guatemala, India, Israel, Japan, Morocco, South Africa, the Philippines, Poland, the Czech Republic, Hong Kong, Singapore, Australia and Canada are their respective local currencies. The functional currency of all other Company subsidiaries is the U.S. dollar. The translation of the functional currencies of the Company's subsidiaries into U.S. dollars is performed for balance sheet accounts using the exchange rates in effect as of the balance sheet date and for revenues and expense accounts using a monthly average exchange rate prevailing during the respective period. The gains or losses resulting from such translation are reported as currency translation adjustments under other comprehensive income (loss), net, under accumulated other comprehensive income (loss) as a separate component of equity.

## 2. Summary of significant accounting policies (Continued)

Monetary assets and liabilities of each subsidiary denominated in currencies other than the subsidiary's functional currency are translated into their respective functional currency at the rates of exchange prevailing on the balance sheet date. Transactions of each subsidiary in currencies other than the subsidiary's functional currency are translated into the respective functional currencies at the average monthly exchange rate prevailing during the period of the transaction. The gains or losses resulting from foreign currency transactions are included in the consolidated statements of income.

### *(n) Derivative instruments and hedging activities*

In the normal course of business, the Company uses derivative financial instruments to manage fluctuations in foreign currency exchange rates and interest rate fluctuation. The Company enters into forward foreign exchange contracts to mitigate the risk of changes in foreign exchange rates on intercompany transactions and forecasted transactions denominated in foreign currencies and interest rate swaps to mitigate interest rate fluctuation risk on its indebtedness.

The Company recognizes derivative instruments and hedging activities as either assets or liabilities in its consolidated balance sheets and measures them at fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. Changes in the fair values of derivatives designated as cash flow hedges are deferred and recorded as a component of other comprehensive income (loss) reported under accumulated other comprehensive income (loss) until the hedged transactions occur and are then recognized in the consolidated statements of income along with the underlying hedged item and disclosed as part of "Total net revenues," "Cost of revenue," "Selling, general and administrative expenses," and "Interest expense," as applicable. Changes in the fair value of derivatives not designated as hedging instruments and the ineffective portion of derivatives designated as cash flow hedges are recognized in the consolidated statements of income and are included in foreign exchange gains (losses), net, and other income (expense), net, respectively.

With respect to derivatives designated as cash flow hedges, the Company formally documents all relationships between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Company also formally assesses, both at the inception of the hedge and on a quarterly basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If it is determined that a derivative or portion thereof is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, the Company will prospectively discontinue hedge accounting with respect to that derivative instrument.

In all situations in which hedge accounting is discontinued and the derivative is retained, the Company continues to carry the derivative at its fair value on the balance sheet and recognizes any subsequent change in its fair value in the consolidated statements of income. When it is probable that a forecasted transaction will not occur, the Company discontinues hedge accounting and recognizes immediately, in foreign exchange gains (losses), net in the consolidated statements of income, the gains and losses attributable to such derivative that were accumulated in other comprehensive income (loss).

### *(o) Income taxes*

The Company accounts for income taxes using the asset and liability method of accounting for income taxes. Under this method, income tax expense is recognized for the amount of taxes payable or refundable for the current year. In addition, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases and for all operating loss and tax credit carry forwards, if any. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax laws or rates is recognized in the consolidated statement of income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The Company applies a two-step approach for recognizing and measuring the benefit of tax positions. The first step is to evaluate the tax position for recognition by determining, based on the technical merits, that the position will more likely than not be sustained upon examination. The second step is to measure the tax benefit as the largest amount of the tax benefit that is greater than 50 percent likely of being realized upon settlement. The Company includes interest and penalties related to underpayment of income taxes within income tax expense.

The Company follows the specific identification approach for releasing stranded tax effects from accumulated other comprehensive income ("AOCI") upon recognition of these AOCI items in the consolidated statement of income.

## 2. Summary of significant accounting policies (Continued)

### *(p) Employee benefit plans*

Contributions to defined contribution plans are charged to consolidated statements of income in the period in which services are rendered by the covered employees. Current service costs for defined benefit plans are accrued in the period to which they relate. The liability in respect of defined benefit plans is calculated annually by the Company using the projected unit credit method. Prior service cost, if any, resulting from an amendment to a plan is recognized and amortized over the remaining period of service of the covered employees. The Company recognizes its liabilities for compensated absences dependent on whether the obligation is attributable to employee services already rendered, relates to rights that vest or accumulate and payment is probable and estimable.

On January 1, 2018, the Company adopted ASU 2017-07, Compensation-Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost. The service cost is recognized under “cost of revenue” and “selling, general and administrative expenses,” depending on the functional area of the underlying employees included in the plans, and the non-operating components of net benefit plan costs are included within “other income (expense), net” in the consolidated statements of income.

The Company records annual amounts relating to its defined benefit plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, assumed rates of return on plan assets, future compensation increases and attrition rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in other comprehensive income (loss) and amortized to net periodic cost over future periods using the corridor method. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

### *(q) Deferred Compensation Plans*

The Company maintains a non-qualified deferred compensation plan for certain employees. The plan is accounted for using the fair value measurement approach. Plan earnings are calculated by reference to actual earnings of the funds chosen by individual participants. In connection with the administration of this plan, the Company has purchased Company-owned life insurance policies insuring the lives of certain employees, held under a Rabbi Trust. The Company consolidates the invested assets of the trust. The cash surrender value of these insurance policies is included in “other assets” in the consolidated balance sheets at fair value. Gains or losses on the plan’s assets and changes in the fair value of deferred compensation liabilities are included in “other income (expense), net,” and “selling, general and administrative expenses,” respectively, in the consolidated statements of income.

### *(r) Stock-based compensation*

The Company recognizes and measures compensation expense for all stock-based awards based on the grant date fair value. For option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton model) and for stock based awards other than option awards, grant date fair value is determined on the basis of the fair market value of a Company common share on the date of grant of such awards. The fair value determined at the grant date is expensed over the vesting period of the stock-based awards. The Company recognizes compensation expense for stock-based awards net of estimated forfeitures. Stock-based compensation recognized in the consolidated statements of income is based on awards ultimately expected to vest. As a result, the expense has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from such estimates.

### *(s) Accelerated Share Repurchase*

The Company entered into an accelerated share repurchase (“ASR”) agreement in 2017 with a third-party financial institution to repurchase the Company’s common shares. Under the ASR agreement, the Company paid an upfront amount to the financial institution and received an initial delivery of shares. Upon an interim delivery and settlement of the ASR agreement, the financial institution delivered additional shares to the Company, with the final number of shares delivered determined by reference to the volume-weighted average price of the Company’s common shares over the term of the agreement, less an agreed-upon discount. The transactions were accounted for as equity transactions. All shares repurchased under the ASR agreement were retired. The number of weighted average common shares outstanding used by the Company for purposes of calculating basic and diluted earnings per share was reduced as of the date of delivery of the common shares.

## 2. Summary of significant accounting policies (Continued)

### (t) Government incentives

The Company recognizes incentives in the consolidated statements of income under “other income (expense), net.” Incentives are recognized in the consolidated statements of income when there is reasonable assurance that the Company will comply with the conditions for their receipt and a reasonable expectation that the funds will be received. In certain circumstances, the receipt of an incentive may not be subject to any condition or requirement to incur further costs, in which case the incentive is recognized in the consolidated statement of income for the period in which it becomes receivable. In the event that it becomes likely that the Company will be required to repay an incentive that has already been recognized, the Company makes a provision for the estimated liability.

### (u) Earnings (loss) per share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the period. For the purposes of calculating diluted earnings per share, the treasury stock method is used for stock-based awards except where the results would be anti-dilutive.

### (v) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines and penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with such liabilities are expensed as incurred.

### (w) Debt restructuring

The Company accounts for any restructuring of its credit facility using the ten percent cash flow test in accordance with ASC 470, Debt. If the cash flow effect of the change in terms on a present-value basis is less than ten percent, the debt instruments are not considered to be substantially different, and are accounted for as a modification. If the change is more than ten percent, it is treated as an extinguishment. In performing the cash flow test, the Company includes all amounts paid to its lenders in connection with the restructuring but excludes third party expenses. In the case of a modification, all new fees paid to lenders are capitalized and amortized as part of the existing effective yield and any new fees paid to third parties are expensed as incurred under selling, general and administrative expenses. No gain or loss is recorded in the case of a modification. In the case of an extinguishment, all new fees paid to lenders are expensed as incurred under selling, general and administrative expenses and any new fees paid to third parties are capitalized and amortized as a debt issuance cost. The old debt is derecognized and the new debt is recorded at fair value and a gain or loss is recorded for the difference between the net carrying value of the original debt and the fair value of the new debt.

### (x) Recently issued accounting pronouncements

The authoritative bodies release standards and guidance which are assessed by management for impact on the company’s consolidated financial statements.

The Company has adopted the following recently released accounting standards:

The Company adopted ASC Topic 606, Revenue from Contracts with Customers, with a date of initial application of January 1, 2018 using the modified retrospective method, and the revenue recognition significant accounting policy is outlined in section (f) above.

The Company adopted ASC Topic 842, Leases, with a date of initial application of January 1, 2019 using the modified retrospective approach. The cumulative impact of the adoption of this standard has been described in section (g) above.

In March 2019, the Financial Accounting Standards Board (the “FASB”) issued ASU 2019-01, Leases (Topic 842): Codification Improvement. The new standard contains several amendments to clarify the codification more generally and/or to correct unintended application of guidance. The changes in the new standard eliminate the requirement for transition disclosures related to Topic 250-10-50-3. The guidance is effective for fiscal years beginning after December 15, 2019, including interim periods within those years. Early application is permitted. In the quarter ended March 31, 2019, the Company adopted ASU 2019-01 effective January 1, 2019 and no prior periods have been adjusted.

In August 2017, the FASB issued ASU 2017-12, “Derivatives and Hedging.” The amendment expands an entity’s ability to hedge accounting to non-financial and financial risk components and requires changes in the fair value of hedging instruments to be presented in the same income statement line as a hedged item. The ASU also amends the presentation and disclosure requirements for the effect of hedge accounting. The ASU must be adopted using a modified retrospective approach with a cumulative effect adjustment recorded to the opening balance of retained earnings as of the initial application date. The ASU was effective for the Company beginning January 1, 2019, including interim periods in the fiscal year 2019. On January 1, 2019, the Company assessed the impact of this ASU and concluded that it does not have any impact on its consolidated results of operations, cash flows, financial position and disclosures.

## 2. Summary of significant accounting policies (Continued)

In July 2019, the FASB issued ASU 2019-07, Codification Updates to SEC Sections. This ASU amends various SEC paragraphs pursuant to the issuance of SEC Final Rule Releases No. 33-10532, Disclosure Update and Simplification, and Nos. 33-10231 and 33-10442, Investment Company Reporting Modernization. The S-X Rule 3-04 requires the presentation of changes in stockholders' equity in the form of a reconciliation of the beginning balance to the ending balance for each period for which a statement of income is required to be filed with all significant reconciling items. The Company presented changes in stockholders' equity as separate financial statements for the current and comparative year-to-date interim periods beginning on January 1, 2019. This guidance was effective immediately upon issuance. The additional elements of the ASU did not have a material impact on the Company's consolidated results of operations, cash flows, financial position and disclosures.

In addition, the following recently released accounting standards have not yet been adopted by the Company.

In June 2016, the FASB issued ASU No. 2016-13, "Measurement of credit losses on financial instruments." The ASU requires measurement and recognition of expected credit losses for financial assets held by the Company. The ASU requires entities to estimate an expected lifetime credit loss on financial assets ranging from short-term trade accounts receivable to long-term financings. The ASU is effective for the Company beginning January 1, 2020, including interim periods in fiscal year 2020.

In May 2019, the FASB issued ASU No. 2019-05, "Financial Instruments—Credit Losses (Topic 326)." The ASU provides final guidance that allows entities to make an irrevocable one-time election upon adoption of the new credit losses standard to measure financial assets at amortized cost (except held-to-maturity securities) using the fair value option. The ASU is effective for the Company beginning January 1, 2020, including interim periods in fiscal year 2020.

In November 2019, the FASB issued ASU No. 2019-11, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses." This ASU clarifies that the scope of the guidance related to expected recoveries extends to purchased financial assets with credit deterioration. For entities that have not yet adopted ASU 2016-13, the amendments in ASU 2019-11 are effective on the same date as those in ASU 2016-13. For entities that have adopted ASU 2016-13, the amendments in ASU 2019-11 are effective for fiscal years beginning January 1, 2020 and interim periods therein.

The Company has elected to adopt ASU 2016-13, ASU 2019-05 and ASU 2019-11 beginning January 1, 2020, including interim periods in fiscal year 2020. The Company has concluded its assessment of adopting ASU No. 2016-13, 2019-05 and 2019-11 and expects that these standards will not have material impact on its financial statements.

In August 2018, the FASB issued ASU No. 2018-13, "Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement." The ASU modifies the disclosure requirements with respect to fair value measurements. The ASU is effective for the Company beginning January 1, 2020, including interim periods in fiscal year 2020. The Company does not expect the adoption of this update to have a material impact on its consolidated results of operations, cash flows, financial position or disclosures.

In August 2018, the FASB issued ASU No. 2018-14, "Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans." The ASU modifies the disclosure requirements with respect to defined benefit pension plans. The ASU is effective for the Company beginning January 1, 2021. Early adoption is permitted. The Company is in the process of assessing the impact of this ASU on its consolidated results of operations, cash flows, financial position and disclosures.

In August 2018, the FASB issued ASU No. 2018-15, "Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract." The ASU modifies the capitalization requirements with respect to implementation costs incurred by the customer in a hosting arrangement that is a service contract. The ASU is effective for the Company beginning January 1, 2020. The Company does not expect the adoption of this update to have a material impact on its consolidated results of operations, cash flows, financial position or disclosures.

## 2. Summary of significant accounting policies (Continued)

In April 2019, the FASB issued ASU No. 2019-04, “Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments.” The ASU provides additional guidance on the recognition of credit losses and addresses partial-term fair value hedges, fair value hedge basis adjustments and certain transition requirements, among other things. The ASU also addresses the scope of the guidance on the requirement for remeasurement under ASC 820 when using the measurement alternative, certain disclosure requirements and which foreign currency-denominated equity securities must be remeasured at historical exchange rates. The ASU is effective for the Company beginning January 1, 2020, including interim periods in fiscal year 2020. The Company does not expect the adoption of this update to have a material impact on its consolidated results of operations, cash flows, financial position or disclosures.

In November 2019, the FASB issued ASU No. 2019-08, “Codification Improvements—Share-Based Consideration Payable to a Customer.” The ASU clarifies that share-based consideration payable to a customer is measured in accordance with guidance under AC 718--Share based payments. The ASU is effective for the Company beginning January 1, 2020, including interim periods in fiscal year 2020. The Company does not expect the adoption of this update to have a material impact on its consolidated results of operations, cash flows, financial position or disclosures.

In December 2019, the FASB issued ASU No. 2019-12, “Simplifying the Accounting for Income Taxes”. This ASU removes certain exceptions for investments, intra-period tax allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. The ASU is effective for the Company for fiscal years, and interim periods within those fiscal years, beginning January 1, 2021. Early adoption is permitted. The Company is in the process of assessing the impact of this ASU on its consolidated results of operations, cash flows, financial position and disclosures.

## 3. Business acquisitions

### (a) Rightpoint Consulting, LLC

On November 12, 2019, the Company acquired 100% of the outstanding equity/limited liability company interests in Rightpoint Consulting, LLC, an Illinois limited liability company, and certain affiliated entities in the United States and India (collectively referred to as “Rightpoint”) for total purchase consideration of \$270,669. This amount includes cash consideration of \$268,170, net of cash acquired of \$2,499. The total purchase consideration paid by the Company to the sellers was \$248,470, resulting in a payable of \$22,199, which is outstanding as of December 31, 2019. The Company is evaluating adjustments related to certain income and other taxes, which, when determined, may result in the recognition of additional assets or liabilities as of the acquisition date. The measurement period will not exceed one year from the acquisition date. This acquisition is expected to expand the Company’s capabilities in improving customer experience.

### 3. Business acquisitions (Continued)

The securities purchase agreement between the Company and the selling equity holders of Rightpoint provided certain of the selling equity holders the option to elect to either (a) receive 100% consideration in cash at the closing date for their limited liability company interests and vested options or (b) “roll over” and retain 25% of their Rightpoint limited liability company interests and vested options for a three-year rollover period and receive cash consideration at closing for the remaining 75% of their Rightpoint limited liability company interests and vested options. Certain selling equity holders elected to receive deferred, variable earnout consideration with an estimated value of \$21,500 over the rollover period of three years. The amount of deferred earnout consideration ultimately payable by the Company to the selling equity holders of Rightpoint will be based on the future revenue multiple of the acquired business and is included in the purchase consideration outstanding as of December 31, 2019. Additionally, under the purchase agreement the selling equity holders are obligated to sell their rollover interests to the Company. Accordingly, the Company has obtained control over 100% of the outstanding equity/limited liability company interests of Rightpoint as of December 31, 2019.

In connection with this acquisition, the Company recorded \$46,000 in customer-related intangibles and \$29,000 in marketing-related intangibles which have a weighted average amortization period of five years. Goodwill arising from the acquisition amounting to \$182,834 has been allocated using a relative fair value allocation method to each of the Company’s reporting segments as follows: to the BCMI segment in the amount of \$17,525, to the CGRLH segment in the amount of \$44,365 and to the HMS segment in the amount of \$120,944. Of the total goodwill arising from this acquisition, \$97,833 is deductible for income tax purposes. The goodwill represents primarily the acquired capabilities, operating synergies and other benefits expected to result from combining the acquired operations with those of the Company.

Acquisition-related costs of \$7,385 have been included in selling, general and administrative expenses as incurred. In connection with the transaction, the Company also acquired certain assets with a value of \$39,140, assumed certain liabilities amounting to \$23,095 and recognized a net deferred tax liability of \$3,210. The results of operations of the acquired business and the fair value of the acquired assets and assumed liabilities are included in the Company’s consolidated financial statements with effect from the date of the acquisition.

#### (b) riskCanvas Holdings, LLC

On January 7, 2019, the Company acquired 100% of the outstanding equity interests in riskCanvas Holdings, LLC, a Delaware limited liability company, for total purchase consideration of \$5,747. This amount includes cash consideration of \$5,700, net of adjustment for working capital. No portion of the total consideration, payable in cash, was unpaid as of December 31, 2019. This acquisition expands the Company’s services in the areas of financial institution fraud, anti-money laundering and financial transaction surveillance and enhances its consulting capabilities for clients in the financial services industry.

In connection with this acquisition, the Company recorded \$1,700 in customer-related intangibles, \$1,400 in software-related intangibles and \$100 in restrictive covenants. Goodwill arising from the acquisition amounting to \$2,547 has been allocated to the Company’s BCMI reporting segment and is deductible for income tax purposes. The goodwill represents primarily the acquired capabilities, operating synergies and other benefits expected to result from combining the acquired operations with those of the Company.

Acquisition-related costs of \$967 have been included in selling, general and administrative expenses as incurred. In connection with the transaction, the Company also acquired certain assets with a value of \$660 and assumed certain liabilities amounting to \$707. The results of operations of the acquired business and the fair value of the acquired assets and assumed liabilities are included in the Company’s consolidated financial statements with effect from the date of the acquisition.

### 3. Business acquisitions (Continued)

#### (c) Barkawi Management Consultants GmbH & Co. KG and certain related entities

On August 30, 2018, the Company acquired 100% of the outstanding equity/partnership interests in Barkawi Management Consultants GmbH & Co. KG, a German limited partnership, and certain affiliated entities in the United States, Germany and Austria (collectively referred to as “Barkawi”) for total purchase consideration of \$101,307. This amount includes cash consideration of \$95,625, net of cash acquired of \$5,682. The total purchase consideration paid by the Company was \$100,969, resulting in a payable of \$338, which is outstanding as of December 31, 2019. During the year ended December 31, 2019, the Company recorded certain measurement period adjustments. These adjustments did not have a significant impact on the Company’s consolidated statements of income, balance sheets or cash flows. This acquisition enhances the Company’s supply chain management consulting capabilities.

In connection with the acquisition of Barkawi, the Company recorded \$10,200 in customer-related intangibles and \$1,800 in marketing-related intangibles, which have a weighted average amortization period of three years. Goodwill arising from the acquisition amounted to \$79,928, which has been allocated to all three of the Company’s reporting segments using a relative fair value allocation method. Of the total goodwill arising out of this acquisition, \$64,457 is deductible for tax purposes. The goodwill represents primarily the consulting expertise, operating synergies and other benefits expected to result from combining the acquired operations with those of the Company.

Acquisition-related costs of \$1,842 have been included in selling, general and administrative expenses as incurred. In connection with the transaction, the Company also acquired certain assets with a value of \$17,314, assumed certain liabilities amounting to \$8,827 and recognized a net deferred tax asset of \$892. The results of operations of the acquired business and the fair value of the acquired assets and assumed liabilities are included in the Company’s consolidated financial statements with effect from the date of the acquisition.

#### (d) Commonwealth Informatics Inc.

On July 3, 2018, the Company acquired 100% of the outstanding equity interest in Commonwealth Informatics Inc. (“Commonwealth”), a Massachusetts corporation, for purchase consideration of \$17,938. This amount includes cash consideration of \$16,123, net of cash acquired of \$1,477, and adjustments for working capital and indebtedness. No portion of the total consideration, payable in cash, was unpaid as of December 31, 2019. During the year ended December 31, 2019, the Company recorded certain measurement period adjustments. These adjustments did not have a significant impact on the Company’s consolidated statements of income, balance sheets or cash flows. This acquisition enhances the Company’s signal management and pharmacovigilance capabilities for clients in the life sciences industry.

In connection with the acquisition of Commonwealth, the Company recorded \$2,200 in customer-related intangibles and \$2,600 in technology-related intangible assets, which have a weighted average amortization period of four years.

Goodwill arising from the acquisition amounted to \$11,587, which has been allocated to the Company’s CGRLH reporting segment and is deductible for tax purposes. The goodwill represents primarily the acquired capabilities, operating synergies and other benefits expected to result from combining the acquired operations with those of the Company.

Acquisition-related costs of \$521 have been included in selling, general and administrative expenses as incurred. In connection with the transaction, the Company also acquired certain assets with a value of \$2,583 and assumed certain liabilities amounting to \$1,032. The results of operations of the acquired business and the fair value of the acquired assets and assumed liabilities are included in the Company’s consolidated financial statements with effect from the date of the acquisition.

