UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the Quarterly Period ended June 30, 2024
Or

☐ **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	**98-0533350**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda
(441) 298-3300
(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

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 Exchange Act).
Yes ☐ No ☒

As of August 2, 2024, there were 178,177,581 common shares, par value $0.01 per share, of the registrant issued and outstanding.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1. Unaudited Consolidated Financial Statements

GENPACT LIMITED AND ITS SUBSIDIARIES
Consolidated Balance Sheets
(Unaudited)
(In thousands, except per share data and share count)

	Notes	As of December 31, 2023	As of June 30, 2024
Assets			
Current assets			
Cash and cash equivalents		$ 583,670	$ 914,171
Accounts receivable, net of allowance for credit losses of $18,278 and $16,833 as of December 31, 2023 and June 30, 2024, respectively	3	1,116,273	1,159,787
Prepaid expenses and other current assets	6	191,566	192,123
Total current assets		**$ 1,891,509**	**$ 2,266,081**
Property, plant and equipment, net	8	189,803	199,533
Operating lease right-of-use assets		186,167	194,624
Deferred tax assets	22	298,921	276,981
Intangible assets, net	9	53,028	39,841
Goodwill	9	1,683,782	1,677,866
Contract cost assets	19	202,543	203,402
Other assets, net of allowance for credit losses of $4,096 and $5,512 as of December 31, 2023 and June 30, 2024, respectively		299,960	319,937
Total assets		**$ 4,805,713**	**$ 5,178,265**
Liabilities and equity			
Current liabilities			
Short-term borrowings	10	$ 10,000	$ —
Current portion of long-term debt	11	432,242	425,918
Accounts payable		27,739	28,430
Income taxes payable	22	38,458	43,779
Accrued expenses and other current liabilities	12	759,180	653,676
Operating leases liability		50,313	45,879
Total current liabilities		**$ 1,317,932**	**$ 1,197,682**
Long-term debt, less current portion	11	824,720	1,207,610
Operating leases liability		168,015	175,693
Deferred tax liabilities	22	11,706	10,118
Other liabilities	13	234,948	249,403
Total liabilities		**$ 2,557,321**	**$ 2,840,506**
Shareholders' equity			
Preferred shares, $0.01 par value, 250,000,000 authorized, none issued		—	—
Common shares, $0.01 par value, 500,000,000 authorized, 179,494,132 and 178,177,581 issued and outstanding as of December 31, 2023 and June 30, 2024, respectively		1,789	1,776
Additional paid-in capital		1,883,944	1,900,015
Retained earnings		1,085,209	1,176,459
Accumulated other comprehensive income (loss)		(722,550)	(740,491)
Total equity		**$ 2,248,392**	**$ 2,337,759**
Commitments and contingencies	23		
Total liabilities and equity		**$ 4,805,713**	**$ 5,178,265**

See accompanying notes to the Consolidated Financial Statements.

GENPACT LIMITED AND ITS SUBSIDIARIES
Consolidated Statements of Income
(Unaudited)
(In thousands, except per share data and share count)

	Notes	Three months ended June 30, 2023	Three months ended June 30, 2024	Six months ended June 30, 2023	Six months ended June 30, 2024
Net revenues	19	$ 1,105,524	$ 1,176,212	$ 2,194,843	$ 2,307,449
Cost of revenue		715,484	759,834	1,434,562	1,494,593
Gross profit		**$ 390,040**	**$ 416,378**	**$ 760,281**	**$ 812,856**
Operating expenses:					
Selling, general and administrative expenses		229,426	239,642	445,911	474,673
Amortization of acquired intangible assets	9	8,257	6,558	16,512	13,485
Other operating (income) expense, net	20	(4,963)	(73)	(4,574)	(5,539)
Income from operations		**$ 157,320**	**$ 170,251**	**$ 302,432**	**$ 330,237**
Foreign exchange gains (losses), net		1,763	2,454	723	3,291
Interest income (expense), net	21	(12,138)	(13,538)	(21,765)	(23,780)
Other income (expense), net		3,425	3,250	7,455	9,037
Income before income tax expense		**$ 150,370**	**$ 162,417**	**$ 288,845**	**$ 318,785**
Income tax expense	22	34,118	40,427	66,492	79,848
Net income		**$ 116,252**	**$ 121,990**	**$ 222,353**	**$ 238,937**
Earnings per common share	17				
Basic		$ 0.63	$ 0.68	$ 1.21	$ 1.33
Diluted		$ 0.63	$ 0.67	$ 1.19	$ 1.32
Weighted average number of common shares used in computing earnings per common share	17				
Basic		183,230,252	179,651,702	183,512,828	180,034,120
Diluted		185,825,117	180,912,267	186,705,697	181,424,912

See accompanying notes to the Consolidated Financial Statements.

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

	Three months ended June 30,		Six months ended June 30,	
	2023	**2024**	**2023**	**2024**
Net income	$ 116,252	$ 121,990	$ 222,353	$ 238,937
Other comprehensive income:				
Currency translation adjustments	(7,886)	(8,485)	9,108	(24,460)
Gain (loss) on cash flow hedging derivatives, net of taxes (Note 5)	8,549	(4,638)	21,640	6,773
Retirement benefits (expense), net of taxes	128	(174)	1,045	(254)
Other comprehensive income (loss)	791	(13,297)	31,793	(17,941)
Comprehensive income	**$ 117,043**	**$ 108,693**	**$ 254,146**	**$ 220,996**

See accompanying notes to the Consolidated Financial Statements.

GENPACT LIMITED AND ITS SUBSIDIARIES
Consolidated Statements of Equity
For the three months ended June 30, 2023
(Unaudited)
(In thousands, except share count)

	Common shares					
	No. of Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance as of April 1, 2023	**183,729,110**	**$ 1,831**	**$ 1,794,779**	**$ 830,846**	**$ (702,123)**	**$ 1,925,333**
Issuance of common shares on exercise of options (Note 15)	645,000	7	12,627	—	—	12,634
Issuance of common shares under the employee stock purchase plan (Note 15)	101,828	1	3,369	—	—	3,370
Net settlement on vesting of restricted share units (Note 15)	38,213	—	(1,144)	—	—	(1,144)
Net settlement on vesting of performance units (Note 15)	1,432	—	(38)	—	—	(38)
Stock repurchased and retired (Note 16)	(3,197,479)	(32)	—	(120,439)	—	(120,471)
Expenses related to stock repurchased, including taxes (Note 16)	—	—	—	(664)	—	(664)
Stock-based compensation expense (Note 15)	—	—	21,832	—	—	21,832
Comprehensive income (loss):						
Net income (loss)	—	—	—	116,252	—	116,252
Other comprehensive income (loss)	—	—	—	—	791	791
Dividend ($0.1375 per common share, Note 16)	—	—	—	(25,031)	—	(25,031)
Balance as of June 30, 2023	**181,318,104**	**$ 1,807**	**$ 1,831,425**	**$ 800,964**	**$ (701,332)**	**$ 1,932,864**

See accompanying notes to the Consolidated Financial Statements.

GENPACT LIMITED AND ITS SUBSIDIARIES
Consolidated Statements of Equity
For the six months ended June 30, 2023
(Unaudited)
(In thousands, except share count)

	Common shares					
	No. of Shares	**Amount**	**Additional Paid-in Capital**	**Retained Earnings**	**Accumulated Other Comprehensive Income (Loss)**	**Total Equity**
Balance as of January 1, 2023	**182,924,416**	**$ 1,823**	**$ 1,777,453**	**$ 780,007**	**$ (733,125)**	**$ 1,826,158**
Issuance of common shares on exercise of options (Note 15)	1,287,280	13	25,424	—	—	25,437
Issuance of common shares under the employee stock purchase plan (Note 15)	174,473	2	6,489	—	—	6,491
Net settlement on vesting of restricted share units (Note 15)	347,744	3	(8,430)	—	—	(8,427)
Net settlement on vesting of performance units (Note 15)	412,275	4	(11,047)	—	—	(11,043)
Stock repurchased and retired (Note 16)	(3,828,084)	(38)	—	(150,433)	—	(150,471)
Expenses related to stock repurchased, including taxes (Note 16)	—	—	—	(677)	—	(677)
Stock-based compensation expense (Note 15)	—	—	41,536	—	—	41,536
Comprehensive income (loss):						
Net income (loss)	—	—	—	222,353	—	222,353
Other comprehensive income (loss)	—	—	—	—	31,793	31,793
Dividend ($0.275 per common share, Note 16)	—	—	—	(50,286)	—	(50,286)
Balance as of June 30, 2023	**181,318,104**	**$ 1,807**	**$ 1,831,425**	**$ 800,964**	**$ (701,332)**	**$ 1,932,864**

See accompanying notes to the Consolidated Financial Statements.

GENPACT LIMITED AND ITS SUBSIDIARIES
Consolidated Statements of Equity
For the three months ended June 30, 2024
(Unaudited)
(In thousands, except share count)

	Common shares					
	No. of Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance as of April 1, 2024	**179,979,368**	**$ 1,794**	**$ 1,879,099**	**$ 1,144,671**	**$ (727,194)**	**$ 2,298,370**
Issuance of common shares under the employee stock purchase plan (Note 15)	98,229	1	2,922	—	—	2,923
Net settlement on vesting of restricted share units (Note 15)	20,047	—	(375)	—	—	(375)
Stock repurchased and retired (Note 16)	(1,920,063)	(19)	—	(62,626)	—	(62,645)
Expenses related to stock repurchased, including taxes (Note 16)	—	—	—	(239)	—	(239)
Stock-based compensation expense (Note 15)	—	—	18,369	—	—	18,369
Comprehensive income (loss):						
Net income (loss)	—	—	—	121,990	—	121,990
Other comprehensive income (loss)	—	—	—		(13,297)	(13,297)
Dividend ($0.1525 per common share, Note 16)	—	—	—	(27,337)		(27,337)
Balance as of June 30, 2024	**178,177,581**	**$ 1,776**	**$ 1,900,015**	**$ 1,176,459**	**$ (740,491)**	**$ 2,337,759**

See accompanying notes to the Consolidated Financial Statements.

GENPACT LIMITED AND ITS SUBSIDIARIES
Consolidated Statements of Equity
For the six months ended June 30, 2024
(Unaudited)
(In thousands, except share count)

	Common shares					
	No. of Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance as of January 1, 2024	**179,494,132**	**$ 1,789**	**$ 1,883,944**	**$ 1,085,209**	**$ (722,550)**	**$ 2,248,392**
Issuance of common shares on exercise of options (Note 15)	135,051	1	3,930	—	—	3,931
Issuance of common shares under the employee stock purchase plan (Note 15)	191,888	2	5,787	—	—	5,789
Net settlement on vesting of restricted share units (Note 15)	271,785	3	(4,283)	—	—	(4,280)
Net settlement on vesting of performance units (Note 15)	869,713	9	(16,913)	—	—	(16,904)
Stock repurchased and retired (Note 16)	(2,784,988)	(28)	—	(92,602)	—	(92,630)
Expenses related to stock repurchased, including taxes (Note 16)	—	—	—	(256)	—	(256)
Stock-based compensation expense (Note 15)	—	—	27,550		—	27,550
Comprehensive income (loss):						
Net income (loss)	—	—	—	238,937	—	238,937
Other comprehensive income (loss)	—	—	—		(17,941)	(17,941)
Dividend ($0.305 per common share, Note 16)	—	—	—	(54,829)	—	(54,829)
Balance as of June 30, 2024	**178,177,581**	**$ 1,776**	**$ 1,900,015**	**$ 1,176,459**	**$ (740,491)**	**$ 2,337,759**

See accompanying notes to the Consolidated Financial Statements.

GENPACT LIMITED AND ITS SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Six months ended June 30,	
	2023	**2024**
Operating activities		
Net income	$ 222,353	$ 238,937
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,845	34,542
Amortization of debt issuance costs	978	1,037
Amortization of acquired intangible assets	16,512	13,485
Loss on the sale of the business classified as held for sale (refer to Note 7)	802	—
Allowance for credit losses (refer to Note 3)	6,521	12,638
Unrealized gain on revaluation of foreign currency assets/liabilities	(2,249)	(7,214)
Stock-based compensation expense	41,536	27,550
Deferred tax (benefit) expense	(2,957)	15,873
Others, net	1,147	173
Change in operating assets and liabilities:		
Increase in accounts receivable	(26,891)	(54,326)
Increase in prepaid expenses, other current assets, contract cost assets, operating lease right-of-use assets and other assets	(62,006)	(22,823)
Increase in accounts payable	5,742	997
Decrease in accrued expenses, other current liabilities, operating leases liabilities and other liabilities	(150,087)	(82,850)
Increase in income taxes payable	49,136	5,694
Net cash provided by operating activities	**$ 137,382**	**$ 183,713**
Investing activities		
Purchase of property, plant and equipment	(24,033)	(43,276)
Payment for internally generated intangible assets (including intangibles under development)	(1,705)	(1,260)
Proceeds from sale of property, plant and equipment	17	116
Payment for business acquisitions, net of cash acquired	(682)	—
Payment for divestiture of business	(19,510)	—
Net cash used for investing activities	**$ (45,913)**	**$ (44,420)**
Financing activities		
Repayment of finance lease obligations	(6,856)	(5,569)
Payment of debt issuance and refinancing costs	—	(3,305)
Proceeds of long-term debt	—	400,000
Repayment of long-term debt	(13,250)	(19,875)
Proceeds from short-term borrowings	148,000	50,000
Repayment of short-term borrowings	(196,000)	(60,000)
Proceeds from issuance of common shares under stock-based compensation plans	31,928	9,720
Payment for net settlement of stock-based awards	(18,317)	(21,142)
Payment of earn-out consideration	(2,399)	—
Dividend paid	(50,286)	(54,829)
Payment for stock repurchased and retired (including expenses related to stock repurchased)	(150,548)	(92,686)
Net cash (used for) provided by financing activities	**$ (257,728)**	**$ 202,314**
Net (decrease) increase in cash and cash equivalents	(166,259)	341,607
Effect of exchange rate changes	10,802	(11,106)
Cash and cash equivalents at the beginning of the period	646,765	583,670
Cash and cash equivalents at the end of the period	**$ 491,308**	**$ 914,171**
Supplementary information		
Cash paid during the period for interest	$ 22,550	$ 30,625
Cash paid during the period for income taxes, net of refund	$ 66,819	$ 45,883

See accompanying notes to the Consolidated Financial Statements.

1. Organization

The Company is a global professional services firm that drives digitally-led innovation and runs digitally-enabled intelligent operations for its clients, guided by its experience running thousands of processes for hundreds of Fortune Global 500 clients. The Company has over 135,200 employees serving clients in key industry verticals from more than 35 countries.

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") and the rules and regulations of the Securities and Exchange Commission (the "SEC") for reporting on Form 10-Q. Accordingly, they do not include certain information and note disclosures required by generally accepted accounting principles for annual financial reporting and should be read in conjunction with the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. 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 in consolidation.

(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, intangible assets and goodwill, revenue recognition, allowance for credit losses, 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 and assumptions 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.

(c) Business combinations, goodwill and other intangible assets

The Company accounts for its business combinations using the acquisition method of accounting in accordance with Accounting Standard Codification ("ASC") Topic 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 re-measured 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 businesses, including goodwill, are assigned to reporting units. Acquisition-related costs are expensed as incurred under selling, general and administrative expenses.

2. Summary of significant accounting policies (Continued)

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 9 for information and related disclosures.

Intangible assets acquired individually or with a group of other assets or in a business combination and 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	1	-	8 years
Marketing-related intangible assets	1	-	8 years
Technology-related intangible assets	2	-	10 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 towards 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 are 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.

(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 current expected credit losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses which are adjusted to current market conditions and a reasonable and supportable forecast. 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 uses revolving accounts receivable-based facilities in the normal course of business as part of managing its cash flows. The Company accounts for receivables sold under these facilities as a sale of financial assets pursuant to ASC 860 “Transfers and Servicing” and de-recognizes these receivables, as well as the related allowances, from its balance sheets. Generally, the fair value of accounts receivable sold approximates their book value due to their short-term nature, and any gains or losses on the sale of these receivables are recorded at the time of transfer and included under "interest income (expense), net" in the Company’s consolidated statements of income.

(f) Revenue Recognition

The Company derives its revenue primarily from business process management services, 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 the transfer of control of promised services to its 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 services rendered between the last billing date and the balance sheet date.

The Company’s contracts with its 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.

2. Summary of significant accounting policies (Continued)

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.

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 customer. 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 fees 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 the customer 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.

2. Summary of significant accounting policies (Continued)

(g) Leases

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 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 the 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 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.

The carrying value of ROU assets is reviewed for impairment, similar to long-lived assets, whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

The Company has 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 commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases").

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. Under certain of its leases, the Company has a renewal and termination option to lease assets for additional terms between one and ten years. The Company applies judgement 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.

2. Summary of significant accounting policies (Continued)

The Company has applied an incremental borrowing rate for the purpose of computing lease liabilities based on the remaining lease term and the rates prevailing in the jurisdictions where leases were executed.

(h) Cost of revenue

Cost of revenue primarily consists of salaries and benefits (including stock-based compensation), recruitment, training and related costs of employees who are directly responsible for the performance of services for customers, their supervisors and certain support personnel who may be dedicated to a particular client or a set of processes. It also includes operational expenses, which consist of facilities maintenance expenses, travel and living expenses, rent, IT expenses, contract resources with specialized skills who are directly responsible for the performance of services for clients, and other billable costs related to the Company's clients. It also includes depreciation of property, plant and equipment, and amortization of intangible and ROU assets which are directly related to providing services that generate revenue.

