

**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 September 30, 2021  
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**  
(State or other jurisdiction of  
incorporation or organization)

**98-0533350**  
(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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 November 2, 2021, there were 188,060,328 common shares, par value \$0.01 per share, of the registrant issued and outstanding.

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# 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, 2020	As of September 30, 2021
<b>Assets</b>			
<i>Current assets</i>			
Cash and cash equivalents	4	\$ 680,440	\$ 922,475
Accounts receivable, net of allowance for credit losses of \$27,707 and \$29,527 as of December 31, 2020 and September 30, 2021, respectively	5	881,020	951,171
Prepaid expenses and other current assets	8	187,408	201,598
<b>Total current assets</b>		<b>\$ 1,748,868</b>	<b>\$ 2,075,244</b>
Property, plant and equipment, net	9	231,122	207,920
Operating lease right-of-use assets		304,714	273,587
Deferred tax assets	23	106,674	108,871
Intangible assets, net	10	236,732	171,008
Goodwill	10	1,695,688	1,685,684
Contract cost assets	20	225,897	240,378
Other assets, net of allowance for credit losses of \$3,134 and \$2,593 as of December 31, 2020 and September 30, 2021, respectively		323,818	286,439
<b>Total assets</b>		<b>\$ 4,873,513</b>	<b>\$ 5,049,131</b>
<b>Liabilities and equity</b>			
<i>Current liabilities</i>			
Short-term borrowings	11	\$ 250,000	\$ —
Current portion of long-term debt	12	33,537	383,293
Accounts payable		13,910	24,834
Income taxes payable	23	41,941	110,019
Accrued expenses and other current liabilities	13	806,769	735,980
Operating leases liability		56,479	58,222
<b>Total current liabilities</b>		<b>\$ 1,202,636</b>	<b>\$ 1,312,348</b>
Long-term debt, less current portion	12	1,307,371	1,280,571
Operating leases liability		289,363	254,347
Deferred tax liabilities	23	1,516	1,237
Other liabilities	14	238,398	247,742
<b>Total liabilities</b>		<b>\$ 3,039,284</b>	<b>\$ 3,096,245</b>
<b>Shareholders' equity</b>			
Preferred shares, \$0.01 par value, 250,000,000 authorized, none issued		—	—
Common shares, \$0.01 par value, 500,000,000 authorized, 189,045,661 and 188,056,571 issued and outstanding as of December 31, 2020 and September 30, 2021, respectively		1,885	1,876
Additional paid-in capital		1,636,026	1,690,250
Retained earnings		741,658	830,372
Accumulated other comprehensive income (loss)		(545,340)	(569,612)
<b>Total equity</b>		<b>\$ 1,834,229</b>	<b>\$ 1,952,886</b>
Commitments and contingencies	25		
<b>Total liabilities and equity</b>		<b>\$ 4,873,513</b>	<b>\$ 5,049,131</b>

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 September 30,		Nine months ended September 30,	
		2020	2021	2020	2021
Net revenues	20	\$ 935,523	\$ 1,015,737	\$ 2,758,809	\$ 2,949,934
Cost of revenue		605,829	653,686	1,804,492	1,887,596
<b>Gross profit</b>		<b>\$ 329,694</b>	<b>\$ 362,051</b>	<b>\$ 954,317</b>	<b>\$ 1,062,338</b>
<i>Operating expenses:</i>					
Selling, general and administrative expenses		198,335	215,957	581,989	620,857
Amortization of acquired intangible assets	10	10,235	13,898	31,673	44,624
Other operating (income) expense, net	21	(3,518)	(93)	14,991	(217)
<b>Income from operations</b>		<b>\$ 124,642</b>	<b>\$ 132,289</b>	<b>\$ 325,664</b>	<b>\$ 397,074</b>
Foreign exchange gains (losses), net		(2,402)	2,733	11,611	11,529
Interest income (expense), net	22	(12,757)	(12,765)	(38,072)	(38,198)
Other income (expense), net	24	960	1,480	946	8,966
<b>Income before income tax expense</b>		<b>\$ 110,443</b>	<b>\$ 123,737</b>	<b>\$ 300,149</b>	<b>\$ 379,371</b>
Income tax expense	23	25,008	21,351	66,855	83,008
<b>Net income</b>		<b>\$ 85,435</b>	<b>\$ 102,386</b>	<b>\$ 233,294</b>	<b>\$ 296,363</b>
Earnings per common share	18				
Basic		\$ 0.45	\$ 0.55	\$ 1.22	\$ 1.58
Diluted		\$ 0.43	\$ 0.53	\$ 1.19	\$ 1.54
Weighted average number of common shares used in computing earnings per common share	18				
Basic		190,949,108	187,856,026	190,705,671	187,945,234
Diluted		196,655,140	193,159,929	196,100,067	192,885,252

See accompanying notes to the Consolidated Financial Statements.