### 4. Cash and cash equivalents

	As of December 31,	
	2018	2019
Cash and other bank balances	\$ 368,396	\$ 467,096
Total	\$ 368,396	\$ 467,096



## 5. Accounts receivable, net of reserve for doubtful receivables

The following table provides details of the Company's reserve for doubtful receivables:

	Year ended December 31,		
	2017	2018	2019
Opening balance as of January 1	\$ 15,519	\$ 23,660	\$ 23,960
Additions due to acquisitions	235	—	1,004
Additions charged/reversal released to cost and expense	9,819	1,857	7,443
Deductions/effect of exchange rate fluctuations	(1,913)	(1,557)	(2,438)
Closing balance	\$ 23,660	\$ 23,960	\$ 29,969

Accounts receivable were \$798,144 and \$944,224, and reserves for doubtful receivables were \$23,960 and \$29,969, resulting in net accounts receivable balances of \$774,184 and \$914,255 as of December 31, 2018 and 2019, respectively. In addition, accounts receivable due after one year amounting to \$4,099 and \$7,858 as of December 31, 2018 and 2019, respectively, are included under "other assets" in the consolidated balance sheets.

Accounts receivable from related parties were \$99 and \$0 as of December 31, 2018 and 2019, respectively. There are no doubtful receivables in amounts due from related parties.

## 6. Fair Value Measurements

The Company measures certain financial assets and liabilities, including derivative instruments, at fair value on a recurring basis. The fair value measurements of these financial assets and liabilities were determined using the following inputs as of December 31, 2018 and 2019:

	As of December 31, 2018			
	Total	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<b>Assets</b>				
Derivative instruments (Note a, c)	\$ 44,099	\$ —	\$ 44,099	\$ —
Deferred compensation plan assets (a, e)	\$ 1,613	—	—	\$ 1,613
Total	\$ 45,712	\$ —	\$ 44,099	\$ 1,613
<b>Liabilities</b>				
Earn-out consideration (Note b, d)	\$ 17,073	\$ —	\$ —	\$ 17,073
Derivative instruments (Note b, c)	35,245	—	35,245	—
Deferred compensation plan liability (b, f)	1,582	—	—	1,582
Total	\$ 53,900	\$ —	\$ 35,245	\$ 18,655

## 6. Fair Value Measurements (Continued)

	As of December 31, 2019			
	Total	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
<b>Assets</b>				
Derivative instruments (Note a, c)	\$ 21,309	\$ —	\$ 21,309	\$ —
Deferred compensation plan assets (a, e)	\$ 11,208	\$ —	\$ —	\$ 11,208
<b>Total</b>	<b>\$ 32,517</b>	<b>\$ —</b>	<b>\$ 21,309</b>	<b>\$ 11,208</b>
<b>Liabilities</b>				
Earn out consideration (Note b, d)	\$ 22,184	\$ —	\$ —	\$ 22,184
Derivative instruments (Note b, c)	\$ 24,239	\$ —	\$ 24,239	\$ —
Deferred compensation plan liability (b, f)	\$ 10,943	\$ —	\$ —	\$ 10,943
<b>Total</b>	<b>\$ 57,366</b>	<b>\$ —</b>	<b>\$ 24,239</b>	<b>\$ 33,127</b>

- (a) Included in “prepaid expenses and other current assets” and “other assets” in the consolidated balance sheets.
- (b) Included in “accrued expenses and other current liabilities” and “other liabilities” in the consolidated balance sheets.
- (c) The Company values its derivative instruments based on market observable inputs, including both forward and spot prices for the relevant currencies and interest rate indices for relevant interest rates. The quotes are taken from an independent market database.
- (d) The fair value of earn-out consideration, calculated as the present value of expected future payments to be made to the sellers of acquired businesses, was derived by estimating the future financial performance of the acquired businesses using the earn-out formula and performance targets specified in each purchase agreement and adjusting the result to reflect the Company’s estimate of the likelihood of achievement of such targets. Given the significance of the unobservable inputs, the valuations are classified in level 3 of the fair value hierarchy.
- (e) Deferred compensation plan assets consist of life insurance policies held under a Rabbi Trust. Assets held in the Rabbi Trust are valued based on the cash surrender value of the insurance contract, which is determined based on the fair value of the underlying assets included in the insurance portfolio and are therefore classified within level 3 of the fair value hierarchy.
- (f) The fair value of the deferred compensation plan liability is derived based on the fair value of the underlying assets in the insurance policies and is therefore classified within level 3 of the fair value hierarchy.

The following table provides a roll-forward of the fair value of earn-out consideration categorized as level 3 in the fair value hierarchy for the years ended December 31, 2018 and 2019:

	Year ended December 31,	
	2018	2019
<b>Opening balance</b>	\$ 24,732	\$ 17,073
Earn-out consideration payable in connection with acquisitions	—	21,701
Payments made on earn-out consideration (Note a)	(3,356)	(17,098)
Change in fair value of earn-out consideration (Note b)	(5,655)	—
Others (Note c)	1,352	508
<b>Closing balance</b>	<b>\$ 17,073</b>	<b>\$ 22,184</b>

- (a) Includes the interest payment on earn-out consideration in excess of the acquisition date fair value, which is included in “cash flows from operating activities” amounting to \$0 and \$4,308 for the year ended December 31, 2018 and 2019, respectively.

## 6. Fair Value Measurements (Continued)

- (b) Changes in the fair value of earn-out consideration are reported in “other operating (income) expense, net” in the consolidated statements of income.
- (c) “Others” is comprised of interest expense included in “interest income (expense), net” and the impact of changes in foreign exchange reported in “foreign exchange gains (losses), net” in the consolidated statements of income. This also includes a cumulative translation adjustment reported as a component of other comprehensive income (loss).

The following table provides a roll-forward of the fair value of deferred compensation plan assets categorized as level 3 in the fair value hierarchy for the year ended December 31, 2018 and 2019:

	Year ended December 31,	
	2018	2019
<b>Opening balance</b>	\$ —	\$ 1,613
Additions (net of redemption)	1,669	8,299
Change in fair value of deferred compensation plan assets (Note a)	(56)	1,296
<b>Closing balance</b>	<b>\$ 1,613</b>	<b>\$ 11,208</b>

- (a) Changes in the fair value of plan assets are reported in “other income (expense), net” in the consolidated statements of income.

The following table provides a roll-forward of the fair value of deferred compensation liabilities categorized as level 3 in the fair value hierarchy for the year ended December 31, 2018 and 2019:

	Year ended December 31,	
	2018	2019
<b>Opening balance</b>	\$ —	\$ 1,582
Additions (net of redemption)	1,669	8,299
Change in fair value of deferred compensation plan liabilities (Note a)	(87)	1,062
<b>Closing balance</b>	<b>\$ 1,582</b>	<b>\$ 10,943</b>

- (a) Changes in the fair value of deferred compensation liabilities are reported in “selling, general and administrative expenses” in the consolidated statements of income.

## 7. Derivative financial instruments

The Company is exposed to the risk of rate fluctuations on foreign currency assets and liabilities and on foreign currency denominated forecasted cash flows. The Company has established risk management policies, including the use of derivative financial instruments to hedge foreign currency assets and liabilities and foreign currency denominated forecasted cash flows and interest rate risks. These derivative financial instruments are largely deliverable and non-deliverable forward foreign exchange contracts and interest rate swaps. The Company enters into these contracts with counterparties that are banks or other financial institutions, and the Company considers the risk of non-performance by such counterparties not to be material. The forward foreign exchange contracts and interest rate swaps mature over periods of up to 48 months and the forecasted transactions are expected to occur during the same periods.

## 7. Derivative financial instruments (Continued)

The following table presents the aggregate notional principal amounts of outstanding derivative financial instruments together with the related balance sheet exposure:

	Notional principal amounts (note a)		Balance sheet exposure asset (liability) (note b)	
	As of December 31, 2018	As of December 31, 2019	As of December 31, 2018	As of December 31, 2019
Foreign exchange forward contracts denominated in:				
United States Dollars (sell) Indian Rupees (buy)	\$ 1,439,000	\$ 1,305,000	\$ (3,643)	\$ (5,740)
United States Dollars (sell) Philippines Peso (buy)	55,800	66,600	(1,510)	462
Euro (sell) United States Dollars (buy)	136,412	122,337	4,804	4,135
Pound Sterling (buy) United States Dollars (sell)	128	—	(128)	—
Singapore Dollars (buy) United States Dollars (sell)	—	10,017	—	38
Euro (sell) Romanian Leu (buy)	41,198	26,918	(299)	(314)
Japanese Yen (sell) Chinese Renminbi (buy)	40,568	29,350	(2,195)	(258)
Pound Sterling (sell) United States Dollars (buy)	27,517	9,089	495	383
Australian Dollars (sell) United States Dollars (buy)	89,780	35,972	3,548	1,924
United States Dollars (sell) Hungarian Font (buy)	—	20,500	—	162
Hungarian Font (Sell) Euro (buy)	—	9,534	—	(157)
Interest rate swaps (floating to fixed)	507,425	477,604	7,782	(3,565)
			<u>8,854</u>	<u>(2,930)</u>

(a) Notional amounts are key elements of derivative financial instrument agreements but do not represent the amount exchanged by counterparties and do not measure the Company's exposure to credit, foreign exchange, interest rate or other market risks. However, the amounts exchanged are based on the notional amounts and other provisions of the underlying derivative financial instrument agreements. Notional amounts are denominated in U.S. dollars.

(b) Balance sheet exposure is denominated in U.S. dollars and denotes the mark-to-market impact of the derivative financial instruments on the reporting date.

## 7. Derivative financial instruments (Continued)

FASB guidance on derivatives and hedging requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. In accordance with the FASB guidance on derivatives and hedging, the Company designates foreign exchange forward contracts and interest rate swaps as cash flow hedges. Foreign exchange forward contracts are entered into to cover the effects of future exchange rate variability on forecasted revenue and purchases of services, and interest rate swaps are entered into to cover interest rate fluctuation risk. In addition to this program, the Company uses derivative instruments that are not accounted for as hedges under the FASB guidance in order to hedge foreign exchange risks related to balance sheet items, such as receivables and intercompany borrowings, that are denominated in currencies other than the Company's underlying functional currency.

The fair values of the Company's derivative instruments and their location in the Company's financial statements are summarized in the table below:

	Cash flow hedges		Non-designated	
	As of December 31, 2018	As of December 31, 2019	As of December 31, 2018	As of December 31, 2019
<b>Assets</b>				
Prepaid expenses and other current assets	\$ 23,038	\$ 16,214	\$ 11,490	\$ 2,009
Other assets	\$ 9,571	\$ 3,086	\$ —	\$ —
<b>Liabilities</b>				
Accrued expenses and other current liabilities	\$ 15,148	\$ 6,152	\$ 225	\$ 814
Other liabilities	\$ 19,872	\$ 17,273	\$ —	\$ —

### Cash flow hedges

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain (loss) on the derivative instrument is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction is recognized in the consolidated statements of income. Gains (losses) on the derivatives, representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness, are recognized in earnings as incurred.

In connection with cash flow hedges, the gains (losses) recorded as a component of other comprehensive income (loss), or OCI, and the related tax effects are summarized below:

	Year ended December 31,								
	2017			2018			2019		
	Before-Tax amount	Tax (Expense) or Benefit	Net of tax Amount	Before-Tax amount	Tax (Expense) or Benefit*	Net of tax Amount	Before-Tax amount	Tax (Expense) or Benefit*	Net of tax Amount
Opening balance	\$ 37,461	\$ (13,979)	\$ 23,482	\$ 50,529	\$ (14,436)	\$ 36,093	\$ (2,411)	\$ (5,524)	\$ (7,935)
Adoption of ASU 2018-02 (refer note 25)	—	—	—	—	2,265	2,265	—	—	—
Net gains (losses) reclassified into statement of income on completion of hedged transactions (Note a)	54,494	(17,725)	36,769	9,336	(1,073)	8,263	19,401	(7,212)	12,189
Changes in fair value of effective portion of outstanding derivatives, net	67,562	(18,182)	49,380	(43,604)	5,574	(38,030)	17,686	(3,154)	14,532
Gain (loss) on cash flow hedging derivatives, net	13,068	(457)	12,611	(52,940)	6,647	(46,293)	(1,715)	4,058	2,343
Closing balance	\$ 50,529	\$ (14,436)	\$ 36,093	\$ (2,411)	\$ (5,524)	\$ (7,935)	\$ (4,126)	\$ (1,466)	\$ (5,592)

\*The tax (expense) benefit includes the effect of novating certain hedging instruments as part of an intercompany transfer.

## 7. Derivative financial instruments (Continued)

The gains or losses recognized in other comprehensive income (loss) and their effects on financial performance are summarized below:

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) recognized in OCI on Derivatives (Effective Portion)			Location of Gain (Loss) reclassified from OCI into Statement of Income (Effective Portion)	Amount of Gain (Loss) reclassified from OCI into Statement of Income (Effective Portion)		
	Year ended December 31,				Year ended December 31,		
	2017	2018	2019		2017	2018	2019
Forward foreign exchange contracts	\$ 66,037	\$ (45,840)	\$ 24,581	Revenue	\$ 5,858	\$ (716)	\$ 6,782
Interest rate swaps	1,525	2,236	(6,895)	Cost of revenue	37,849	4,723	6,435
				Selling, general and administrative expenses	10,849	1,543	1,732
				Interest expense	(62)	3,786	4,452
	<u>\$ 67,562</u>	<u>\$ (43,604)</u>	<u>\$ 17,686</u>		<u>\$ 54,494</u>	<u>\$ 9,336</u>	<u>\$ 19,401</u>

There were no gains (losses) recognized in income on the ineffective portion of derivatives and excluded from effectiveness testing for the years ended December 31, 2017, 2018 and 2019, respectively.

### Non-designated Hedges

Derivatives not designated as hedging instruments	Location of Gain (Loss) recognized in Statement of Income on Derivatives	Amount of Gain (Loss) recognized in Statement of Income on Derivatives		
		Year ended December 31,		
		2017	2018	2019
Forward foreign exchange contracts (Note a)	Foreign exchange gains (losses), net	\$ 16,696	\$ (6,240)	\$ 4,299
		<u>\$ 16,696</u>	<u>\$ (6,240)</u>	<u>\$ 4,299</u>

- (a) These forward foreign exchange contracts were entered into to hedge fluctuations in foreign exchange rates for recognized balance sheet items, such as receivables and intercompany borrowings, and were not originally designated as hedges under FASB guidance on derivatives and hedging. Realized gains (losses) and changes in the fair value of these derivatives are recorded in foreign exchange gains (losses), net in the consolidated statements of income.

## 8. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	As of December 31,	
	2018	2019
Advance income and non-income taxes	\$ 58,701	\$ 43,763
Contract asset (Note 27)	22,472	19,170
Prepaid expenses	25,996	29,734
Derivative instruments	34,528	18,223
Employee advances	3,772	4,209
Deposits	2,758	1,784
Advances to suppliers	1,998	4,289
Others	62,252	49,153
	<u>\$ 212,477</u>	<u>\$ 170,325</u>

## 9. Property, plant and equipment, net

Property, plant and equipment, net consist of the following:

	As of December 31,	
	2018	2019
Land	\$ 9,401	\$ 5,923
Buildings	43,078	42,595
Furniture and fixtures	47,206	49,849
Computer equipment and servers	210,239	229,890
Plant, machinery and equipment	88,937	105,004
Computer software	138,824	141,330
Leasehold improvements	105,965	123,413
Vehicles	5,309	120
Capital work in progress	11,795	46,037
Property, plant and equipment, gross	\$ 660,754	\$ 744,161
Less: Accumulated depreciation and amortization	(448,039)	(490,126)
Property, plant and equipment, net	\$ 212,715	\$ 254,035

Depreciation expense on property, plant and equipment for the years ended December 31, 2017, 2018 and 2019 was \$44,909, \$49,518 and \$53,332, respectively. Software amortization for the years ended December 31, 2017, 2018 and 2019 amounted to \$11,415, \$12,317 and \$14,167 respectively.

The depreciation and amortization expenses set forth above include the effect of the reclassification of foreign exchange (gains) losses related to the effective portion of foreign currency derivative contracts, amounting to \$(1,712), \$(231) and \$(267) for the years ended December 31, 2017, 2018 and 2019, respectively.

The Company recorded a write-down to computer software during the years ended December 31, 2017 and 2018 as described in Note 10.

## 10. Goodwill and intangible assets

Effective in the fourth quarter of 2019, the Company changed its segment reporting structure to align with how the Company's Chief Operating Decision Maker (CODM) manages the Company. The Company now has three reportable segments: Banking, Capital Markets and Insurance (BCMI), Consumer Goods, Retail, Life Sciences and Healthcare (CGRLH), and High Tech, Manufacturing and Services (HMS). See Note 26 for further information. Goodwill has been allocated based on the relative fair value of each newly identified reporting segment.

The Company tested goodwill for impairment prior to the reporting segment change and immediately thereafter, for events and conditions identified in accordance with the guidance in ASC 350, "Intangibles—Goodwill and Other." The fair value of the Company and its segments was calculated using a discounted cash flow model using estimated future cash flows. The results of our evaluation showed that the fair value of each operating segment exceeded its book value.

The following table presents the changes in goodwill for the years ended December 31, 2018 and 2019:

	As of December 31,	
	2018	2019
Opening balance	\$ 1,337,122	\$ 1,393,832
Goodwill relating to acquisitions consummated during the period	91,936	185,381
Impact of measurement period adjustments	816	(988)
Effect of exchange rate fluctuations	(36,042)	(3,759)
<b>Closing balance</b>	<b>\$ 1,393,832</b>	<b>\$ 1,574,466</b>

The following table presents the changes in goodwill by reporting unit for the year ended December 31, 2019:

	BCMI	CGRLH	HMS	Total
Opening balance	\$ 398,601	512,296	482,935	1,393,832
Goodwill relating to acquisitions consummated during the period	20,072	44,365	120,944	185,381
Impact of measurement period adjustments	(380)	(151)	(457)	(988)
Effect of exchange rate fluctuations	(1,080)	(1,380)	(1,299)	(3,759)
<b>Closing balance</b>	<b>\$ 417,213</b>	<b>555,130</b>	<b>602,123</b>	<b>1,574,466</b>

In the year ended December 31, 2018 and 2019, in accordance with ASU 2011-08, the Company performed an assessment to determine whether events or circumstances exist that may lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Based on such assessment, as of December 31, 2018 and 2019, the Company concluded that it is not more likely than not that the fair values of any of the Company's reporting units are less than their carrying amounts.

The total amount of the Company's goodwill deductible for tax purposes was \$187,546 and \$282,524 as of December 31, 2018 and 2019, respectively.



## 10. Goodwill and intangible assets (Continued)

The Company's intangible assets are as follows:

	As of December 31, 2018			As of December 31, 2019		
	Gross carrying amount	Accumulated amortization & Impairment	Net	Gross carrying amount	Accumulated amortization & Impairment	Net
Customer-related intangible assets	\$ 368,558	\$ 306,582	\$ 61,976	\$ 415,375	\$ 329,724	\$ 85,651
Marketing-related intangible assets	54,714	46,591	8,123	84,180	50,217	33,963
Technology-related intangible assets	76,790	33,976	42,814	149,262	61,150	88,112
Other intangible assets	1,204	1,077	127	—	—	—
Intangible assets under development	64,047	—	64,047	26,646	3,511	23,135
	<u>\$ 565,313</u>	<u>\$ 388,226</u>	<u>\$ 177,087</u>	<u>\$ 675,463</u>	<u>\$ 444,602</u>	<u>\$ 230,861</u>

Amortization expenses for intangible assets acquired as a part of a business combination and disclosed in the consolidated statements of income under amortization of acquired intangible assets for the years ended December 31, 2017, 2018 and 2019 were \$36,412, \$38,850 and \$32,612, respectively.

Amortization expenses for internally-developed and other intangible assets disclosed in the consolidated statements of income under cost of revenue and selling, general and administrative expenses for the years ended December 31, 2017, 2018 and 2019 were \$452, \$2,807 and \$18,957 respectively.

Amortization expenses for the technology-related, internally-developed intangible assets set forth above include the effect of the reclassification of foreign exchange (gains) losses related to the effective portion of foreign currency derivative contracts, amounting to \$(15), \$5 and \$(76) for the years ended December 31, 2017, 2018 and 2019, respectively.

During the year ended December 31, 2017, the Company tested for recoverability a group of assets, comprised of computer software and a technology-related intangible asset, as a result of a downward revision to the forecasted cash flows to be generated by this group of assets. Based on the results of its testing, the Company determined that the carrying value of the group of assets exceeded the estimated undiscounted cash flows and the Company recorded an \$8,000 write-down to reduce the carrying value to its fair value. The Company used the income approach to determine the fair value of the group of assets for the purpose of calculating the charge. This write-down has been recorded in other operating (income) expenses, net in the consolidated statement of income and has been allocated to computer software and technology-related intangible assets, amounting to \$5,760 and \$2,240, respectively.

During the year ended December 31, 2017, the Company tested a customer-related intangible asset for recoverability as a result of the termination of a client contract. Based on the results of such testing, the Company recorded a \$1,311 write-down to reduce the amount of the asset's total carrying value. The Company used the income approach to determine the fair value of the intangible asset for the purpose of calculating the resulting charge. This write-down has been recorded in other operating (income) expenses, net in the consolidated statement of income.

## 10. Goodwill and intangible assets (Continued)

During the year ended December 31, 2018, the Company tested for recoverability a group of assets comprised of computer software and a technology-related intangible asset as a result of downward revision to the forecasted cash flow to be generated by this group of assets. Additionally, during the year ended December 31, 2019, the Company tested for recoverability certain other technology-related intangible assets as a result of changes in the Company's investment strategy. Based on the results of this testing, the Company determined that the carrying values of the assets tested were not recoverable, and the Company recorded write-downs of the carrying values of these assets amounting to \$4,265 and \$3,511 for the year ended December 31, 2018 and December 31, 2019, respectively. These write-downs have been recorded in other operating (income) expense, net in the consolidated statement of income. The impairment related to computer software and technology-related intangible assets for the year ended December 31, 2018 amounted to \$1,200, and \$3,065, respectively, and for the year ended December 31, 2019 amounted to \$0 and \$3,511, respectively.

The estimated amortization schedule for the Company's intangible assets for future periods is set out below:

2020	70,355
2021	52,597
2022	36,920
2023	29,817
2024 and beyond	18,037
	<u>\$ 207,726</u>

## 11. Other Assets

Other assets consist of the following:

	As of December 31,	
	2018	2019
Contract asset (Note 27)	\$ 22,563	\$ 21,176
Advance income and non-income taxes	62,942	93,277
Deposits	25,984	36,342
Derivative instruments	9,571	3,086
Prepaid expenses	5,052	6,003
Accounts receivable due after one year	4,099	7,858
Others	24,948	15,853
Right of use (ROU) assets finance lease	—	33,484
	<u>\$ 155,159</u>	<u>\$ 217,079</u>

## 12. Leases

The Company has leased buildings, vehicles, furniture and fixtures, leased lines, computer equipment and servers, and plants, machinery and equipment from various lessors. Certain lease agreements include options to terminate or extend the leases for up to 5 years. The lease agreements do not contain any material residual value guarantees or material restrictive covenants. The components of lease cost for operating and finance leases for the year ended December 31, 2019 are summarized below:

	Year ended December 31, 2019
<b>Finance lease cost:</b>	
Amortization of ROU assets (Note a)	9,302
Interest on lease liabilities (Note b)	2,997
Operating lease cost (Note c)	74,436
Short-term lease cost (Note c)	438
Variable lease cost (Note c)	4,052
<b>Total lease cost</b>	<u><b>\$ 91,225</b></u>

- a) Included in “depreciation and amortization” in the consolidated statements of income.
- b) Included in “interest income (expense), net” in the consolidated statements of income.
- c) Included in “cost of revenue” and “selling, general and administrative expenses” in the consolidated statements of income.