(i) Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses consist of expenses relating to salaries and benefits (including stock-based compensation) as well as costs related to recruitment, training and retention of senior management and other support personnel in enabling functions such as human resources, finance, legal, marketing, sales and sales support, and other support personnel. The operational costs component of SG&A expenses also includes travel and living costs for such personnel. SG&A expenses also include acquisition-related costs, legal and professional fees (which represent the costs of third party legal, tax, accounting and other advisors), investment in research and development, digital technology, advanced automation and robotics, and an allowance for credit losses. It also includes depreciation of property, plant and equipment, and amortization of intangibles and ROU assets other than those included in cost of revenue.

(j) Credit losses

An allowance for credit losses is recognized for all debt instruments other than those held at fair value through profit or loss. The Company pools its accounts receivable (other than deferred billings) based on similar risk characteristics in estimating expected credit losses. Credit losses for accounts receivable are based on the roll-rate method, and the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix based on historical credit loss experience, adjusted for forward-looking factors and the economic environment. The Company believes the most relevant forward-looking factors are economic environment, gross domestic product, inflation rates and unemployment rates for each of the countries in which the Company or its customers operate, and accordingly the Company adjusts historical loss rates based on expected changes in these factors. At every reporting date, observed historical default rates are updated to reflect changes in the Company's forward-looking estimates.

Credit losses for other financial assets and deferred billings are based on the discounted cash flow ("DCF") method. Under the DCF method, the allowance for credit losses reflects the difference between the contractual cash flows due in accordance with the contract and the present value of the cash flows expected to be collected. The expected cash flows are discounted at the effective interest rate of the financial asset. Such allowances are based on the credit losses expected to arise over the life of the asset which includes consideration of prepayments based on the Company's expectation as of the balance sheet date.

A financial asset is written off when it is deemed uncollectible and there is no reasonable expectation of recovering the contractual cash flows. Expected recoveries of amounts previously written off, not to exceed the aggregate amounts previously written off, are included in determining the allowance at each reporting period.

Credit losses are presented as a credit loss expense within "Selling, general and administrative expenses." Subsequent recoveries of amounts previously written off are credited against the same line item.

2. Summary of significant accounting policies (Continued)

(k) 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 by 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.

(l) Assets held for sale

A long-lived asset (or a disposal group for a long-lived asset comprising a group of assets and related liabilities) is classified as held for sale if it is highly probable that the asset will be recovered through sale rather than continuing use.

The Company records assets held for sale at the lower of its carrying value or fair value less costs to sell. The following criteria are used to determine if a business is held for sale: (i) management, having the authority to approve a sale, commits to a plan to sell; (ii) the business is available for immediate sale in its present condition; (iii) an active program to locate a buyer and a plan to sell the business have been initiated; (iv) the sale of the business is probable within one year; (v) the business is being actively marketed for sale at a reasonable price relative to its fair value; and (vi) it is unlikely that the plan to sell will be withdrawn or that significant changes to the plan will be made.

In determining the fair value of the assets less costs to sell, the Company considers factors including current sales prices for comparable assets, discounted cash flow projections, third party valuation and any indicative offers. The Company’s assumptions about fair value require significant judgment because the current market is highly sensitive to changes in economic conditions. The Company estimates the fair values of assets held for sale based on current market conditions and assumptions made by management, which may differ from actual results and may result in impairments if market conditions deteriorate.

Any impairment loss on the initial classification and subsequent measurement is recognized as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognized) is recognized in the income statement.

When assets are classified as held for sale, the Company does not record any depreciation and amortization for the respective property, plant and equipment and intangibles.

(m) 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 following recently released accounting standard has been adopted by the Company:

In March 2023, the FASB issued ASU No. 2023-01, “Leases (Topic 842).” This ASU requires a lessee in a common-control lease arrangement to amortize leasehold improvements that it owns over the improvements’ useful life to the common control group, regardless of the lease term, if the lessee continues to control the use of the underlying asset through a lease. The ASU is effective for the Company for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2023. The Company adopted this ASU beginning January 1, 2024. The adoption of this ASU has not had a material impact on the Company's consolidated results of operations, cash flows, financial position or disclosures.

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

2. Summary of significant accounting policies (Continued)

The following recently released accounting standards have not yet been adopted by the Company:

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280)." This ASU improves reportable segment disclosure requirements by enhancing disclosures about significant segment expenses. It requires public entities to disclose significant segment expenses, other segment items, and additional measures of segment profit or loss, providing more comprehensive information for investors and stakeholders. The amendments in this ASU are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is in the process of assessing the impact of this ASU on its disclosures.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740)." This ASU enhances income tax disclosures by requiring public business entities on an annual basis (1) to disclose specific categories in the rate reconciliation, and (2) to provide additional information for reconciling items that meet a quantitative threshold, i.e., if the effect of those reconciling items is equal to or greater than 5% of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate. It also requires entities to disclose the income taxes paid (net of refunds received), broken out between federal (national), state/local and foreign, as well as the amounts paid to an individual jurisdiction when 5% or more of the total income taxes were paid to such jurisdiction. The amendments in this ASU are effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is in the process of assessing the impact of this ASU on its disclosures.

3. Accounts receivable, net of allowance for credit losses

The following table provides details of the Company’s allowance for credit losses on accounts receivable:

	Year ended December 31, 2023	Six months ended June 30, 2024
Opening balance as of January 1	**$ 20,442**	**$ 18,278**
Additions (net), charged to income statement	3,081	8,222
Deductions/effect of exchange rate fluctuations	(5,245)	(9,667)
Closing balance	**$ 18,278**	**$ 16,833**

Accounts receivable were $1,134,551 and $1,176,620, and allowances for credit losses were $18,278 and $16,833, resulting in net accounts receivable balances of $1,116,273 and $1,159,787 as of December 31, 2023 and June 30, 2024, respectively.

In addition, deferred billings were $90,094 and $97,180 and allowances for credit losses on deferred billings were $4,096 and $5,512, resulting in net deferred billings balances of $85,998 and $91,668 as of December 31, 2023 and June 30, 2024, respectively.

During the three months ended June 30, 2023 and 2024, the Company recorded a charge of $147 and $1,338, respectively, and for the six months ended June 30, 2023 and 2024, a charge of $147 and $4,416, respectively, to the income statement on account of credit losses on deferred billings. Deferred billings, net of related allowances for credit losses, are included under “Other assets” in the Company’s consolidated balance sheet as of December 31, 2023 and June 30, 2024.

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

3. Accounts receivable, net of allowance for credit losses (Continued)

The Company has a revolving accounts receivable-based facility of $75,000 as of December 31, 2023 and June 30, 2024, permitting it to sell accounts receivable to banks on a non-recourse basis in the ordinary course of business. The aggregate maximum capacity utilized by the Company at any time during the period ended December 31, 2023 and June 30, 2024 was $51,367 and $52,031, respectively. The principal amount outstanding against this facility as of December 31, 2023 and June 30, 2024 was $51,344 and $51,977, respectively. The cost of factoring such accounts receivable during the three and six months ended June 30, 2023 and 2024 was $453 and $720, respectively, and $914 and $1,426, respectively. Gains or losses on the sales are recorded at the time of transfer of the accounts receivable and are included under "interest income (expense), net" in the Company's consolidated statements of income.

The Company also has arrangements with financial institutions that manage the accounts payable program for certain of the Company's large clients. The Company sells certain accounts receivable pertaining to such clients to these financial institutions on a non-recourse basis. There is no cap on the value of accounts receivable that can be sold under these arrangements. The Company used these arrangements to sell accounts receivable amounting to $324,401 during the year ended December 31, 2023, and $129,238 during the six months ended June 30, 2024, which also represents the maximum capacity utilized under these arrangements in each such period. The cost of factoring such accounts receivable during the three and six months ended June 30, 2023 and 2024 was $2,570 and $1,866, respectively, and $3,970 and $3,041, respectively.

4. 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, 2023 and June 30, 2024:

	As of December 31, 2023			
	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)
Assets				
Derivative instruments (Note a, c)	$ 22,307	$ —	$ 22,307	$ —
Deferred compensation plan assets (Note a, d)	51,983	—	—	51,983
Total	**$ 74,290**	**$ —**	**$ 22,307**	**$ 51,983**
Liabilities				
Derivative instruments (Note b, c)	17,363	—	17,363	—
Deferred compensation plan liability (Note b, e)	51,354	—	—	51,354
Total	**$ 68,717**	**$ —**	**$ 17,363**	**$ 51,354**

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

4. Fair value measurements (Continued)

	As of June 30, 2024			
	Fair Value Measurements at Reporting Date Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets				
Derivative instruments (Note a, c)	$ 30,348	$ —	$ 30,348	$ —
Deferred compensation plan assets (Note a, d)	56,992	—	—	56,992
Total	**$ 87,340**	**$ —**	**$ 30,348**	**$ 56,992**
Liabilities				
Derivative instruments (Note b, c)	19,427	—	19,427	—
Deferred compensation plan liability (Note b, e)	56,311	—	—	56,311
Total	**$ 75,738**	**$ —**	**$ 19,427**	**$ 56,311**

(a) Derivative assets are included in “prepaid expenses and other current assets” and “other assets” in the consolidated balance sheets. Deferred compensation plan assets are included in “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) 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.

(e) 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 three and six months ended June 30, 2023 and 2024:

	Three months ended June 30,		Six months ended June 30,	
	2023	2024	2023	2024
Opening balance	**$ —**	**$ —**	**$ 2,517**	**$ —**
Payments made on earn-out consideration	—	—	(2,399)	—
Change in fair value of earn-out consideration (Note a)	—	—	(118)	—
Closing balance	**$ —**	**$ —**	**$ —**	**$ —**

(a) Changes in the fair value of earn-out consideration are reported in “other operating (income) expense, net” in the consolidated statements of income.

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

4. Fair value measurements (Continued)

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 three and six months ended June 30, 2023 and 2024:

	Three months ended June 30,		Six months ended June 30,	
	2023	2024	2023	2024
Opening balance	**$ 44,745**	**$ 55,559**	**$ 40,261**	**$ 51,983**
Additions (net of redemption)	1,099	432	3,197	800
Change in fair value of deferred compensation plan assets (Note a)	2,131	1,001	4,517	4,209
Closing balance	**$ 47,975**	**$ 56,992**	**$ 47,975**	**$ 56,992**

(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 three and six months ended June 30, 2023 and 2024:

	Three months ended June 30,		Six months ended June 30,	
	2023	2024	2023	2024
Opening balance	**$ 44,095**	**$ 54,519**	**$ 39,654**	**$ 51,354**
Additions (net of redemption)	1,099	800	3,197	801
Change in fair value of deferred compensation plan liabilities (Note a)	2,119	992	4,462	4,156
Closing balance	**$ 47,313**	**$ 56,311**	**$ 47,313**	**$ 56,311**

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

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

5. Derivative financial instruments

The Company is exposed to the risk of rate fluctuations on its foreign currency assets and liabilities and on foreign currency denominated forecasted cash flows and interest rates. The Company has established risk management policies, including the use of derivative financial instruments to hedge foreign currency assets and liabilities, foreign currency denominated forecasted cash flows and interest rate risk. These derivative financial instruments consist of deliverable and non-deliverable forward foreign exchange contracts, treasury rate locks 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 during a period of up to 54 months and the forecasted transactions are expected to occur during the same period.

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, 2023	As of June 30, 2024	As of December 31, 2023	As of June 30, 2024
Foreign exchange forward contracts denominated in:				
United States Dollars (sell) Indian Rupees (buy)	$ 1,892,800	$ 2,344,000	$ 5,278	$ 15,685
United States Dollars (sell) Mexican Peso (buy)	66,000	67,500	2,129	(3,284)
United States Dollars (sell) Philippines Peso (buy)	118,500	170,900	637	(6,841)
Euro (sell) United States Dollars (buy)	222,363	189,853	(3,499)	3,924
Euro (sell) Romanian Leu (buy)	66,384	32,073	90	352
Japanese Yen (sell) Chinese Renminbi (buy)	52,562	34,224	803	5,011
United States Dollars (sell) Chinese Renminbi (buy)	40,800	22,800	(638)	(874)
Pound Sterling (sell) United States Dollars (buy)	14,915	15,082	(398)	(92)
United States Dollars (sell) Hungarian Font (buy)	32,000	22,500	809	(542)
Australian Dollars (sell) Indian Rupees (buy)	90,077	135,584	(1,914)	115
United States Dollars (sell) Polish Zloty (buy)	51,000	58,500	3,046	383
Japanese Yen (sell) United States Dollars (buy)	7,000	7,000	323	823
Israeli Shekel (buy) United States Dollars (sell)	15,000	15,000	1,175	(208)
South African Rand (sell) United States Dollars (buy)	27,000	27,000	216	(623)
United States Dollars (sell) Brazilian Real (buy)	4,000	4,000	55	(363)
United States Dollars (sell) Costa Rica Colon (buy)	13,000	13,000	555	(16)
United States Dollars (sell) Canadian Dollar (buy)	—	9,000	—	(158)
Pound Sterling (buy) United States Dollar (sell)	22,300	7,431	669	153
United States Dollars (sell) Malaysian Ringgit (buy)	18,000	9,000	161	(199)
Interest rate swaps (floating to fixed)	148,125	240,625	(4,553)	(2,325)
			$ 4,944	**$ 10,921**

(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 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.

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

5. 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 FASB guidance on derivatives and hedging, the Company designates foreign exchange forward contracts, interest rate swaps and treasury rate locks as cash flow hedges. Foreign exchange forward contracts are entered into to cover the effects of future exchange rate variability on forecasted revenues and purchases of services, and interest rate swaps and treasury rate locks 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 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 value 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, 2023	As of June 30, 2024	As of December 31, 2023	As of June 30, 2024
Assets				
Prepaid expenses and other current assets	$ 13,273	$ 16,138	$ 5,783	$ 1,877
Other assets	$ 3,251	$ 12,333	$ —	$ —
Liabilities				
Accrued expenses and other current liabilities	$ 6,833	$ 6,486	$ 1,276	$ 2,710
Other liabilities	$ 9,254	$ 10,231	$ —	$ —

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 March 2021, the Company executed a treasury rate lock agreement for $350,000 in connection with future interest payments to be made on its senior notes issued in March 2021 by Genpact Luxembourg S.à r.l. ("Genpact Luxembourg") and Genpact USA, Inc. ("Genpact USA"), both wholly-owned subsidiaries of the Company, and the treasury rate lock was designated as a cash flow hedge. The treasury rate lock agreement was terminated on March 23, 2021 and a deferred gain was recorded in accumulated other comprehensive income. This gain is being amortized to interest expense over the life of the 2021 Senior Notes (as defined below). The remaining gain to be amortized related to the treasury rate lock agreement as of December 31, 2023 and June 30, 2024 was $368 and $288, respectively.

In May 2024, the Company executed treasury rate lock agreements for $400,000 in connection with future interest payments to be made on its senior notes issued in June 2024 by Genpact Luxembourg and Genpact USA, and the treasury rate locks were designated as cash flow hedges. These treasury rate lock agreements were terminated on May 30, 2024 and a deferred loss was recorded in accumulated other comprehensive income. This loss is being amortized to interest expense over the life of the 2024 Senior Notes (as defined below). The remaining loss to be amortized related to the treasury rate lock agreements as of June 30, 2024 was $391.

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

5. Derivative financial instruments (Continued)

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

	Three months ended June 30,					
	2023			2024		
	Before tax Amount	Tax (Expense) or Benefit	Net of tax Amount	Before tax Amount	Tax (Expense) or Benefit	Net of tax Amount
Opening balance	**$ 9,378**	**$ (1,998)**	**$ 7,379**	**$ 17,132**	**$ (4,770)**	**$ 12,362**
Net gains (losses) reclassified into statement of income on completion of hedged transactions	4,836	(1,214)	3,622	3,585	(1,014)	2,571
Changes in fair value of effective portion of outstanding derivatives, net	16,755	(4,584)	12,171	(1,896)	(171)	(2,067)
Gain (loss) on cash flow hedging derivatives, net	11,919	(3,370)	8,549	(5,481)	843	(4,638)
Closing balance	**$ 21,297**	**$ (5,368)**	**$ 15,928**	**$ 11,651**	**$ (3,927)**	**$ 7,724**

	Six months ended June 30,					
	2023			2024		
	Before tax Amount	Tax (Expense) or Benefit	Net of tax Amount	Before tax Amount	Tax (Expense) or Benefit	Net of tax Amount
Opening balance	**$ (7,255)**	**$ 1,543**	**$ (5,712)**	**$ 805**	**$ 146**	**$ 951**
Net gains (losses) reclassified into statement of income on completion of hedged transactions	7,027	(1,752)	5,275	6,545	(1,772)	4,773
Changes in fair value of effective portion of outstanding derivatives, net	35,579	(8,663)	26,915	17,391	(5,845)	11,546
Gain (loss) on cash flow hedging derivatives, net	28,552	(6,911)	21,640	10,846	(4,073)	6,773
Closing balance	**$ 21,297**	**$ (5,368)**	**$ 15,928**	**$ 11,651**	**$ (3,927)**	**$ 7,724**

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

	Amount of Gain (Loss) recognized in OCI on Derivatives (Effective Portion)					Amount of Gain (Loss) reclassified from OCI into Statement of Income (Effective Portion)			
	Three months ended June 30,		Six months ended June 30,			Three months ended June 30,		Six months ended June 30,	
Derivatives in Cash Flow Hedging Relationships	**2023**	**2024**	**2023**	**2024**	**Location of Gain (Loss) reclassified from OCI into Statement of Income (Effective Portion)**	**2023**	**2024**	**2023**	**2024**
Forward foreign exchange contracts	$ 16,510	$ (1,559)	$ 33,885	$ 14,890	Revenue	$ 594	$ 521	$ 1,229	$ 912
Interest rate swaps	$ 245	$ 60	$ 1,694	$ 2,898	Cost of revenue	515	2,303	(898)	4,048
Treasury rate lock	$ —	$ (397)	$ —	$ (397)	Selling, general and administrative expenses	78	332	(113)	840
					Interest expense	3,649	429	6,809	745
	$ 16,755	**$ (1,896)**	**$ 35,579**	**$ 17,391**		**$ 4,836**	**$ 3,585**	**$ 7,027**	**$ 6,545**

There were no gains (losses) recognized in the statement of income on the ineffective portion of derivatives and excluded from effectiveness testing for the three and six months ended June 30, 2023 and 2024, respectively.