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

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>
Net income	\$ 85,435	\$ 102,386	\$ 233,294	\$ 296,363
Other comprehensive income:				
Currency translation adjustments	36,106	(9,043)	(36,959)	(36,721)
Net income (loss) on cash flow hedging derivatives, net of taxes (Note 7)	19,856	7,789	(18,893)	10,321
Retirement benefits, net of taxes	301	497	2,383	2,128
Other comprehensive income (loss)	56,263	(757)	(53,469)	(24,272)
Comprehensive income (loss)	<b>\$ 141,698</b>	<b>\$ 101,629</b>	<b>\$ 179,825</b>	<b>\$ 272,091</b>

See accompanying notes to the Consolidated Financial Statements.

**GENPACT LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Statements of Equity**  
**For the three months ended September 30, 2020**  
**(Unaudited)**  
**(In thousands, except share count)**

	<b>Common shares</b>						
	<b>No. of Shares</b>	<b>Amount</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total Equity</b>	
<b>Balance as of July 1, 2020</b>	<b>190,721,373</b>	<b>\$ 1,903</b>	<b>\$ 1,590,017</b>	<b>\$ 710,382</b>	<b>\$ (641,688)</b>	<b>\$ 1,660,614</b>	
Issuance of common shares on exercise of options (Note 16)	203,306	2	4,271	—	—	4,273	
Issuance of common shares under the employee stock purchase plan (Note 16)	67,639	1	2,567	—	—	2,568	
Net settlement on vesting of restricted share units (Note 16)	151,419	2	(4,258)	—	—	(4,256)	
Net settlement on vesting of performance units (Note 16)	—	—	—	—	—	—	
Stock repurchased and retired (Note 17)	(739,790)	(8)	—	(28,544)	—	(28,552)	
Expenses related to stock repurchase (Note 17)	—	—	—	(15)	—	(15)	
Stock-based compensation expense (Note 16)	—	—	19,487	—	—	19,487	
Comprehensive income (loss):							
Net income (loss)	—	—	—	85,435	—	85,435	
Other comprehensive income (loss)	—	—	—	—	56,263	56,263	
Dividend (\$0.0975 per common share, Note 17)	—	—	—	(18,637)	—	(18,637)	
<b>Balance as of September 30, 2020</b>	<b>190,403,947</b>	<b>\$ 1,900</b>	<b>\$ 1,612,084</b>	<b>\$ 748,621</b>	<b>\$ (585,425)</b>	<b>\$ 1,777,180</b>	

See accompanying notes to the Consolidated Financial Statements.

**GENPACT LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Statements of Equity**  
**For the nine months ended September 30, 2020**  
**(Unaudited)**  
**(In thousands, except share count)**

	Common shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Equity
	No. of Shares	Amount				
<b>Balance as of January 1, 2020</b>	<b>190,118,181</b>	<b>\$ 1,896</b>	<b>\$ 1,570,575</b>	<b>\$ 648,656</b>	<b>\$ (531,956)</b>	<b>\$ 1,689,171</b>
Transition period adjustment pursuant to ASC 326, net of tax	—	—	—	(3,984)	—	(3,984)
<b>Adjusted balance as of January 1, 2020</b>	<b>190,118,181</b>	<b>1,896</b>	<b>1,570,575</b>	<b>644,672</b>	<b>(531,956)</b>	<b>1,685,187</b>
Issuance of common shares on exercise of options (Note 16)	542,634	6	10,863	—	—	10,869
Issuance of common shares under the employee stock purchase plan (Note 16)	241,953	3	8,389	—	—	8,392
Net settlement on vesting of restricted share units (Note 16)	380,625	4	(7,725)	—	—	(7,721)
Net settlement on vesting of performance units (Note 16)	902,532	9	(25,836)	—	—	(25,827)
Stock repurchased and retired (Note 17)	(1,781,978)	(18)	—	(73,534)	—	(73,552)
Expenses related to stock purchase (Note 17)	—	—	—	(36)	—	(36)
Stock-based compensation expense (Note 16)	—	—	55,818	—	—	55,818
Comprehensive income (loss):						
Net income (loss)	—	—	—	233,294	—	233,294
Other comprehensive income (loss)	—	—	—	—	(53,469)	(53,469)
Dividend (\$0.2925 per common share, Note 17)	—	—	—	(55,775)	—	(55,775)
<b>Balance as of September 30, 2020</b>	<b>190,403,947</b>	<b>\$ 1,900</b>	<b>\$ 1,612,084</b>	<b>\$ 748,621</b>	<b>\$ (585,425)</b>	<b>\$ 1,777,180</b>

See accompanying notes to the Consolidated Financial Statements.