ROU assets relating to finance leases of \$33,484 as of December 31, 2019 are included in “other assets.”

The operating lease cost set out above includes the effect of the reclassification of foreign exchange (gains) losses related to the effective portion of foreign currency derivative contracts amounting to \$(105) for the years ended December 31, 2019.

### Other information

Weighted-average remaining lease term—finance leases	3.9 years
Weighted-average remaining lease term—operating leases	6.77 years
Weighted-average discount rate—finance leases	9.20%
Weighted-average discount rate—operating leases	6.87%

## 12. Leases (Continued)

	<b>Year ended December 31, 2019</b>
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	\$ 2,859
Operating cash flows from operating leases	\$ 72,645
Financing cash flows from finance leases	\$ 7,380

The following table reconciles the undiscounted cash flows for the Company's operating and finance leases as of December 31, 2019 to the operating and finance lease liabilities recorded on the Company's balance sheet:

<b>Period range</b>	<b>Finance lease</b>	<b>Operating lease</b>
2020	12,019	79,912
2021	8,765	74,736
2022	6,008	63,539
2023	4,506	57,742
2024	3,445	45,870
Thereafter	1,512	135,104
<b>Total lease payments</b>	<b>36,255</b>	<b>456,903</b>
Less: Imputed interest	5,790	97,139
<b>Total lease liabilities</b>	<b>\$ 30,465</b>	<b>\$ 359,764</b>

The following table provides details of future minimum lease payments under lease agreements as of December 31, 2018 prior to our adoption of a new lease standard:

	<b>As of December 31, 2018</b>
2019	64,099
2020	58,434
2021	53,170
2022	47,976
2023	38,862
2024 and beyond	147,765
<b>Total minimum lease payments</b>	<b>\$ 410,306</b>

Rental expenses in agreements with rent holidays and scheduled rent increases are recorded on a straight-line basis over the applicable lease term. Rent expenses under cancellable and non-cancellable operating leases were \$59,484 and \$66,110 for the years ended December 31, 2017 and 2018, respectively.

The rental expenses set out above include the effect of the reclassification of foreign exchange (gains) losses related to the effective portion of foreign currency derivative contracts amounting to \$(1,533) and \$(195) for the years ended December 31, 2017 and 2018, respectively.

### 13. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	As of December 31,	
	2018	2019
Accrued expenses	\$ 179,843	\$ 178,845
Accrued employee cost	210,251	273,506
Earn-out consideration	16,875	6,384
Statutory liabilities	42,728	62,350
Retirement benefits	22,921	28,379
Derivative instruments	15,373	6,966
Contract liabilities (Note 27)	64,744	97,313
Finance lease liability	—	9,740
Other liabilities	16,807	20,388
Capital lease obligations	1,808	—
	<u>\$ 571,350</u>	<u>\$ 683,871</u>

### 14. Long-term debt

In August 2018, the Company amended its 2015 credit facility (“the 2015 Facility”), which was comprised of an \$800,000 term loan and a \$350,000 revolving credit facility. The amended facility is comprised of a \$680,000 term loan, which represents the outstanding balance under the 2015 Facility as of the date of amendment, and a \$500,000 revolving credit facility. The amended facility expires on August 8, 2023. The amendment did not result in a substantial modification of \$550,814 of the outstanding term loan under the 2015 Facility. Further, as a result of the amendment, the Company extinguished the outstanding term loan under the 2015 Facility of \$129,186 and obtained additional funding of \$129,186, resulting in no change to the outstanding principal of the term loan under the amended facility. In connection with the amendment, the Company expensed \$2,029, representing partial acceleration of the amortization of the existing unamortized debt issuance costs and an additional fee paid to the Company’s lenders related to the term loan. The overall borrowing capacity under the revolving credit facility increased from \$350,000 to \$500,000. The amendment of the revolving credit facility resulted in accelerated amortization of \$82 relating to existing unamortized debt issuance cost. The remaining unamortized costs and an additional third party fee paid in connection with the amendment will be amortized over the term of the amended facility, which will expire on August 8, 2023.

Borrowings under the amended facility bear interest at a rate equal to, at the election of the Company, either LIBOR plus an applicable margin equal to 1.375% per annum, compared to a margin of 1.50% under the 2015 facility, or a base rate plus an applicable margin equal to 0.375% per annum, compared to a margin of 0.50% under the 2015 facility, in each case subject to adjustment based on the Company’s debt ratings provided by Standard & Poor’s Rating Services and Moody’s Investors Service, Inc. Based on the Company’s election and current credit rating, the applicable interest rate is equal to LIBOR plus 1.375% per annum. The amended credit agreement contains certain customary covenants, including a maximum leverage covenant and a minimum interest coverage ratio. During the year ended December 31, 2019, the Company was in compliance with the financial covenants.

As of December 31, 2018 and December 31, 2019, the amount outstanding under the term loan, net of debt amortization expense of \$2,158 and \$1,641, was \$660,841 and \$627,359, respectively. As of December 31, 2018 and December 31, 2019, the term loan bore interest at a rate equal to LIBOR plus a margin of 1.375% per annum. Indebtedness under the amended facility is unsecured. The amount outstanding on the term loan as of December 31, 2019 requires quarterly payments of \$8,500, and the balance of the loan is due and payable upon the maturity of the term loan on August 8, 2023.

#### 14. Long-term debt (Continued)

The maturity profile of the term loan outstanding as of December 31, 2019, net of debt amortization expense, is as follows:

Year ended	Amount
2020	\$ 33,509
2021	33,537
2022	33,564
2023	526,749
Total	<u>\$ 627,359</u>

Genpact Luxembourg S.à.r.l. (the “Issuer”), a wholly owned subsidiary of the Company, issued \$350,000 aggregate principal amount of 3.70% senior notes in March 2017, resulting in cash proceeds of approximately \$348,519, net of an underwriting fee of \$1,481. In November 2019, the Issuer issued \$400,000 aggregate principal amount of 3.375% senior notes, resulting in cash proceeds of approximately \$398,304, net of an underwriting fee of \$1,600 and a discount of \$96. These issuances were fully guaranteed by the Company. In connection with the offerings, the Company incurred other debt issuance costs of \$1,161 related to the 2017 offering and \$1,241 related to the 2019 offering. The total debt issuance cost of \$2,642 and \$2,937 incurred in connection with the 2019 and 2017 notes offerings, respectively, are being amortized over the lives of the notes as an additional interest expense. As of December 31, 2018 and December 31, 2019, the amount outstanding under the 3.70% senior notes, net of debt amortization expense of \$1,713 and \$1,186, respectively, was \$348,287 and \$348,814, respectively, which is payable on April 1, 2022. As of December 31, 2019, the amount outstanding under the 3.375% senior notes issued in November 2019, net of debt amortization expense of \$2,868, was \$397,132. The Issuer will pay interest on the 2017 notes semi-annually in arrears on April 1 and October 1 of each year and on the 2019 notes semi-annually in arrears on June 1 and December 1 of each year, ending on the maturity dates of April 1, 2022 and December 1, 2024, respectively. In connection with the 3.70% senior notes private offering, the Issuer and the Company entered into a registration rights agreement with the initial purchasers of the outstanding unregistered notes pursuant to which the Issuer and the Company agreed to complete an exchange offer within 455 days after the date of the private offering upon terms identical in all material respects to the terms of the outstanding unregistered notes, except that the transfer restrictions, registration rights and additional interest provisions applicable to the outstanding unregistered notes would not apply to the exchange notes. On July 24, 2018, the unregistered notes exchange offer was completed and all outstanding unregistered notes were exchanged for freely tradable notes registered under the Securities Act of 1933, as amended. The Company, at its option, may redeem the 3.70% and 3.375% senior notes at any time in whole or in part, at a redemption price equal to (i) 100% of the principal amount of the notes redeemed, together with accrued and unpaid interest on the redeemed amount, and (ii) if the notes are redeemed prior to, in the case of the 3.70% notes, March 1, 2022, and in the case of the 3.375% notes, November 1, 2024, a specified “make-whole” premium. The 3.70% notes and 3.375% notes are subject to certain customary covenants, including limitations on the ability of the Company and certain of its subsidiaries to incur debt secured by liens, engage in certain sale and leaseback transactions and consolidate, merge, convey or transfer their assets, and during the year ended December 31, 2019, the Company and its applicable subsidiaries were in compliance with the covenants. Upon certain change of control transactions, the Issuer will be required to make an offer to repurchase the notes at a price equal to 101% of the aggregate principal amount of such notes, plus accrued and unpaid interest. The interest rate payable on the notes is subject to adjustment if the credit rating of the notes is downgraded, up to a maximum increase of 2.0%.

#### 14. Long-term debt (Continued)

A summary of the Company's long-term debt is as follows:

	Year ended December 31, 2018	Year ended December 31, 2019
Credit facility, net of amortization expenses	\$ 660,841	\$ 627,359
3.70% Senior Notes, net of debt amortization expenses	348,287	348,814
3.375% Senior Notes, net of debt amortization expenses	—	397,132
	<b>1,009,128</b>	<b>1,373,305</b>
Current portion	33,483	33,509
Non-current portion	975,645	1,339,796
<b>Total</b>	<b>\$ 1,009,128</b>	<b>1,373,305</b>

#### 15. Short-term borrowings

The Company has the following borrowing facilities:

- (a) Fund-based and non-fund-based credit facilities with banks, which are available for operational requirements in the form of overdrafts, letters of credit, guarantees and short-term loans. As of December 31, 2018 and 2019, the limits available were \$14,281 and \$14,307, respectively, of which \$7,389 and \$7,486 was utilized, constituting non-funded drawdown.
- (b) A fund-based and non-fund based revolving credit facility of \$500,000, which the Company obtained through an amendment of its existing credit agreement on August 9, 2018, as described in note 14. Prior to the amendment, the Company's revolving credit facility was \$350,000. The amended credit facility expires on August 8, 2023. The funded drawdown amount under the Company's revolving facilities bore interest at a rate equal to LIBOR plus a margin of 1.375% as of December 31, 2018 and December 31, 2019. The unutilized amount on the revolving facilities bore a commitment fee of 0.20% as of December 31, 2018 and December 31, 2019. As of December 31, 2018 and 2019, a total of \$297,098 and \$72,098, respectively, was utilized, of which \$295,000 and \$70,000, respectively, constituted funded drawdown and \$2,098 and \$2,098, respectively, constituted non-funded drawdown. The Company's amended credit agreement contains certain customary covenants, including a maximum leverage covenant and a minimum interest coverage ratio. During the year ended December 31, 2019, the Company was in compliance with the financial covenants of the credit agreement.

#### 16. Other liabilities

Other liabilities consist of the following:

	As of December 31,	
	2018	2019
Accrued employee cost	\$ 6,341	\$ 8,729
Earn-out consideration	198	15,800
Retirement benefits	50,370	48,191
Derivative instruments	19,872	17,273
Contract liabilities (Note 27)	53,796	78,613
Finance lease liability	—	20,725
Others	32,935	19,585
Capital lease obligations	1,714	—
	<b>\$ 165,226</b>	<b>\$ 208,916</b>

## 17. Employee benefit plans

The Company has employee benefit plans in the form of certain statutory and other programs covering its employees.

### Defined benefit plans

In accordance with Indian law, the Company provides a defined benefit retirement plan (the “Gratuity Plan”) covering substantially all of its Indian employees. The Gratuity Plan provides a lump-sum payment to vested employees upon retirement or termination of employment in an amount based on each employee’s salary and duration of employment with the Company. The Gratuity Plan benefit cost for the year is calculated on an actuarial basis. The Company contributes the required funding for all ascertained liabilities to the Gratuity Plan. Trustees administer contributions made to the trust, and contributions are invested in specific designated instruments as permitted by Indian law. The Company’s overall investment strategy is to invest predominantly in fixed income funds managed by asset management companies and a small portion in equity funds. These funds further invest in debt securities such as money market instruments, government securities and public and private bonds. During the years ended December 31, 2017, 2018 and 2019, all of the plan assets were primarily invested in debt securities.

In addition, in accordance with Mexican law, the Company provides certain termination benefits (the “Mexican Plan”) to all of its Mexican employees based on the age, duration of service and salary of each eligible employee. The full-year benefit cost of the Mexican Plan is calculated on an actuarial basis.

In addition, certain of the Company’s subsidiaries organized or operating in the Philippines and Japan have sponsored defined benefit retirement programs (respectively, the “Philippines Plan” and the “Japan Plan”). The full-year benefit costs of the Philippines Plan and the Japan Plan are calculated on an actuarial basis. Company contributions in respect of these plans are made to insurer-managed funds or to a trust. The trust contributions are further invested in government bonds.

In addition, in accordance with Israeli law, the Company provides certain termination benefits (the “Israeli Plan”) to all of its Israeli employees based on the age, duration of service and salary of each eligible employee. The full-year benefit cost of the Israeli Plan is calculated on an actuarial basis.

Current service costs for defined benefit plans are accrued in the year to which they relate on a monthly basis. Actuarial gains or losses, or prior service costs, if any, resulting from amendments to the plans are recognized and amortized over the remaining period of service of the employees or over the average remaining life expectancies for inactive employees if most of the plan obligations are payable to inactive employees.



## 17. Employee benefit plans (Continued)

The following table sets forth the funded status of the Company's defined benefit plans and the amounts recognized in the Company's financial statements based on actuarial valuations carried out as of December 31, 2018 and 2019.

	As of December 31,	
	2018	2019
<b>Change in benefit obligation</b>		
Projected benefit obligation at the beginning of the year	\$ 58,094	\$ 61,448
Service cost	7,833	8,915
Actuarial loss (gain)	470	12,323
Interest cost	3,822	4,667
Liabilities assumed on acquisition/ transfer of employees	503	96
Benefits paid	(6,277)	(7,043)
Plan Amendments	995	(405)
Effect of exchange rate changes	(3,992)	560
Projected benefit obligation at the end of the year	<u>\$ 61,448</u>	<u>\$ 80,561</u>
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	\$ 45,560	\$ 39,683
Employer contributions	1,573	35,459
Actual gain on plan assets	1,929	3,258
Actuarial gain/(loss)	(9)	387
Benefits paid	(6,228)	(7,379)
Effect of exchange rate changes	(3,142)	(508)
Fair value of plan assets at the end of the year	<u>\$ 39,683</u>	<u>\$ 70,900</u>
Funded, status, end of year	<u>\$ (21,765)</u>	<u>\$ (9,661)</u>
Amounts recognized in the consolidated balance sheets		
Non-current assets (recorded under other assets-others)	\$ 1,622	\$ 4,739
Current liabilities (recorded under accrued expenses and other current liabilities-retirement benefits)	(1,111)	(1,333)
Non-current liabilities (recorded under other liabilities- retirement benefits)	<u>(22,276)</u>	<u>(13,067)</u>
Funded status, end of year	<u>\$ (21,765)</u>	<u>\$ (9,661)</u>

Amounts included in accumulated other comprehensive income (loss) as of December 31, 2017, 2018 and 2019 were as follows:

	As of December 31,		
	2017	2018	2019
Net actuarial loss	\$ (12,228)	\$ (11,037)	(20,549)
Net prior service credit/(cost)	—	(967)	(717)
Deferred tax assets	2221	3,451	2,067
Other comprehensive income, net	<u>\$ (10,007)</u>	<u>\$ (8,553)</u>	<u>(19,199)</u>

Changes in other comprehensive income (loss) during the year ended December 31, 2018 and 2019 were as follows:

Net actuarial loss	\$ (951)	\$ (11,283)
Amortization of net actuarial loss	1,202	1,150
Deferred income taxes	1,407	2,720
Net prior service credit/(cost)	(944)	436
Effect of exchange rate changes	740	435
Other comprehensive income (loss), net	<u>\$ 1,454</u>	<u>\$ (6,542)</u>

## 17. Employee benefit plans (Continued)

### Funded status for defined benefit plans

The accumulated benefit obligation for defined benefit plans as of December 31, 2018 and 2019 was as follows:

	2018	2019
Accumulated benefit obligation	\$ 43,703	\$ 55,259

Net defined benefit plan costs for the years ended December 31, 2017, 2018 and 2019 include the following components:

	2017	Year ended December 31, 2018	2019
Service costs	\$ 7,735	\$ 7,833	\$ 8,915
Interest costs	3,252	3,822	4,667
Amortization of actuarial loss	1,177	806	1,384
Expected return on plan assets	(2,412)	(2,435)	(2,605)
One-time cost	209	—	202
Special termination benefits	426	—	—
Net defined benefit plan costs	<u>\$ 10,387</u>	<u>\$ 10,026</u>	<u>\$ 12,563</u>

The amount in “other comprehensive loss” that is expected to be recognized as a component of net periodic benefit cost over the next fiscal year is \$2,521.

### Expected Contributions

The Company estimates that it will pay approximately \$7,470 in fiscal 2020 related to contributions to defined benefit plans.

The weighted average assumptions used to determine the benefit obligations of the Gratuity Plan as of December 31, 2018 and 2019 are presented below:

	As of December 31,	
	2018	2019
Discount rate	8.30%-8.40%	6.80%-7.35%
Rate of increase in compensation per annum	5.20%-11.00%	5.20%-11.50%

The weighted average assumptions used to determine the Gratuity Plan costs for the years ended December 31, 2017, 2018 and 2019 are presented below:

	Year ended December 31,		
	2017	2018	2019
Discount rate	7.10% - 7.5%	7.40% - 7.60%	8.30%-8.40%
Rate of increase in compensation per annum	5.20% - 11.00%	5.20% - 11.00%	5.20%-11.00%
Expected long term rate of return on plan assets per annum	7.50%	7.50%	7.50%

The weighted average assumptions used to determine the benefit obligations of the Mexican Plan as of December 31, 2018 and 2019 are presented below:

	As of December 31,	
	2018	2019
Discount rate	9.25%	7.60%
Rate of increase in compensation per annum	5.50%	5.50%

## 17. Employee benefit plans (Continued)

The weighted average assumptions used to determine the costs of the Mexican Plan for the years ended December 31, 2017, 2018 and 2019 are presented below:

	Year ended December 31,		
	2017	2018	2019
Discount rate	6.80%	7.60%	9.40%
Rate of increase in compensation per annum	5.50%	5.50%	5.50%

The weighted average assumptions used to determine the benefit obligations of the Philippines Plan as of December 31, 2018 and 2019 are presented below:

	As of December 31,	
	2018	2019
Discount rate	7.53%	5.22%
Rate of increase in compensation per annum	6.00%	6.00%

The weighted average assumptions used to determine the costs of the Philippines Plan for the years ended December 31, 2017, 2018 and 2019 are presented below:

	Year ended December 31,		
	2017	2018	2019
Discount rate	5.54%	5.97%	7.53%
Rate of increase in compensation per annum	8.00%	8.00%	6.00%
Expected long-term rate of return on plan assets per annum	4.00%	4.00%	1.00%

The weighted average assumptions used to determine the benefit obligation of the Japan Plan as of December 31, 2018 and 2019 are presented below:

	As of December 31,	
	2018	2019
Discount rate	0.076%-0.269%	0.094%-0.271%
Rate of increase in compensation per annum	0.00%	0.00%

The weighted average assumptions used to determine the costs of the Japan Plan for the years ended December 31, 2017, 2018 and 2019 are presented below:

	Year ended December 31,		
	2017	2018	2019
Discount rate	0.08% - 1.30%	0.113%-0.789%	0.076%-0.269%
Rate of increase in compensation per annum	0.00% - 3.55%	0.00% - 3.55%	0.00%
Expected long term rate of return on plan assets per annum	0.00% - 3.09%	0.00%-1.84%	0.00%-1.77%

The expected returns on plan assets set forth above are based on the Company's expectation of the average long-term rate of return expected to prevail over the next 15 to 20 years on the types of investments prescribed by applicable statute.

The Company evaluates these assumptions based on projections of the Company's long-term growth and prevalent industry standards. Unrecognized actuarial loss is amortized over the average remaining service period of the active employees expected to receive benefits under the plan.

## 17. Employee benefit plans (Continued)

### Investment and Risk management strategy

The overall investment objective of the Company's defined benefit plans is to match the duration of the plans' assets to the plans' liabilities while managing risk in order to meet defined benefit obligations. The plans' future prospects, their current financial conditions, our current funding levels and other relevant factors suggest that the plans can tolerate some interim fluctuations in market value and rates of return in order to achieve long-term objectives without undue risk to the plans' ability to meet their current benefit obligations.

Plan investments are exposed to risks including market, interest rate and operating risk. In order to mitigate significant concentrations of these risks, the assets are invested in a diversified portfolio primarily consisting of fixed income instruments, liquid assets, equities and debt.

The fair values of the Company's plan assets as of December 31, 2018 and 2019 by asset category are as follows:

Asset Category	As of December 31, 2019			
	Fair Value Measurements at Reporting Date Using			
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Other Unobservable Inputs
	Total	(Level 1)	(Level 2)	(Level 3)
Equity	\$ 12	\$ 12	\$ —	\$ —
Cash	11,001	11,001	—	—
Fixed income securities (Note a)	55,821	3,732	52,089	—
Other securities (Note b)	4,066	2,630	1,436	—
<b>Total</b>	<b>\$ 70,900</b>	<b>\$ 17,375</b>	<b>\$ 53,525</b>	<b>\$ —</b>

Asset Category	As of December 31, 2018			
	Fair Value Measurements at Reporting Date Using			
		Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Other Unobservable Inputs
	Total	(Level 1)	(Level 2)	(Level 3)
Equity	\$ 7	\$ 7	\$ —	\$ —
Cash	381	381	—	—
Fixed income securities (Note a)	36,499	3,345	33,154	—
Other securities (Note b)	2,796	2,381	415	—
<b>Total</b>	<b>\$ 39,683</b>	<b>\$ 6,114</b>	<b>\$ 33,569</b>	<b>\$ —</b>

(a) Includes investments in funds that invest 100% of their assets in fixed income securities such as money market instruments, government securities and public and private bonds.

(b) Includes investments in funds that invest primarily in fixed income securities and the remaining portion in equity securities.

## 17. Employee benefit plans (Continued)

The expected benefit plan payments set forth below reflect expected future service:

Year ending December 31,	
2020	\$ 12,107
2021	11,946
2022	12,106
2023	13,475
2024	13,886
2025 – 2029	66,033
	<u>\$ 129,553</u>

The Company's expected benefit plan payments are based on the same assumptions that were used to measure the Company's benefit obligations as of December 31, 2019.