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

5. Derivative financial instruments (Continued)

Non-designated Hedges

		Amount of Gain (Loss) recognized in Statement of Income on Derivatives			
		Three months ended June 30,		Six months ended June 30,	
Derivatives not designated as hedging instruments	**Location of Gain (Loss) recognized in Statement of Income on Derivatives**	**2023**	**2024**	**2023**	**2024**
Forward foreign exchange contracts (Note a)	Foreign exchange gains (losses), net	$ 5,596	$ (1,165)	$ 13,447	$ (435)
		$ 5,596	**$ (1,165)**	**$ 13,447**	**$ (435)**

(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.

6. Prepaid expenses and other current assets

Prepaid expenses and other current assets consist of the following:

	As of December 31, 2023	**As of June 30, 2024**
Advance income and non-income taxes	$ 90,136	$ 71,807
Contract asset (Note 19)	17,454	19,102
Prepaid expenses	36,196	58,884
Derivative instruments (Note 5)	19,056	18,015
Employee advances	5,087	3,305
Deposits	4,406	1,692
Advances to suppliers	1,689	1,138
Others	17,542	18,180
Total	**$ 191,566**	**$ 192,123**

7. Assets and liabilities held for sale

During the year ended December 31, 2022, the Company took actions to realign its portfolio to focus on services it believes have the greatest opportunities for growth, and deprioritized assets that no longer fit with its long-term strategy. Pursuant to a plan approved by management in the second quarter of 2022, the Company identified and divested a business (the “Business”) that was part of the Company's Consumer and Healthcare segment.

The transaction to divest the Business included the sale of 100% of the issued and outstanding shares of capital stock of an entity pursuant to a stock purchase agreement, which was completed in December 2022. It also included the sale of certain assets and liabilities pursuant to an asset purchase agreement signed during the fourth quarter of 2022. The sale of such assets was completed in February 2023.

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

7. Assets and liabilities held for sale (Continued)

Pursuant to the stock purchase agreement related to the sale of the Business, the Company was entitled to a potential earn-out of up to $10,600, contingent upon the Business signing contracts with certain clients and invoicing them during 2023. The Company determined that the likelihood of achieving these events was uncertain, and accordingly, the Company opted to record the earn-out if and when the consideration was determined to be realizable. During the year ended December 31 2023, the Company did not receive any earn-out consideration under the stock purchase agreement as the earn-out events were not achieved. Accordingly, the Company did not record any income from earn-out consideration.

Pursuant to the asset purchase agreement signed in 2022 related to the sale of the Business, the Company held a 1.5% fixed rate unsecured loan note amounting to $18,001 issued by the buyer group. The Company's obligation to transfer $18,001 to the buyer group in exchange for the note was satisfied in February 2023 upon the closing of the transaction. The note and interest thereon were to become receivable by the Company upon a future share sale, disposal or listing by the buyer group or early voluntary repayment of the note at the discretion of the buyer group. The Company previously deemed the likelihood of recovery of principal and interest on the note to be remote and not in the control of the Company. Accordingly, the Company did not record a value for the note.

In November 2023, the Company and the buyer group signed a supplemental deed amending the loan note. Under the supplemental deed, the redemption period was shortened to six months from the execution of the supplemental deed, and the redemption sum was reduced to $1,500. However, under the terms of the supplemental deed, if the Company did not receive the payment of the redemption sum within the revised six month redemption period, the loan note would remain in full force and effect under its original terms and value without modification or amendment under the supplemental deed. In March 2024, the note was redeemed by the buyer group and the Company received the redemption sum of $1,500 against the loan note. The redemption sum received has been recorded in "other operating (income) expense, net" in the Company's consolidated statement of income. See Note 20 for additional information.

The Company completed the sale of the Business in February 2023, resulting in a net payout of $2,091 and a loss of $802 on the sale of the Business in the three months ended March 31, 2023, in addition to an impairment charge of $32,575 recorded in the year ended December 31, 2022. However, the Company recorded a gain of $1,500 in the three months ended March 31, 2024 upon the buyer group's redemption of the loan note as described above. The loss (gain) on the sale of the Business has been recorded in "other operating (income) expense, net" in the Company's consolidated statement of income. See Note 20 for additional information.

8. Property, plant and equipment, net

The following table provides the gross and net amount of property, plant and equipment:

	As of December 31, 2023	As of June 30, 2024
Property, plant and equipment, gross	$ 780,134	$ 800,577
Less: Accumulated depreciation and amortization	(590,331)	(601,044)
Property, plant and equipment, net	**$ 189,803**	**$ 199,533**

Depreciation expense on property, plant and equipment for the three months ended June 30, 2023 and 2024 was $12,551 and $13,690, respectively, and for the six months ended June 30, 2023 and 2024 was $25,268 and $27,185, respectively. Computer software amortization for the three months ended June 30, 2023 and 2024 was $707 and $515, respectively, and for the six months ended June 30, 2023 and 2024 was $1,396 and $1,048, respectively.

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

9. Goodwill and intangible assets

The following table presents the changes in goodwill for the year ended December 31, 2023 and the six months ended June 30, 2024:

	For the year ended December 31, 2023	For the six months ended June 30, 2024
Opening balance	**1,684,196**	**1,683,782**
Effect of exchange rate fluctuations	(414)	(5,916)
Closing balance	**1,683,782**	**1,677,866**

The following table presents the changes in goodwill by reporting unit for the year ended December 31, 2023:

	Financial Services	Consumer and Healthcare	High Tech and Manufacturing	Total
Opening balance	**408,736**	**592,907**	**682,553**	**1,684,196**
Effect of exchange rate fluctuations	(62)	(127)	(225)	(414)
Closing balance	**408,674**	**592,780**	**682,328**	**1,683,782**

The following table presents the changes in goodwill by reporting unit for the six months ended June 30, 2024:

	Financial Services	Consumer and Healthcare	High Tech and Manufacturing	Total
Opening balance	**408,674**	**592,780**	**682,328**	**1,683,782**
Effect of exchange rate fluctuations	(1,655)	(2,147)	(2,114)	(5,916)
Closing balance	**407,019**	**590,633**	**680,214**	**1,677,866**

The total amount of goodwill deductible for tax purposes was $263,910 and $249,624 as of December 31, 2023 and June 30, 2024, respectively.

The Company's intangible assets are as follows:

	As of December 31, 2023			As of June 30, 2024		
	Gross carrying amount	Accumulated amortization & Impairment	Net	Gross carrying amount	Accumulated amortization & Impairment	Net
Customer-related intangible assets	$ 474,090	$ 436,104	$ 37,986	$ 471,680	$ 444,080	$ 27,600
Marketing-related intangible assets	97,840	88,648	9,192	97,710	91,103	6,607
Technology-related intangible assets	129,600	123,750	5,850	130,639	125,005	5,634
	$ 701,530	**$ 648,502**	**$ 53,028**	**$ 700,029**	**$ 660,188**	**$ 39,841**

Amortization expenses for intangible assets acquired as part of a business combination and disclosed in the consolidated statements of income under amortization of acquired intangible assets for the three months ended June 30, 2023 and 2024 were $8,257 and $6,558, respectively, and for the six months ended June 30, 2023 and 2024 were $16,512 and $13,485, respectively.

9. Goodwill and intangible assets (Continued)

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 three months ended June 30, 2023 and 2024 were $2,122 and $498, respectively, and for the six months ended June 30, 2023 and 2024 were $4,373 and $956, respectively.

During the three and six months ended June 30, 2023 and 2024, the Company tested for recoverability certain customer-related and technology-related intangible assets, including those under development, and certain property, plant and equipment, as a result of changes in market trends and the Company's investment strategy, including the Company's decision to cease certain service offerings. Based on the results of this testing, the Company determined that the carrying values of the assets tested were recoverable. There was no impairment expense recorded in the three and six months ended June 30, 2023 and 2024.

10. 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, 2023 and June 30, 2024, the limits available were $23,302 and $23,001, respectively, of which $9,336 and $9,108, respectively, was utilized, constituting non-funded drawdown.

b. A fund-based and non-fund based revolving credit facility of $650,000, which the Company obtained by entering into an amended and restated credit agreement (the "2022 Credit Agreement") with Genpact USA, Genpact Global Holdings (Bermuda) Limited ("GGH") and Genpact Luxembourg, each wholly-owned subsidiaries of the Company (Genpact Luxembourg, Genpact USA and GGH, collectively, the "Borrowers"), as borrowers, Wells Fargo Bank, National Association ("Wells Fargo"), as administrative agent, swingline lender and issuing bank, and the lenders and other parties thereto on December 13, 2022. The term loan and revolving credit facility under the 2022 Credit Agreement expire on December 13, 2027. Borrowings under the 2022 Credit Agreement bear interest at a rate equal to, at the election of the Company, either Adjusted Term SOFR (which is the rate per annum equal to (a) Term SOFR (the forward-looking secured overnight financing rate) plus (b) a Term SOFR Adjustment of 0.10% per annum, but in no case lower than 0.0%) plus an applicable margin equal to 1.375% per annum or a base rate plus an applicable margin equal to 0.375% per annum. The unutilized amount on the revolving credit facility under the 2022 Credit Agreement bore a commitment fee of 0.20% as of December 31, 2023 and June 30, 2024. As of December 31, 2023 and June 30, 2024, a total of $11,627 and $1,532, respectively, was utilized, of which $10,000 and $0, respectively, constituted funded drawdown and $1,627 and $1,532, respectively, constituted non-funded drawdown. The 2022 Credit Agreement contains certain customary covenants, including a maximum leverage covenant and a minimum interest coverage ratio. As of December 31, 2023 and June 30, 2024, the Company was in compliance with the financial covenants of the 2022 Credit Agreement.

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

11. Long-term debt

In December 2022, the Company amended its existing credit facility under its amended and restated credit agreement entered into in August 2018 and entered into the 2022 Credit Agreement, which is comprised of a $530,000 term loan and a $650,000 revolving credit facility. The 2022 Credit Agreement is guaranteed by the Company and certain of its subsidiaries. The obligations under the 2022 Credit Agreement are unsecured.

Borrowings under the 2022 Credit Agreement bear interest at a rate equal to, at the election of the Company, either Adjusted Term SOFR (which is the rate per annum equal to (a) Term SOFR (the forward-looking secured overnight financing rate) plus (b) a Term SOFR Adjustment of 0.10% per annum, but in no case lower than 0.00%) plus an applicable margin equal to 1.375% per annum or a base rate plus an applicable margin equal to 0.375% per annum, in each case subject to adjustment based on the Borrowers' debt ratings provided by Standard & Poor's Rating Services and Moody's Investors Service, Inc. (the "Debt Ratings"). The revolving credit commitments under the 2022 Credit Agreement are subject to a commitment fee equal to 0.20% per annum, subject to adjustment based on the Debt Ratings. The commitment fee accrues on the actual daily amount by which the aggregate revolving commitments exceed the sum of outstanding revolving loans and letter of credit obligations.

The 2022 Credit Agreement restricts certain payments, including dividend payments, if there is an event of default under the 2022 Credit Agreement or if the Company is not, or after making the payment would not be, in compliance with certain financial covenants contained in the 2022 Credit Agreement. These covenants require the Company to maintain a net debt to EBITDA leverage ratio of less than 3x and an interest coverage ratio of more than 3x. As of June 30, 2024, the Company was in compliance with the terms of the 2022 Credit Agreement, including all of the financial covenants therein. The Company's retained earnings are not subject to any restrictions on availability to make dividend payments to shareholders, subject to compliance with the financial covenants described above that are contained in the 2022 Credit Agreement.

As of December 31, 2023 and June 30, 2024, the amount outstanding under the Company's term loan, net of debt amortization expense of $1,258 and $1,083, was $508,867 and $489,167, respectively.

Indebtedness under the 2022 Credit Agreement is unsecured. The amount outstanding on the term loan as of June 30, 2024 requires quarterly payments of $6,625, and the balance of the loan is due and payable upon the maturity of the term loan on December 13, 2027.

The maturity profile of the term loan outstanding as of June 30, 2024, net of debt amortization expense, is as follows:

Year ending	Amount
2024	13,078
2025	26,173
2026	26,192
2027	423,724
Total	**$ 489,167**

Genpact Luxembourg issued $400,000 aggregate principal amount of 3.375% senior notes in November 2019 (the "2019 Senior Notes"). The 2019 Senior Notes are fully guaranteed by the Company and Genpact USA. The total debt issuance cost of $2,937 incurred in connection with the 2019 Senior Notes offering is being amortized over the life of the 2019 Senior Notes as an additional interest expense. As of December 31, 2023 and June 30, 2024, the amount outstanding under the 2019 Senior Notes, net of debt amortization expense of $536 and $246, was $399,464 and $399,754, respectively, which is payable on December 1, 2024.

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

11. Long-term debt (Continued)

In March 2021, Genpact Luxembourg and Genpact USA co-issued $350,000 aggregate principal amount of 1.750% senior notes (the "2021 Senior Notes"). The 2021 Senior Notes are fully guaranteed by the Company. The total debt issuance cost of $3,032 incurred in connection with the 2021 Senior Notes is being amortized over the life of the 2021 Senior Notes as additional interest expense. As of December 31, 2023 and June 30, 2024, the amount outstanding under the 2021 Senior Notes, net of debt amortization expense of $1,369 and $1,069, respectively, was $348,631 and $348,931, respectively, which is payable on April 10, 2026.

In June 2024, Genpact Luxembourg and Genpact USA co-issued $400,000 aggregate principal amount of 6.000% senior notes (the "2024 Senior Notes," and together with the 2019 Senior Notes and the 2021 Senior Notes, the "Senior Notes"). The 2024 Senior Notes are fully guaranteed by the Company. The total debt issuance cost of $4,395 incurred in connection with the 2024 Senior Notes is being amortized over the life of the 2024 Senior Notes as additional interest expense. As of June 30, 2024, the amount outstanding under the 2024 Senior Notes, net of debt amortization expense of $4,324, was $395,676, which is payable on June 4, 2029.

The Company pays interest on (i) the 2019 Senior Notes semi-annually in arrears on June 1 and December 1 of each year, (ii) the 2021 Senior Notes semi-annually in arrears on April 10 and October 10 of each year and (iii) the 2024 Senior Notes semi-annually in arrears on June 4 and December 4 of each year, ending on the maturity dates of December 1, 2024, April 10, 2026 and June 4, 2029, respectively. The Company, at its option, may redeem the 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 2019 Senior Notes, November 1, 2024, in the case of the 2021 Senior Notes, March 10, 2026, and in the case of the 2024 Senior Notes, May 4, 2029, a specified "make-whole" premium. Additionally, the Company may redeem any series of Senior Notes in whole, but not in part, at any time at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest to the redemption date, in the event of certain changes in taxation in any jurisdiction (other than the U.S.) having authority to tax the issuers. Upon certain change of control transactions, the applicable issuer or issuers will be required to make an offer to repurchase the Senior Notes at a price equal to 101% of the aggregate principal amount of the Senior Notes, plus accrued and unpaid interest. The interest rate payable on the 2019 and 2021 Senior Notes is subject to adjustment if the credit rating of the 2019 and 2021 Senior Notes is downgraded, up to a maximum increase of 2.0%. The Senior 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 substantially as an entirety. During the period ended June 30, 2024, the Company and its applicable subsidiaries were in compliance with the covenants under the Senior Notes.

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

	As of December 31, 2023	As of June 30, 2024
Credit facility, net of amortization expenses	$ 508,867	$ 489,167
3.375% 2019 Senior Notes, net of debt amortization expenses	399,464	399,754
1.750% 2021 Senior Notes, net of debt amortization expenses	348,631	348,931
6.000% 2024 Senior Notes, net of debt amortization expenses	—	395,676
Total	**$ 1,256,962**	**$ 1,633,528**
Current portion	432,242	425,918
Non-current portion	824,720	1,207,610
Total	**$ 1,256,962**	**$ 1,633,528**

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

12. Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consist of the following:

	As of December 31, 2023	As of June 30, 2024
Accrued expenses	$ 165,378	$ 171,712
Accrued employee cost	322,601	219,959
Statutory liabilities	76,022	64,850
Retirement benefits	2,386	1,972
Compensated absences	29,779	31,820
Derivative instruments (Note 5)	8,109	9,196
Contract liabilities (Note 19)	112,435	113,784
Finance leases liability	10,837	9,977
Other liabilities	31,633	30,406
	$ 759,180	**$ 653,676**

13. Other liabilities

Other liabilities consist of the following:

	As of December 31, 2023	As of June 30, 2024
Accrued employee cost	$ 3,329	$ 4,514
Retirement benefits	13,947	14,147
Compensated absences	50,214	49,063
Derivative instruments (Note 5)	9,254	10,231
Contract liabilities (Note 19)	59,393	58,326
Finance leases liability	6,874	8,746
Others	91,937	104,376
	$ 234,948	**$ 249,403**

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

14. 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 maintains a defined benefit retirement plan covering substantially all of its Indian employees. In accordance with Mexican law, the Company provides termination benefits to all of its Mexican employees. In addition, certain of the Company's subsidiaries in the Philippines, Israel and Japan sponsor defined benefit retirement programs.