**GENPACT LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Statements of Equity**  
**For the three months ended September 30, 2021**  
**(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	
<b>Balance as of July 1, 2021</b>	<b>187,350,298</b>	<b>\$ 1,869</b>	<b>\$ 1,657,756</b>	<b>\$ 748,199</b>	<b>\$ (568,855)</b>	<b>\$ 1,838,969</b>	
Issuance of common shares on exercise of options (Note 16)	511,813	5	11,732	—	—	11,737	
Issuance of common shares under the employee stock purchase plan (Note 16)	60,374	1	2,818	—	—	2,819	
Net settlement on vesting of restricted share units (Note 16)	134,086	1	(3,535)	—	—	(3,534)	
Net settlement on vesting of performance units (Note 16)	—	—	—	—	—	—	
Stock repurchased and retired (Note 17)	—	—	—	—	—	—	
Expenses related to stock purchase (Note 17)	—	—	—	—	—	—	
Stock-based compensation expense (Note 16)	—	—	21,485	—	—	21,485	
Others	—	—	(6)	—	—	(6)	
Comprehensive income (loss):							
Net income (loss)	—	—	—	102,386	—	102,386	
Other comprehensive income (loss)	—	—	—	—	(757)	(757)	
Dividend (\$0.1075 per common share, Note 17)	—	—	—	(20,213)	—	(20,213)	
<b>Balance as of September 30, 2021</b>	<b>188,056,571</b>	<b>\$ 1,876</b>	<b>\$ 1,690,250</b>	<b>\$ 830,372</b>	<b>\$ (569,612)</b>	<b>\$ 1,952,886</b>	

See accompanying notes to the Consolidated Financial Statements.



**GENPACT LIMITED AND ITS SUBSIDIARIES**  
**Consolidated Statements of Equity**  
**For the nine months ended September 30, 2021**  
**(Unaudited)**  
**(In thousands, except share count)**

	<u>Common shares</u>						
	<u>No. of Shares</u>	<u>Amount</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Equity</u>	
<b>Balance as of January 1, 2021</b>	<b>189,045,661</b>	<b>\$ 1,885</b>	<b>\$ 1,636,026</b>	<b>\$ 741,658</b>	<b>\$ (545,340)</b>	<b>\$ 1,834,229</b>	
Issuance of common shares on exercise of options (Note 16)	1,020,125	11	20,902	—	—	20,913	
Issuance of common shares under the employee stock purchase plan (Note 16)	216,378	2	8,871	—	—	8,873	
Net settlement on vesting of restricted share units (Note 16)	264,376	3	(5,845)	—	—	(5,842)	
Net settlement on vesting of performance units (Note 16)	1,102,440	11	(28,302)	—	—	(28,291)	
Stock repurchased and retired (Note 17)	(3,592,409)	(36)	—	(147,116)	—	(147,152)	
Expense related to stock purchase (Note 17)	—	—	—	(72)	—	(72)	
Stock-based compensation expense (Note 16)	—	—	58,604	—	—	58,604	
Others	—	—	(6)	—	—	(6)	
Comprehensive income (loss):							
Net income (loss)	—	—	—	296,363	—	296,363	
Other comprehensive income (loss)	—	—	—	—	(24,272)	(24,272)	
Dividend (\$0.3225 per common share, Note 17)	—	—	—	(60,461)	—	(60,461)	
<b>Balance as of September 30, 2021</b>	<b>188,056,571</b>	<b>\$ 1,876</b>	<b>\$ 1,690,250</b>	<b>\$ 830,372</b>	<b>\$ (569,612)</b>	<b>\$ 1,952,886</b>	

See accompanying notes to the Consolidated Financial Statements.