### Defined contribution plans

During the years ended December 31, 2017, 2018 and 2019, the Company contributed the following amounts to defined contribution plans in various jurisdictions:

	Year ended December 31,		
	2017	2018	2019
India	\$ 22,242	\$ 23,877	\$ 29,729
U.S.	11,147	13,454	19,401
U.K.	7,823	9,619	12,312
China	15,950	17,625	18,819
Other regions	4,059	4,604	5,804
<b>Total</b>	<b>\$ 61,221</b>	<b>\$ 69,179</b>	<b>\$ 86,065</b>

### Deferred compensation plan

On July 1, 2018, Genpact LLC, a wholly-owned subsidiary of the Company, adopted an executive deferred compensation plan (the "Plan"). The Plan provides a select group of U.S.-based members of Company management with the opportunity to defer from 1% to 80% of their base salary and from 1% to 100% of their qualifying bonus compensation (or such other minimums or maximums as determined by the Plan administrator from time to time) pursuant to the terms of the Plan. Participant deferrals are 100% vested at all times. The Plan also allows for discretionary supplemental employer contributions by the Company, in its sole discretion, which will be subject to a two-year vesting schedule (50% vesting on the one-year anniversary of approval of the contribution and 50% vesting on the second year anniversary of approval of the contribution) or such other vesting schedule as determined by the Company.

The Plan also provides an option for participants to elect to receive deferred compensation and earnings thereon on either fixed date(s) no earlier than two years following the applicable Plan year (or end of the applicable performance period for performance-based bonus compensation) or following a separation from service, in each case either in a lump sum or in annual installments over a term of up to 15 years. Each Plan participant's compensation deferrals and discretionary supplemental employer contributions (if any) are credited or debited with notional investment gains and losses equal to the performance of selected hypothetical investment funds offered under the Plan and elected by the participant.

The Company has investments in funds held in Company-owned life insurance policies which are held in a Rabbi Trust that are classified as trading securities. Management determines the appropriate classification of the securities at the time they are acquired and evaluates the appropriateness of such classifications at each balance sheet date. The securities are classified as trading securities because they are held for resale in anticipation of short-term fluctuations in market prices. The trading securities are stated at fair value.

## 17. Employee benefit plans (Continued)

The liability for the deferred compensation plan was \$1,582 and \$10,943 as of December 31, 2018 and December 31, 2019, respectively, and is included in “other liabilities” in the consolidated balance sheets. In connection with the administration of the Plan, the Company has purchased company-owned life insurance policies insuring the lives of certain employees. The cash surrender value of these policies was \$1,613 and \$11,208 as of December 31, 2018 and December 31, 2019, respectively. The cash surrender value of these insurance policies is included in “other assets” in the consolidated balance sheets. During the years ended December 31, 2018 and 2019, the change in the fair value of Plan assets was \$(56) and \$1,296, respectively, which is included in “other income (expense), net,” in the consolidated statements of income. During the years ended December 31, 2018 and 2019, the change in the fair value of deferred compensation liabilities was \$(87) and \$1,062, respectively, which is included in “selling, general and administrative expenses.”

## 18. Stock-based compensation

The Company has granted stock-based awards under the Genpact Limited 2007 Omnibus Incentive Compensation Plan (the “2007 Omnibus Plan”) and the Genpact Limited 2017 Omnibus Incentive Compensation Plan (the “2017 Omnibus Plan”) to eligible persons, including employees, directors and certain other persons associated with the Company.

Under the 2007 Omnibus Plan, shares underlying options forfeited, expired, terminated or cancelled under any of the Company’s predecessor plans were added to the number of shares otherwise available for grant under the 2007 Omnibus Plan. The 2007 Omnibus Plan was amended and restated on April 11, 2012 to increase the number of common shares authorized for issuance by 5,593,200 shares to 15,000,000 shares.

During the year ended December 31, 2012, the number of common shares authorized for issuance under the 2007 Omnibus Plan was increased by 8,858,823 shares as a result of a one-time adjustment to outstanding unvested share awards in connection with a special dividend payment.

A brief summary of each plan is provided below:

### *2007 Omnibus Plan*

The Company adopted the 2007 Omnibus Plan on July 13, 2007 and amended and restated it on April 11, 2012. The 2007 Omnibus Plan provided for the grant of awards intended to qualify as incentive stock options, non-qualified stock options, share appreciation rights, restricted share awards, restricted share units, performance units, cash incentive awards and other equity-based or equity-related awards. Under the 2007 Omnibus Plan, the Company was authorized to grant awards for the issuance of up to a total of 23,858,823 common shares.

### *2017 Omnibus Plan*

On May 9, 2017, the Company’s shareholders approved the adoption of the Genpact Limited 2017 Omnibus Incentive Compensation Plan (the “2017 Omnibus Plan”), pursuant to which 15,000,000 Company common shares are available for issuance. The 2017 Omnibus Plan was amended and restated on April 5, 2019 to increase the number of common shares authorized for issuance by 8,000,000 shares to 23,000,000 shares. No grants may be made under the 2007 Omnibus Plan after the date of adoption of the 2017 Omnibus Plan. Grants that were outstanding under the 2007 Omnibus Plan as of the Company’s adoption of the 2017 Omnibus Plan remain subject to the terms of the 2007 Omnibus Plan.

Stock-based compensation costs relating to the foregoing plans during the years ended December 31, 2017, 2018 and 2019, were \$35,112, \$48,196 and \$82,802, respectively, and have been allocated to cost of revenue and selling, general, and administrative expenses.

## Stock options

All options granted under the 2007 and 2017 Omnibus Plans are exercisable into common shares of the Company, have a contractual period of ten years and vest over four to five years unless specified otherwise in the applicable award agreement. The Company recognizes compensation cost over the vesting period of the option.

## 18. Stock-based compensation (Continued)

Compensation cost is determined at the date of grant by estimating the fair value of an option using the Black-Scholes option-pricing model.

The following table shows the significant assumptions used in connection with the determination of the fair value of options granted in 2017, 2018 and 2019:

	2017	2018	2019
Dividend yield	0.97%	0.95% -1.01%	0.82%-1.08%
Expected life (in months)	84	84	84
Risk-free rate of interest for expected life	2.25%	2.67% - 2.93%	1.56%- 2.63%
Volatility	24.28%	22.55% -22.73%	21.0%- 21.38%

Volatility was calculated based on the historical volatility of the Company's share price during a period equivalent to the estimated term of the option. The Company estimates the expected term of an option using the "simplified method," which is based on the average of its contractual vesting term. The risk-free interest rate that the Company uses in the option valuation model is based on U.S. Treasury bonds with a term similar to the expected term of the options. The Company paid cash dividends of \$0.075 and \$0.085 per share in each quarter of fiscal 2018 and 2019, respectively.

The Company has issued, and intends to continue to issue, new common shares upon stock option exercises and the vesting of share awards under its equity-based incentive compensation plans.

A summary of stock option activity during the years ended December 31, 2017, 2018 and 2019 is set out below:

	Year ended December 31, 2017			
	Shares arising out of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding as of January 1, 2017	5,707,690	\$ 18.65	5.8	\$ —
Granted	250,000	24.74	—	—
Forfeited	(80,000)	20.63	—	—
Expired	—	—	—	—
Exercised	(743,045)	14.50	—	8,512
Outstanding as of December 31, 2017	5,134,645	\$ 19.52	5.6	\$ 62,743
Vested as of December 31, 2017 and expected to vest thereafter (Note a)	4,988,875	\$ 19.36	5.6	\$ 61,779
Vested and exercisable as of December 31, 2017	2,203,146	\$ 16.17	4.1	\$ 34,303
Weighted average grant-date fair value of options granted during the period	\$ 6.62			

## 18. Stock-based compensation (Continued)

	Year ended December 31, 2018			
	Shares arising out of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding as of January 1, 2018	5,134,645	\$ 19.52	5.6	\$ —
Granted	2,638,106	30.47	—	—
Forfeited	(70,000)	27.65	—	—
Expired	—	—	—	—
Exercised	(441,076)	16.46	—	6,731
Outstanding as of December 31, 2018	7,261,675	\$ 23.61	6.4	\$ 34,143
Vested as of December 31, 2018 and expected to vest thereafter (Note a)	7,107,605	\$ 23.50	6.4	\$ 33,997
Vested and exercisable as of December 31, 2018	3,313,570	\$ 17.69	3.7	\$ 30,806
Weighted average grant-date fair value of options granted during the period	\$ 8.32			

	Year ended December 31, 2019			
	Shares arising out of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding as of January 1, 2019	7,261,675	\$ 23.61	6.4	\$ —
Granted	1,881,068	28.50	—	—
Forfeited	(85,000)	29.91	—	—
Expired	—	—	—	—
Exercised	(697,531)	15.33	—	18,724
Outstanding as of December 31, 2019	8,360,212	\$ 25.33	6.5	\$ 140,760
Vested as of December 31, 2019 and expected to vest thereafter (Note a)	8,006,985	\$ 25.18	6.5	\$ 136,017
Vested and exercisable as of December 31, 2019	3,111,039	\$ 19.16	3.4	\$ 71,584
Weighted average grant-date fair value of options granted during the period	\$ 6.98			

(a) Options expected to vest reflect an estimated forfeiture rate.

Cash received by the Company upon the exercise of stock options during the year ended December 31, 2017, 2018 and 2019 amounted to \$14,896, \$10,772 and \$10,690. Tax benefits from the exercise of stock options during the years ended December 31, 2017, 2018 and 2019 were \$2,016 and \$2,473 and \$2,966 (including excess tax benefits of \$1,723, \$2,131 and \$2,743), respectively.

Income tax benefits recognized in relation to stock-based compensation charges, excluding excess tax benefits, during the years ended December 31, 2017, 2018 and 2019 were \$9,600, \$11,783 and \$18,921, respectively.

As of December 31, 2019, the total remaining unrecognized stock-based compensation cost for options expected to vest amounted to \$24,447 which will be recognized over the weighted average remaining requisite vesting period of 3.5 years.

### Restricted Share Units

The Company has granted restricted share units, or RSUs, under the 2007 and 2017 Omnibus Plans. Each RSU represents the right to receive one common share. The fair value of each RSU is the market price of one common share of the Company on the date of grant. The RSUs granted to date have graded vesting schedules of three months to four years. The compensation expense is recognized on a straight-line basis over the vesting term.



## 18. Stock-based compensation (Continued)

A summary of RSU activity during the years ended December 31, 2017, 2018 and 2019 is set out below:

	Year ended December 31, 2017	
	Number of Restricted Share Units	Weighted Average Grant Date Fair Value
Outstanding as of January 1, 2017	117,905	\$ 20.65
Granted	1,533,836	26.36
Vested (Note b)	(45,248)	18.31
Forfeited	(1,242)	25.53
Outstanding as of December 31, 2017	1,605,251	\$ 26.17
Expected to vest (Note a)	1,371,567	

	Year ended December 31, 2018	
	Number of Restricted Share Units	Weighted Average Grant Date Fair Value
Outstanding as of January 1, 2018	1,605,251	\$ 26.17
Granted	484,427	30.13
Vested (Note c)	(358,697)	25.53
Forfeited	(201,982)	27.09
Outstanding as of December 31, 2018	1,528,999	\$ 27.45
Expected to vest (Note a)	1,360,048	

	Year ended December 31, 2019	
	Number of Restricted Share Units	Weighted Average Grant Date Fair Value
Outstanding as of January 1, 2019	1,528,999	\$ 27.45
Granted	470,939	37.58
Vested (Note d)	(672,025)	26.84
Forfeited	(66,207)	30.43
Outstanding as of December 31, 2019	1,261,706	\$ 31.41
Expected to vest (Note a)	1,149,286	

- (a) RSUs expected to vest reflect an estimated forfeiture rate.  
(b) Vested RSUs were net settled by issuing 32,395 shares (net of minimum statutory tax withholding).

## 18. Stock-based compensation (Continued)

(c) 261,260 RSUs that vested during the period were net settled upon vesting by issuing 175,505 shares (net of minimum statutory tax withholding). 52,875 RSUs vested in the year ended December 31, 2017, 52,405 shares in respect of which were issued in 2019 after withholding shares to the extent of minimum statutory withholding taxes. 44,562 RSUs vested in the year ended December 31, 2018, shares in respect of which will be issued in 2020 after withholding shares to the extent of minimum statutory withholding taxes.

(d) 637,933 RSUs that vested during the period were net settled upon vesting by issuing 521,707 shares (net of minimum statutory tax withholding). 34,092 RSUs vested in the year ended December 31, 2019, shares in respect of which will be issued in 2020 after withholding shares to the extent of minimum statutory withholding taxes.

52,482 RSUs vested in the year ended December 31, 2016, 52,055 shares in respect of which were issued in 2018 after withholding shares to the extent of minimum statutory withholding taxes.

34,035 RSUs vested in the year ended December 31, 2016, 17,802 shares in respect of which were issued in 2017 after withholding shares to the extent of minimum statutory withholding taxes.

53,546 RSUs vested in the year ended December 31, 2015, 53,023 shares in respect of which were issued in 2017 after withholding shares to the extent of minimum statutory withholding taxes.

As of December 31, 2019, the total remaining unrecognized stock-based compensation cost related to RSUs amounted to \$23,060, which will be recognized over the weighted average remaining requisite vesting period of 2.5 years.

### Performance Units

The Company also grants stock awards in the form of performance units, or PUs, and has granted PUs under both the 2007 and 2017 Omnibus Plans.

Each PU represents the right to receive one common share at a future date based on the Company's performance against specified targets. PUs granted to date have vesting schedules of six months to three years. The fair value of each PU is the market price of one common share of the Company on the date of grant and assumes that performance targets will be achieved. PUs granted under the plan are subject to cliff vesting. The compensation expense for such awards is recognized on a straight-line basis over the vesting term. During the performance period, the Company's estimate of the number of shares to be issued is adjusted upward or downward based upon the probability of achievement of the performance targets. The ultimate number of shares issued and the related compensation cost recognized is based on a comparison of the final performance metrics to the specified targets.

A summary of PU activity during the years ended December 31, 2017, 2018 and 2019 is set out below:

	Year ended December 31, 2017		
	Number of Performance Units	Weighted Average Grant Date Fair Value	Maximum Shares Eligible to Receive
Outstanding as of January 1, 2017	3,772,128	\$ 23.04	5,524,114
Granted	1,811,292	25.22	3,622,584
Vested (Note b)	(1,136,047)	16.78	(1,136,047)
Forfeited (Note c)	(1,583,913)	27.57	(1,627,313)
Adjustment upon final determination of level of performance goal achievement (Note d)	37,480	25.22	
Adjustment upon final determination of level of performance goal achievement (Note e)			(3,482,398)
Outstanding as of December 31, 2017	2,900,940	\$ 24.40	2,900,940
Expected to vest (Note a)	2,657,685		

## 18. Stock-based compensation (Continued)

	Year ended December 31, 2018		
	Number of Performance Units	Weighted Average Grant Date Fair Value	Maximum Shares Eligible to Receive
Outstanding as of January 1, 2018	2,900,940	\$ 24.40	2,900,940
Granted	1,682,740	30.62	3,365,480
Vested (Note f)	(1,087,751)	22.73	(1,087,751)
Forfeited	(258,237)	26.03	(305,737)
Adjustment upon final determination of level of performance goal achievement (Note g)	474,800	30.68	
Adjustment upon final determination of level of performance goal achievement (Note h)			(1,160,530)
Outstanding as of December 31, 2018	3,712,402	\$ 28.40	3,712,402
Expected to vest (Note a)	3,261,069		
	Year ended December 31, 2019		
	Number of Performance Units	Weighted Average Grant Date Fair Value	Maximum Shares Eligible to Receive
Outstanding as of January 1, 2019	3,712,402	\$ 28.40	3,712,402
Granted	1,579,109	34.68	3,158,218
Vested (Note i)	(3,276)	27.47	(3,276)
Forfeited	(248,031)	29.04	(278,755)
Adjustment upon final determination of level of performance goal achievement (Note j)	1,018,260	34.72	
Adjustment upon final determination of level of performance goal achievement (Note k)			(530,125)
Outstanding as of December 31, 2019	6,058,464	\$ 31.07	6,058,464
Expected to vest (Note a)	5,507,640		

- (a) PUs expected to vest are based on the probable achievement of the performance targets after considering an estimated forfeiture rate.
- (b) Vested PUs were net settled upon vesting by issuing 731,701 shares (net of minimum statutory tax withholding).
- (c) Includes 1,443,624 target shares underlying PUs granted in 2016 which were forfeited for failure to achieve all of the threshold performance targets under such awards.
- (d) Represents a 2.7% increase in the number of target shares as a result of achievement of higher-than-target performance for certain PUs granted in 2017, partially offset by a 12.5% reduction as a result of achievement of lower-than-target performance for certain PUs granted in 2017.
- (e) Represents the difference between the maximum number of shares achievable and the number of shares expected to vest under the PU awards granted in 2017 based on the level of achievement of the performance goals. Also includes the difference between the maximum number of shares achievable and the number of shares eligible to vest under the PU awards granted in 2016, which were forfeited for failure to achieve all of the threshold performance targets under such awards.
- (f) Vested PUs were net settled upon vesting by issuing 691,958 shares (net of minimum statutory tax withholding).
- (g) Represents a 28.77% increase in the number of target shares expected to vest as a result of achievement of higher-than-target performance for PUs granted in 2018 partially offset by an adjustment made in March 2018 to the number of shares subject to the PUs granted in 2017 upon certification of the level of achievement of the performance targets underlying such awards.

## 18. Stock-based compensation (Continued)

- (h) Represents the difference between the maximum number of shares achievable and the number of shares expected to vest under the PU awards granted in 2018 based on the level of achievement of the performance goals. Also includes an adjustment made in March 2018 to the number of shares subject to the PUs granted in 2017 upon certification of the level of achievement of the performance targets underlying such awards.
- (i) Vested PUs were net settled upon vesting by issuing 2,151 shares (net of minimum statutory tax withholding).
- (j) Represents a 66.67% increase in the number of target shares expected to vest as a result of achievement of higher-than-target performance for PUs granted in 2019 partially offset by an adjustment made in March 2019 to the number of shares subject to the PUs granted in 2018 upon certification of the level of achievement of the performance targets underlying such awards
- (k) Represents the difference between the maximum number of shares achievable and the number of shares expected to vest under the PU awards granted in 2019 based on the level of achievement of the performance goals. Also includes an adjustment made in March 2019 to the number of shares subject to the PUs granted in 2018 upon certification of the level of achievement of the performance targets underlying such awards.

As of December 31, 2019, the total remaining unrecognized stock-based compensation cost related to PUs amounted to \$76,386, which will be recognized over the weighted average remaining requisite vesting period of 1.8 years.

## Employee Stock Purchase Plan (ESPP)

On May 1, 2008, the Company adopted the Genpact Limited U.S. Employee Stock Purchase Plan and the Genpact Limited International Employee Stock Purchase Plan (together, the “ESPP”). In April 2018, these plans were amended and restated, and their terms were extended to August 31, 2028.

The ESPP allows eligible employees to purchase the Company’s common shares through payroll deductions at 90% of the closing price of the Company’s common shares on the last business day of each purchase interval. The dollar amount of common shares purchased under the ESPP must not exceed 15% of the participating employee’s base salary, subject to a cap of \$25 per employee per calendar year. With effect from September 1, 2009, the offering periods commence on the first business day in March, June, September and December of each year and end on the last business day of the subsequent May, August, November and February. 4,200,000 common shares have been reserved for issuance in the aggregate over the term of the ESPP.

During the years ended December 31, 2017, 2018 and 2019, 190,435, 245,467 and 264,440 common shares, respectively, were issued under the ESPP.

The ESPP is considered compensatory under FASB guidance on Compensation-Stock Compensation.

The compensation expense for the ESPP is recognized in accordance with the FASB guidance on Compensation—Stock Compensation. The compensation expense for the ESPP during the years ended December 31, 2017, 2018 and 2019 was \$573, \$802 and \$1,083, respectively, and has been allocated to cost of revenue and selling, general, and administrative expenses.

## 19. Capital stock

The Company’s authorized capital stock as of December 31, 2018 and 2019 consisted of 500 million common shares with a par value of \$0.01 per share, and 250 million preferred shares with a par value of \$0.01 per share. There were 189,346,101 and 190,118,181 common shares, and no preferred shares, issued and outstanding as of December 31, 2018 and 2019, respectively.

Holders of common shares are entitled to one vote per share. Upon the liquidation, dissolution or winding up of the Company, common shareholders are entitled to receive a ratable share of the available net assets of the Company after payment of all debts and other liabilities. The common shares have no preemptive, subscription, redemption or conversion rights.

## 19. Capital stock (Continued)

The Company's board of directors by resolution can establish one or more series of preferred shares having such par value, designations, dividend rates, relative voting rights, conversion or exchange rights, redemption rights, liquidation rights and other relative participation, optional or other rights, qualifications, limitations or restrictions as may be fixed by the board of directors without shareholder approval. Such rights, preferences, powers and limitations as may be established could also have the effect of discouraging an attempt to obtain control of the Company. These preferred shares are of the type commonly known as "blank-check" preferred shares.

Under Bermuda law, the Company may declare and pay dividends from time to time unless there are reasonable grounds for believing that the Company is or would, after the payment, be unable to pay its liabilities as they become due or that the realizable value of its assets would thereby be less than the aggregate of its liabilities, its issued share capital, and its share premium accounts. Under the Company's bye-laws, each common share is entitled to dividends if, as and when dividends are declared by the Company's board of directors. There are no restrictions in Bermuda on the Company's ability to transfer funds (other than funds denominated in Bermuda dollars) in or out of Bermuda or to pay dividends to U.S. residents who are holders of common shares. The Company's ability to declare and pay cash dividends is restricted by its debt covenants.

### Share Repurchases

The Board of Directors of the Company (the "Board") has authorized repurchases of up to \$1,250,000 under the Company's existing share repurchase program. The Company's share repurchase program does not obligate it to acquire any specific number of shares. Under the program, shares may be purchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

On March 29, 2017, the Company entered into an accelerated share repurchase ("ASR") agreement with Morgan Stanley & Co. LLC (the "Dealer") to repurchase Company common shares for an aggregate purchase price of \$200,000. Pursuant to the ASR agreement, as amended in November 2017, the Company paid the aggregate purchase price to the Dealer upfront and received an initial delivery of 6,578,947 common shares on March 30, 2017, an additional delivery of 350,006 common shares on December 29, 2017 and a final delivery of 163,975 common shares on January 17, 2018 upon final settlement of the transaction. The weighted average price per share of the common shares delivered was \$28.20. The Company's purchase of its common shares under the ASR has been recorded as a reduction in retained earnings. All repurchased shares have been retired.