Net defined benefit plan costs for the three and six months ended June 30, 2023 and 2024 include the following components:

	Three months ended June 30,		Six months ended June 30,	
	2023	2024	2023	2024
Service costs	$ 3,749	$ 4,314	$ 7,509	$ 8,617
Interest costs	1,735	2,016	3,471	4,034
Amortization of actuarial loss	167	60	334	122
Expected return on plan assets	(1,259)	(1,356)	(2,520)	(2,718)
Net defined benefit plan costs	**$ 4,392**	**$ 5,034**	**$ 8,794**	**$ 10,055**

Defined contribution plans

During the three and six months ended June 30, 2023 and 2024, the Company contributed the following amounts to defined contribution plans in various jurisdictions:

	Three months ended June 30,		Six months ended June 30,	
	2023	2024	2023	2024
India	$ 11,887	$ 13,644	$ 23,038	$ 26,488
U.S.	4,766	5,055	10,223	11,151
U.K.	4,202	4,084	10,162	10,019
China	6,671	6,970	13,522	14,310
Other Regions	4,840	5,128	10,101	9,522
Total	**$ 32,366**	**$ 34,881**	**$ 67,046**	**$ 71,490**

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. However, no such contributions have been made by the Company to date.

14. Employee benefit plans (Continued)

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. Participants can elect to change or re-defer their rights to receive the deferred compensation until the 10th anniversary following their separation from service, subject to fulfillment of certain conditions. Each Plan participant's compensation deferrals 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 liability for the deferred compensation plan was $51,354 and $56,311 as of December 31, 2023 and June 30, 2024, respectively, and is included in "accrued expenses and other current liabilities" and "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 $51,983 and $56,992 as of December 31, 2023 and June 30, 2024, respectively. The cash surrender value of these insurance policies is included in "other assets" in the consolidated balance sheets.

During the three months ended June 30, 2023 and 2024, the change in the fair value of Plan assets was $2,131 and $1,001, respectively, and during the six months ended June 30, 2023 and 2024, the change in the fair value of Plan assets was $4,517 and $4,209, respectively, which is included in "other income (expense), net," in the consolidated statements of income. During the three months ended June 30, 2023 and 2024, the change in the fair value of deferred compensation liabilities was $2,119 and $992, respectively, and during the six months ended June 30, 2023 and 2024, the change in the fair value of deferred compensation liabilities was $4,462 and $4,156, respectively, which is included in "selling, general and administrative expenses."

15. Stock-based compensation

The Company has issued options 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. Further, 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.

On May 9, 2017, the Company's shareholders approved the adoption of 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 and April 5, 2022 to increase the number of common shares authorized for issuance by 8,000,000 shares to 23,000,000 shares and by 3,500,000 shares to 26,500,000 shares, respectively. 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 date 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 three months ended June 30, 2023 and 2024 were $21,344 and $18,046, respectively, and for the six months ended June 30, 2023 and 2024 were $40,685 and $26,865, respectively. These costs have been allocated to "cost of revenue" and "selling, general and administrative expenses."

Stock options

All options granted under the 2007 Omnibus Plan and 2017 Omnibus Plan are exercisable into common shares of the Company, have a contractual period of ten years and vest over three to five years unless specified otherwise in the applicable award agreement. The Company recognizes compensation cost over the vesting period of the option.

Compensation cost is determined at the date of grant by estimating the fair value of an option using the Black-Scholes option-pricing model.

No options were granted in the six months ended June 30, 2023 and June 30, 2024.

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

15. Stock-based compensation (Continued)

A summary of stock option activity during the six months ended June 30, 2024 is set out below:

	Six Months Ended June 30, 2024			
	Shares arising out of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding as of January 1, 2024	5,998,148	35.77	5.5	—
Granted	—	—	—	—
Forfeited	(226,691)	45.13	—	—
Expired	—	—	—	—
Exercised	(135,051)	29.11	—	519
Outstanding as of June 30, 2024	5,636,406	35.55	5.0	9,831
Vested as of June 30, 2024 and expected to vest thereafter (Note a)	5,487,865	35.26	5.0	9,831
Vested and exercisable as of June 30, 2024	4,356,214	32.22	4.4	9,831
Weighted average grant date fair value of grants during the period	—			

(a) Options expected to vest reflect an estimated forfeiture rate.

As of June 30, 2024, the total remaining unrecognized stock-based compensation cost for options expected to vest amounted to $6,242, which will be recognized over the weighted average remaining requisite vesting period of 1.9 years.

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

15. Stock-based compensation (Continued)

Restricted share units

The Company has granted restricted share units ("RSUs") under the 2007 Omnibus Pan and 2017 Omnibus Plan. 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. A summary of RSU activity during the six months ended June 30, 2024 is set out below:

	Six Months Ended June 30, 2024	
	Number of Restricted Share Units	Weighted Average Grant Date Fair Value
Outstanding as of January 1, 2024	1,036,616	42.87
Granted	1,635,940	33.78
Vested (Note a)	(346,177)	42.55
Forfeited	(168,172)	40.07
Outstanding as of June 30, 2024	2,158,207	36.25
Expected to vest (Note b)	1,926,968	

(a) 346,177 RSUs vested during the six months ended June 30, 2024, in respect of which 220,880 shares (net of minimum statutory tax withholding) were issued during the six months ended June 30, 2024.

(b) The number of RSUs expected to vest reflects the application of an estimated forfeiture rate.

9,103 RSUs vested in the year ended December 31, 2023, in respect of which 4,983 shares were issued during the six months ended June 30, 2024 after withholding shares to the extent of minimum statutory withholding taxes.

46,358 RSUs vested in the year ended December 31, 2022, in respect of which 45,922 shares were issued during the six months ended June 30, 2024 after withholding shares to the extent of minimum statutory withholding taxes.

As of June 30, 2024, the total remaining unrecognized stock-based compensation cost related to RSUs amounted to $58,105, which will be recognized over the weighted average remaining requisite vesting period of 2.1 years.

Performance units

The Company also grants stock awards in the form of performance units ("PUs") and has granted PUs under both the 2007 Omnibus Plan and 2017 Omnibus Plan.

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 approximately six months to three years. PUs granted under the plans are subject to cliff vesting. The compensation expense for such awards is recognized on a straight-line basis over the vesting terms.

For PUs granted prior to 2023, 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. For PUs that have a performance period of one year, 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.

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

15. Stock-based compensation (Continued)

For the PUs granted annually beginning in 2023, the performance period of the awards has been increased to three years from one year. The number of PUs that will ultimately vest under the PU awards granted in 2023 and 2024 will be determined, subject to certain conditions and limitations, based on the Company's achievement of the performance targets set forth in the awards as well as its total shareholder return ("TSR") relative to the TSR of the companies included as of the beginning of the performance period in the S&P 400 Midcap Index (the "Peer Group") over the three-year performance period.

The grant date fair value for PUs granted in 2023 and 2024 is determined using a Monte Carlo simulation model. This model simulates a range of possible future share prices and estimates the probabilities of the potential payouts. This model also incorporates the following assumptions:

- The historical volatility for the companies in the Peer Group was measured using the most recent three-year period.
- The risk-free interest rate is based on the U.S. Treasury rate assumption commensurate with the three-year performance period.
- For determining the TSR of the Company and the companies in the Peer Group, dividends will be assumed to have been reinvested in the stock of the issuing entities on a continuous basis.
- The correlation coefficients used to model the way in which each entity tends to move in relation to each other are based upon the price data used to calculate historical volatility.

The fair value of each PU granted to employees in the six months ended June 30, 2024 was estimated on the date of grant using the following valuation assumptions:

	Six months ended June 30, 2024
Dividend yield	1.81 %
Expected life (years)	2.80
Risk-free rate for expected life	4.37 %
Volatility for expected life	24.24 %

A summary of PU activity during the six months ended June 30, 2024 is set out below:

	Six Months Ended June 30, 2024		
	Number of Performance Units	Weighted Average Grant Date Fair Value	Maximum Shares Eligible to Receive
Outstanding as of January 1, 2024	3,649,599	44.32	4,977,057
Granted	1,267,267	32.09	3,041,441
Vested (Note a)	(1,362,776)	44.13	(1,362,776)
Forfeited	(274,202)	42.24	(484,300)
Outstanding as of June 30, 2024	3,279,888	39.85	6,171,422
Expected to vest (Note b)	3,236,227		

(a) 1,362,776 PUs vested during the six months ended June 30, 2024, in respect of which 869,713 shares (net of minimum statutory tax withholding) were issued during the six months ended June 30, 2024.
(b) The number of PUs expected to vest reflects the application of an estimated forfeiture rate.

15. Stock-based compensation (Continued)

As of June 30, 2024, the total remaining unrecognized stock-based compensation cost related to PUs amounted to $69,425, which will be recognized over the weighted average remaining requisite vesting period of 2.3 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 may 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 six months ended June 30, 2023 and 2024, 174,473 and 191,888 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 FASB guidance on Compensation-Stock Compensation. The compensation expense for the ESPP during the three months ended June 30, 2023 and 2024 was $488 and $323, respectively, and for the six months ended June 30, 2023 and 2024 was $851 and $685, respectively, and has been allocated to cost of revenue and selling, general and administrative expenses.

16. Capital stock

Share repurchases

The Board of Directors of the Company (the “Board”) has authorized repurchases of up to $2,250,000 under the Company’s existing share repurchase program. 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.

During the six months ended June 30, 2023 and 2024, the Company repurchased 3,828,084 and 2,784,988 of its common shares, respectively, on the open market at a weighted average price of $39.31 and $33.26 per share, respectively, for an aggregate cash amount of $150,471 and $92,630, 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 shares 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 six months ended June 30, 2023 and 2024, retained earnings were reduced by the direct costs, including taxes, related to share repurchases of $677 and $56, respectively.

$306,914 remained available for share repurchases under the Company’s existing share repurchase program as of June 30, 2024. This repurchase program does not obligate the Company to acquire any specific number of shares and does not specify an expiration date.

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

16. Capital stock (Continued)

Dividend

On February 9, 2023, the Company announced that its Board had approved a 10% increase in its quarterly cash dividend to $0.1375 per share, up from $0.125 per share in 2022, representing an annual dividend of $0.55 per common share, up from $0.50 per share in 2022, payable to holders of the Company's common shares. On March 24, 2023, and June 26, 2023, the Company paid a dividend of $0.1375 per share, amounting to $25,255 and $25,031 in the aggregate, to shareholders of record as of March 10, 2023 and June 9, 2023, respectively.

On February 8, 2024, the Company announced that its Board had approved an 11% increase in its quarterly cash dividend to $0.1525 per share, up from $0.1375 per share in 2023, representing a planned annual dividend of $0.61 per common share, up from $0.55 per share in 2023, payable to holders of the Company's common shares. On March 26, 2024 and June 26, 2024, the Company paid a dividend of $0.1525 per share, amounting to $27,492 and $27,337 in the aggregate, to shareholders of record as of March 11, 2024 and June 10, 2024, respectively.

17. 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 Company common shares outstanding. The calculation of basic earnings per common share is determined by dividing net income available to common shareholders by the weighted average number of common shares outstanding during the respective periods. The potentially dilutive shares, consisting of outstanding options on common shares, RSUs, common shares to be issued under the ESPP and PUs, have been included in the computation of diluted net earnings per share and the number of weighted average shares outstanding, except where the result would be anti-dilutive.

The number of shares subject to stock awards outstanding but not included in the computation of diluted earnings per common share because their effect was anti-dilutive is 2,125,641 and 2,774,924 for the six months ended June 30, 2023 and 2024, respectively, and 2,390,864 and 2,768,762 for the three months ended June 30, 2023 and 2024, respectively.

	Three months ended June 30,		Six months ended June 30,	
	2023	2024	2023	2024
Net income	$ 116,252	$ 121,990	$ 222,353	$ 238,937
Weighted average number of common shares used in computing basic earnings per common share	183,230,252	179,651,702	183,512,828	180,034,120
Dilutive effect of stock-based awards	2,594,865	1,260,565	3,192,869	1,390,792
Weighted average number of common shares used in computing dilutive earnings per common share	185,825,117	180,912,267	186,705,697	181,424,912
Earnings per common share				
Basic	$ 0.63	$ 0.68	$ 1.21	$ 1.33
Diluted	$ 0.63	$ 0.67	$ 1.19	$ 1.32

18. 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.

The Company's reportable segments are as follows: (1) Financial Services, (2) Consumer and Healthcare, and (3) High Tech and Manufacturing.

The Company's Chief Executive Officer, who has been identified as the Chief Operating Decision Maker ("CODM"), reviews operating segment revenue, which is a GAAP measure, and adjusted income from operations ("AOI"), which is a non-GAAP measure. The Company does not allocate, and therefore the CODM does not evaluate, stock-based compensation expenses, amortization and impairment of acquired intangible assets, foreign exchange gain/(losses) (other than those included in income from operations), interest income/(expense), restructuring (expense)/income, acquisition related expenses, any losses or gains from businesses held for sale, including impairment charges, other income/(expense), or income taxes by segment. The Company's operating assets and liabilities pertain to multiple segments. The Company manages assets and liabilities on a total company basis, not by operating segment, and therefore asset and liabilities information and capital expenditures by operating segment are not presented to the CODM and are not reviewed by the CODM. Adjusted income from operations for "Others" primarily represents the impact of certain under or over-absorption of corporate overheads, and allowance for credit losses, which are not allocated to the Company's segments for management's internal reporting purposes.

The Company disaggregates its revenue as revenue from either Digital Operations services or Data-Tech-AI services based on the nature of the services provided. During the first quarter of 2024, the Company realigned as Data-Tech-AI services certain services that had previously been designated as Digital Operations services based on the nature of work performed and the mode of delivery for these particular services, which have evolved over time. Accordingly, the Company has updated the classification of revenue derived from Digital Operations services and Data-Tech-AI services for the three and six months ended June 30, 2023 to present comparable information. See Note 19 for additional information.

The CODM continues to review operating segment revenue, which is a GAAP measure, and adjusted income from operations, which is a non-GAAP measure.

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

18. Segment reporting (Continued)

Revenues and adjusted income from operations for each of the Company's segments for the three months ended June 30, 2023 were as follows:

	Net revenues			
	Data-Tech-AI	**Digital operations**	**Total**	**AOI**
Financial Services	139,999	161,437	301,436	46,723
Consumer and Healthcare	187,648	207,249	394,897	58,951
High Tech and Manufacturing	197,309	211,882	409,191	69,621
Net revenues	**524,956**	**580,568**	**1,105,524**	
Others				10,665
Total AOI				185,960
Stock-based compensation				(21,832)
Amortization and impairment of acquired intangible assets (other than included above)				(8,257)
Foreign exchange gains (losses), net				1,763
Interest income (expense), net				(12,138)
Restructuring (expense)/income (refer to Note 24)				4,874
Income tax expense				(34,118)
Net income				**116,252**

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

18. Segment reporting (Continued)

Revenues and adjusted income from operations for each of the Company's segments for the three months ended June 30, 2024 were as follows:

	Net revenues			
	Data-Tech-AI	**Digital operations**	**Total**	**AOI**
Financial Services	150,448	168,696	319,144	53,095
Consumer and Healthcare	192,814	231,189	424,003	70,726
High Tech and Manufacturing	202,781	230,284	433,065	74,593
Net revenues	**546,043**	**630,169**	**1,176,212**	
Others				—
Total AOI				**198,414**
Stock-based compensation				(18,369)
Amortization and impairment of acquired intangible assets (other than included above)				(6,544)
Foreign exchange gains (losses), net				2,454
Interest income (expense), net				(13,538)
Income tax expense				(40,427)
Net income				**121,990**

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

18. Segment reporting (Continued)

Revenues and adjusted income from operations for each of the Company's segments for the six months ended June 30, 2023 were as follows:

	Net revenues			
	Data-Tech-AI	**Digital operations**	**Total**	**AOI**
Financial Services	280,025	319,898	599,923	92,300
Consumer and Healthcare	369,570	410,944	780,514	115,282
High Tech and Manufacturing	385,314	429,092	814,406	133,912
Net revenues	**1,034,909**	**1,159,934**	**2,194,843**	
Business held for sale (refer to Note (a) below and Note 7)			(490)	1,201
Net revenues (excluding business held for sale - refer to Note (a) below and Note 7)			**2,194,353**	
Others				22,257
Total AOI				364,952
Stock-based compensation				(41,536)
Amortization and impairment of acquired intangible assets (other than included above)				(16,400)
Foreign exchange gains (losses), net				723
Interest income (expense), net				(21,765)
Restructuring (expense)/income (refer to Note 24)				4,874
Operating loss from the business classified as held for sale (refer to Note (a) below and Note 7)				(1,201)
Loss on the sale of business classified as held for sale (refer to Note (a) below and Note 7)				(802)
Income tax expense				(66,492)
Net income				**222,353**

(a) During the second quarter of 2022, the Company's management approved a plan to divest a business that was part of the Company's Consumer and Healthcare segment. The revenues and associated operating losses attributable to this business, including a loss on the sale of this business recorded in the first quarter of 2023, have been excluded from the computation of adjusted operating income margin with effect from April 1, 2022, as management believes that excluding these items provides useful information about the Company's financial performance and underlying business trends.