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

	Nine months ended September 30,	
	2020	2021
<b>Operating activities</b>		
Net income	\$ 233,294	\$ 296,363
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation and amortization	88,273	82,344
Amortization of debt issuance costs	1,685	1,969
Amortization of acquired intangible assets	31,673	44,624
Write-down of intangible assets and property, plant and equipment	10,647	915
Allowance for credit losses	3,226	2,412
Unrealized loss (gain) on revaluation of foreign currency asset/liability	6,164	(4,252)
Stock-based compensation expense	55,818	58,604
Deferred tax benefit	(9,287)	(6,236)
Write-down of operating lease right-of-use assets and other assets	10,244	—
Others, net	(1,131)	806
Change in operating assets and liabilities:		
(Increase) decrease in accounts receivable	49,299	(78,626)
(Increase) decrease in prepaid expenses, other current assets, contract cost assets, operating lease right-of-use assets and other assets	(148,909)	43,071
Increase (decrease) in accounts payable	(2,646)	11,138
Increase (decrease) in accrued expenses, other current liabilities, operating lease liabilities and other liabilities	44,830	(74,085)
Increase in income taxes payable	52,033	68,430
<b>Net cash provided by operating activities</b>	<b>\$ 425,213</b>	<b>\$ 447,477</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(47,932)	(31,385)
Payment for internally generated intangible assets (including intangibles under development)	(8,391)	(3,907)
Proceeds and recovery from sale of property, plant and equipment and intangible assets	447	4,511
Payment for business acquisitions, net of cash acquired	—	(6,613)
Proceed from sale of investment	—	142
<b>Net cash (used for) investing activities</b>	<b>\$ (55,876)</b>	<b>\$ (37,252)</b>
<b>Financing activities</b>		
Repayment of finance lease obligations	(7,240)	(8,659)
Payment of debt issuance costs	(620)	(3,018)
Proceeds from long-term debt	—	350,000
Repayment of long-term debt	(25,500)	(25,500)
Proceeds from short-term borrowings	455,000	—
Repayment of short-term borrowings	(280,000)	(250,000)
Proceeds from issuance of common shares under stock-based compensation plans	19,261	29,786
Payment for net settlement of stock-based awards	(33,157)	(33,467)
Payment of earn-out consideration	—	(2,556)
Dividend paid	(55,775)	(60,461)
Payment for stock repurchased and retired (including expenses related to stock repurchase)	(73,588)	(147,224)
Others	—	(6)
<b>Net cash (used for) financing activities</b>	<b>\$ (1,619)</b>	<b>\$ (151,105)</b>
Effect of exchange rate changes	(31,415)	(17,085)
Net increase in cash and cash equivalents	367,718	259,120
Cash and cash equivalents at the beginning of the period	467,096	680,440
<b>Cash and cash equivalents at the end of the period</b>	<b>\$ 803,399</b>	<b>\$ 922,475</b>
<b>Supplementary information</b>		
Cash paid during the period for interest	\$ 28,160	\$ 25,715
Cash paid during the period for income taxes, net of refund	\$ 131,456	\$ 38,040

See accompanying notes to the Consolidated Financial Statements.

**GENPACT LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**  
**(In thousands, except per share data and share count)**

**1. Organization**

The Company is a global professional services firm that drives digitally-led innovation and runs digitally-enabled intelligent operations for its clients, guided by its experience running thousands of processes for hundreds of Fortune Global 500 clients. The Company has approximately 105,400 employees serving clients in key industry verticals from more than 30 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, 2020. 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, and management has made assumptions about the possible effects of the ongoing COVID-19 pandemic on critical and significant accounting estimates. 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.

**GENPACT LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**  
**(In thousands, except per share data and share count)**

**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 10 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 - 11 years
Marketing-related intangible assets	1 - 10 years
Technology-related intangible assets	2 - 8 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.

**GENPACT LIMITED AND ITS SUBSIDIARIES**  
**Notes to the Consolidated Financial Statements**  
**(Unaudited)**  
**(In thousands, except per share data and share count)**

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

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

Financial instruments that potentially subject the Company to concentration of credit risk are reflected principally in cash and cash equivalents, derivative financial instruments and accounts receivable. The Company places its cash and cash equivalents and derivative financial instruments with corporations and banks with high investment grade ratings, limits the amount of credit exposure with any one corporation or bank and conducts ongoing evaluations of the creditworthiness of the corporations and banks with which it does business. To reduce its credit risk on accounts receivable, the Company conducts ongoing credit evaluations of its customers. The General Electric Company ("GE") accounted for 16% and 10% of the Company's receivables as of December 31, 2020 and September 30, 2021, respectively. GE accounted for 12% and 13% of the Company's revenues for the three and nine months ended September 30, 2020, respectively and 9% and 10% of the Company's revenues for the three and nine months ended September 30, 2021, respectively.