The final number of common shares repurchased by the Company under the ASR agreement was based on the volume-weighted average share price of the Company's common shares during the term of the transaction, less a discount and subject to adjustments pursuant to the terms of the ASR agreement.

The ASR agreement contains customary provisions, including, among other things, with respect to mechanisms to determine the number of shares or the amount of cash that will be delivered at settlement, the required timing of delivery upon settlement, specific circumstances under which adjustments may be made to the repurchase transaction, and specific circumstances under which the repurchase transaction may be canceled prior to the scheduled maturity.

During the years ended December 31, 2019 and December 31, 2018, the Company also purchased 766,154 and 4,921,192 of its common shares, respectively, on the open market at a weighted average price of \$39.16 and \$31.30 per share, respectively, for an aggregate cash amount of \$30,000 and \$154,058, respectively. All repurchased shares have been retired.

The Company records repurchases of its common shares on the settlement date of each transaction. Shares purchased and retired are deducted to the extent of their par value from common stock and from retained earnings for the excess over par value. Direct costs incurred to acquire the shares are included in the total cost of the shares purchased. For the year ended December 31, 2017, December 31, 2018 and December 31, 2019, \$16, \$98 and \$15, respectively, was deducted from retained earnings in direct costs related to share repurchases.

Approximately \$274,042 remained available for share repurchases under our existing share repurchase program as of December 31, 2019. This repurchase program does not obligate us to acquire any specific number of shares and does not specify an expiration date.

## 19. Capital stock (Continued)

### Dividend

In February 2017, the Company's board of directors approved a dividend program under which the Company paid a regular quarterly cash dividend of \$0.06 per share to holders of its common shares, representing an annual dividend of \$0.24 per share. On March 28, 2017, June 28, 2017, September 21, 2017, and December 20, 2017, the Company paid dividends of \$0.06 per share, amounting to \$11,957, \$11,558, \$11,581 and \$11,590 in the aggregate, to shareholders of record as of March 10, 2017, June 12, 2017, September 8, 2017 and December 8, 2017, respectively.

On February 12, 2018, the Company announced that its Board of Directors had approved a 25% increase in its quarterly cash dividend to \$0.075 per share, up from \$0.06 per share in 2017, representing an annual dividend of \$0.30 per common share, up from \$0.24 per share in 2017, payable to holders of the Company's common shares. On March 21, 2018, June 20, 2018, September 19, 2018 and December 19, 2018, the Company paid dividends of \$0.075 per share, amounting to \$14,408, \$14,240, \$14,253 and \$14,201 in the aggregate, to shareholders of record as of March 9, 2018, June 8, 2018, September 10, 2018 and December 10, 2018, respectively.

On February 7, 2019, the Company announced that its Board of Directors had approved a 13% increase in its quarterly cash dividend to \$0.085 per share, up from \$0.075 per share in 2018, representing an annual dividend of \$0.34 per common share, up from \$0.30 per share in 2018, payable to holders of the Company's common shares. On March 20, 2019, June 21, 2019, September 20, 2019 and December 18, 2019, the Company paid dividends of \$0.085 per share, amounting to \$16,119, \$16,188, \$16,208 and \$16,156 in the aggregate, to shareholders of record as of March 8, 2019, June 12, 2019, September 11, 2019 and December 9, 2019, respectively.

### 20. Earnings per share

The Company calculates earnings per share in accordance with FASB guidance on Earnings per Share. Basic and diluted earnings per common share give effect to the change in the number of common shares outstanding. The calculation of basic earnings per common share was determined by dividing net income available to common shareholders by the weighted average number of common shares outstanding. The potentially dilutive shares, consisting of outstanding options on common shares, restricted share units, common shares to be issued under the ESPP and performance units, have been included in the computation of diluted net earnings per share and number of weighted average shares outstanding, except where the result would be anti-dilutive.

The number of stock awards outstanding but not included in the computation of diluted earnings per common share because their effect was anti-dilutive is 1,007,480, 2,410,230 and 1,809,069 for the years ended December 31, 2017, 2018 and 2019, respectively.

	2017	Year ended December 31,	
		2018	2019
<b>Net income available to Genpact Limited common shareholders</b>	\$ 263,111	\$ 282,019	\$ 304,881
Weighted average number of common shares used in computing basic earnings per common share	193,864,755	190,674,740	190,074,475
Dilutive effect of stock-based awards	3,184,797	3,305,298	5,086,380
Weighted average number of common shares used in computing dilutive earnings per common share	197,049,552	193,980,038	195,160,855
Earnings per common share attributable to Genpact Limited common shareholders			
Basic	\$ 1.36	\$ 1.48	\$ 1.60
Diluted	<u>\$ 1.34</u>	<u>\$ 1.45</u>	<u>\$ 1.56</u>

## 21. Cost of revenue

Cost of revenue consists of the following:

	Year ended December 31,		
	2017	2018	2019
Personnel expenses	\$ 1,153,479	\$ 1,322,651	\$ 1,687,896
Operational expenses	481,012	543,006	521,041
Depreciation and amortization	46,947	56,111	85,751
	<u>\$ 1,681,438</u>	<u>\$ 1,921,768</u>	<u>\$ 2,294,688</u>

## 22. Selling, general and administrative expenses

Selling, general and administrative expenses consist of the following:

	Year ended December 31,		
	2017	2018	2019
Personnel expenses	\$ 501,059	\$ 518,897	\$ 592,827
Operational expenses	178,573	166,437	192,107
Depreciation and amortization	9,829	8,531	9,967
	<u>\$ 689,461</u>	<u>\$ 693,865</u>	<u>\$ 794,901</u>

## 23. Other operating (income) expense, net

	Year ended December 31,		
	2017	2018	2019
Other operating (income) expense*	\$ (7,277)	\$ (455)	\$ (34,545)
Provision for impairment of intangible assets and property, plant and equipment	9,311	4,265	3,511
Change in fair value of earn-out consideration and deferred consideration (relating to business acquisitions)	(3,695)	(5,655)	—
<b>Other operating (income) expense, net</b>	<u>\$ (1,661)</u>	<u>\$ (1,845)</u>	<u>\$ (31,034)</u>

\*Includes a gain of \$31,380 for the year ended December 31, 2019 on land rights transferred to a third-party real estate developer in exchange for an interest in commercial property being developed on the land.

## 24. Interest income (expense), net

Interest income (expense), net consists of the following:

	Year ended December 31,		
	2017	2018	2019
Interest income	\$ 8,182	\$ 11,388	\$ 7,321
Interest expense	(39,917)	(48,507)	(50,779)
<b>Interest income (expense), net</b>	<u>\$ (31,735)</u>	<u>\$ (37,119)</u>	<u>\$ (43,458)</u>

## 25. Income taxes

Income tax expense (benefit) for the years ended December 31, 2017, 2018 and 2019 is allocated as follows:

	Year ended December 31,		
	2017	2018	2019
Income from continuing operations	\$ 59,742	\$ 80,763	\$ 94,536
Other comprehensive income:			
Unrealized gains (losses) on cash flow hedges	457	(6,647)	(4,058)
Retirement benefits	670	(1,407)	(2,720)
Retained earnings:			
Reclassification from AOCI on early adoption of ASU 2018-02	—	2,265	—
Deferred tax expense recognized on adoption of ASU 2014-09	—	5,303	—
Accumulated Other Comprehensive Income:			
Reclassification to retained earnings on early adoption of ASU 2018-02	—	(2,265)	—

## 25. Income taxes (Continued)

The components of income before income tax expense from continuing operations are as follows:

	Year ended December 31,		
	2017	2018	2019
Domestic (U.S.)	\$ 8,440	\$ 49,986	\$ 27,783
Foreign (other than U.S.)	312,143	312,035	371,634
Income before income tax expense	<u>\$ 320,583</u>	<u>\$ 362,021</u>	<u>\$ 399,417</u>

Income tax expense (benefit) attributable to income from continuing operations consists of:

	Year ended December 31,		
	2017	2018	2019
Current tax expense :			
Domestic (U.S. federal)	\$ 3,380	\$ 6,466	\$ 2,854
Domestic (U.S. state)	1,268	3,508	3,908
Foreign (other than U.S.)	65,485	64,735	104,089
	<u>\$ 70,133</u>	<u>\$ 74,709</u>	<u>\$ 110,851</u>
Deferred tax expense (benefit) :			
Domestic (U.S. federal)	\$ 3,549	\$ 6,577	\$ 2,669
Domestic (U.S. state)	(2,809)	(1,176)	(1,679)
Foreign (other than U.S.)	(11,131)	653	(17,305)
	<u>\$ (10,391)</u>	<u>\$ 6,054</u>	<u>\$ (16,315)</u>
Total income tax expense (benefit)	<u>\$ 59,742</u>	<u>\$ 80,763</u>	<u>\$ 94,536</u>

Income tax expense (benefit) attributable to income from continuing operations differed from the amounts computed by applying the U.S. federal statutory income tax rate of 21% for the years ended December 31, 2019 and 2018 and 35% for the year ended December 31, 2017 to income before income taxes, as a result of the following:

	Year ended December 31,		
	2017	2018	2019
Income before income tax expense	\$ 320,583	\$ 362,021	\$ 399,417
Statutory tax rates	35%	21%	21%
Computed expected income tax expense	112,204	76,024	83,878
Increase (decrease) in income taxes resulting from:			
Foreign tax rate differential	(25,224)	23,373	34,566
Tax benefit from tax holiday	(35,814)	(23,003)	(21,393)
Non-deductible expenses	3,985	3,245	2,152
Effect of change in tax rates	2,778	(147)	6,497
Change in valuation allowance	9,041	27,826	10,515
Unrecognized tax benefits	1,611	3,008	5,502
Employment related tax incentive	(1,918)	(3,243)	(5,239)
Other*	(6,921)	(26,320)	(21,942)
Reported income tax expense (benefit)	<u>\$ 59,742</u>	<u>\$ 80,763</u>	<u>\$ 94,536</u>

\*Following the transfer/closure of certain affiliated entities, deferred tax liabilities recorded against the outside basis difference were reversed amounting to \$9,600, \$18,510, \$3,782 during the year ended December 31, 2017, 2018 and 2019. Additionally, during the year ended December 31, 2019 the company created a deferred tax asset on the impairment of one of its intercompany investments for income tax purposes amounting to \$8,069. It was not more likely than not that the resulting net deferred tax asset would be realized. Therefore, a full valuation allowance was established to offset the reduction in deferred tax liabilities.

A portion of the profits of the Company's operations is exempt from income tax in India. One of the Company's Indian subsidiaries has certain units eligible for a tax holiday as a special economic zone unit in respect of 100% of the export profits it generates for a period of 5 years from commencement, 50% of such profits for the next 5 years (year 6 to year 10 from commencement) and 50% of the profits for an additional period of 5 years (year 11 to year 15 from commencement), subject to the satisfaction of certain capital investment requirements. The tax holidays for the Company's existing special economic zone units will begin to expire on March 31, 2022 and will have fully expired on March 31, 2034, assuming the Company satisfies the capital investment requirements.



## 25. Income taxes (Continued)

During the year ended December 31, 2019, the Indian tax authorities introduced a new tax regime under which a Company can elect to pay taxes at a lower tax rate by forgoing certain deductions and exemptions, including SEZ exemptions. The Company currently expects to elect out of applicable Indian tax holidays to benefit from the reduced tax rate after March 31, 2022.

The effect of the Indian tax holiday on both basic and diluted earnings per share was \$0.18, \$0.12 and \$0.11, respectively, for the years ended December 31, 2017, 2018 and 2019.

The components of the Company's deferred tax balances as of December 31, 2018 and 2019 are as follows:

	<b>As of December 31,</b>	
	<b>2018</b>	<b>2019</b>
<b>Deferred tax assets</b>		
Net operating loss carryforwards	\$ 64,013	\$ 66,448
Accrued expenses and other liabilities	36,812	50,678
Provision for doubtful debts	9,650	10,583
Property, plant and equipment and lease assets	7,904	11,569
Share-based compensation	18,236	30,192
Retirement benefits	7,559	11,332
Contract liabilities	3,150	4,437
Tax credit carryforwards	22,409	10,739
Other	9,557	12,934
<b>Gross deferred tax assets</b>	<b>\$ 179,290</b>	<b>\$ 208,912</b>
Less: Valuation allowance	(51,986)	(62,628)
<b>Total deferred tax assets</b>	<b>\$ 127,304</b>	<b>\$ 146,284</b>
<b>Deferred tax liabilities</b>		
Intangible assets, net	\$ 17,975	\$ 24,819
Property, plant and equipment, net	5,493	6,067
Deferred cost	2,725	2,665
Investments in foreign subsidiaries not indefinitely reinvested	4,835	1,401
Derivative instruments	8,990	2,722
Goodwill	12,957	11,793
Other	7,843	11,092
<b>Total deferred tax liabilities</b>	<b>\$ 60,818</b>	<b>\$ 60,559</b>
<b>Net deferred tax asset</b>	<b>\$ 66,486</b>	<b>\$ 85,725</b>

<b>Classified as</b>	<b>As of December 31,</b>	
	<b>2018</b>	<b>2019</b>
Deferred tax assets		
Non-current	\$ 74,566	\$ 89,715
Deferred tax liabilities		
Non-current	8,080	3,990
	<b>\$ 66,486</b>	<b>\$ 85,725</b>

The change in the Company's total valuation allowance for deferred tax assets as of December 31, 2017, 2018 and 2019 is as follows:

	<b>Year ended December 31,</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
Opening valuation allowance	\$ 14,746	\$ 24,549	\$ 51,986
Reduction during the year	(3,957)	(2,307)	(4,240)
Addition during the year	13,760	29,744	14,882
Closing valuation allowance	<b>\$ 24,549</b>	<b>\$ 51,986</b>	<b>\$ 62,628</b>

## 25. Income taxes (Continued)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the periods in which temporary differences are deductible.

Management considers the scheduled reversal of deferred tax liabilities and projected taxable income in making this assessment. In order to fully realize a deferred tax asset, the Company must generate future taxable income prior to the expiration of the deferred tax asset under applicable law. Based on the level of historical taxable income and projections for future taxable income over the periods during which the Company's deferred tax assets are deductible, management believes that it is more likely than not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances as of December 31, 2019. The amount of the Company's 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.

For the years ended December 31, 2017 and 2018 and 2019, the Company recognized net excess tax benefits of \$1,723 and \$2,131 and \$2,743, respectively, in income tax expense attributable to continuing operations.

As of December 31, 2019, the Company's deferred tax assets related to net operating loss carry-forwards of \$268,412 amounted to \$61,779 (excluding state net operating losses). Net operating losses of subsidiaries in the United Kingdom, Israel, South Africa, Hong Kong, Germany, Austria, New Zealand, the United States (for 2018) and Luxembourg (for 2016 and prior years) amounted to \$166,816 and can be carried forward for an indefinite period.

The Company's remaining tax loss carry-forwards expire as set forth in the table below:

	US - Federal	Europe	Others
<b>Year ending December 31,</b>			
2020	\$ —	\$ —	\$ 1,645
2021	—	948	676
2022	—	1,635	3,807
2023	—	3,803	831
2024	—	405	5,584
2025	—	—	2,897
2026	—	—	652
2027	—	—	4,436
2028	—	2	2,874
2029	—	—	196
2034	—	18,820	—
2035	—	11,954	—
2036	—	32,425	—
2037	7791	—	—
2038	—	—	45
2039	—	—	170
	<u>\$ 7,791</u>	<u>\$ 69,992</u>	<u>\$ 23,813</u>

In the table above, "Europe" includes net operating losses of subsidiaries in Poland, the Czech Republic, Slovakia, Luxembourg and Portugal, while "Others" includes net operating losses of subsidiaries in Mexico, Japan, Philippines, China, India and Canada.

As of December 31, 2019, the Company had additional deferred tax assets for U.S. state and local tax loss carry-forwards amounting to \$4,669 with varying expiration periods between 2020 and 2038.

## 25. Income taxes (Continued)

As of December 31, 2019, the Company had a total foreign tax credit carry-forward of \$10,739 for subsidiaries in the United States, India and the Philippines, which will expire as set forth in the table below:

Year ending December 31,	Amount
2021	125
2027	2,431
2028	3,862
2029	3,745
2035	576
	<u>\$ 10,739</u>

With exceptions, the Company has not accrued any income, distribution or withholding taxes that would arise if the undistributed earnings of the Company's foreign (non-Bermuda) subsidiaries that cannot be repatriated in a tax-free manner were to be repatriated. Due to the Company's changing corporate structure, the various methods that are available to repatriate earnings, and uncertainty relative to the applicable taxes at the time of repatriation, it is not practicable to determine the amount of tax that would be imposed upon repatriation. If undistributed earnings are repatriated in the future, or are no longer deemed to be indefinitely reinvested, the company will accrue the applicable amount of taxes, the quantification of which is not practicable, associated with such earnings at that time.

As of December 31, 2019, \$464,899 of the Company's \$467,096 in cash and cash equivalents was held by the Company's foreign (non-Bermuda) subsidiaries. \$25,543 of this cash is held by foreign subsidiaries for which the Company expects to incur and has accrued a deferred tax liability on the repatriation of \$15,561 of retained earnings. \$439,356 of the Company's cash and cash equivalents is held by foreign subsidiaries in jurisdictions where no tax is expected to be imposed upon repatriation of the retained earnings of such foreign subsidiaries or is being indefinitely reinvested.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cut and Jobs Act (the "Tax Act"). The Tax Act made broad and complex changes to the U.S. tax code that took effect beginning in 2018, including a reduction in the U.S. federal corporate income tax rate from 35% to 21%.

As a result of the reduction in the federal corporate income tax rate, the Company revalued its net deferred tax assets, excluding tax credits to the extent affected by changes in the law as of December 31, 2017. Based on this revaluation, the Company recorded a net income tax expense of \$3,182 to reduce its net deferred tax asset balance, which was recorded as additional income tax expense for the year ended December 31, 2017.

The Company reports its gain/loss on derivatives designated as cash flow hedges, actuarial gain/loss on retirement benefits and currency translation adjustment, net of income taxes to the extent applicable, in AOCI.

As of December 31, 2017, due to a reduction in the U.S. federal corporate income tax rate under the Tax Act from 35% to 21%, the Company revalued its net deferred tax assets, including deferred tax liabilities recorded through AOCI. Based on this revaluation, the Company recorded an income tax benefit of \$2,265 relating to derivatives, reducing its net deferred tax liability balance, which was recorded as an income tax benefit in continuing operations for the year ended December 31, 2017.

In the quarter ended March 31, 2018, the Company elected to early adopt ASU 2018-02, effective January 1, 2018, and made an election to reclassify the stranded income tax effects of the Tax Act from AOCI to retained earnings for all items of AOCI. The Company has elected to adopt the new guidance at the beginning of the period, and no prior periods have been adjusted. Accordingly, a stranded tax effect in AOCI of \$2,265 resulting from the Tax Act has been adjusted through retained earnings.

## 25. Income taxes (Continued)

The following table summarizes activities related to our unrecognized tax benefits from January 1 to December 31 for each of 2018 and 2019:

	2018	2019
<b>Opening balance at January 1</b>	\$ 26,060	\$ 26,722
Increase related to prior year tax positions, including recorded in acquisition accounting	1,851	1,684
Decrease related to prior year tax positions	(153)	(1,232)
Decrease related to prior year tax position due to lapse of applicable statute of limitation	(1,841)	(135)
Increase related to current year tax positions, including recorded in acquisition accounting	2,408	4,270
Effect of exchange rate changes	(1,603)	(280)
<b>Closing balance at December 31</b>	<b>\$ 26,722</b>	<b>\$ 31,029</b>

As of December 31, 2018 and 2019, the Company had unrecognized tax benefits amounting to \$25,485 and \$29,835, respectively, which, if recognized, would impact the effective tax rate.

As of December 31, 2018 and 2019, the Company had accrued \$5,081 and \$5,812, respectively, in interest relating to unrecognized tax benefits. During the years ended December 31, 2018 and 2019, the Company recognized \$467 and \$826, respectively, including exchange rate differences, in interest on unrecognized tax benefits. As of December 31, 2018 and 2019, the company had accrued \$995 and \$1,084, respectively, for penalties.

An affiliate of the Company in India received an assessment order in 2016 seeking to assess tax amounting to \$114,867 (including interest to the date of the order) on certain transactions that occurred in 2013. This amount excludes penalty or interest accrued since the date of the order. The Company filed an appeal against this assessment order with the Commissioner Income Tax (Appeals), the first tax appellant authority in India, which has ruled against the Company. Subsequent to year end, the Company filed an appeal with the Income Tax Appellate Tribunal of India which has stayed the recovery of the demand subject to partial payment (approximately \$28,050) and adjustment of tax refunds relating to other tax years (approximately \$27,069). The Company paid the tax amount under protest on February 26, 2020. Based on its evaluation of the facts underlying the transaction and legal advice received to date, the Company believes that it is more likely than not that this transaction would not be subject to tax liability in India. Accordingly, no reserve has been provided as of December 31, 2019.

In the next twelve months and for all tax years that remain open to examinations by U.S. federal and various state, local, and other U.S. tax authorities, the Company estimates that it is reasonably possible that the total amount of its unrecognized tax benefits will vary. However, the Company does not expect significant changes within the next twelve months other than depending on the progress of tax matters or examinations with various tax authorities, which are difficult to predict.

With certain immaterial exceptions, the Company is no longer subject to U.S. federal, state and local or other U.S. income tax audits by taxing authorities for years prior to 2016. The Company's subsidiaries in India and China are open to examination by relevant taxing authorities for tax years beginning on or after April 1, 2012 and January 1, 2010, respectively. The Company regularly reviews the likelihood of additional tax assessments and adjusts its reserves as additional information or events require.

## 26. Segment reporting

The Company manages various types of business process and information technology services in an integrated manner for clients in various industries and geographic locations. The Company's operating segments are significant strategic business units that align its products and services with how it manages its business, approaches key markets and interacts with its clients. Effective for the quarter and year ended December 31, 2019, the Company implemented operational changes in how its Chief Operating Decision Maker, or CODM, manages its businesses, including resource allocation and performance assessment. As a result of these changes, the Company now has three operating segments, representing the individual businesses that are run separately under the new structure.

The Company's new reportable segments are as follows: (1) Banking, Capital Markets and Insurance (BCMI); (2) Consumer Goods, Retail, Life Sciences and Healthcare (CGRLH); and (3) High Tech, Manufacturing and Services (HMS).

The Company has restated segment information for the historical periods presented herein to conform to the current presentation. This change in segment presentation does not affect the Company's consolidated statements of income, balance sheets or statements of cash flows.

The Company's Chief Executive Officer, who has been identified as the CODM, reviews operating segment revenue, which is a GAAP measure, and operating segment adjusted income from operations, which is a non-GAAP measure. The Company does not allocate and therefore the CODM does not evaluate foreign exchange gain/(losses), interest income/(expense), other income/(expense), or income taxes by segment. The Company's operating assets are shared by multiple segments. The Company manages assets on a total company basis, not by operating segment, and therefore asset information and capital expenditures by operating segment are not presented to the CODM and are not reviewed by the CODM.