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

18. Segment reporting (Continued)

Revenues and adjusted income from operations for each of the Company's segments for the six months ended June 30, 2024 were as follows:

	Net revenues			
	Data-Tech-AI	Digital operations	Total	AOI
Financial Services	292,234	333,378	625,612	100,098
Consumer and Healthcare	379,012	448,364	827,376	137,522
High Tech and Manufacturing	398,632	455,829	854,461	143,639
Net revenues	**1,069,878**	**1,237,571**	**2,307,449**	
Others				(966)
Total AOI				**380,293**
Stock-based compensation				(27,550)
Amortization and impairment of acquired intangible assets (other than included above)				(13,469)
Foreign exchange gains (losses), net				3,291
Interest income (expense), net				(23,780)
Income tax expense				(79,848)
Net income				**238,937**

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

19. Net revenues

Disaggregation of revenue

The Company disaggregates its revenue as revenue from either Digital Operations services or Data-Tech-AI services based on the nature of the services provided.

The Company's Digital Operations services embed digital, advanced analytics and cloud-based offerings into its business process outsourcing solutions where the Company transforms and runs its clients' operations, with an aim to achieve higher levels of end-to-end performance. These services allow enterprises to be more flexible and help them focus on high-value work to better compete in their industries. The Company's Digital Operations solutions also include certain IT support services for legacy applications, including end user computing support and infrastructure production support.

The Company's Data-Tech-AI services focus on designing and building solutions that harness the power of technology, data and advanced analytics, AI, and cloud-based software-as-a-service offerings to help transform the Company's clients' businesses and operations. These services are advisory, implementation and execution in nature. The Company provides consultative advice to clients as well as technology engineering support and migration and optimization of client's data and technology enterprise infrastructures. Using human-centric design, the Company helps clients build new products and services, creates digital workspaces, and drives customer, client, employee and partner engagement.

During the first quarter of 2024, the Company realigned as Data-Tech-AI services certain services that had previously been designated as Digital Operations services based on the nature of work performed and the mode of delivery for these particular services, which have evolved over time. Accordingly, the Company has updated the classification of revenue derived from Digital Operations services and Data-Tech-AI services for the three and six months ended June 30, 2023 to present comparable information.

In the following table, the Company's revenue is disaggregated by the nature of services provided:

	Three months ended June 30,		Six months ended June 30,	
	2023	2024	2023	2024
Data-Tech-AI	$ 524,956	$ 546,043	$ 1,034,909	$ 1,069,878
Digital Operations	580,568	630,169	1,159,934	1,237,571
Net revenues	**$ 1,105,524**	**$ 1,176,212**	**$ 2,194,843**	**$ 2,307,449**

All three of the Company's segments include revenue from both Data-Tech-AI and Digital Operations services. See Note 18 for additional information.

Contract balances

Contract assets represent the contract acquisition fees or other upfront fees paid to a customer. Such costs are amortized over the expected period of benefit and recorded as an adjustment to the transaction price and deducted from revenue. The Company's assessment did not indicate any significant impairment losses on its contract assets for the periods presented.

Contract liabilities include that portion of revenue for which payments have been received in advance from customers. The Company also defers revenues attributable to certain process transition activities for which costs have been capitalized by the Company as contract fulfillment costs. Consideration received from customers, if any, relating to such transition activities is also included as part of contract liabilities. The contract liabilities are included within "Accrued expenses and other current liabilities" and "Other liabilities" in the unaudited consolidated balance sheets. The revenues are recognized as (or when) the performance obligation is fulfilled under the contract with the customer.

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

19. Net revenues (Continued)

The following table shows the details of the Company's contract balances:

	As of December 31, 2023	As of June 30, 2024
Contract assets (Note a)	$ 33,370	$ 37,260
Contract liabilities (Note b)		
Deferred transition revenue	$ 116,577	$ 118,404
Advance from customers	$ 55,251	$ 53,706

(a) Included in "prepaid expenses and other current assets" and "other assets" in the consolidated balance sheet.

(b) Included in "accrued expenses and other current liabilities" and "other liabilities" in the consolidated balance sheet.

Changes in the Company's contract asset and liability balances during the three and six months ended June 30, 2023 and 2024 were a result of normal business activity and not materially impacted by any other factors.

The amount of revenue recognized during the three months ended June 30, 2023 and 2024 that was included in the Company's contract liabilities balance at the beginning of the period was $60,603 and $54,361, respectively, and the amount of revenue recognized during the six months ended June 30, 2023 and 2024 that was included in the Company's contract liabilities balance at the beginning of the period was $111,777 and $81,105, respectively.

The following table includes estimated revenue expected to be recognized in the future related to remaining performance obligations as of June 30, 2024:

Particulars	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Transaction price allocated to remaining performance obligations	$ 172,110	$ 113,784	$ 46,824	$ 10,607	$ 895

The following table provides details of the Company's contract cost assets:

	Three months ended June 30,				Six months ended June 30,			
	2023		2024		2023		2024	
Particulars	Sales incentive programs	Transition activities	Sales incentive programs	Transition activities	Sales incentive programs	Transition activities	Sales incentive programs	Transition activities
Opening balance	$ 36,231	$ 166,315	$ 40,194	$ 164,724	$ 34,805	$ 181,865	$ 41,964	$ 160,579
Closing balance	37,556	156,231	40,252	163,150	37,556	156,231	40,252	163,150
Amortization	7,492	24,126	6,737	19,693	14,566	48,106	13,682	37,015

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

20. Other operating (income) expense, net

	Three months ended June 30,		Six months ended June 30,	
	2023	2024	2023	2024
Loss on the sale of business classified as held for sale (refer to Note 7)	—	—	802	—
Gain on termination of lease (refer to Note 24)	(4,874)	—	(4,874)	—
Other operating (income) expense*	(89)	(73)	(502)	(5,539)
Other operating (income) expense, net	**$ (4,963)**	**$ (73)**	**$ (4,574)**	**$ (5,539)**

*See Note 7 for additional information about other operating (income) expense, net for the six months ended June 30, 2024.

21. Interest income (expense), net

	Three months ended June 30,		Six months ended June 30,	
	2023	2024	2023	2024
Interest income	$ 3,497	$ 6,003	$ 8,423	$ 12,395
Interest expense	(15,635)	(19,541)	(30,188)	(36,175)
Interest income (expense), net	**$ (12,138)**	**$ (13,538)**	**$ (21,765)**	**$ (23,780)**

22. Income taxes

The Company determines its tax provision for interim periods using an estimate of its annual effective tax rate adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter, the Company updates its estimate of the annual effective tax rate, and if its estimated tax rate changes, the Company makes a cumulative adjustment.

The Company's effective tax rate ("ETR") was 24.9% for the three months ended June 30, 2024, up from 22.7% for the three months ended June 30, 2023. The increase in the Company's ETR was primarily driven by lower tax deductions related to stock-based compensation and other discrete items in the three months ended June 30, 2024 compared to the three months ended June 30, 2023.

The Company's ETR was 25.0% for the six months ended June 30, 2024, up from 23.0% for the six months ended June 30, 2023. The increase in the Company's ETR in the six months ended June 30, 2024 was primarily driven by lower tax deductions related to stock-based compensation in the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

The following table summarizes activities related to the Company's unrecognized tax benefits for uncertain tax positions for the six months ended June 30, 2024:

	Six months ended June 30, 2024
Opening balance at January 1	$ 19,236
Decrease related to prior year tax positions due to lapse of applicable statute of limitation	(37)
Decrease related to settlements with taxing authorities	(342)
Effect of exchange rate changes	(77)
Closing balance at June 30	**$ 18,780**

As of December 31, 2023 and June 30, 2024, the Company had unrecognized tax benefits amounting to $19,236 and $18,780, respectively, which, if recognized, would impact the Company's ETR.

As of December 31, 2023 and June 30, 2024, the Company had accrued $3,312 and $3,296, respectively, in interest and $499 and $500, respectively, for penalties relating to unrecognized tax benefits.

22. Income taxes (Continued)

During the year ended December 31, 2023 and the six months ended June 30, 2024, the Company recognized approximately $220 and $(105), respectively, in interest related to income taxes.

23. Commitments and contingencies

Capital commitments

As of December 31, 2023 and June 30, 2024, the Company has committed to spend $15,982 and $37,634, respectively, under agreements to purchase property, plant and equipment. This amount is net of capital advances paid in respect of these purchases.

Bank guarantees

The Company has outstanding bank guarantees and letters of credit amounting to $10,963 and $10,640 as of December 31, 2023 and June 30, 2024, respectively. Bank guarantees are generally provided to government agencies or for leases. These guarantees may be revoked if the beneficiary suffers 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 Indian 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

(a) 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. 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. Due to 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 will await further clarity to evaluate the amount of a potential provision, if any.

(b) The Indian taxing authorities ("ITA") have issued assessment orders to certain subsidiaries of the Company seeking to assess income tax on certain transactions that occurred in 2015. The Company has received demands for potential tax claims related to these orders in an aggregate amount of $ $110,895, including interest through the date of the orders. This amount excludes penalties or interest accrued since the date of the orders. The Company is pursuing appeals before the relevant appellate authorities in respect of these orders. Further, in respect of a 2015 transaction, the ITA has attempted to revise a previously closed assessment. During 2022, the Income Tax Appellate Tribunal of India (the "Tribunal") ruled in favor of the Company denying the ITA's ability to revise the assessment, and the ITA have appealed this ruling before the Delhi High Court. In January 2023, notwithstanding the Tribunal's decision in the Company's favor, the ITA issued a revised assessment order to the Company, and in March 2023, this assessment order was struck down by the Tribunal. The ITA have filed an appeal challenging this most recent decision of the Tribunal before the Delhi High Court. The Company believes that it is more likely than not that the Company's position will ultimately prevail in respect of these transactions. Accordingly, no unrecognized tax benefit has been provided with respect to this matter as of June 30, 2024.

(c) In September 2020, the Indian Parliament approved new labor codes, including the Code on Social Security, 2020 (the "Code"), which will impact the Company's contributions to its defined benefit plans for employees based in India. The Code has not yet been made effective, and the rules for different states are in the process of being framed. The Company has carried out a preliminary evaluation of the impact the Code will have on the Company. The final impact will be assessed after the Code becomes effective and the related rules are published.

24. Restructuring

The Company has implemented a flexible, hybrid global delivery model in line with the Company's long-term strategy that incorporates a mix of offshore, onshore, near shore, and remote working. As a result, in the second quarter of 2022, the Company determined that certain leases and employee roles were no longer needed and recorded a restructuring charge relating to the abandonment of leased office premises and an employee severance charge.

In the second quarter of 2023, the Company successfully terminated a lease agreement involving leased premises that were abandoned as part of the 2022 restructuring. Accordingly, effective upon the lease termination date, the Company recorded a gain in other operating (income) expense of $4,874. There was no restructuring charge in the six months ended June 30, 2024.

25. Subsequent events

Dividend

On July 11, 2024, the Company announced that its Board of Directors has declared a dividend for the third quarter of 2024 of $0.1525 per common share, which is payable on September 25, 2024 to shareholders of record as of the close of business on September 11, 2024. The declaration of any future dividends will be at the discretion of the Board of Directors and subject to Bermuda and other applicable laws.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is meant to provide material information relevant to an assessment of the financial condition and results of operations of our company, including an evaluation of the amounts and uncertainties of cash flows from operations and from outside sources, so as to allow investors to better view our company from management's perspective. The following discussion should be read in conjunction with our consolidated financial statements and the related notes that appear elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2023 and with the information under the heading "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, 2023. In addition to historical information, this discussion includes forward-looking statements and information that involves risks, uncertainties and assumptions, including but not limited to those listed below and under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023.

Special Note Regarding Forward-Looking Statements

We have made statements in this Quarterly Report on Form 10-Q (the "Quarterly Report") in, among other sections, Part I, Item 2—"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 in Part I, Item 1A—"Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023.

Forward-looking statements we may make 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, and heightened economic uncertainty and geopolitical tensions;
- expected spending by existing and prospective clients on the types of services we provide;
- 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 compete in the rapidly evolving technological environment and successfully implement and generate revenue from new services, including AI-enabled services;
- our ability to manage the transition of our new Chief Executive Officer and to retain senior management;
- our ability to safeguard our systems and protect client, Genpact or employee data from security incidents or cyberattacks;
- our ability to effectively price our services and maintain our pricing and employee and asset utilization rates;
- increases in wages in locations where we have operations;

- our ability to hire and retain enough qualified employees to support our operations;
- general inflationary pressures and our ability to share increased costs with our clients;
- our ability to develop and successfully execute our business strategies;
- increasing competition in our industry;
- 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;
- deterioration in the global economic environment and its impact on our clients, including the bankruptcy of our clients;
- 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 tax policy changes in India, and our ability to effectively execute our tax planning strategies;
- regulatory, legislative and judicial developments, including the withdrawal of governmental fiscal incentives, particularly in India;
- 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 and high tech industries;
- geopolitical tensions, such as the ongoing conflicts between Russia and Ukraine and Israel and Hamas, including any escalation of either conflict, and future actions that may be taken by the United States and other countries in response;
- our ability to successfully consummate or integrate strategic acquisitions or execute divestitures;
- our ability to attract and retain clients and to develop and maintain client relationships on attractive terms;
- our ability to service our defined contribution and benefit plan payment obligations;
- clarification as to the possible retrospective application of a judicial pronouncement in India regarding our defined contribution and benefit plan payment obligations;
- our ability to maintain relationships with former General Electric Company businesses;
- financing terms, including the Secured Overnight Financing Rate ("SOFR") 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;
- our ability to successfully implement our new enterprise resource planning system;
- our ability to grow our business and effectively manage growth and international operations while maintaining effective internal controls;
- 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;
- the selling cycle for our client relationships;
- legislation in the United States or elsewhere that restricts or adversely affects demand for our services offshore;
- our ability to protect our intellectual property and the intellectual property of others;
- the international nature of our business;
- technological innovation; and
- further 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 Form 10-K, Form 10-Q and Form 8-K reports to the Securities and Exchange Commission (the "SEC").

Macroeconomic environment

Our results of operations are affected by economic conditions, including macroeconomic conditions, the overall inflationary environment and levels of business confidence. In the second quarter of 2024, continued economic and geopolitical uncertainty in many markets around the world, including with respect to monetary policy and slowing global economic growth, impacted our business and may continue to impact our business in the future.

The ongoing conflict between Russia and Ukraine and actions taken by the United States and other countries in response, including the imposition of sanctions, as well as the ongoing conflict in the Middle East, have contributed to and may continue to exacerbate supply chain disruption and inflation, regional instability and geopolitical tensions. While we do not have operations in Russia or Ukraine, it is difficult to anticipate the future impacts of the Russia-Ukraine conflict on our business or our clients' businesses. We have limited operations in Israel and continue to closely monitor the situation in the Middle East. To date, we do not believe the conflicts in Ukraine or the Middle East, or the economic or political impacts of these conflicts, have had a material impact on our business, financial position or operations, but we plan to continue to monitor both conflicts.

For additional information about the risks we face, see Part I, Item 1A—"Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023.

Overview

We are 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 running thousands of processes for hundreds of Fortune Global 500 clients. We have over 135,200 employees serving clients in key industry verticals from more than 35 countries. Our registered office is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

In the quarter ended June 30, 2024, we recorded net revenues of $1,176.2 million, of which $546.0 million, or 46.4%, was from Data-Tech-AI services, with the remaining $630.2 million, or 53.6%%, from Digital Operations services.

Critical Accounting Policies and Estimates

For a description of our critical accounting policies and estimates, see Note 2—"Summary of significant accounting policies" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above, as well as Part II, Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" and Note 2—"Summary of significant accounting policies" under Part IV, Item 15—"Exhibits and Financial Statement Schedules" in our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to our critical accounting policies and estimates during the six months ended June 30, 2024 from those described in our Annual Report on Form 10-K for the year ended December 31, 2023.

Due to rounding, the numbers presented in the tables included in this "Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations" may not add up precisely to the totals provided.

Results of Operations

The following table sets forth certain data from our consolidated statements of income for the three and six months ended June 30, 2023 and 2024.