*(e) Accounts receivable*

Accounts receivable are recorded at the invoiced or to be invoiced amount and do not bear interest. Amounts collected on trade accounts receivable are included in net cash provided by operating activities in the consolidated statements of cash flows. The Company maintains an allowance for 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 does not have any off-balance-sheet credit exposure related to its customers.

*(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.

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.

**GENPACT LIMITED AND ITS SUBSIDIARIES**  
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**2. Summary of significant accounting policies (Continued)**

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.

**Significant judgements**

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

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

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

**(g) 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.

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

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.

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.

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

It also includes operational expenses, which consist of facilities maintenance expenses, travel and living expenses, rent, IT expenses, and consulting and certain other expenses. Consulting charges represent the cost of consultants and contract resources with specialized skills who are directly responsible for the performance of services for clients and travel 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*

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.

*(k) Reclassification*

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



**GENPACT LIMITED AND ITS SUBSIDIARIES**  
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**2. Summary of significant accounting policies (Continued)**

*(l) Impairment of long-lived assets*

Long-lived assets, including certain intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are required to be tested for impairment if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated 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.

*(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 Company has adopted the following recently released accounting standards:

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

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

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

The Company adopted ASU 2016-13, ASU 2019-05 and ASU 2019-11 beginning January 1, 2020, including interim periods in fiscal year 2020.

In October 2020, the FASB issued ASU No. 2020-09, "Codification Improvements to Topic 470, Debt— Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762." The SEC in its Release No. 33-10762 in March 2020 has adopted new rules on financial disclosure requirements for guarantors and issuers of guaranteed securities and affiliates whose securities collateralize issuers' securities. This ASU revises certain SEC paragraphs of the FASB's Accounting Standards Codification (ASC) to reflect, as appropriate, the amended financial statement disclosure requirements in SEC Release 33-10762. The amended rules were effective January 4, 2021 but early compliance was permitted. The Company adopted the amended rules issued by the SEC in its Release No. 33-10762 in the first quarter of 2020. Accordingly, the Company has already adopted the amendments under this ASU, and the disclosures related to guarantor financial information have been omitted from the Notes to the Consolidated Financial Statements and included under Part II, Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2020.

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**3. Business acquisitions**

**(a) Enquero Inc**

On December 31, 2020, the Company acquired 100% of the outstanding equity interests in Enquero Inc, a California corporation, and certain affiliated entities in India, the Netherlands and Canada (collectively referred to as “Enquero”) for total purchase consideration of \$148,797. This amount represents cash consideration of \$137,166, net of cash acquired of \$11,631. The total purchase consideration paid by the Company to the sellers on the closing date was \$141,938. No portion of the purchase consideration is outstanding as of September 30, 2021. The Company is evaluating adjustments related to certain income and other taxes, which, when determined, may result in the recognition of additional assets or liabilities as of the acquisition date. The measurement period will not exceed one year from the acquisition date. This acquisition increased the scale and depth of the Company’s data and analytics capabilities and enhanced the Company’s ability to accelerate the digital transformation journeys of its clients through cloud technologies and advanced data analytics.

In connection with this acquisition, the Company recorded \$49,000 in customer-related intangibles, \$9,500 in marketing-related intangibles and \$1,400 in technology-related intangibles, which have a weighted average amortization period of four years. Goodwill arising from the acquisition amounting to \$86,561 has been allocated using a relative fair value allocation method to each of the Company’s reporting segments as follows: to the Banking, Capital Markets and Insurance (“BCMI”) segment in the amount of \$2,556, to the Consumer Goods, Retail, Life Sciences and Healthcare (“CGRLH”) segment in the amount of \$22,211 and to the High Tech, Manufacturing and Services (“HMS”) segment in the amount of \$61,794. The goodwill arising from this acquisition is not deductible for income tax purposes. The goodwill represents primarily the acquired capabilities and other benefits expected to result from combining the acquired operations with the Company’s existing operations.

Acquisition-related costs of \$1,590 have been included in selling, general and administrative expenses as incurred. In connection with the transaction, the Company also acquired certain assets with a value of \$32,759, assumed certain liabilities amounting to \$17,113 and recognized a net deferred tax liability of \$13,310. The agreement with the sellers provides a full indemnity to the Company for all pre-closing income and non-income tax liabilities up to a maximum of the purchase consideration, including interest and penalties thereon. The Company would not be financially or materially affected by any liabilities that may arise from such exposures.