Revenues and adjusted income from operations for each of the Company's segments for the year ended December 31, 2019 were as follows:

	Reportable segments			Others*	Total
	BCMI	CGRLH	HMS		
Revenues, net	1,078,844	1,107,534	1,348,635	(14,470)	3,520,543
Adjusted income from operations	115,998	161,515	238,129	43,199 #	558,841
Stock-based compensation					(83,885)
Amortization of acquired intangible assets (other than included above)					(31,458)
Acquisition-related expenses					(8,352)
Foreign exchange gains (losses), net					7,729
Interest income (expense), net					(43,458)
Income tax expense					(94,536)
Net income attributable to Genpact Limited shareholders					304,881

\*Revenues, net for "Others" primarily represents the impact of foreign exchange fluctuations, which is not allocated to the Company's segments for management's internal reporting purposes. Adjusted income from operations for "Others" primarily represents gains related to a transfer of land, government incentives and the impact of foreign exchange fluctuations, which are not allocated to the Company's segments for management's internal reporting purposes.

## 26. Segment reporting (Continued)

#Includes \$10,524 toward the accelerated charge of a contract cost asset relating to a wealth management platform used in the Company's BCMI segment that the Company no longer plans to leverage beyond its current scope. If this charge had been recorded in the BCMI segment in the year ended December 31, 2019, AOI for the Company's BCMI segment in 2019 would have been \$105,474, with a corresponding increase in AOI of "Others" to \$53,723.

Revenues and adjusted income from operations for each of the Company's segments for the year ended December 31, 2018 were as follows:

	Reportable segments			Others**	Total
	BCMI	CGRLH	HMS		
Revenues, net	1,079,673	903,225	1,005,070	12,822	3,000,790
Adjusted income from Operations	148,712	116,705	177,209	30,688	473,314
Stock-based compensation					(48,998)
Amortization of acquired intangible assets (other than included above)					(37,292)
Acquisition-related expenses					(2,362)
Foreign exchange gains (losses), net					15,239
Interest income (expense), net					(37,119)
Income tax expense					(80,763)
Net income attributable to Genpact Limited shareholders					282,019

\*\*Revenues, net for "Others" primarily represents the impact of foreign exchange fluctuations, which is not allocated to the Company's three segments for management's internal reporting purposes. AOI for Others primarily represents government incentives and the impact of foreign exchange fluctuations which are not allocated to the Company's segments for management's internal reporting purposes.

Revenues and adjusted income from operations for the Company's segments for the year ended December 31, 2017 were as follows:

	Reportable segments			Others***	Total
	BCMI	CGRLH	HMS		
Revenues, net	1,054,660	852,170	827,528	2,571	2,736,929
Adjusted income from operations	150,545	84,908	126,238	67,939	429,630
Stock-based compensation					(35,685)
Amortization of acquired intangible assets (other than included above)					(35,467)
Acquisition-related expenses					(5,886)
Foreign exchange gains (losses), net					1,996
Interest income (expense), net					(31,735)
Income tax expense					(59,742)
Net income attributable to Genpact Limited Shareholders					263,111

\*\*\*Revenue, net for "Others" primarily represents the impact of foreign exchange fluctuations, which is not allocated to the Company's three segments for management's internal reporting purposes. AOI for Others primarily represents government incentives and the impact of foreign exchange fluctuations which are not allocated to the Company's segments for management's internal reporting purposes.

## 26. Segment reporting (Continued)

Revenues from a single customer in the Company's HMS segment comprised 9.8%, 8.9% and 13.6% of the Company's consolidated total net revenues in 2017, 2018 and 2019, respectively.

Net revenues by service type are as follows:

	Year ended December 31,		
	2017	2018	2019
Business process outsourcing	\$ 2,264,335	\$ 2,502,806	\$ 2,974,212
Information technology services	472,594	497,984	546,331
<b>Total net revenues</b>	<b>\$ 2,736,929</b>	<b>\$ 3,000,790</b>	<b>\$ 3,520,543</b>

These services are provided in each of the Company's three segments.

Net revenues from geographic areas based on the location of the Company's service delivery centers are as follows. A portion of net revenues attributable to India consists of net revenues for services performed by delivery centers in India or at clients' premises outside of India by business units or personnel normally based in India.

	Year ended December 31,		
	2017	2018	2019
India	\$ 1,712,783	\$ 1,739,455	\$ 1,890,897
Asia, other than India	286,338	327,462	356,726
North and Latin America	455,059	641,716	863,748
Europe	282,749	292,157	409,172
<b>Total net revenues</b>	<b>\$ 2,736,929</b>	<b>\$ 3,000,790</b>	<b>\$ 3,520,543</b>

Property, plant and equipment, net by geographic region are as follows:

	As of December 31,	
	2018	2019
India	\$ 130,824	\$ 161,227
Asia, other than India	14,866	17,212
North and Latin America	46,763	58,499
Europe	20,262	17,097
<b>Total</b>	<b>\$ 212,715</b>	<b>\$ 254,035</b>

## 27. Net Revenues

### Disaggregation of revenue

In the following tables, the Company's revenue is disaggregated by customer classification.

	Year ended December 31,		
	2017	2018	2019
GE	\$ 269,217	\$ 268,210	\$ 478,091
Global Clients	2,467,712	2,732,580	3,042,452
<b>Total net revenues</b>	<b>\$ 2,736,929</b>	<b>\$ 3,000,790</b>	<b>\$ 3,520,543</b>

## 27. Net Revenues (Continued)

### Contract balances

Accounts receivable include amounts for services that the Company has performed but for which payment has not been received. The Company typically follows a 30-day billing cycle and, as such, at any point in time may have accrued up to 30 days of revenues that have not been billed. The Company has determined that in instances where the timing of revenue recognition differs from the timing of invoicing, the related contracts generally do not include a significant financing component. See Note 5 for details on the Company's accounts receivable and reserve for doubtful receivables.

The following table provides details of the Company's contract liabilities:

Particulars	As of December 31, 2018		As of December 31, 2019	
	Advance from customers	Deferred transition revenue	Advance from customers	Deferred transition revenue
Opening balance	\$ 26,266	\$ 101,785	\$ 22,892	\$ 95,648
Impact of opening balance offset with contract asset	—	21,348	3,821	25,604
<b>Gross opening balance</b>	<b>\$ 26,266</b>	<b>\$ 123,133</b>	<b>\$ 26,713</b>	<b>\$ 121,252</b>
Additions	33,328	67,838	48,285	101,976
Effect of business combinations	273	75	5,950	—
Revenue recognized	(32,091)	(68,697)	(23,614)	(48,671)
Currency translation adjustments	(1,063)	(1,097)	(1)	(160)
<b>Gross closing balance</b>	<b>\$ 26,713</b>	<b>\$ 121,252</b>	<b>\$ 57,333</b>	<b>\$ 174,397</b>
Impact of closing balance offset with contract asset	(3,821)	(25,604)	(12,515)	(43,289)
<b>Closing balance (Note a)</b>	<b>\$ 22,892</b>	<b>\$ 95,648</b>	<b>\$ 44,818</b>	<b>\$ 131,108</b>

(a) Included in "accrued expenses and other current liabilities" and "other liabilities" in the consolidated balance sheet.

The following table includes estimated revenue expected to be recognized in the future related to remaining performance obligations as of December 31, 2019:

Particulars	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Transaction price allocated to remaining performance obligations	\$ 175,926	97,313	58,820	17,586	2,207

The following table provides details of the Company's contract assets:

Particulars	As of December 31, 2018		As of December 31, 2019	
Opening balance	\$ 43,366	\$ 45,035		
Impact of opening balance offset with contract liabilities	21,348	29,425		
<b>Gross opening balance</b>	<b>\$ 64,714</b>	<b>\$ 74,460</b>		
Additions	48,216	66,396		
Reduction in revenue recognized	(38,470)	(44,706)		
<b>Gross closing balance</b>	<b>\$ 74,460</b>	<b>\$ 96,150</b>		
Impact of closing balance offset with contract liabilities	(29,425)	(55,804)		
<b>Closing balance (Note b)</b>	<b>\$ 45,035</b>	<b>\$ 40,346</b>		

(b) Included in "prepaid expenses and other current assets" and "other assets" in the consolidated balance sheet.



## 27. Net Revenues (Continued)

The following table provides details of the company's contract cost assets:

Particulars	As of December 31, 2018		As of December 31, 2019	
	Sales incentive programs	Transition activities	Sales incentive programs	Transition activities
Opening balance	\$ 23,227	\$ 139,284	\$ 25,891	\$ 134,302
Closing balance	25,891	134,302	35,366	170,132
Amortization	14,788	70,775	17,684	70,001

## 28. Related party transactions

The Company has from time to time entered into related party transactions with Bain Capital Investors, LLC ("Bain"), which was an affiliate of significant shareholders of the Company until November 2019. During the year ended December 31, 2019, Bain's affiliates sold their remaining shares in the Company, and Bain is no longer a related party. Accordingly, transactions between the Company and Bain or its affiliates are no longer presented as related party transactions.

The Company has entered into related party transactions with its non-consolidating affiliates.

The Company's related party transactions can be categorized as follows:

### *Revenue from services*

In the years ended December 31, 2017, 2018 and 2019, the Company recognized net revenues of \$398, \$714 and \$478, respectively, from a client that is also a significant shareholder of the Company.

In the years ended December 31, 2017, the Company recognized net revenues of \$5,400 from a client that was a non-consolidating affiliate of the Company. As of June 30, 2017, this non-consolidated affiliate ceased to be a related party.

### *Cost of revenue from services*

The Company purchases certain services from its non-consolidating affiliates, mainly relating to training and recruitment, the costs of which are included in cost of revenue. For the years ended December 31, 2017, 2018 and 2019, cost of revenue includes an amount of \$2,043, \$1,094 and \$521, respectively, attributable to the cost of such services provided by the Company's non-consolidating affiliates.

### *Selling, general and administrative expenses*

The Company purchases certain services from its non-consolidating affiliates, mainly relating to training and recruitment, the costs of which are included in selling, general and administrative expenses. For the years ended December 31, 2017, 2018 and 2019, selling, general and administrative expenses include an amount of \$315, \$191 and \$101, respectively, attributable to the cost of such services provided by the Company's non-consolidating affiliates.

During the years ended December 31, 2017 and 2018, the Company engaged a significant shareholder of the Company to provide services to the Company at a cost of \$57 and \$30, respectively.

### *Investment in equity affiliates*

During the year ended December 31, 2017, the Company invested \$496 in its non-consolidating affiliates.

During the year ended December 31, 2017, the Company recorded a charge of \$2,849 related to an investment in one of its non-consolidating affiliates. This charge has been included in equity-method investment activity, net in the Company's consolidated statement of income.

As of December 31, 2018 and 2019, the Company's investments in its non-consolidating affiliates amounted to \$836 and \$0, respectively.

### *Others*

During the year ended December 31, 2017, the Company entered into transactions with one of its non-consolidating affiliates for certain cost reimbursements amounting to \$477.

During the year ended December 31, 2017, the Company entered into transactions with a client that is a significant shareholder of the Company for certain cost reimbursements amounting to \$127.

## 29. Other Income (expense), net

	Year ended December 31,		
	2017	2018	2019
Government incentives	\$ 26,882	\$ 36,099	\$ 3,976
Other income/(expense)	(3,296)	(338)	1,810
<b>Other Income (expense), net</b>	<b>\$ 23,586</b>	<b>\$ 35,761</b>	<b>\$ 5,786</b>

## 30. Commitments and contingencies

### *Capital commitments*

As of December 31, 2018 and 2019, the Company has committed to spend \$4,859 and \$5,368, respectively, under agreements to purchase property, plant and equipment. This amount is net of capital advances paid in respect of such purchases.

### *Bank guarantees*

The Company has outstanding bank guarantees and letters of credit amounting to \$9,487 and \$9,585 as of December 31, 2018 and 2019, respectively. Bank guarantees are generally provided to government agencies and excise and customs authorities for the purposes of maintaining a bonded warehouse. These guarantees may be revoked by the government agencies if they suffer any losses or damages through the breach of any of the covenants contained in the agreements governing such guarantees.

### *Other commitments*

Certain units of the Company's Indian subsidiaries are established as Software Technology Parks of India units or Special Economic Zone ("SEZ") units under the relevant regulations issued by the Government of India. These units are exempt from customs and other duties on imported and indigenous capital goods, stores and spares. SEZ units are also exempt from the goods and services tax that was introduced in India in 2017. The Company has undertaken to pay taxes and duties, if any, in respect of capital goods, stores, spares and services consumed duty-free, in the event that certain terms and conditions are not fulfilled.

### *Contingency*

In February 2019, there was a judicial pronouncement in India with respect to defined contribution benefit payments interpreting certain statutory defined contribution obligations of employees and employers. It is not currently clear whether the interpretation set out in the pronouncement has retrospective application. If applied retrospectively, the interpretation would result in an increase in contributions payable by the Company for past periods for certain of its India-based employees. There are numerous interpretative challenges concerning the retrospective application of the judgment. Due to such challenges and a lack of interpretive guidance, and based on legal advice the Company has obtained on the matter, it is currently impracticable to reliably estimate the timing and amount of any payments the Company may be required to make. Accordingly, the Company plans to obtain further clarity and will evaluate the amount of a potential provision, if any.

**31. Quarterly financial data (unaudited)**

	Three months ended				Year ended
	March 31, 2019	June 30, 2019	September 30, 2019	December 31, 2019	December 31, 2019
Total net revenues	\$ 809,206	\$ 881,799	\$ 888,799	\$ 940,739	\$ 3,520,543
Gross profit	\$ 290,069	\$ 310,555	\$ 315,140	\$ 310,091	\$ 1,225,855
Income from operations	\$ 90,072	\$ 106,202	\$ 113,584	\$ 119,518	\$ 429,376
Income before equity-method investment activity, net and income tax expense	\$ 79,320	\$ 94,970	\$ 110,794	\$ 114,349	\$ 399,433
Net Income	\$ 60,841	\$ 73,722	\$ 88,120	\$ 82,198	\$ 304,881
Net income attributable to Genpact Limited common shareholders	\$ 60,841	\$ 73,722	\$ 88,120	\$ 82,198	\$ 304,881
Earnings per common share attributable to Genpact Limited common shareholders					
Basic	\$ 0.32	\$ 0.39	\$ 0.46	\$ 0.43	\$ 1.60
Diluted	\$ 0.31	\$ 0.38	\$ 0.45	\$ 0.42	\$ 1.56
Weighted average number of common shares used in computing earnings per common share attributable to Genpact Limited common shareholders					
Basic	189,451,845	190,163,359	190,599,049	190,083,647	190,074,475
Diluted	193,394,208	194,766,047	195,890,841	196,592,325	195,160,855

### 31. Quarterly financial data (unaudited) (Continued)

	Three months ended				Year ended
	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	December 31, 2018
Total net revenues	\$ 688,912	\$ 728,561	\$ 747,978	\$ 835,339	\$ 3,000,790
Gross profit	\$ 244,588	\$ 265,663	\$ 266,566	\$ 302,205	\$ 1,079,022
Income from operations	\$ 63,761	\$ 79,522	\$ 94,028	\$ 110,841	\$ 348,152
Income before Equity method investment activity, net and income tax expense	\$ 76,009	\$ 81,668	\$ 97,724	\$ 106,632	\$ 362,033
Net Income	\$ 63,934	\$ 64,574	\$ 73,603	\$ 79,147	\$ 281,258
Net (income) loss attributable to redeemable non-controlling interest	\$ 761	\$ -	\$ -	\$ -	\$ 761
Net income attributable to Genpact Limited common shareholders	\$ 64,695	\$ 64,574	\$ 73,603	\$ 79,147	\$ 282,019
Earnings per common share attributable to Genpact Limited common shareholders					
Basic	\$ 0.34	\$ 0.34	\$ 0.39	\$ 0.42	\$ 1.48
Diluted	\$ 0.33	\$ 0.33	\$ 0.38	\$ 0.41	\$ 1.45
Weighted average number of common shares used in computing earnings per common share attributable to Genpact Limited common shareholders					
Basic	192,816,626	190,132,664	190,024,924	189,724,744	190,674,740
Diluted	196,288,569	193,365,974	193,115,769	193,149,836	193,980,038

### 32. Subsequent Events

#### Dividend

On February 6, 2020, the Company announced that its Board of Directors has approved an approximately 15% increase in its quarterly cash dividend, representing a planned annual dividend of \$0.39 per common share, increased from \$0.34 per common share in 2019. The Board of Directors also declared a dividend for the first quarter of 2020 of \$0.0975 per common share, which will be paid on March 18, 2020 to shareholders of record as of the close of business on March 9, 2020. The declaration of any future dividends will be at the discretion of the Board of Directors and subject to Bermuda and other applicable laws.

### 33. Guarantor financial information

Genpact Luxembourg S.à r.l. (the “Issuer”), a subsidiary of the Company, issued \$350,000 aggregate principal amount of 3.70% senior notes in March 2017 and \$400,000 aggregate principal amount of 3.375% senior notes in November 2019. See Note 14 for additional information. The issuance is fully and unconditionally guaranteed by the Company. The Company has prepared the following condensed consolidating financial statements, which set forth consolidated financial statements of the Issuer, the Company as parent guarantor and the non-guarantor subsidiaries of the Company, as well as intercompany elimination adjustments relating to intercompany transactions. Investments in subsidiaries have been accounted for using the equity method.

#### Condensed Consolidating Balance Sheet

	As of December 31, 2019				
	Issuer/ Subsidiary	Parent/ Guarantor	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Assets</b>					
<i>Current assets</i>					
Cash and cash equivalents	7,435	\$ 2,029	\$ 457,632	\$ —	\$ 467,096
Intercompany Accounts receivable, net	84,803	—	—	(84,803)	—
Accounts receivable, net	-	—	914,255	—	914,255
Intercompany loans	1,003,032	12,400	1,976,064	(2,991,496)	—
Intercompany other receivable	61,456	124,043	158,234	(343,734)	—
Prepaid expenses and other current assets	3,383	977	165,965	-	170,325
<b>Total current assets</b>	<b>\$ 1,160,109</b>	<b>\$ 139,449</b>	<b>\$ 3,672,150</b>	<b>\$ (3,420,033)</b>	<b>\$ 1,551,676</b>
Property, plant and equipment, Net	374	—	253,661	—	254,035
Operating lease right-of-use assets	—	—	330,854	—	330,854
Intercompany loans	100,000	—	500,000	(600,000)	—
Deferred tax assets	—	—	89,715	—	89,715
Investment in subsidiaries	583,600	3,362,390	644,554	(4,590,544)	—
Investment in debentures/bonds, intercompany	476,571	118,393	—	(594,964)	—
Intercompany other receivable	—	89,460	—	(89,460)	—
Intangible assets, net	—	—	230,861	—	230,861
Goodwill	—	—	1,574,466	—	1,574,466
Contract cost assets	—	—	205,498	—	205,498
Other assets	311	85	216,683	—	217,079
<b>Total assets</b>	<b>\$ 2,320,965</b>	<b>\$ 3,709,777</b>	<b>\$ 7,718,442</b>	<b>\$ (9,295,000)</b>	<b>\$ 4,454,184</b>
<b>Liabilities and equity</b>					
<i>Current liabilities</i>					
Short-term borrowings	\$ —	\$ —	\$ 70,000	\$ —	\$ 70,000
Current portion of Intercompany loans	232,027	1,971,037	788,432	(2,991,496)	—
Current portion of long-term debt	4,963	—	28,546	—	33,509
Accounts payable	1,176	122	20,683	—	21,981
Intercompany accounts payable	—	—	84,803	(84,803)	—
Income taxes payable	—	—	43,186	—	43,186
Intercompany other payable	56,936	110,974	175,824	(343,734)	—
Accrued expenses and other current liabilities	8,062	3,886	671,923	—	683,871
Operating leases liability	—	—	57,664	—	57,664
<b>Total current liabilities</b>	<b>\$ 303,164</b>	<b>\$ 2,086,019</b>	<b>\$ 1,941,061</b>	<b>\$ (3,420,033)</b>	<b>\$ 910,211</b>
Long-term debt, less current portion	833,358	—	506,438	—	1,339,796
Operating leases liability	—	—	302,100	—	302,100
Deferred tax liabilities	—	—	3,990	—	3,990
Intercompany other payable	—	—	89,460	(89,460)	—
Intercompany loans and debenture, less current portion	500,000	—	694,964	(1,194,964)	—
Other liabilities	—	217	208,699	—	208,916
<b>Total liabilities</b>	<b>\$ 1,636,522</b>	<b>\$ 2,086,236</b>	<b>\$ 3,746,711</b>	<b>\$ (4,704,456)</b>	<b>\$ 2,765,013</b>
<b>Shareholders' equity</b>	<b>684,443</b>	<b>1,623,541</b>	<b>3,971,731</b>	<b>(4,590,544)</b>	<b>1,689,171</b>
<b>Total liabilities and equity</b>	<b>\$ 2,320,965</b>	<b>\$ 3,709,777</b>	<b>\$ 7,718,442</b>	<b>\$ (9,295,000)</b>	<b>\$ 4,454,184</b>