	Three months ended June 30,		Six months ended June 30,		Percentage Change Increase/(Decrease)	
					Three months ended June 30,	Six months ended June 30,
	2023	2024	2023	2024	2024 vs. 2023	2024 vs. 2023
	(dollars in millions)					
Data-Tech-AI[1]	$ 525.0	$ 546.0	$ 1,034.9	$ 1,069.9	4.0 %	3.4 %
Digital Operations[1]	580.6	630.2	1,159.9	1,237.6	8.5 %	6.7 %
Net revenues	**$ 1,105.5**	**$ 1,176.2**	**$ 2,194.8**	**$ 2,307.4**	**6.4 %**	**5.1 %**
Cost of revenue	715.5	759.8	1,434.6	1,494.6	6.2 %	4.2 %
Gross profit	**390.0**	**416.4**	**760.3**	**812.9**	**6.8 %**	**6.9 %**
Gross profit margin	**35.3 %**	**35.4 %**	**34.6 %**	**35.2 %**		
Operating expenses						
Selling, general and administrative expenses	229.4	239.6	445.9	474.7	4.5 %	6.5 %
Amortization of acquired intangible assets	8.3	6.6	16.5	13.5	(20.6)%	(18.3)%
Other operating (income) expense, net	(5.0)	(0.1)	(4.6)	(5.5)	(98.5)%	21.1 %
Income from operations	**157.3**	**170.3**	**302.4**	**330.2**	**8.2 %**	**9.2 %**
Income from operations as a percentage of net revenues	**14.2 %**	**14.5 %**	**13.8 %**	**14.3 %**		
Foreign exchange gains (losses), net	1.8	2.5	0.7	3.3	39.2 %	355.2 %
Interest income (expense), net	(12.1)	(13.5)	(21.8)	(23.8)	11.5 %	9.3 %
Other income (expense), net	3.4	3.3	7.5	9.0	(5.1)%	21.2 %
Income before income tax expense	**150.4**	**162.4**	**288.8**	**318.8**	**8.0 %**	**10.4 %**
Income tax expense	34.1	40.4	66.5	79.8	18.5 %	20.1 %
Net income	**$ 116.3**	**$ 122.0**	**$ 222.4**	**$ 238.9**	**4.9 %**	**7.5 %**
Net income as a percentage of net revenues	**10.5 %**	**10.4 %**	**10.1 %**	**10.4 %**		

[1] We disaggregate our revenue as revenue from either Digital Operations services or Data-Tech-AI services based on the nature of the services provided. During the first quarter of 2024, we realigned as Data-Tech-AI services certain services that had previously been designated as Digital Operations services based on the nature of work performed and the mode of delivery for these particular services, which have evolved over time. Accordingly, we have updated the classification of revenue derived from Digital Operations services and Data-Tech-AI services for the three and six months ended June 30, 2023 to present comparable information. For additional information, see Note 19—"Net revenues" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above.

Three Months Ended June 30, 2024 Compared to the Three Months Ended June 30, 2023

Net revenues. Our net revenues were $1,176.2 million in the second quarter of 2024, up $70.7 million, or 6.4%, from $1,105.5 million in the second quarter of 2023.

Adjusted for foreign exchange, primarily the impact of changes in the values of the Japanese yen, Australian dollar, Chinese yuan, U.K pound sterling, Polish zloty and Indian rupee against the U.S. dollar, our net revenues grew 6.8% in the second quarter of 2024 compared to the second quarter of 2023 on a constant currency[2] basis. We provide information about our revenue growth on a constant currency[2] basis so that our revenue may be viewed without the impact of foreign currency exchange rate fluctuations, thereby facilitating period-to-period comparisons of our business performance. Total net revenues on a constant currency[2] 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 by 11.4% to approximately 133,700 in the second quarter of 2024 from approximately 120,000 in the second quarter of 2023.

	Three months ended June 30,		Percentage Change Increase/(Decrease)
	2023	2024	2024 vs. 2023
	(dollars in millions)		
Data-Tech-AI	$ 525.0	$ 546.0	4.0 %
Digital Operations	580.6	630.2	8.5 %
Net revenues	**$ 1,105.5**	**$ 1,176.2**	**6.4 %**

Net revenues from Data-Tech-AI services in the second quarter of 2024 were $546.0 million, up $21.1 million, or 4.0%, from $525.0 million in the second quarter of 2023. This increase was largely driven by an increase in revenue from our supply chain and risk management services in the second quarter of 2024 compared to the second quarter of 2023.

Net revenues from Digital Operations services in the second quarter of 2024 were $630.2 million, up $49.6 million, or 8.5%, from $580.6 million in the second quarter of 2023, primarily due to ramp-ups of services for new large deals signed in 2023.

Revenues by segment were as follows:

	Three months ended June 30,		Percentage Change Increase/(Decrease)
	2023	2024	2024 vs. 2023
	(dollars in millions)		
Financial Services	$ 301.4	$ 319.1	5.9 %
Consumer and Healthcare	394.9	424.0	7.4 %
High Tech and Manufacturing	409.2	433.1	5.8 %
Net revenue	**1,105.5**	**1,176.2**	**6.4 %**

[2] 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.

Net revenues from our Financial Services segment increased by 5.9% in the second quarter of 2024 compared to the second quarter of 2023, largely due to large deal ramp-ups, partially offset by a reduction in services provided to a client in the banking vertical in the second quarter of 2024 compared to the second quarter of 2023. Net revenues from our Consumer and Healthcare segment increased by 7.4% in the second quarter of 2024 compared to the second quarter of 2023, largely driven by ramp-ups of services from large deals signed in 2023 as well as recently signed deals. Net revenues from our High Tech and Manufacturing segment increased by 5.8% in the second quarter of 2024 compared to the second quarter of 2023, largely driven by ramp-ups of client deals signed in 2023, partially offset by the impact of a reduction in deal scope for a large client in 2023.

Cost of revenue. Cost of revenue was $759.8 million in the second quarter of 2024, up $44.3 million, or 6.2%, from $715.5 million in the second quarter of 2023. The increase in cost of revenue in the second quarter of 2024 compared to the second quarter of 2023 was primarily due to (i) an increase in our operational headcount to support revenue growth, (ii) wage inflation and (iii) higher infrastructure expenses. This increase was partially offset by (i) lower depreciation and amortization expense, (ii) lower stock-based compensation expense and (iii) improved operating leverage in the second quarter of 2024 compared to the second quarter of 2023.

Gross margin. Our gross margin increased from 35.3% in the second quarter of 2023 to 35.4% in the second quarter of 2024. The increase in gross margin was primarily driven by improved operating leverage and lower stock-based compensation expense, partially offset by wage inflation in the second quarter of 2024 compared to the second quarter of 2023.

Selling, general and administrative (SG&A) expenses. SG&A expenses as a percentage of total net revenues decreased from 20.8% in the second quarter of 2023 to 20.4% in the second quarter of 2024. SG&A expenses were $239.6 million in the second quarter of 2024, up $10.2 million, or 4.5%, from $229.4 million in the second quarter of 2023. The increase in SG&A expenses was primarily due to an increase in our sales and marketing spend to support growth as well as higher professional services and travel related expenses in the second quarter of 2024 compared to the second quarter of 2023. This increase was partially offset by lower stock-based compensation expense and operating leverage in support functions in the second quarter of 2024 compared to the second quarter of 2023.

Amortization of acquired intangible assets. Amortization of acquired intangible assets was $6.6 million in the second quarter of 2024, down $1.7 million, or 20.6%, from $8.3 million in the second quarter of 2023. This decrease was primarily due to the completion of useful lives of intangible assets acquired in prior periods.

Other operating (income) expense, net. Other operating income (net of expense) was $0.1 million in the second quarter of 2024, compared to $5.0 million in the second quarter of 2023. The decrease was primarily due to a gain recorded in the second quarter of 2023 upon the successful termination of a lease that was abandoned as part of a 2022 restructuring.

Income from operations. As a result of the foregoing factors, income from operations as a percentage of total net revenues increased from 14.2% in the second quarter of 2023 to 14.5% in the second quarter of 2024. Income from operations increased by $12.9 million from $157.3 million in the second quarter of 2023 to $170.3 million in the second quarter of 2024, primarily due to higher revenue and a higher gross margin in the second quarter of 2024 than in the second quarter of 2023.

Foreign exchange gains (losses), net. We recorded a net foreign exchange gain of $2.5 million in the second quarter of 2024 compared to a net foreign exchange gain of $1.8 million in the second quarter of 2023. The gain in the second quarter of 2024 resulted primarily from gains on fair value hedges and the depreciation of the Indian rupee against the U.S. dollar. The gain in the second quarter of 2023 resulted primarily from gains on fair value hedges, partially offset by the appreciation of the Indian rupee against the U.S. dollar.

Interest income (expense), net. Our interest expense (net of interest income) was $13.5 million in the second quarter of 2024, up $1.4 million from $12.1 million in the second quarter of 2023, primarily due to a $3.9 million increase in interest expense, largely offset by a $2.5 million increase in interest income. Our interest income increased from $3.5 million in the second quarter of 2023 to $6.0 million in the second quarter of 2024, primarily due to higher interest rates and higher cash balances in the second quarter of 2024 compared to the second quarter of 2023. The increase in interest expense was largely due to (i) incremental interest expense on the senior notes issued in June 2024, (ii) a higher average benchmark-based rate on our revolving credit facility and term loan, and (iii) lower gains on interest rate swaps entered into to hedge interest rate exposure on our term loan. This was partially offset by lower usage of our revolving credit facility and a lower term loan balance in the second quarter of 2024 compared to the second quarter of 2023. The weighted average rate of interest on our debt, including the net impact of interest rate swaps, increased from 3.3% in the second quarter of 2023 to 4.4% in the second quarter of 2024. See the section titled "Liquidity and Capital Resources—Financial Condition" for further discussion.

Other income (expense), net. Our other income, net of expense, was $3.3 million in the second quarter of 2024, down from $3.4 million in the second quarter of 2023, primarily due to a lower gain on changes in the fair value of assets in our deferred compensation plan, largely offset by higher miscellaneous receipts in the second quarter of 2024 compared to the second quarter of 2023.

Income tax expense. Our income tax expense was $40.4 million in the second quarter of 2024, up from $34.1 million in the second quarter of 2023, representing an effective tax rate ("ETR") of 24.9% in the second quarter of 2024, up from 22.7% in the second quarter of 2023. The increase in our ETR was primarily driven by lower tax deductions related to stock-based compensation and other discrete items in the second quarter of 2024 compared to the second quarter of 2023.

Net income. As a result of the foregoing factors, net income as a percentage of total net revenues was 10.4% in the second quarter of 2024, down from 10.5% in the second quarter of 2023. Net income increased from $116.3 million in the second quarter of 2023 to $122.0 million in the second quarter of 2024, primarily due to higher income from operations, partially offset by higher income tax expense in the second quarter of 2024 compared to the second quarter of 2023.

Adjusted income from operations. Adjusted income from operations ("AOI") increased by $12.5 million from $186.0 million in the second quarter of 2023 to $198.4 million in the second quarter of 2024. Our AOI margin increased from 16.8% in the second quarter of 2023 to 16.9% in the second quarter of 2024, largely due to improved operational efficiencies in the second quarter of 2024 compared to the second quarter of 2023.

AOI and AOI margin are non-GAAP measures and are 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 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, excluding (i) stock-based compensation, (ii) amortization and impairment of acquired intangible assets, (iii) foreign exchange (gains)/losses, net, (iv) interest (income) expense, net, (v) restructuring (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. To calculate AOI margin, we divided AOI (as calculated above) by total revenue. For additional information, see Note 18—"Segment reporting" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above.

The following table shows the reconciliation of AOI to net income, the most directly comparable GAAP measure, for the three months ended June 30, 2023 and 2024:

	Three months ended June 30,	
	2023	**2024**
	(dollars in millions)	
Net income	$ 116.3	$ 122.0
Foreign exchange (gains) losses, net	(1.8)	(2.5)
Interest (income) expense, net	12.1	13.5
Income tax expense	34.1	40.4
Stock-based compensation	21.8	18.4
Amortization and impairment of acquired intangible assets	8.3	6.5
Restructuring (income) expense	(4.9)	—
Adjusted income from operations	**$ 186.0**	**$ 198.4**

The following table sets forth our AOI by segment for the three months ended June 30, 2023 and 2024:

	Three months ended June 30,		Percentage Change Increase/(Decrease)
	2023	**2024**	**2024 vs. 2023**
	(dollars in millions)		
Financial Services	$ 46.7	$ 53.1	13.6 %
Consumer and Healthcare	59.0	70.7	20.0 %
High Tech and Manufacturing	69.6	74.6	7.1 %
Total reportable segment	**175.3**	**198.4**	**13.2 %**
Others	10.7	—	NM*
Adjusted income from operations	**186.0**	**198.4**	**6.7 %**

**Not Meaningful*

AOI of our Financial Services segment increased to $53.1 million in the second quarter of 2024 from $46.7 million in the second quarter of 2023, primarily due to higher revenues and operating efficiency in the second quarter of 2024 compared to the second quarter of 2023. AOI of our Consumer and Healthcare segment increased to $70.7 million in the second quarter of 2024 from $59.0 million in the second quarter of 2023, largely due to higher revenue from large deal ramp-ups and operating efficiencies in the second quarter of 2024 compared to the second quarter of 2023. AOI of our High Tech and Manufacturing segment increased to $74.6 million in the second quarter of 2024 from $69.6 million in the second quarter of 2023, primarily driven by higher revenue and the reduction in scope of a low margin priority account, partially offset by productivity commitments in the second quarter of 2024 compared to the second quarter of 2023.

AOI for “Others” in the table above primarily represents the adjustment of over- or under-absorption of corporate overheads which is not allocated to any individual segment for management's internal reporting purposes. See Note 18—“Segment reporting” under Part I, Item 1— “Unaudited Consolidated Financial Statements” above.

Six months ended June 30, 2024 Compared to the Six months ended June 30, 2023

Net revenues. Our net revenues were $2,307.4 million in the first half of 2024, up $112.6 million, or 5.1%, from $2,194.8 million in the first half of 2023.

Adjusted for foreign exchange, primarily the impact of changes in the values of the Japanese yen, Australian dollar, South African rand, Chinese yuan, U.K pound sterling, Polish zloty and Indian rupee against the U.S. dollar, our net revenues grew 5.6% in the first half of 2024 compared to the first half of 2023 on a constant currency[3] basis. We provide information about our revenue growth on a constant currency[3] basis so that our revenue may be viewed without the impact of foreign currency exchange rate fluctuations, thereby facilitating period-to-period comparisons of our business performance. Total net revenues on a constant currency[3] 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 by 10.5% to approximately 132,100 in the first half of 2024 from approximately 119,500 in the first half of 2023.

	Six months ended June 30,		Percentage Change Increase/(Decrease)
	2023	**2024**	**2024 vs. 2023**
	(dollars in millions)		
Data-Tech-AI	$ 1,034.9	1,069.9	3.4 %
Digital Operations	1,159.9	1,237.6	6.7 %
Total net revenues	**$ 2,194.8**	**$ 2,307.4**	**5.1 %**

Net revenues from Data-Tech-AI services in the first half of 2024 were $1,069.9 million, up $35.0 million, or 3.4%, from $1,034.9 million in the first half of 2023. This increase was largely driven by an increase in revenue from our data and analytics solutions embedded in our finance and accounting, supply chain and risk management services in the first half of 2024 compared to the first half of 2023.

Net revenues from Digital Operations services in the first half of 2024 were $1,237.6 million, up $77.6 million, or 6.7%, from $1,159.9 million in the first half of 2023, primarily due to ramp-ups of services for new large deals signed in 2023.

[3] 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.

Revenues by segment were as follows:

	Six months ended June 30,		Percentage Change Increase/(Decrease)
	2023	**2024**	**2024 vs. 2023**
	(dollars in millions)		
Financial Services	599.9	625.6	4.3 %
Consumer and Healthcare	780.5	827.4	6.0 %
High Tech and Manufacturing	814.4	854.5	4.9 %
Net revenues	**2,194.8**	**2,307.4**	**5.1 %**
Business held for sale	(0.5)	—	NM*
Net revenues (excluding business held for sale)	**$ 2,194.4**	**$ 2,307.4**	**5.2 %**

**Not Meaningful*

Net revenues from our Financial Services segment increased by 4.3% in the first half of 2024 compared to the first half of 2023, primarily due to large deal ramp-ups, partially offset by a reduction in services provided to a client in the banking vertical. Net revenues from our Consumer and Healthcare segment increased by 6.0% in the first half of 2024 compared to the first half of 2023, primarily driven by ramp-ups of services from large deals signed in 2023 and recently signed deals as well as an increase in supply chain engagements. Net revenues from our High Tech and Manufacturing segment increased by 4.9% in the first half of 2024 compared to the first half of 2023, largely driven by ramp-ups of client deals signed in 2023, partially offset by the impact of a reduction in deal scope for a large client in 2023. Net revenues from "Business held for sale" in the table above represent revenues from a business we had previously classified as held for sale with effect from April 1, 2022 as part of a series of actions we took in 2022 to focus our business on emerging solutions where we see the greatest opportunities for growth and to deprioritize assets that no longer fit with our long-term strategy. The sale of the business we had previously classified as held for sale was completed in the first quarter of 2023. For additional information, see Note 7—"Assets and liabilities held for sale" and Note 18—"Segment reporting" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above.

Cost of revenue. Cost of revenue was $1,494.6 million in the first half of 2024, up $60.0 million, or 4.2%, from $1,434.6 million in the first half of 2023. The increase in cost of revenue in the first half of 2024 compared to the first half of 2023 was primarily due to (i) an increase in our operational headcount to support revenue growth, (ii) wage inflation and (iii) higher infrastructure expenses in the first half of 2024 compared to the first half of 2023. This increase was partially offset by lower consulting expenses, lower stock-based compensation expense and lower depreciation and amortization expense in the first half of 2024 compared to the first half of 2023.

Gross margin. Our gross margin increased from 34.6% in the first half of 2023 to 35.2% in the first half of 2024. The increase in gross margin was primarily due to improved operating leverage, lower stock-based compensation expense and lower depreciation and amortization expense, partially offset by wage inflation in the first half of 2024 compared to the first half of 2023.

Selling, general and administrative (SG&A) expenses. SG&A expenses as a percentage of total net revenues increased from 20.3% in the first half of 2023 to 20.6% in the first half of 2024. SG&A expenses were $474.7 million in the first half of 2024, up $28.8 million, or 6.5%, from $445.9 million in the first half of 2023. The increase in SG&A expenses was primarily due to an increase in our sales and marketing spend to support business growth, a higher allowance for credit losses and wage inflation in the first half of 2024 compared to the first half of 2023. This increase was partially offset by lower stock-based compensation expense and operating leverage in support functions in the first half of 2024 compared to the first half of 2023.