Accordingly, the Company recognized an indemnification asset of \$5,848 based on the information that was available at the date of the acquisition, which is included in the assets taken over by the Company. The results of operations of the acquired business and the fair value of the acquired assets and assumed liabilities are included in the Company’s consolidated financial statements with effect from the date of the acquisition.

**(b) SomethingDigital.Com LLC**

On October 5, 2020, the Company acquired 100% of the outstanding equity/limited liability company interests in SomethingDigital.Com LLC, a New York limited liability company, for total purchase consideration of \$57,451. This amount represents cash consideration of \$56,073, net of cash acquired of \$1,378. The total purchase consideration paid by the Company to the sellers on the closing date was \$57,704, resulting in a recoverable of \$253, which was received in the three months ended March 31, 2021. This acquisition supported the Company’s strategy to integrate experience and process innovation to help clients on their digital transformation journeys and expanded on the Company’s existing experience capabilities to support end-to-end digital commerce solutions, both business-to-business and business-to-consumer. Additionally, this acquisition expanded the Company’s capabilities into Magento Commerce, which powers Adobe Commerce Cloud, and Shopify Plus, a cloud-based ecommerce platform for high volume merchants.

In connection with this acquisition, the Company recorded \$11,900 in customer-related intangibles and \$3,500 in marketing-related intangibles which have a weighted average amortization period of four years. Goodwill arising from the acquisition amounting to \$36,926 has been allocated using a relative fair value allocation method to two of the Company’s reporting segments as follows: to the CGRLH segment in the amount of \$30,373 and to the HMS segment in the amount of \$6,553. Of the total goodwill arising from this acquisition, \$35,084 is deductible for income tax purposes.

The goodwill represents primarily the acquired capabilities and other benefits expected to result from combining the acquired operations with those of the Company’s existing operations.

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**3. Business acquisitions (Continued)**

Acquisition-related costs of \$1,060 have been included in selling, general and administrative expenses as incurred. In connection with the transaction, the Company also acquired certain assets with a value of \$9,538, assumed certain liabilities amounting to \$4,494 and recognized a net deferred tax asset of \$81. The results of operations of the acquired business and the fair value of the acquired assets and assumed liabilities are included in the Company's consolidated financial statements with effect from the date of the acquisition.

**(c) Rightpoint Consulting, LLC**

On November 12, 2019, the Company acquired 100% of the outstanding equity/limited liability company interests in Rightpoint Consulting, LLC, an Illinois limited liability company, and certain affiliated entities in the United States and India (collectively referred to as "Rightpoint") for total purchase consideration of \$270,669. This amount includes cash consideration of \$268,170, net of cash acquired of \$2,499. The total purchase consideration paid by the Company to the sellers on the closing date was \$248,470 resulting in a payable of \$22,199. \$5,166 of the total purchase consideration remains payable as of September 30, 2021. This acquisition expanded the Company's capabilities in improving customer experience.

The securities purchase agreement between the Company and the selling equity holders of Rightpoint provided certain of the selling equity holders the option to elect to either (a) receive 100% consideration in cash at the closing date for their limited liability company interests and vested options or (b) "roll over" and retain 25% of their Rightpoint limited liability company interests and vested options for a three-year rollover period and receive cash consideration at closing for the remaining 75% of their Rightpoint limited liability company interests and vested options. Certain selling equity holders elected to receive deferred, variable earn-out consideration with an estimated value of \$21,500 over the rollover period of three years.

The amount of deferred earn-out consideration ultimately payable by the Company to the selling equity holders of Rightpoint will be based on the future revenue multiple of the acquired business. Additionally, under the purchase agreement the selling equity holders are obligated to sell their rollover interests to the Company. Accordingly, the Company has obtained control over 100% of the outstanding equity/limited liability company interests of Rightpoint as of November 12, 2019. See Note 6, "Fair value measurements," for additional details.

In connection with this acquisition, the Company recorded \$46,000 in customer-related intangibles and \$29,000 in marketing-related intangibles which have a weighted average amortization period of five years. Goodwill arising from the acquisition amounting to \$177,181 has been allocated using a relative fair value allocation method to each of the Company's reporting segments as follows: to the BCMI segment in the amount of \$16,983, to the CGRLH segment in the amount of \$42,993 and to the HMS segment in the amount of \$117,205. Of the total goodwill arising from this acquisition, \$91,929 is deductible for income tax purposes. The goodwill represents primarily the acquired capabilities and other benefits expected to result from combining the acquired operations with those of the Company.