## 33. Guarantor financial information (Continued)

## Condensed Consolidating Balance Sheet

	As of December 31, 2018				
	Issuer/ Subsidiary	Parent/ Guarantor	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Assets</b>					
<i>Current assets</i>					
Cash and cash equivalents	\$ 12,797	\$ 2,505	\$ 353,094	\$ —	\$ 368,396
Intercompany Accounts receivable, net	89,958	—	—	(89,958)	—
Accounts receivable, net	—	—	774,184	—	774,184
Intercompany loans	447,578	1,300	1,835,608	(2,284,486)	—
Intercompany other receivable	33,224	52,783	117,537	(203,544)	—
Prepaid expenses and other current assets	2,242	1,278	208,957	—	212,477
<b>Total current assets</b>	<b>\$ 585,799</b>	<b>\$ 57,866</b>	<b>\$ 3,289,380</b>	<b>\$ (2,577,988)</b>	<b>\$ 1,355,057</b>
Property, plant and equipment, Net	388	—	212,327	—	212,715
Intercompany loans	100,000	—	500,000	(600,000)	—
Deferred tax assets	—	—	74,566	—	74,566
Investment in subsidiaries	548,654	3,073,467	557,089	(4,179,210)	—
Investment in equity affiliates	—	—	836	—	836
Investment in debentures/bonds, intercompany	571,919	50,393	—	(622,312)	—
Intercompany other receivable	—	83,169	—	(83,169)	—
Intangible assets, net	—	—	177,087	—	177,087
Goodwill	—	—	1,393,832	—	1,393,832
Contract cost assets	—	—	160,193	—	160,193
Other assets	682	—	154,477	—	155,159
<b>Total assets</b>	<b>\$ 1,807,442</b>	<b>\$ 3,264,895</b>	<b>\$ 6,519,787</b>	<b>\$ (8,062,679)</b>	<b>\$ 3,529,445</b>
<b>Liabilities and equity</b>					
<i>Current liabilities</i>					
Short-term borrowings	\$ 100,000	\$ —	\$ 195,000	\$ —	\$ 295,000
Current portion of Intercompany loans	128,572	1,849,537	306,377	(2,284,486)	—
Current portion of long-term debt	4,961	—	28,522	—	33,483
Accounts payable	1,636	520	40,428	—	42,584
Intercompany accounts payable	—	—	89,958	(89,958)	—
Income taxes payable	—	—	33,895	—	33,895
Intercompany other payable	47,844	70,973	84,727	(203,544)	—
Accrued expenses and other current liabilities	5,248	5,157	560,945	—	571,350
<b>Total current liabilities</b>	<b>\$ 288,261</b>	<b>\$ 1,926,187</b>	<b>\$ 1,339,852</b>	<b>\$ (2,577,988)</b>	<b>\$ 976,312</b>
Long-term debt, less current portion	440,665	—	534,980	—	975,645
Deferred tax liabilities	—	—	8,080	—	8,080
Intercompany other payable	—	—	83,169	(83,169)	—
Intercompany loans and debenture, less current portion	500,000	—	722,312	(1,222,312)	—
Other liabilities	197	154	164,875	—	165,226
<b>Total liabilities</b>	<b>\$ 1,229,123</b>	<b>\$ 1,926,341</b>	<b>\$ 2,853,268</b>	<b>\$ (3,883,469)</b>	<b>\$ 2,125,263</b>
<b>Shareholders' equity</b>	<b>578,319</b>	<b>1,338,554</b>	<b>3,666,519</b>	<b>(4,179,210)</b>	<b>1,404,182</b>
<b>Total liabilities and equity</b>	<b>\$ 1,807,442</b>	<b>\$ 3,264,895</b>	<b>\$ 6,519,787</b>	<b>\$ (8,062,679)</b>	<b>\$ 3,529,445</b>

### 33. Guarantor financial information (Continued)

#### Condensed Consolidating Statement of Income (Loss)

	Year ended December 31, 2019				
	Issuer/ Subsidiary	Parent/ Guarantor	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Net revenues	\$ 59,657	\$ —	\$ 3,520,543	\$ (59,657)	\$ 3,520,543
Cost of revenue	—	—	2,294,688	—	2,294,688
<b>Gross profit</b>	<b>\$ 59,657</b>	<b>\$ —</b>	<b>\$ 1,225,855</b>	<b>\$ (59,657)</b>	<b>\$ 1,225,855</b>
<i>Operating expenses:</i>					
Selling, general and administrative expenses	10,753	31,475	812,330	(59,657)	794,901
Amortization of acquired intangible assets	—	—	32,612	—	32,612
Other operating (income) expense, net	—	—	(31,034)	—	(31,034)
<b>Income (loss) from operations</b>	<b>\$ 48,904</b>	<b>\$ (31,475)</b>	<b>\$ 411,947</b>	<b>\$ —</b>	<b>\$ 429,376</b>
Foreign exchange gains (losses), net	613	119	6,997	—	7,729
Interest income (expense), net	(22,356)	—	(21,102)	—	(43,458)
Intercompany interest income (expense), net	76,905	(22,206)	(54,699)	—	—
Other income (expense), net	30	—	5,756	—	5,786
<b>Income (loss) before equity-method investment activity, net and income tax expense</b>	<b>\$ 104,096</b>	<b>\$ (53,562)</b>	<b>\$ 348,899</b>	<b>\$ —</b>	<b>\$ 399,433</b>
Gain (loss) on equity-method investment activity, net	21,599	358,443	97,580	(477,638)	(16)
<b>Income before income tax expense</b>	<b>\$ 125,695</b>	<b>\$ 304,881</b>	<b>\$ 446,479</b>	<b>\$ (477,638)</b>	<b>\$ 399,417</b>
Income tax expense	6,516	—	88,020	—	94,536
<b>Net income</b>	<b>\$ 119,179</b>	<b>\$ 304,881</b>	<b>\$ 358,459</b>	<b>\$ (477,638)</b>	<b>\$ 304,881</b>
Net loss attributable to redeemable non-controlling interest	—	—	—	—	—
<b>Net income attributable to Genpact Limited shareholders</b>	<b>\$ 119,179</b>	<b>\$ 304,881</b>	<b>\$ 358,459</b>	<b>\$ (477,638)</b>	<b>\$ 304,881</b>

#### Condensed Consolidating Statement of Income (Loss)

	Year ended December 31, 2018				
	Issuer/ Subsidiary	Parent/ Guarantor	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net revenues	\$ 50,356	\$ —	\$ 3,000,790	\$ (50,356)	\$ 3,000,790
Cost of revenue	—	5,188	1,916,580	—	1,921,768
<b>Gross profit</b>	<b>\$ 50,356</b>	<b>\$ (5,188)</b>	<b>\$ 1,084,210</b>	<b>\$ (50,356)</b>	<b>\$ 1,079,022</b>
<i>Operating expenses:</i>					
Selling, general and administrative expenses	11,324	23,703	709,260	(50,422)	693,865
Amortization of acquired intangible assets	48	—	38,802	—	38,850
Other operating (income) expense, net	(17,599)	—	15,754	—	(1,845)
<b>Income (loss) from operations</b>	<b>\$ 56,583</b>	<b>\$ (28,891)</b>	<b>\$ 320,394</b>	<b>\$ 66</b>	<b>\$ 348,152</b>
Foreign exchange gains (losses), net	449	845	13,945	—	15,239
Interest income (expense), net	(16,504)	—	(20,615)	—	(37,119)
Intercompany interest income (expense), net	77,857	(19,279)	(58,578)	—	—
Other income (expense), net	—	—	35,761	—	35,761
<b>Income (loss) before equity-method investment activity, net and income tax expense</b>	<b>\$ 118,385</b>	<b>\$ (47,325)</b>	<b>\$ 290,907</b>	<b>\$ 66</b>	<b>\$ 362,033</b>
Gain (loss) on equity-method investment activity, net	62,501	346,960	123,291	(532,764)	(12)
<b>Income before income tax expense</b>	<b>\$ 180,886</b>	<b>\$ 299,635</b>	<b>\$ 414,198</b>	<b>\$ (532,698)</b>	<b>\$ 362,021</b>
Income tax expense	6,124	—	74,639	—	80,763
<b>Net income</b>	<b>\$ 174,762</b>	<b>\$ 299,635</b>	<b>\$ 339,559</b>	<b>\$ (532,698)</b>	<b>\$ 281,258</b>
Net loss attributable to redeemable non-controlling interest	—	—	761	—	761
<b>Net income attributable to Genpact Limited shareholders</b>	<b>\$ 174,762</b>	<b>\$ 299,635</b>	<b>\$ 340,320</b>	<b>\$ (532,698)</b>	<b>\$ 282,019</b>

## 33. Guarantor financial information (Continued)

## Condensed Consolidating Statement of Income (Loss)

	Year ended December 31, 2017				
	Issuer/ Subsidiary	Parent/ Guarantor	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net revenues	\$ 46,722	\$ —	\$ 2,736,929	\$ (46,722)	\$ 2,736,929
Cost of revenue	—	—	1,681,438	—	1,681,438
<b>Gross profit</b>	<b>\$ 46,722</b>	<b>\$ —</b>	<b>\$ 1,055,491</b>	<b>\$ (46,722)</b>	<b>\$ 1,055,491</b>
<i>Operating expenses:</i>					
Selling, general and administrative expenses	9,859	21,076	728,145	(69,619)	689,461
Amortization of acquired intangible assets	—	—	36,412	—	36,412
Other operating (income) expense, net	(3,412)	—	1,751	—	(1,661)
<b>Income (loss) from operations</b>	<b>\$ 40,275</b>	<b>\$ (21,076)</b>	<b>\$ 289,183</b>	<b>\$ 22,897</b>	<b>\$ 331,279</b>
Foreign exchange gains (losses), net	3,312	2	(1,318)	—	1,996
Interest income (expense), net	(11,375)	—	(20,360)	—	(31,735)
Intercompany interest income (expense), net	47,547	(10,148)	(37,399)	—	—
Other income (expense), net	18,391	—	5,195	—	23,586
<b>Income (loss) before equity-method investment activity, net and income tax expense</b>	<b>\$ 98,150</b>	<b>\$ (31,222)</b>	<b>\$ 235,301</b>	<b>\$ 22,897</b>	<b>\$ 325,126</b>
Gain (loss) on equity-method investment activity, net	(15,058)	294,333	75,657	(359,475)	(4,543)
<b>Income before income tax expense</b>	<b>\$ 83,092</b>	<b>\$ 263,111</b>	<b>\$ 310,958</b>	<b>\$ (336,578)</b>	<b>\$ 320,583</b>
Income tax expense	7,435	—	52,307	—	59,742
<b>Net income</b>	<b>\$ 75,657</b>	<b>\$ 263,111</b>	<b>\$ 258,651</b>	<b>\$ (336,578)</b>	<b>\$ 260,841</b>
Net loss attributable to redeemable non-controlling interest	—	—	2,270	—	2,270
<b>Net income attributable to Genpact Limited shareholders</b>	<b>\$ 75,657</b>	<b>\$ 263,111</b>	<b>\$ 260,921</b>	<b>\$ (336,578)</b>	<b>\$ 263,111</b>



### 33. Guarantor financial information (Continued)

#### Condensed Consolidating Statement of Comprehensive Income (Loss)

	Year ended December 31, 2019				
	Issuer/ Subsidiary	Parent/ Guarantor	Non-Guarantor Subsidiaries	Eliminations	Genpact Limited Shareholders
Net income (loss)	\$ 119,179	\$ 304,881	\$ 358,459	\$ (477,638)	\$ 304,881
Other comprehensive income:					
Currency translation adjustments	(10,079)	(20,297)	(20,297)	30,376	(20,297)
Net income (loss) on cash flow hedging derivatives, net of taxes (Note 7)	1,484	2,343	2,343	(3,827)	2,343
Retirement benefits, net of taxes	(449)	(6,542)	(6,542)	6,991	(6,542)
Other comprehensive income (loss)	(9,044)	(24,496)	(24,496)	33,540	(24,496)
Comprehensive income (loss)	<b>\$ 110,135</b>	<b>\$ 280,385</b>	<b>\$ 333,963</b>	<b>\$ (444,098)</b>	<b>\$ 280,385</b>

	Year ended December 31, 2018					
	Issuer/ Subsidiary	Parent/ Guarantor	Non-Guarantor Subsidiaries	Eliminations	Genpact Limited Shareholders	Redeemable Non-controlling interest
Net income (loss)	\$ 174,762	\$ 299,635	\$ 340,320	\$ (532,698)	\$ 282,019	\$ (761)
Other comprehensive income:						
Currency translation adjustments	(72,071)	(109,656)	(109,656)	181,727	(109,656)	(424)
Net income (loss) on cash flow hedging derivatives, net of taxes (Note 7)	498	(46,293)	(46,293)	45,795	(46,293)	—
Retirement benefits, net of taxes	(190)	1,454	1,454	(1,264)	1,454	—
Other comprehensive income (loss)	(71,763)	(154,495)	(154,495)	226,258	(154,495)	(424)
Comprehensive income (loss)	<b>\$ 102,999</b>	<b>\$ 145,140</b>	<b>\$ 185,825</b>	<b>\$ (306,440)</b>	<b>\$ 127,524</b>	<b>\$ (1,185)</b>

	Year ended December 31, 2017					
	Issuer/ Subsidiary	Parent/ Guarantor	Non-Guarantor Subsidiaries	Eliminations	Genpact Limited Shareholders	Redeemable Non-controlling interest
Net income (loss)	\$ 75,657	\$ 263,111	\$ 260,921	\$ (336,578)	\$ 263,111	\$ (2,270)
Other comprehensive income:						
Currency translation adjustments	74,716	93,871	93,871	(168,587)	93,871	(341)
Net income (loss) on cash flow hedging derivatives, net of taxes (Note 7)	9,788	12,611	12,611	(22,399)	12,611	—
Retirement benefits, net of taxes	475	(3,787)	(3,787)	3,312	(3,787)	—
Other comprehensive income (loss)	84,979	102,695	102,695	(187,674)	102,695	(341)
Comprehensive income (loss)	<b>\$ 160,636</b>	<b>\$ 365,806</b>	<b>\$ 363,616</b>	<b>\$ (524,252)</b>	<b>\$ 365,806</b>	<b>\$ (2,611)</b>

**33. Guarantor financial information (Continued)**
**Condensed Consolidating Cash Flow**

	Year ended December 31, 2019				
	Issuer/ Subsidiary	Parent/ Guarantor	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Operating activities</b>					
<b>Net cash (used for) provided by operating activities</b>	<b>\$ (476,680)</b>	<b>\$ 24,890</b>	<b>\$ 217,668</b>	<b>\$ 662,010</b>	<b>\$ 427,888</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	—	—	(74,927)	—	(74,927)
Payment for internally generated intangible assets (including intangibles under development)	—	—	(33,834)	—	(33,834)
Proceeds from sale of property, plant and equipment	—	—	1,750	—	1,750
Proceeds from sale of equity affiliates	—	—	2,168	—	2,168
Investment in subsidiaries	(10,050)	—	—	10,050	—
Payment for Purchase of bonds, intercompany	—	(103,100)	—	103,100	—
Proceeds from redemption of debentures/bonds, intercompany	86,818	35,100	—	(121,918)	—
Payment for business acquisitions, net of cash acquired	—	—	(252,276)	—	(252,276)
<b>Net cash (used for) provided by investing activities</b>	<b>\$ 76,768</b>	<b>\$ (68,000)</b>	<b>\$ (357,119)</b>	<b>\$ (8,768)</b>	<b>\$ (357,119)</b>
<b>Financing activities</b>					
Repayment of capital lease obligations	—	—	(7,380)	—	(7,380)
Payment of debt issuance costs	(2,317)	—	—	—	(2,317)
Proceeds from long-term debt	400,000	—	—	—	400,000
Repayment of long-term debt	(5,000)	—	(29,000)	—	(34,000)
Proceeds from short-term borrowings	—	—	400,000	—	400,000
Repayment of Short-term borrowings	(100,000)	—	(525,000)	—	(625,000)
Proceeds from intercompany loans	108,455	128,500	517,367	(754,322)	—
Repayment of intercompany loans	(5,000)	(7,000)	(35,312)	47,312	—
Proceeds from issuance of common shares under stock-based compensation plans	—	19,670	—	—	19,670
Proceeds from issuance of common shares, intercompany	—	—	10,050	(10,050)	—
Payment for net settlement of stock-based awards	—	(3,850)	—	—	(3,850)
Payment of earn-out/deferred consideration	—	—	(12,790)	—	(12,790)
Dividend paid	—	(64,671)	(45,000)	45,000	(64,671)
Payment for stock repurchased and retired	—	(30,000)	—	—	(30,000)
Payment for expenses related to stock repurchase	—	(15)	—	—	(15)
Proceeds from issuance of bonds, intercompany	—	—	103,100	(103,100)	—
Repayment of debentures/bonds, intercompany	—	—	(121,918)	121,918	—
<b>Net cash (used for) provided by financing activities</b>	<b>\$ 396,138</b>	<b>\$ 42,634</b>	<b>\$ 254,117</b>	<b>\$ (653,242)</b>	<b>\$ 39,647</b>
Effect of exchange rate changes	(1,588)	—	(10,128)	—	(11,716)
Net increase (decrease) in cash and cash equivalents	(3,774)	(476)	114,666	—	110,416
Cash and cash equivalents at the beginning of the period	12,797	2,505	353,094	—	368,396
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 7,435</b>	<b>\$ 2,029</b>	<b>\$ 457,632</b>	<b>\$ —</b>	<b>\$ 467,096</b>

**33. Guarantor financial information (Continued)**
**Condensed Consolidating Cash Flow**

	Year ended December 31, 2018				
	Issuer/ Subsidiary	Parent/ Guarantor	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Operating activities</b>					
<b>Net cash (used for) provided by operating activities</b>	<b>\$ (266,889)</b>	<b>\$ 11,905</b>	<b>\$ 25,399</b>	<b>\$ 569,096</b>	<b>\$ 339,511</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	—	—	(84,978)	—	(84,978)
Payment for internally generated intangible assets (including intangibles under development)	—	—	(75,439)	—	(75,439)
Proceeds from sale of property, plant and equipment	—	—	668	—	668
Investment in equity affiliates	—	—	—	—	—
Investment in subsidiaries	(97,730)	—	—	97,730	—
Dividend received	—	—	—	—	—
Proceeds from redemption of debentures/(payments) for issuance of bonds, intercompany	91,760	(50,393)	—	(41,367)	—
Payment for business acquisitions, net of cash acquired	—	—	(111,571)	—	(111,571)
Payment for purchase of redeemable non-controlling interest	—	—	(4,730)	—	(4,730)
<b>Net cash (used for) provided by investing activities</b>	<b>\$ (5,970)</b>	<b>\$ (50,393)</b>	<b>\$ (276,050)</b>	<b>\$ 56,363</b>	<b>\$ (276,050)</b>
<b>Financing activities</b>					
Repayment of capital lease obligations	—	—	(2,395)	—	(2,395)
Payment of debt issuance costs	—	—	(4,293)	—	(4,293)
Proceeds from long-term debt	100,000	—	29,186	—	129,186
Repayment of long-term debt	(2,450)	—	(163,736)	—	(166,186)
Proceeds from short-term borrowings	100,000	—	150,000	—	250,000
Repayment of Short-term borrowings	—	—	(125,000)	—	(125,000)
Proceeds from intercompany loans	172,047	308,500	334,320	(814,867)	—
Repayment of intercompany loans	(81,479)	(56,500)	(107,792)	245,771	—
Proceeds from issuance of common shares under stock-based compensation plans	—	14,034	—	—	14,034
Proceeds from issuance of common shares, intercompany	—	—	113,954	(113,954)	—
Payment for net settlement of stock-based awards	—	(15,919)	—	—	(15,919)
Payment of earn-out/deferred consideration	(1,797)	—	(1,559)	—	(3,356)
Dividend paid	—	(57,102)	(16,224)	16,224	(57,102)
Payment for stock repurchased and retired	—	(154,058)	—	—	(154,058)
Payment for expenses related to stock repurchase	—	(98)	—	—	(98)
Payment for redemption of debentures/(proceeds) from issuance of bonds, intercompany	—	—	(41,367)	41,367	—
<b>Net cash (used for) provided by financing activities</b>	<b>\$ 286,321</b>	<b>\$ 38,857</b>	<b>\$ 165,094</b>	<b>\$ (625,459)</b>	<b>\$ (135,187)</b>
Effect of exchange rate changes	(5,172)	—	(59,174)	—	(64,346)
Net increase (decrease) in cash and cash equivalents	13,462	369	(85,557)	—	(71,726)
Cash and cash equivalents at the beginning of the period	4,507	2,136	497,825	—	504,468
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 12,797</b>	<b>\$ 2,505</b>	<b>\$ 353,094</b>	<b>\$ —</b>	<b>\$ 368,396</b>

### 33. Guarantor financial information (Continued)

#### Condensed Consolidating Cash Flow

	Year ended December 31, 2017				
	Issuer/ Subsidiary	Parent/ Guarantor	Non- Guarantor Subsidiaries	Eliminations	Consolidated
<b>Operating activities</b>					
<b>Net cash (used for) provided by operating activities</b>	<b>\$ (315,877)</b>	<b>\$ (8,345)</b>	<b>\$ 511,847</b>	<b>\$ 171,453</b>	<b>\$ 359,078</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment	—	—	(57,231)	—	(57,231)
Payment for internally generated intangible assets (including intangibles under development)	—	—	(16,441)	—	(16,441)
Proceeds from sale of property, plant and equipment	—	—	1,738	—	1,738
Investment in equity affiliates	(523)	—	27	—	(496)
Investment in subsidiaries	(3,638)	—	51,127	(47,489)	—
Payment for business acquisitions, net of cash acquired	—	—	(284,822)	—	(284,822)
Proceeds from divestiture of business, net of cash divested	—	—	(4,738)	—	(4,738)
<b>Net cash (used for) provided by investing activities</b>	<b>\$ (4,161)</b>	<b>\$ —</b>	<b>\$ (310,340)</b>	<b>\$ (47,489)</b>	<b>\$ (361,990)</b>
<b>Financing activities</b>					
Repayment of capital lease obligations	—	—	(2,708)	—	(2,708)
Payment of debt issuance costs	(2,630)	—	—	—	(2,630)
Proceeds from long-term debt	350,000	—	—	—	350,000
Repayment of long-term debt	—	—	(40,000)	—	(40,000)
Proceeds from short-term borrowings	—	—	295,000	—	295,000
Repayment of short-term borrowings	—	—	(285,000)	—	(285,000)
Proceeds from intercompany loans	—	263,886	—	(263,886)	—
Repayment of intercompany loans	(35,000)	—	(80,328)	115,328	—
Proceeds from issuance of common shares under stock-based compensation plans	—	15,528	—	—	15,528
Payment for net settlement of stock-based awards	—	(10,296)	—	—	(10,296)
Payment of earn-out/deferred consideration	—	—	(6,219)	—	(6,219)
Dividend paid	—	(46,686)	—	—	(46,686)
Payment for stock repurchased and retired	—	(219,784)	—	—	(219,784)
Payment for expenses related to stock repurchase	—	(16)	—	—	(16)
Change in amounts due from/ due to consolidated affiliates	—	—	(24,594)	24,594	—
Excess tax benefit on stock-based compensation	—	—	—	—	—
<b>Net cash (used for) provided by financing activities</b>	<b>\$ 312,370</b>	<b>\$ 2,632</b>	<b>\$ (143,849)</b>	<b>\$ (123,964)</b>	<b>\$ 47,189</b>
Effect of exchange rate changes	960	—	36,608	—	37,568
Net increase (decrease) in cash and cash equivalents	(7,668)	(5,714)	57,658	—	44,277
Cash and cash equivalents at the beginning of the period	11,215	7,849	403,559	—	422,623
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 4,507</b>	<b>\$ 2,136</b>	<b>\$ 497,825</b>	<b>\$ —</b>	<b>\$ 504,468</b>

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENPACT LIMITED

By: /s/ N.V. TYAGARAJAN

N.V. Tyagarajan

President and Chief Executive Officer

Date: March 2, 2020

## POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints each of Heather D. White and Thomas D. Scholtes, as his or her true and lawful attorney-in-fact and agent, with full powers of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission granting to said attorneys-in-fact and agents, and each of them, full power and authority to perform any other act on behalf of the undersigned required to be done in connection therewith.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ N.V. TYAGARAJAN</u> N.V. Tyagarajan	President, Chief Executive Officer and Director (Principal Executive Officer)	March 2, 2020
<u>/s/ EDWARD J. FITZPATRICK</u> Edward J. Fitzpatrick	Chief Financial Officer (Principal Financial and Accounting Officer)	March 2, 2020
<u>/s/ ROBERT G. SCOTT</u> Robert G. Scott	Director	March 2, 2020
<u>/s/ AJAY AGRAWAL</u> Ajay Agrawal	Director	March 2, 2020
<u>/s/ STACEY CARTWRIGHT</u> Stacey Cartwright	Director	March 2, 2020
<u>/s/ LAURA CONIGLIARO</u> Laura Conigliaro	Director	March 2, 2020
<u>/s/ CAROL LINDSTROM</u> Carol Lindstrom	Director	March 2, 2020
<u>/s/ JAMES C. MADDEN</u> James C. Madden	Director	March 2, 2020
<u>/s/ CECELIA MORKEN</u> CeCelia Morken	Director	March 2, 2020
<u>/s/ MARK NUNNELLY</u> Mark Nunnelly	Director	March 2, 2020
<u>/s/ MARK VERDI</u> Mark Verdi	Director	March 2, 2020

**DESCRIPTION OF SECURITIES REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT**

The following description of registered securities of Genpact Limited is intended as a summary only and therefore is not a complete description. The description is based upon, and is qualified by reference to, our memorandum of association, our bye-laws and applicable provisions of the Companies Act of 1981 (Bermuda) (the "Companies Act"). You should read our memorandum of association, and bye-laws, which are incorporated by reference as Exhibit 3.1 and Exhibit 3.2, respectively, to the Annual Report on Form 10-K of which this Exhibit 4.6 is a part, for the provisions that are important to you. As used in this "Description of Securities Registered Under Section 12 of the Exchange Act," the terms "Genpact," "Company," "we," "our" and "us" refer to Genpact Limited and do not, unless the context otherwise indicates, include our subsidiaries.