Amortization of acquired intangible assets. Amortization of acquired intangible assets was $13.5 million in the first half of 2024, down $3.0 million, or 18.3%, from $16.5 million in the first half of 2023. This decrease was primarily due to the completion of useful lives of intangible assets acquired in prior periods.

Other operating (income) expense, net. Other operating income (net of expense) was $5.5 million in the first half of 2024 compared to $4.6 million in the first half of 2023. The change in other operating income (net of expense) was primarily due to the receipt of $1.5 million upon the redemption of a loan note associated with the sale of a business previously classified as held for sale and the waiver by a vendor of a liability in the first half of 2024. Additionally, a gain was recorded in the first half of 2023 upon the successful termination of a lease that was abandoned as part of the 2022 restructuring described above. For additional information, see Note 7—"Assets and liabilities held for sale" and Note 24—"Restructuring" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above.

Income from operations. As a result of the foregoing factors, income from operations as a percentage of total net revenues increased from 13.8% in the first half of 2023 to 14.3% in the first half of 2024. Income from operations increased by $27.8 million from $302.4 million in the first half of 2023 to $330.2 million in the first half of 2024, primarily due to a higher gross margin in the first half of 2024 compared to the first half of 2023.

Foreign exchange gains (losses), net. We recorded a net foreign exchange gain of $3.3 million in the first half of 2024 compared to a net foreign exchange gain of $0.7 million in the first half of 2023. The gain in the first half of 2024 resulted primarily from gains on fair value hedges and the depreciation of the Indian rupee against the U.S. dollar during the first half of 2024. The gain in the first half of 2023 resulted primarily from gains on fair value hedges, partially offset by the appreciation of the Indian rupee against the U.S. dollar during that period.

Interest income (expense), net. Our interest expense (net of interest income) was $23.8 million in the first half of 2024, up $2.0 million from $21.8 million in the first half of 2023, primarily due to a $6.0 million increase in interest expense, largely offset by a $4.0 million increase in interest income. Our interest income increased from $8.4 million in the first half of 2023 to $12.4 million in the first half of 2024, due to higher interest rates and higher cash balances in the first half of 2024 compared to the first half of 2023. The increase in interest expense was largely due to (i) incremental interest expense on our senior notes issued in June 2024, (ii) a higher average benchmark-based rate on our revolving credit facility and term loan, and (iii) lower gains on interest rate swaps entered into to hedge interest rate exposure on our term loan. This was partially offset by lower usage of our revolving credit facility and a lower principal amount outstanding under our term loan in the first half of 2024 compared to the first half of 2023. The weighted average rate of interest on our debt, including the net impact of interest rate swaps, increased from 3.3% in the first half of 2023 to 4.3% in the first half of 2024. See the section titled "Liquidity and Capital Resources—Financial Condition" for further discussion.

Other income (expense), net. Our other income (net of expense) was $9.0 million in the first half of 2024 compared to $7.5 million in the first half of 2023. This change was primarily driven by higher sublease income and related corporate transactions in the first half of 2024 compared to the first half of 2023.

Income tax expense. Our income tax expense was $79.8 million in the first half of 2024, up from $66.5 million in the first half of 2023, representing an ETR of 25.0% in the first half of 2024, up from 23.0% in the first half of 2023. The increase in our ETR was primarily driven by lower tax deductions related to stock-based compensation in the first half of 2024 compared to the first half of 2023.

Net income. As a result of the foregoing factors, net income as a percentage of total net revenues was 10.4% in the first half of 2024, up from 10.1% in the first half of 2023. Net income increased by $16.6 million from $222.4 million in the first half of 2023 to $238.9 million in the first half of 2024, primarily due to higher income from operations, partially offset by higher income tax expense in the first half of 2024 compared to the first half of 2023.

Adjusted income from operations. Adjusted income from operations ("AOI") increased by $15.3 million from $365.0 million in the first half of 2023 to $380.3 million in the first half of 2024. Our AOI margin decreased to 16.5% in the first half of 2024 from 16.6% in the first half of 2023, largely due to higher sales and marketing expenses, partially offset by general operating leverage.

AOI and AOI margin are non-GAAP measures and are 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 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, excluding (i) stock-based compensation, (ii) amortization and impairment of acquired intangible assets, (iii) foreign exchange (gain)/loss, (iv) restructuring (income) expense, (v) any loss (gain) on the sale of businesses classified as held for sale, (vi) interest (income) expense, (vii) operating losses from businesses classified as held for sale, and (viii) income tax expense, as we believe that our results after taking into account these adjustments more accurately reflect our ongoing operations. To calculate AOI margin, we divided AOI (as calculated above) by total revenue, excluding revenue from the business previously classified as held for sale. For additional information, see Note 18—"Segment reporting" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above.

During the second quarter of 2022, management approved a plan to divest a business (the "Business") that was part of our Consumer and Healthcare segment, which divestiture was completed in the first quarter of 2023. As a result, we classified the assets and liabilities of the Business as held for sale and recorded net revenues of $0.5 million and a loss of $1.2 million in the first half of 2023. The sale of the Business was completed in the first quarter of 2023. Accordingly, there was no revenue or operating loss in the first half of 2024 from the Business. We also recorded a loss of $0.8 million in the first half of 2023 on the sale of the Business. For additional information, see Note 7— "Assets and liabilities held for sale" and Note 18—"Segment reporting" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above.

The following table shows the reconciliation of AOI to net income, the most directly comparable GAAP measure, for the six months ended June 30, 2023 and 2024:

	Six months ended June 30,	
	2023	2024
	(dollars in millions)	
Net income	$ 222.4	$ 238.9
Foreign exchange (gains) losses, net	(0.7)	(3.3)
Interest (income) expense, net	21.8	23.8
Income tax expense	66.5	79.8
Stock-based compensation	41.5	27.6
Amortization and impairment of acquired intangible assets	16.4	13.5
Restructuring (income) expense	(4.9)	—
Operating loss from the business classified as held for sale	1.2	—
Loss on the sale of business classified as held for sale	0.8	—
Adjusted income from operations	**$ 365.0**	**$ 380.3**

The following table sets forth our AOI by segment for the six months ended June 30, 2023 and 2024:

	Six months ended June 30,		Percentage Change Increase/(Decrease)
	2023	2024	2024 vs. 2023
	(dollars in millions)		
Financial Services	92.3	100.1	8.4 %
Consumer and Healthcare	115.3	137.5	19.3 %
High Tech and Manufacturing	133.9	143.6	7.3 %
Total reportable segment	**341.5**	**381.3**	**11.6 %**
Others	22.3	(1.0)	NM*
Total	**363.8**	**380.3**	**4.5 %**
Operating loss from the business classified as held for sale	1.2	—	NM**
Adjusted income from operations	**$ 365.0**	**$ 380.3**	**4.2 %**

**Not Meaningful*

AOI of our Financial Services segment increased to $100.1 million in the first half of 2024 from $92.3 million in the first half of 2023, largely driven by higher revenues and operating efficiency in the first half of 2024 compared to the first half of 2023, partially offset by the impact of wage inflation. AOI of our Consumer and Healthcare segment increased to $137.5 million in the first half of 2024 from $115.3 million in the first half of 2023, largely driven by higher revenue from large deal ramp-ups and improved efficiencies, partially offset by the impact of wage inflation. AOI of our High Tech and Manufacturing segment increased to $143.6 million in the first half of 2024 from $133.9 million in the first half of 2023, largely driven by higher revenue and the reduction in scope of a low margin priority account in 2023, partially offset by the impact of wage inflation.

AOI for “Others” in the table above primarily represents the adjustment of allowances for credit losses and over- or under-absorption of corporate overheads, none of which is allocated to any individual segment for management's internal reporting purposes. AOI for "business classified as held for sale" in the table above primarily represents the loss attributable to a business previously classified as held for sale. See Note 7—“Assets and liabilities held for sale” and Note 18—“Segment reporting” under Part I, Item 1— “Unaudited Consolidated Financial Statements” above.

Liquidity and Capital Resources

Overview

Information about our financial position as of December 31, 2023 and June 30, 2024 is presented below:

	As of December 31, 2023	As of June 30, 2024	Percentage Change Increase/(Decrease)
	(dollars in millions)		2024 vs. 2023
Cash and cash equivalents	$ 583.7	$ 914.2	56.6 %
Short-term borrowings	10.0	—	NM*
Current portion of long-term debt	432.2	425.9	(1.5)%
Long-term debt, less current portion	824.7	1,207.6	46.4 %
Total equity	$ 2,248.4	$ 2,337.8	4.0 %

**Not Meaningful*

Financial Condition

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

On February 9, 2023, our board of directors approved a 10% increase in our quarterly cash dividend from $0.125 per common share to $0.1375 per common share, representing an annual dividend of $0.55 per common share for 2023, up from $0.50 per common share in 2022. On March 24, 2023 and June 26, 2023, we paid a dividend of $0.1375 per share, amounting to $25.3 million and $25.0 million in the aggregate, to shareholders of record as of March 10, 2023 and June 9, 2023, respectively.

On February 8, 2024, our board of directors approved an 11% increase in our quarterly cash dividend from $0.1375 per common share to $0.1525 per common share, representing a planned annual dividend of $0.61 per common share for 2024, up from $0.55 per common share in 2023. On March 26, 2024 and June 26, 2024, we paid a dividend of $0.1525 per share, amounting to $27.5 million and $27.3 million in the aggregate, to shareholders of record as of March 11, 2024 and June 10, 2024, respectively.

As of June 30, 2024, $909.3 million of our $914.2 million in cash and cash equivalents was held by our foreign (non-Bermuda) subsidiaries. $136.2 million of this cash was held by foreign subsidiaries for which we expect to incur and have accrued a deferred tax liability on the repatriation of $80.4 million of retained earnings. $288.0 million of the cash and cash equivalents was held by foreign subsidiaries in jurisdictions where no tax is expected to be imposed upon repatriation. The remaining $485.1 million in cash and cash equivalents held by foreign subsidiaries is being indefinitely reinvested.

The total authorization under our existing share repurchase program is $2,250.0 million, of which $306.9 million remained available as of June 30, 2024. Since our share repurchase program was initially authorized in 2015, we have repurchased 60,963,063 of our common shares at an average price of $31.87 per share, for an aggregate purchase price of $1,943.1 million.

During the six months ended June 30, 2023 and 2024, we repurchased 3,828,084 and 2,784,988 of our common shares, respectively, on the open market at a weighted average price of $39.31 and $33.26 per share, respectively, for an aggregate purchase price of $150.5 million and $92.6 million, respectively. All repurchased shares have been retired.

For additional information, see Note 16—“Capital stock” under Part I, Item 1—“Unaudited Consolidated Financial Statements” above.

We expect that for the next twelve months and for the foreseeable 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 financing. 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 certain 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:

	Six months ended June 30,		Percentage Change
	2023	**2024**	**2024 vs. 2023**
	(dollars in millions)		
Net cash provided by/(used for):			
Operating activities	$ 137.4	$ 183.7	33.7 %
Investing activities	(45.9)	(44.4)	3.3 %
Financing activities	(257.7)	202.3	178.5 %
Net increase/(decrease) in cash and cash equivalents	**$ (166.3)**	**$ 341.6**	**305.5 %**

Cash flows provided by operating activities. Net cash provided by operating activities was $183.7 million in the six months ended June 30, 2024 compared to net cash provided by operating activities of $137.4 million in the six months ended June 30, 2023. This increase in cash provided by operating activities was primarily driven by (i) a $16.6 million increase in net income in the six months ended June 30, 2024 compared to the six months ended June 30, 2023 and (ii) a $30.8 million decrease in operating assets and liabilities. The decrease in operating assets and liabilities was primarily driven by lower tax payments, higher refunds of Indian Goods and Services Tax payments and higher advances received from customers, partially offset by higher investments in accounts receivable in the six months ended June 30, 2024 compared to the six months ended June 30, 2023. This increase was partially offset by a $1.1 million reduction in non-cash expense, primarily due to lower stock-based compensation expense, a decrease in depreciation and amortization and a higher unrealized gain on the revaluation of foreign currency assets/liabilities, partially offset by an increase in deferred tax expense and an increase in allowances for credit losses in the six months ended June 30, 2024 compared to the six months ended June 30, 2023.

Cash flows used for investing activities. Our net cash used for investing activities was $44.4 million in the six months ended June 30, 2024 compared to $45.9 million in the six months ended June 30, 2023. Cash used for the divestiture of a business previously classified as held for sale was $19.5 million and cash used for business combinations was $0.7 million in the six months ended June 30, 2023, while no corresponding payments were made in the six months ended June 30, 2024. Cash used for payments (net of sales proceeds) for the purchase of property, plant and equipment and internally generated intangible assets was $18.7 million higher in the six months ended June 30, 2024 than in the six months ended June 30, 2023.

Cash flows used for/provided by financing activities. Our net cash provided by financing activities was $202.3 million in the six months ended June 30, 2024 compared to cash used for financing activities of $257.7 million in the six months ended June 30, 2023. This change was primarily due to (i) higher proceeds from borrowings (net of repayment), amounting to $370.1 million in the six months ended June 30, 2024 compared to repayment of borrowings (net of proceeds) of $61.3 million in the six months ended June 30, 2023, (ii) lower payments for stock repurchased and retired (including payments of expenses and taxes related to stock repurchase activity), amounting to $92.7 million in the six months ended June 30, 2024 compared to $150.5 million in the six months ended June 30, 2023, and (iii) a $2.4 million payment of earn-out consideration in the six months ended June 30, 2023 with no corresponding payment in the six months ended June 30, 2024. This increase in cash flow from financing activities was partially offset by (i) a decrease in proceeds from the issuance of common shares under our stock-based compensation plans to $9.7 million in the six months ended June 30, 2024 from $31.9 million in the six months ended June 30, 2023, (ii) higher dividend payments, amounting to $54.8 million in the six months ended June 30, 2024 compared to $50.3 million in the six months ended June 30, 2023, and (iii) higher payments for the net settlement of stock-based awards, amounting to $21.1 million in the six months ended June 30, 2024 compared to $18.3 million in the six months ended June 30, 2023.

Financing Arrangements

In December 2022, we entered into an amended and restated credit agreement (the "2022 Credit Agreement") with Genpact USA, Inc. (“Genpact USA”), Genpact Global Holdings (Bermuda) Limited (“GGH”) and Genpact Luxembourg S.à r.l. (“Genpact Luxembourg”, and together with Genpact USA and GGH, the “Borrowers”), as borrowers, Wells Fargo Bank, National Association (“Wells Fargo”), as administrative agent, swingline lender and issuing bank, and the lenders and other parties thereto, which consists of a $530.0 million term loan and a $650.0 million revolving credit facility. An additional third-party fee paid in connection with the 2022 Credit Agreement is being amortized over the term of the term loan and revolving credit facility, which expire on December 13, 2027. In connection with our entry into the 2022 Credit Agreement, we terminated our previous credit facility under our amended and restated credit agreement entered into in August 2018 (the “2018 Credit Agreement”) with the Borrowers, as borrowers, Wells Fargo, as administrative agent, and the lenders and other financial institutions party thereto, which was comprised of a $680.0 million term loan and a $500.0 million revolving credit facility. The 2022 Credit Agreement replaced the 2018 Credit Agreement.

The 2022 Credit Agreement is guaranteed by us and certain of our subsidiaries. The obligations under the 2022 Credit Agreement are unsecured.

The outstanding balance of the term loan under the 2018 Credit Agreement as of the date of the 2022 Credit Agreement was $527.0 million. The term loan and the revolving credit facility under the 2022 Credit Agreement have a term of five years and expire on December 13, 2027. The 2022 Credit Agreement did not result in a substantial modification of $290.9 million of the outstanding term loan under the 2018 Credit Agreement. As a result of the 2022 Credit Agreement, we extinguished $236.1 million of funding arrangements for the outstanding term loan under the 2018 Credit Agreement and obtained funding from new lenders of $239.1 million, resulting in outstanding principal of $530.0 million of the term loan under the 2022 Credit Agreement. In connection with the 2022 Credit Agreement, we expensed $0.1 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 under the 2022 Credit Agreement. The overall borrowing capacity under the revolving credit facility under the 2022 Credit Agreement is $650.0 million, an increase from $500.0 million under the 2018 Credit Agreement. The remaining unamortized costs and an additional third-party fee paid in connection with the 2022 Credit Agreement will be amortized over the term of the facility, which will expire on December 13, 2027.

Borrowings under the 2022 Credit Agreement bear interest at a rate equal to, at our election, either Adjusted Term SOFR (which is the rate per annum equal to (a) Term SOFR (the forward-looking secured overnight financing rate) plus (b) a Term SOFR Adjustment of 0.10% per annum, but in no case lower than 0.00%) plus an applicable margin equal to 1.375% per annum or a base rate plus an applicable margin equal to 0.375% per annum, in each case subject to adjustment based on the Borrowers' debt ratings provided by Standard & Poor’s Rating Services and Moody’s Investors Service, Inc. from time to time (the "Debt Ratings"). The revolving credit commitments under the 2022 Credit Agreement are subject to a commitment fee equal to 0.20% per annum, subject to adjustment based on the Debt Ratings. The commitment fee accrues on the actual daily amount by which the aggregate revolving commitments exceed the sum of outstanding revolving loans and letter of credit obligations.