Acquisition-related costs of \$7,385 have been included in selling, general and administrative expenses as incurred. In connection with the transaction, the Company also acquired certain assets with a value of \$39,140, assumed certain liabilities amounting to \$22,295 and recognized a net deferred tax liability of \$1,643. The results of operations of the acquired business and the fair value of the acquired assets and assumed liabilities are included in the Company's consolidated financial statements with effect from the date of the acquisition.

**4. Cash and cash equivalents**

	<u>As of December 31, 2020</u>	<u>As of September 30, 2021</u>
Cash and other bank balances	680,440	922,475
Total	<u>\$ 680,440</u>	<u>\$ 922,475</u>

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**5. Accounts receivable, net of allowance for credit losses**

Accounts receivable were \$908,727 and \$980,698 and allowance for credit losses were \$27,707 and \$29,527, resulting in net accounts receivable balances of \$881,020 and \$951,171 as of December 31, 2020 and September 30, 2021, respectively.

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

	Year ended December 31, 2020	Nine months ended September 30, 2021
Opening balance as of January 1	\$ 29,969	\$ 27,707
Transition period adjustment on accounts receivables (through retained earnings) pursuant to adoption of ASC 326	4,185	—
Adjusted balance as of January 1	\$ 34,154	\$ 27,707
Additions due to acquisitions	200	—
Additions charged/reversal released to cost and expense	3,307	2,953
Deductions/effect of exchange rate fluctuations	(9,954)	(1,133)
Closing balance	\$ 27,707	\$ 29,527

In addition, deferred billings were \$28,491 and \$14,532 and allowance for credit losses on deferred billings were \$3,134 and \$2,593, resulting in net deferred billings balances of \$25,357 and \$11,939 as of December 31, 2020 and September 30, 2021, respectively.

Total credit losses on deferred billings of \$3,134 as of December 31, 2020 includes \$734 as a transition date adjustment through retained earnings pursuant to the adoption of ASC 326 and \$2,400 as a charge for the year ended December 31, 2020. During the nine months ended September 30, 2021, the Company recorded a release of \$541 to cost and expense on account of credit losses on deferred billings. Deferred billings, net of related allowance for credit losses, are included under "other assets" in the Company's consolidated balance sheet as of December 31, 2020 and September 30, 2021.

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**6. Fair value measurements**

The Company measures certain financial assets and liabilities, including derivative instruments, at fair value on a recurring basis. The fair value measurements of these financial assets and liabilities were determined using the following inputs as of December 31, 2020 and September 30, 2021:

As of December 31, 2020				
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)
<b>Assets</b>				
Derivative instruments (Note a, c)	\$ 27,709	\$ —	\$ 27,709	\$ —
Deferred compensation plan assets (Note a, e)	26,832	—	—	26,832
<b>Total</b>	<b>\$ 54,541</b>	<b>\$ —</b>	<b>\$ 27,709</b>	<b>\$ 26,832</b>
<b>Liabilities</b>				
Earn-out Consideration (Note b, d)	\$ 8,272	\$ —	\$ —	\$ 8,272
Derivative instruments (Note b, c)	40,981	—	40,981	—
Deferred compensation plan liability (Note b, f)	26,390	—	—	26,390
<b>Total</b>	<b>\$ 75,643</b>	<b>\$ —</b>	<b>\$ 40,981</b>	<b>\$ 34,662</b>

As of September 30, 2021				
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)
<b>Assets</b>				
Derivative instruments (Note a, c)	\$ 22,931	\$ —	\$ 22,931	\$ —
Deferred compensation plan assets (Note a, e)	36,306	—	—	36,306
<b>Total</b>	<b>\$ 59,237</b>	<b>\$ —</b>	<b>\$ 22,931</b>	<b>\$ 36,306</b>
<b>Liabilities</b>				
Earn-out consideration (Note b, d)	\$ 6,156	\$ —	\$ —	\$ 6,156
Derivative instruments (Note b, c)	22,828	—	22,828	—
Deferred compensation plan liability (Note b, f)	35,715	—	—	35,715
<b>Total</b>	<b>\$ 64,699</b>	<b>\$ —</b>	<b>\$ 22,828</b>	<b>\$ 41,871</b>

- (a) Included in “prepaid expenses and other current assets” and “other assets” in the consolidated balance sheets.
- (b) Included in “accrued expenses and other current liabilities” and “other liabilities” in the consolidated balance sheets.
- (c) The Company values its derivative instruments based on market observable inputs, including both forward and spot prices for the relevant currencies and interest rate indices for relevant interest rates. The quotes are taken from an independent market database.