**Share Capital**

Our authorized capital consists of 500,000,000 common shares, \$0.01 par value per share and 250,000,000 preference shares, \$0.01 par value per share.

**Common Shares**

Holders of our common shares are entitled, subject to the provisions of our bye-laws, to one vote per share on all matters submitted to or requiring a vote of holders of common shares. Unless a different majority is required by Bermuda law or by our bye-laws, resolutions to be approved by holders of common shares may be passed by a simple majority of votes cast at a meeting at which a quorum is present. Our bye-laws provide that a quorum for such a meeting shall be two shareholders present in person or represented by proxy and entitled to vote holding or representing shareholders holding more than 50% of our issued shares carrying the right to vote at general meetings.

Upon our liquidation, dissolution or winding up, the holders of our common shares are entitled to receive their ratable share of our net assets available after payment of all debts and other liabilities, subject to the rights of any holders of any preference shares which may be in issue and having preferred rights on any return of capital.

Our common shares have no preemptive, subscription, redemption or conversion rights.

**Dividends**

Under Bermuda law, a company may declare and pay dividends from time to time unless there are reasonable grounds for believing that the company is or would, after the payment, be unable to pay its liabilities as they become due or that the realizable value of its assets would thereby be less than its liabilities. Under our bye-laws, after making all necessary provisions for the payment of any preferred dividends in respect of applicable preference shares, each common share is entitled to dividends if, as and when dividends are declared by our board of directors. There are no restrictions in Bermuda on our ability to transfer funds in or out of Bermuda or to pay dividends to U.S. residents who are holders of our common shares.

**Variation of Rights**

The rights attaching to a particular class, unless otherwise provided for by the terms of issue of the relevant class, may be varied either: (i) with the consent in writing of the holders of not less than 75% of the issued shares of that class; or (ii) with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the relevant class of shareholders at which a quorum consisting of at least two persons holding or representing by proxy the majority of the issued shares of the relevant class is present. Our bye-laws specify that the creation or issue of shares ranking equally with existing shares will not, unless expressly provided by the terms of issue of existing shares, vary the rights attached to existing shares. In addition, the creation or issue of preference shares (as regards participation in the profits or assets of the Company) ranking in priority to common shares will not be deemed to vary the rights

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attached to common shares or, subject to the terms of any other series of preference shares, to vary the rights attached to any other series of preference shares.

### **Repurchase of Shares**

At its discretion and without the sanction of a resolution, our board of directors may authorize the purchase by us of our own shares, of any class, at any price. To the extent permitted by Bermuda law, the shares to be purchased may be selected in any manner whatsoever, upon such terms as our board of directors may determine in its discretion.

### **Transfer of Common Shares**

Our board of directors may refuse to recognize an instrument of transfer of a common share unless (i) the instrument of transfer is duly stamped, if required by law, and lodged with us, accompanied by the relevant share certificate and such other evidence of the transferor's right to make the transfer as our board of directors may reasonably require, (ii) the transfer is in respect of only one class of share, (iii) the transfer is in respect of less than 5 persons jointly and (iv) the permission of the Bermuda Monetary Authority has been obtained, if applicable. Subject to such restrictions, a holder of common shares may transfer the title to all or any of his common shares by completing the usual common form of instrument of transfer or any other form which our board of directors may approve. An instrument of transfer must be signed by the transferor and transferee, however, in the case of a fully paid up common share, an instrument of transfer need only be signed by the transferor.

### **Certain Provisions of Our Memorandum of Association and Bye-laws and the Companies Act that May Have Anti-Take Over Effects**

#### *Election and Removal of Directors*

Our bye-laws provide that our board of directors shall consist of thirteen directors or such lesser or greater number as our board of directors, by resolution, may from time to time determine, provided that, at all times, there shall be no fewer than three directors. Any Board positions that are not filled during an annual meeting are deemed casual vacancies. The board of directors, provided that it is quorate, has the power to appoint any person as a director so as to fill a casual vacancy by resolution. Any directors so appointed will remain in office until the next Annual General Meeting. Our bye-laws provide that our directors may be divided into three classes to create a staggered board at any time upon the passing of a board resolution.

#### *Meetings of Shareholders*

Under Bermuda law, a company is required to convene at least one general meeting of shareholders each calendar year. Our bye-laws provide that a special general meeting of shareholders may be called by the board of directors of a company and must be called upon the request of shareholders holding not less than 10% of the paid-up capital of the company carrying the right to vote at general meetings. Our bye-laws provide that a quorum for such a meeting shall be two shareholders present in person or represented by proxy and entitled to vote holding not less than 50% of the paid-up capital of the company carrying the right to vote at general meetings. Bermuda law also requires that shareholders be given at least five days' advance notice of a general meeting, but the accidental omission to give notice to any person does not invalidate the proceedings at a meeting. Under our bye-laws, not less than 10 nor more than 60 days' notice must be given of an annual general meeting and at least five days' notice of a special general meeting, must be given of a special general meeting. This notice requirement is subject to the ability to hold such meetings on shorter notice if such notice is agreed: (i) in the case of an annual general meeting, by all of the shareholders entitled to attend and vote at such meeting; or (ii) in the case of a special general meeting, by a majority in number of the shareholders entitled to attend and vote at the meeting holding not less than 95% in nominal value of the shares entitled to vote at such meeting. In accordance with the

Companies Act, a general meeting may be held with only one individual present, provided the requirement for a quorum is satisfied.

#### *Shareholder Written Resolutions*

Our bye-laws permit us to use shareholder written resolutions only if certain conditions are met.

#### *Advance Notice Requirements for Shareholder Nominations*

Our bye-laws contain advance notice procedures with regard to shareholder proposals related to the nomination of candidates for election as directors. These procedures provide that any shareholder entitled to vote for the election of directors may nominate persons for election as directors only if written notice of such shareholder's intent to make such nomination is given to our corporate secretary with respect to an election to be held at an annual general meeting not less than 120 days nor more than 150 days prior to the date of the Company's proxy statement released to shareholders in connection with the prior year's annual general meeting.

#### *Amendments to our Memorandum of Association and Bye-laws*

Bermuda law provides that the memorandum of association of a company may be amended by a resolution passed at a general meeting of shareholders. Our bye-laws provide that no bye-law shall be rescinded, altered or amended, and no new bye-law shall be made, unless it shall have been approved by a resolution of our board of directors and by a resolution of our shareholders. However, to revoke, alter, or amend certain of our bye-laws it requires the approval of at least 66 2/3% of the combined voting power of all shareholders entitled to vote thereon.

Under Bermuda law, the holders of an aggregate of not less than 20% in par value of the company's issued share capital or any class thereof have the right to apply to the Bermuda courts for an annulment of any amendment of the memorandum of association adopted by shareholders at any general meeting, other than an amendment which alters or reduces a company's share capital as provided in the Companies Act. Where such an application is made, the amendment becomes effective only to the extent that it is confirmed by the Bermuda court. An application for an annulment of an amendment of the memorandum of association must be made within twenty-one days after the date on which the resolution altering the company's memorandum of association is passed and may be made on behalf of persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No application may be made by shareholders voting in favor of the amendment.

#### *Board Actions*

Under Bermuda law, the directors of a Bermuda company owe their fiduciary duty to the company, rather than to individual shareholders. Our bye-laws provide that some actions are required to be approved by our board of directors. Actions must be approved by a majority of the votes present and entitled to be cast at a properly convened meeting of our board of directors.

In addition, pursuant to our bye-laws and our shareholders agreement and to the extent permitted by applicable law, our directors who are affiliated with our major shareholders are not required to present to us corporate opportunities (e.g., acquisitions or new potential clients) that they become aware of unless such opportunities are presented to them expressly in their capacity as one of our directors.

Our bye-laws contain a provision by virtue of which our shareholders waive any claim or right of action that they have, both individually and on our behalf, against any director or officer in relation to any action or failure to take action by such director or officer, except in respect of any fraud or dishonesty of such director or officer. Our bye-laws also indemnify our directors and officers in respect of their actions and omissions, except in respect of their fraud or dishonesty. The indemnification provided in our bye-laws is not exclusive of other indemnification rights to which a director or officer may be entitled, provided these rights do not extend to his or her fraud or dishonesty.



Our bye-laws provide that our business is to be managed and conducted by our board of directors. Bermuda law does not require that our directors be individuals, and there is no requirement in our bye-laws or Bermuda law that directors hold any of our shares. There is also no requirement in our bye-laws or Bermuda law that our directors must retire at a certain age.

#### *Amalgamations and Similar Arrangements*

A Bermuda exempted company may amalgamate with one or more companies or corporations incorporated either in Bermuda, and in certain circumstances, outside Bermuda, and continue as one fused company. To the extent shareholder approval is required to amalgamate the company, any amalgamation of us with another company or corporation first requires the approval of our board of directors and then the approval of our shareholders, by resolution passed by a majority of votes cast at the meeting convened to consider the amalgamation, voting together as a single class, subject to any voting rights granted to holders of any preference shares.

#### *Business Combinations*

Our bye-laws provide a mechanism designed to deal with business combinations including (but not limited to) any amalgamation, merger or consolidation of the Company or any subsidiary with any interested shareholder or any other company which is or after such merger, consolidation or amalgamation would be an affiliate or associate of an interested shareholder. This provision does not apply to any shareholder who held 15% or more of the common shares as of July 23, 2007.

Our bye-laws provide that we will not engage in any business combination with any interested shareholder or any affiliate or associate of any interested shareholder or any person who thereafter would be an affiliate or associate of such interested shareholder for a period of three years following the time that such shareholder became an interested shareholder. The following broad exceptions are set out:

- if a majority of the Board approved either the business combination or the transaction which resulted in the shareholder becoming an interested shareholder; or
- at or subsequent to such time the business combination is approved by a majority of the board of directors and authorized at an annual or special meeting of the shareholders, and not by written consent, by the affirmative vote of not less than 66 2/3% of the votes entitled to be cast by the holders of all the then outstanding voting shares, voting together as a single class, excluding voting shares (as defined in our bye-laws) beneficially owned by any interested shareholder or any affiliate or associate of such interested shareholders. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage or separate class vote may be specified, by law or in any agreement with any national securities exchange or otherwise; or
- upon consummation of the transaction which resulted in the shareholder becoming an interested shareholder, the interested shareholder or any affiliate or associate of the interested shareholder owned at least 85% of our voting shares outstanding (excluding those possessed by directors, officers or employees for the purposes of the calculation) at the time the transaction commenced; or
- in the case of business combination with any interested shareholder or any affiliate or associate of any interested shareholder or any person who thereafter would be an affiliate or associate of such interested shareholder, in which all of the capital shares not already owned by such person are converted into, exchanged for or become entitled to receive, cash and/or securities, and various specific conditions shall have been met.

Notwithstanding any other provisions of the bye-laws (and notwithstanding the fact that a lesser percentage or separate class vote may be specified by law or the bye-laws), any proposal to amend, repeal or adopt any provision of the bye-laws inconsistent with the bye-law dealing with business combinations, in addition to any other vote required by law, shall require the affirmative vote of the holders of a majority of the voting shares entitled to be cast by the holders of all the then outstanding voting shares, voting together as a single class.

### *Takeovers*

Bermuda law provides that where an offer is made for shares of a company and, within four months of the offer being approved by the holders of not less than 90% in value of the shares which are the subject of the offer, (other than shares already held by the offeror, or a nominee), the offeror may by notice require the non-tendering shareholders to transfer their shares on the terms of the offer. Dissenting shareholders may apply to the Bermuda courts within one month of the notice given by the offeror to any remaining shareholders, objecting to the transfer. The test is one of fairness to the body of the shareholders and not to individuals, and the burden is on the dissentient shareholder to prove unfairness, not merely that the scheme is open to criticism. Bermuda law also provides a statutory mechanism whereby the holders of not less than 95% of the shares or any class of shares in the company may give notice to the remaining shareholders or class of shareholders of the intention to acquire their shares on the terms set out in the notice. When such a notice is given, the purchasers are entitled and bound to acquire the shares of the remaining shareholders on the terms set out in the notice, unless a remaining shareholder applies to the Bermuda courts for an appraisal.

Subsidiaries of the Registrant:

<u>Name:</u>	<u>Jurisdiction of Incorporation:</u>
Genpact Australia Pty Ltd.	Australia
Headstrong (Australia) Pty Ltd.	Australia
Barkawi Management Consultants GmbH, Austria	Austria
Genpact Global (Bermuda) Limited	Bermuda
Genpact Global Holdings (Bermuda) Limited	Bermuda
Genpact Brasil Gestão de Processos Operacionais Ltda.	Brazil
Headstrong Canada Ltd.	Canada
Genpact (Dalian) Co. Ltd.	China
Genpact (Dalian) Information & Technology Service Co., Ltd.	China
Genpact (Foshan) Information & Technology Service Co., Ltd.	China
Genpact (Qingdao) Information & Technology Service Co., Ltd.	China
Genpact (Suzhou) Information & Technology Service Co., Ltd.	China
Genpact Colombia S.A.S.	Colombia
Genpact Outsourcing Services Costa Rica, S.R.L.	Costa Rica
Genpact Czech s.r.o.	Czech Republic
Genpact Egypt LLC	Egypt
Genpact Administraciones-Guatemala, S.A.	Guatemala
Lean Digital Services Guatemala, S.A.	Guatemala
Servicios Internacionales de Atencion Al Cliente, S.A.	Guatemala
Barkawi Management Consultants GmbH & Co. KG	Germany
Barkawi Verwaltungs GmbH	Germany
CDC Career Development Center GmbH Career- & Recruiting Support	Germany
Headstrong GmbH	Germany
Headstrong (Hong Kong) Ltd.	Hong Kong
Genpact Services Hungary Kft	Hungary
Axis Risk Consulting Services Pvt. Ltd.	India
Endeavour Software Technologies Private Limited	India
Genpact Enterprise Risk Consulting LLP	India
Genpact India Private Limited	India
Genpact India Services Private Limited	India
Genpact Mobility Services (I) Pvt. Ltd.	India
Headstrong Services India Pvt. Ltd.	India
RAGE Frameworks India Pvt. Ltd.	India
Rightpoint India Digital Private Limited	India
Genpact Ireland Private Limited	Ireland
Genpact Israel Ltd.	Israel
PNMSoft Ltd.	Israel
Genpact Consulting KK	Japan
Genpact Japan Business Services KK	Japan
Genpact Japan K.K.	Japan
Genpact Kenya Limited	Kenya
Genpact Latvia SIA	Latvia

Name:	Jurisdiction of Incorporation:
Genpact Luxembourg S.à r.l.	Luxembourg
Genpact Investment Luxembourg S.à r.l.	Luxembourg
Genpact Malaysia Sdn Bhd	Malaysia
Genpact China Investments	Mauritius
Genpact India Holdings	Mauritius
Genpact Mauritius	Mauritius
EDM S. de R.L. de C.V.	Mexico
Genpact Morocco S.à r.l.	Morocco
Genpact Morocco Training S.à r.l.	Morocco
Genpact NL B.V.	Netherlands
Genpact New Zealand Limited	New Zealand
Headstrong Philippines, Inc.	Philippines
Genpact PL sp. Z.o.o.	Poland
Genpact Poland sp. Z.o.o.	Poland
Genpact Services Poland sp. Z.o.o.	Poland
PNMSoft Portugal–SOC Unipessoal, Lda	Portugal
Genpact Romania SRL	Romania
Genpact Singapore Pte. Ltd.	Singapore
Genpact Consulting (Singapore) Pte. Ltd.	Singapore
Genpact Slovakia s.r.o.	Slovakia
Genpact South Africa (Proprietary) Limited	South Africa
Genpact Strategy Consultants S.L.	Spain
Headstrong Thailand Ltd.	Thailand
Genpact Turkey İş ve Finansal Danışmanlık Hizmetleri Limited Şirketi	Turkey
Genpact (UK) Ltd.	United Kingdom
Genpact Regulatory Affairs UK Limited	United Kingdom
Genpact WM UK Limited	United Kingdom
Headstrong (UK) Ltd.	United Kingdom
Headstrong Worldwide Ltd.	United Kingdom
Pharmalink Consulting Limited	United Kingdom
Pharmalink Consulting Operations Ltd.	United Kingdom
PNMSoft UK Limited	United Kingdom
Strategic Sourcing Excellence Limited	United Kingdom
Akritiv Technologies, Inc.	United States
Barkawi Management Consultants, LP	United States
Barkawi USA, Inc.	United States
BrightClaim Blocker, Inc.	United States
BrightClaim, LLC	United States
BrightServe, LLC.	United States
Commonwealth Informatics, Inc.	United States
Endeavour Software Technologies Inc.	United States
Genpact (Mexico) I LLC	United States
Genpact (Mexico) II LLC	United States
Genpact Collections LLC	United States

Name:	Jurisdiction of Incorporation:
Genpact CL, Inc.	United States
Genpact FAR LLC	United States
Genpact Insurance Administration Services Inc.	United States
Genpact International, LLC.	United States
Genpact LH LLC	United States
Genpact LLC	United States
Genpact Mortgage Services, Inc.	United States
Genpact Onsite Services, Inc.	United States
Genpact Registered Agent, Inc.	United States
Genpact Services LLC	United States
Genpact Solutions, Inc.	United States
Genpact USA, Inc.	United States
Genpact US LLC	United States
Genpact WB LLC	United States
Headstrong Business Services, Inc.	United States
Headstrong Corporation	United States
Headstrong Inc.	United States
Headstrong Public Sector, Inc.	United States
Headstrong Services LLC	United States
High Performance Partners, LLC	United States
Jawood Business Process Solutions, LLC	United States
LeaseDimensions, Inc.	United States
National Vendor, LLC	United States
Oasis Technology Partners, LLC	United States
OnSource, LLC	United States
OpenWealth Services, LLC	United States
Pharmalink Consulting Inc.	United States
PNMSoft USA Inc.	United States
RAGE Frameworks, Inc.	United States
Righpoint Consulting, LLC	United States
riskCanvas Holdings LLC	United States
Strategic Sourcing Excellence LLC	United States
SPC RP Investor, LLC	United States
TandemSeven, Inc.	United States
Techspan Holdings, Inc.	United States
TS Mergerco, Inc.	United States

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
Genpact Limited:

We consent to the incorporation by reference in the registration statement (No-333-230982) on Form S-3, (No. 333-217804) on Form S-8, (No. 333-184296) on Form S-8, (No. 333-153113) on Form S-8 and (No. 333-145152) on Form S-8/A of Genpact Limited of our reports dated March 02, 2020, with respect to the consolidated balance sheets of Genpact Limited as of December 31, 2019 and 2018, the related consolidated statements of income, comprehensive income (loss), equity, and cash flows for each of the years in the three-year period ended December 31, 2019, and the related notes (collectively, the “consolidated financial statements”), and the effectiveness of internal control over financial reporting as of December 31, 2019, which reports appear in the December 31, 2019 annual report on Form 10-K of Genpact Limited. Our report refers to a change in accounting principle with respect to leases as of January 1, 2019.

Our report dated March 02, 2020, on the effectiveness of internal control over financial reporting as of December 31, 2019, contains an explanatory paragraph that states that Genpact Limited acquired Rightpoint Consulting LLC and certain affiliated entities and riskCanvas Holdings, LLC during 2019, and management excluded from its assessment of the effectiveness of the Company’s internal control over financial reporting as of December 31, 2019, Rightpoint Consulting LLC and certain affiliated entities and riskCanvas Holdings, LLC’s internal control over financial reporting associated with total assets of \$300,275 thousand (of which \$260,094 thousand represent goodwill and intangible assets within the scope of the assessment) and total revenues of \$16,251 thousand included in the consolidated financial statements of the Company as of and for the year ended December 31, 2019. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of Rightpoint Consulting LLC and certain affiliated entities and riskCanvas Holdings, LLC.

/s/KPMG  
Gurugram, Haryana, India  
March 02, 2020

## CHIEF EXECUTIVE OFFICER CERTIFICATION

I, N.V. Tyagarajan, certify that:

1. I have reviewed this Annual Report on Form 10-K of Genpact Limited for the period ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2020

/s/ N.V. TYAGARAJAN

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N.V. Tyagarajan  
Chief Executive Officer

## CHIEF FINANCIAL OFFICER CERTIFICATION

I, Edward J. Fitzpatrick, certify that:

1. I have reviewed this Annual Report on Form 10-K of Genpact Limited for the period ended December 31, 2019, as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 2, 2020

/s/ EDWARD J. FITZPATRICK

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Edward J. Fitzpatrick  
Chief Financial Officer



**Certification of the Chief Executive Officer**  
**Pursuant to 18 U.S.C. Section 1350,**  
**As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Genpact Limited (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, N.V. Tyagarajan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2020

/s/ N.V. TYAGARAJAN

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N.V. Tyagarajan  
*Chief Executive Officer*  
*Genpact Limited*

**Certification of the Chief Financial Officer**  
**Pursuant to 18 U.S.C. Section 1350,**  
**As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Genpact Limited (the "Company") on Form 10-K for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Edward J. Fitzpatrick, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 2, 2020

/s/ EDWARD J. FITZPATRICK

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Edward J. Fitzpatrick  
*Chief Financial Officer*  
*Genpact Limited*