The 2022 Credit Agreement restricts certain payments, including dividend payments, if there is an event of default under the 2022 Credit Agreement or if we are not, or after making the payment would not be, in compliance with certain financial covenants contained in the 2022 Credit Agreement. These covenants require us to maintain a net debt to EBITDA leverage ratio of less than 3x and an interest coverage ratio of more than 3x. During the period ended June 30, 2024, we were in compliance with the terms of the 2022 Credit Agreement, including all of the financial covenants therein. Our retained earnings are not subject to any restrictions on availability to make dividend payments to shareholders, subject to compliance with the financial covenants described above that are contained in the 2022 Credit Agreement.

As of December 31, 2023 and June 30, 2024, our outstanding term loan, net of debt amortization expense of $1.3 million and $1.1 million, respectively, was $508.9 million and $489.2 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, 2023 and June 30, 2024, the limits available under such facilities were $23.3 million and $23.0 million, respectively, of which $9.3 million and $9.1 million, respectively, was utilized, constituting non-funded drawdown. As of December 31, 2023 and June 30, 2024, a total of $11.6 million and $1.5 million, respectively, of our revolving credit facility was utilized, of which $10.0 million and $0, respectively, constituted funded drawdown and $1.6 million and $1.5 million, respectively, constituted non-funded drawdown. Our outstanding term loan and revolving credit facility expire on December 13, 2027.

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 Term SOFR and the floor rate under our term loan and make payments based on a fixed rate. As of June 30, 2024, we were party to interest rate swaps covering a total notional amount of $148.1 million. Under these swap agreements, the rate that we pay to banks in exchange for Term SOFR ranges between 4.25% and 4.72%.

In November 2019, Genpact Luxembourg issued $400 million aggregate principal amount of 3.375% senior notes (the “2019 Senior Notes”). The 2019 Senior Notes are fully guaranteed by the Company and Genpact USA. The total debt issuance cost of $2.9 million incurred in connection with the 2019 Senior Notes offering is being amortized over the life of the 2019 Senior Notes as additional interest expense. As of December 31, 2023 and June 30, 2024, the amount outstanding under the 2019 Senior Notes, net of debt amortization expense of $0.5 million and $0.2 million, was $399.5 million and $399.8 million, respectively, which is payable on December 1, 2024.

In March 2021, Genpact Luxembourg and Genpact USA co-issued $350 million aggregate principal amount of 1.750% senior notes (the "2021 Senior Notes"). The 2021 Senior Notes are fully guaranteed by the Company. The total debt issuance cost of $3.0 million incurred in connection with the 2021 Senior Notes offering is being amortized over the life of the 2021 Senior Notes as additional interest expense. As of December 31, 2023 and June 30, 2024, the amount outstanding under the 2021 Senior Notes, net of debt amortization expense of $1.4 million and $1.1 million, respectively, was $348.6 million and $348.9 million, respectively, which is payable on April 10, 2026.

In June 2024, Genpact Luxembourg and Genpact USA co-issued $400 million aggregate principal amount of 6.000% senior notes (the "2024 Senior Notes"). The 2024 Senior Notes are fully guaranteed by the Company. The total debt issuance cost of $4.4 million incurred in connection with the 2024 Senior Notes offering is being amortized over the life of the 2024 Senior Notes as additional interest expense. As of June 30, 2024, the amount outstanding under the 2024 Senior Notes, net of debt amortization expense of $4.3 million, was $395.7 million, which is payable on June 4, 2029.

We pay interest on (i) the 2019 Senior Notes semi-annually in arrears on June 1 and December 1 of each year, (ii) the 2021 Senior Notes semi-annually in arrears on April 10 and October 10 of each year, and (iii) the 2024 Senior Notes semi-annually in arrears on June 4 and December 4 of each year ending on the maturity dates of December 1, 2024, April 10, 2026 and June 4, 2029, respectively.

For additional information, see Notes 10 and 11—“Short-term borrowings” and “Long-term debt” under Part I, Item 1—“Unaudited Consolidated Financial Statements” above.

We use a revolving accounts receivable-based facility for managing our cash flows. As part of this arrangement, accounts receivable sold under this facility are de-recognized upon sale along with the related allowances, if any. As of each of December 31, 2023 and June 30, 2024, we had a revolving accounts receivable-based facility of $75.0 million permitting us to sell accounts receivable to banks on a non-recourse basis in the ordinary course of business. The aggregate maximum capacity utilized at any time during the period ended December 31, 2023 and June 30, 2024 was $51.4 million and $52.0 million, respectively. The principal amount outstanding against this facility as of December 31, 2023 and June 30, 2024 was $51.3 million and $52.0 million, respectively. The cost of factoring accounts receivable sold under this facility during the three and six months ended June 30, 2023 and 2024 was $0.5 million and $0.7 million, respectively, and $0.9 million and $1.4 million, respectively.

We also have arrangements with financial institutions that manage the accounts payable program for certain of our large clients. We sell certain accounts receivable pertaining to such clients to these financial institutions on a non-recourse basis. There is no cap on the value of accounts receivable that can be sold under these arrangements. We used these arrangements to sell accounts receivable amounting to $324.4 million and $129.2 million during the periods ended December 31, 2023 and June 30, 2024, respectively, which also represents the maximum utilization under these arrangements in each such period. The cost of factoring such accounts receivable during the three and six months ended June 30, 2023 and 2024 was $2.6 million and $1.9 million, respectively, and $4.0 million and $3.0 million, respectively.

For additional information, see Note 3—“Accounts receivable, net of allowance for credit losses” under Part I, Item 1—“Unaudited Consolidated Financial Statements” above.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist of foreign exchange contracts. For additional information, see Part I, 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” in our Annual Report on Form 10-K for the year ended December 31, 2023, and Note 5— "Derivative financial instruments" under Part I, Item 1—“Unaudited Consolidated Financial Statements” above.

Other Liquidity and Capital Resources Information

As of December 31, 2023 and June 30, 2024, we have purchase commitments, net of capital advances, of $16.0 million and $37.6 million, respectively, to be paid in respect of such purchases over the next year. For additional information, see Note 23—“Commitments and contingencies” under Part I, Item 1—“Unaudited Consolidated Financial Statements” above and Part II, Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations”—“Other Liquidity and Capital Resources Information” in our Annual Report on Form 10-K for the year ended December 31, 2023.

As of December 31, 2023 and June 30, 2024, we have operating and finance lease commitments of $287.5 million and $298.1 million, respectively, to be paid over the lease terms. For additional information, see Part II, Item 7—“Management’s Discussion and Analysis of Financial Condition and Results of Operations”—“Other Liquidity and Capital Resources Information” in our Annual Report on Form 10-K for the year ended December 31, 2023.

Supplemental Guarantor Financial Information

As discussed in Note 11, “Long-term debt,” under Part I, Item 1—“Unaudited Consolidated Financial Statements” above, Genpact Luxembourg issued the 2019 Senior Notes, and Genpact Luxembourg and Genpact USA co-issued the 2021 Senior Notes and 2024 Senior Notes. As of June 30, 2024, the outstanding balance of the 2019 Senior Notes, the 2021 Senior Notes and the 2024 Senior Notes (collectively, the "Senior Notes") was $399.8 million, $348.9 million and $395.7 million, respectively. Each series of Senior Notes is fully and unconditionally guaranteed by the Company. The 2019 Senior Notes are also fully and unconditionally guaranteed by Genpact USA. Our other subsidiaries do not guarantee the Senior Notes (such other subsidiaries are referred to as the “non-Guarantors”).

The Company (with respect to each series of Senior Notes) and Genpact USA (with respect to the 2019 Senior Notes) have fully and unconditionally guaranteed (i) that the payment of the principal, premium, if any, and interest on the Senior Notes shall be promptly paid in full when due, whether at stated maturity of the Senior Notes, by acceleration, redemption or otherwise, and that the payment of interest on the overdue principal and interest on the Senior Notes, if any, if lawful, and all other obligations of the applicable issuer or issuers of the Senior Notes, respectively, to the holders of the Senior Notes or the trustee under the Senior Notes shall be promptly paid in full or performed, and (ii) in case of any extension of time of payment or renewal of any Senior Notes or any of such other obligations, that the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. With respect to the 2019 Senior Notes, failing payment by Genpact Luxembourg when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Company and Genpact USA shall be obligated to pay the same immediately. With respect to the 2021 Senior Notes and 2024 Senior Notes, failing payment by Genpact Luxembourg or Genpact USA when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Company shall be obligated to pay the same immediately. The Company and Genpact USA have agreed that the guarantees described above are guarantees of payment of the Senior Notes and not guarantees of collection.

The following tables present summarized financial information for Genpact Luxembourg, Genpact USA and the Company (collectively, the “Debt Issuers and Guarantors”) on a combined basis after elimination of (i) intercompany transactions and balances among the Debt Issuers and Guarantors and (ii) equity in earnings from and investments in the non-Guarantors.

Summarized Statements of Income	**Year ended December 31, 2023**	**Six months ended June 30, 2024**
	(dollars in millions)	
Net revenues	$ 298.1	$ 171.9
Gross profit	298.1	171.9
Net income	382.4	85.6

Below is a summary of transactions with non-Guarantors included in the summarized statement of income above:

	Year ended December 31, 2023	**Six months ended June 30, 2024**
	(dollars in millions)	
Royalty income	$ 0.7	$ —
Revenue from services	297.4	171.9
Interest income (expense), net	52.1	(7.0)
Other income (expense), net	(4.5)	(3.2)

Summarized Balance Sheets	**As of December 31, 2023**	**As of June 30, 2024**
	(dollars in millions)	
Assets		
Current assets	$ 2,193.4	$ 2,790.5
Non-current assets	1045.4	1009.2
Liabilities		
Current liabilities	$ 5,121.3	$ 5,306.0
Non-current liabilities	904.7	1,266.1

Below is a summary of the balances with non-Guarantors included in the summarized balance sheets above:

	As of December 31, 2023	As of June 30, 2024
	(dollars in millions)	
Assets		
Current assets		
Accounts receivable, net	$ 114.4	$ 116.1
Loans receivable	1,433.1	1,590.3
Others	594.8	686.7
Non-current assets		
Others	69.5	34.2
Liabilities		
Current liabilities		
Loans payable	$ 3,559.7	$ 3,491.6
Others	1117.8	1372.3
Non-Current liabilities		
Loans payable	$ 75.0	$ 55.0

The Senior Notes and the related guarantees rank pari passu in right of payment with all senior and unsecured debt of the Debt Issuers and Guarantors and rank senior in right of payment to all of the Debt Issuers' and Guarantors' future subordinated debt. The Senior Notes are effectively subordinated to all of the Debt Issuers' and Guarantors' existing and future secured debt to the extent of the value of the assets securing such debt. The Senior Notes are structurally subordinated to all of the existing and future debt and other liabilities of the Guarantors subsidiaries (other than the Issuer), including the liabilities of certain subsidiaries pursuant to our senior credit facility. The non-Guarantors are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due under the Senior Notes or to make the funds available to pay those amounts, whether by dividend, distribution, loan or other payment. If the Debt Issuers and Guarantors have any right to receive any assets of any of the non-Guarantors upon the insolvency, liquidation, reorganization, dissolution or other winding-up of any non-Guarantor, all of that non-Guarantor's creditors (including trade creditors) would be entitled to payment in full out of that non-Guarantor's assets before the holders of the Senior Notes would be entitled to any payment. Claims of holders of the Senior Notes are structurally subordinated to the liabilities of certain non-Guarantors pursuant to their liabilities under our senior credit facility.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, see Note 2(m)—"Recently issued accounting pronouncements" under Item 1—"Unaudited Consolidated Financial Statements" above and Part II, Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations"—"Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to interest rate risk arising from changes in interest rates on the floating rate indebtedness under our term loan and revolving credit facility and the 2019 Senior Notes and 2021 Senior Notes. Borrowings under our term loan and revolving credit facility bear interest at floating rates based on Term SOFR, but in no event less than the floor rate of 0.0% plus an applicable margin. The interest rates on our 2019 Senior Notes and 2021 Senior Notes are subject to adjustment based on the ratings assigned to our debt by Moody's Investors Service, Inc. and Standard & Poor's Rating Services, Inc. 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 2019 Senior Notes and 2021 Senior Notes. Accordingly, fluctuations in market interest rates or a decline in ratings may increase or decrease our interest expense which would, in turn, increase or decrease our net income and cash flow.

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 SOFR and the floor rate under our term loan and make payments based on a fixed rate. Under these swap agreements, the rate that we pay to banks in exchange for Term SOFR ranges between 4.25% and 4.72%.

In March 2021, we executed a treasury rate lock agreement covering $350 million in connection with future interest payments to be made on our 2021 Senior Notes, and the treasury rate lock agreement was designated as a cash flow hedge. The treasury rate lock agreement was terminated on March 23, 2021, and a deferred gain was recorded in accumulated other comprehensive income and is being amortized to interest expense over the life of the 2021 Senior Notes. The remaining gain to be amortized related to the treasury rate lock agreement as of June 30, 2024 was $0.3 million.

In May 2024, we executed treasury rate lock agreements for $400 million in connection with future interest payments to be made on our 2024 Senior Notes, and the treasury rate lock agreements were designated as a cash flow hedge. The treasury rate lock agreements were terminated on May 30, 2024, and a deferred loss was recorded in accumulated other comprehensive income and is being amortized to interest expense over the life of the 2024 Senior Notes. The remaining loss to be amortized related to the treasury rate lock agreements as of June 30, 2024 was $0.4 Million.

For a discussion of our market risk associated with foreign currency risk, interest rate risk and credit risk, see Part II, Item 7A—"Quantitative and Qualitative Disclosures about Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are the Company's controls and other procedures 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 (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.

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 June 30, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. 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 1A. Risk Factors

We have disclosed under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2023 the risk factors that materially affect our business, financial condition or results of operations. You should carefully consider the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2023 as well as the other information that appears elsewhere in this Quarterly Report on Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2023. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us may also materially adversely affect our business, financial condition and/or results of operations.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

Unregistered Sales of Equity Securities

None.

Use of Proceeds

None.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

Share repurchase activity during the three months ended June 30, 2024 was as follows:

Period	Total Number of Shares Purchased	Weighted Average Price Paid per Share ($)	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan or Program ($)
April 1-April 30, 2024	—	—	—	369,559,228
May 1-May 31, 2024	—	—	—	369,559,828
June 1-June 30, 2024	1,920,063	32.63	1,920,063	306,914,202
Total	**1,920,063**	**32.63**	**1,920,063**	

In February 2023, our board of directors authorized a $500 million increase to our existing share repurchase program, bringing the total authorization under this program to $2.25 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 retired. For additional information, see Note 16 —“Capital stock” under Part I, Item 1— “Unaudited Consolidated Financial Statements” above.

Item 5. Other Information

(c) Director and Officer Trading Arrangements

None of our directors or officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934) adopted or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the three months ended June 30, 2024.

Item 6. Exhibits

Exhibit Number	Description
3.1	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).
3.2	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).
4.1	Second Supplemental Indenture, dated as of June 4, 2024, by and among the Registrant, Genpact Luxembourg S.à r.l., Genpact USA, Inc. and Computershare Trust Company, National Association (as successor to Wells Fargo Bank, National Association), as trustee, to the Base Indenture dated as of March 26, 2021 (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 June 4, 2024).
4.2	Form of 6.000% Senior Note due 2029 (included as Exhibit A to the Second Supplemental Indenture filed as Exhibit 4.1) (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 June 4, 2024).
22.1*	List of Issuers and Guarantor Subsidiaries.
31.1*	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.
31.2*	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.
32.1*	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.
32.2*	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.
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 or furnished with this Quarterly Report on Form 10-Q.

† Indicates a management contract or compensatory plan, contract or arrangement in which any director or executive officer participates.

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.

Date: August 9, 2024

GENPACT LIMITED

By:	/s/ Balkrishan Kalra
	Balkrishan Kalra
	Chief Executive Officer
By:	/s/ Michael Weiner
	Michael Weiner
	Chief Financial Officer

Exhibit 22.1

List of Issuers and Guarantor Subsidiaries

This table sets forth the issuers and guarantors of the notes issued by Genpact Limited and its subsidiaries and the jurisdiction of incorporation or organization for each such entity.

Entity	Jurisdiction of Incorporation or Organization	3.375% Senior Notes due 2024	1.750% Senior Notes due 2026	6.000% Senior Notes due 2029
Genpact Limited	Bermuda	Guarantor	Guarantor	Guarantor
Genpact Luxembourg S.à r.l.	Luxembourg	Issuer	Issuer	Issuer
Genpact USA, Inc.	Delaware, U.S.	Guarantor	Issuer	Issuer

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Balkrishan Kalra, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Genpact Limited for the period ended June 30, 2024, 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: August 9, 2024

/s/ Balkrishan Kalra
Balkrishan Kalra
Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Michael Weiner, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Genpact Limited for the period ended June 30, 2024, 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: August 9, 2024

/s/ Michael Weiner
Michael Weiner
Chief Financial Officer

Exhibit 32.1

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 Quarterly Report of Genpact Limited (the “Company”) on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Balkrishan Kalra, 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: August 9, 2024

/s/ Balkrishan Kalra
Balkrishan Kalra
Chief Executive Officer

Exhibit 32.2

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 Quarterly Report of Genpact Limited (the “Company”) on Form 10-Q for the period ended June 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael Weiner, 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: August 9, 2024

/s/ Michael Weiner

Michael Weiner
Chief Financial Officer