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**6. Fair value measurements (Continued)**

- (d) The fair value of earn-out consideration, calculated as the present value of expected future payments to be made to the sellers of acquired businesses, was derived by estimating the future financial performance of the acquired businesses using the earn-out formula and performance targets specified in each purchase agreement and adjusting the result to reflect the Company's estimate of the likelihood of achievement of such targets. Given the significance of the unobservable inputs, the valuations are classified in level 3 of the fair value hierarchy.
- (e) Deferred compensation plan assets consist of life insurance policies held under a Rabbi Trust. Assets held in the Rabbi Trust are valued based on the cash surrender value of the insurance contract, which is determined based on the fair value of the underlying assets included in the insurance portfolio and are therefore classified within level 3 of the fair value hierarchy.
- (f) The fair value of the deferred compensation plan liability is derived based on the fair value of the underlying assets in the insurance policies and is therefore classified within level 3 of the fair value hierarchy.

The following table provides a roll-forward of the fair value of earn-out consideration categorized as level 3 in the fair value hierarchy for the three and nine months ended September 30, 2020 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021
<b>Opening balance</b>	<b>\$ 21,935</b>	<b>\$ 5,716</b>	<b>\$ 22,184</b>	<b>\$ 8,272</b>
Payments made on earn-out consideration (Note a)	—	—	—	(2,556)
Change in fair value of earn-out consideration (Note b)	(3,773)	—	(4,452)	—
Others (Note c)	—	440	430	440
<b>Closing balance</b>	<b>\$ 18,162</b>	<b>\$ 6,156</b>	<b>\$ 18,162</b>	<b>\$ 6,156</b>

- (a) Includes an interest payment on earn-out consideration in excess of the acquisition date fair value, which is included in "cash flows from operating activities" amounting to \$0 for the three and nine months ended September 30, 2020 and \$440 for the three and nine months ended September 30, 2021.
- (b) Changes in the fair value of earn-out consideration are reported in "other operating (income) expense, net" in the consolidated statements of income.
- (c) "Others" is comprised of interest expense included in "interest income (expense), net" and the impact of changes in foreign exchange reported in "foreign exchange gains (losses), net" in the consolidated statements of income. This also includes a cumulative translation adjustment reported as a component of "other comprehensive income (loss)."

The following table provides a roll-forward of the fair value of deferred compensation plan assets categorized as level 3 in the fair value hierarchy for the three and nine months ended September 30, 2020 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021
<b>Opening balance</b>	<b>\$ 21,837</b>	<b>\$ 35,533</b>	<b>\$ 11,208</b>	<b>\$ 26,832</b>
Additions (net of redemption)	639	857	10,500	6,816
Change in fair value of deferred compensation plan assets (Note a)	1,204	(84)	1,972	2,658
<b>Closing balance</b>	<b>\$ 23,680</b>	<b>\$ 36,306</b>	<b>\$ 23,680</b>	<b>\$ 36,306</b>

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

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**6. Fair value measurements (Continued)**

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 nine months ended September 30, 2020 and 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021
<b>Opening balance</b>	<b>\$ 21,375</b>	<b>\$ 35,034</b>	<b>\$ 10,943</b>	<b>\$ 26,390</b>
Additions (net of redemption)	792	840	10,367	6,799
Change in fair value of deferred compensation plan liabilities (Note a)	1,085	(159)	1,942	2,526
<b>Closing balance</b>	<b>\$ 23,252</b>	<b>\$ 35,715</b>	<b>\$ 23,252</b>	<b>\$ 35,715</b>

- (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.

**7. 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 are largely deliverable, 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 39 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, 2020	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021
Foreign exchange forward contracts denominated in:				
United States Dollars (sell) Indian Rupees (buy)	\$ 1,150,000	\$ 1,022,500	\$ 15,207	\$ 13,564
United States Dollars (sell) Mexican Peso (buy)	17,500	13,000	716	(130)
United States Dollars (sell) Philippines Peso (buy)	67,200	96,750	1,332	(3,078)
Euro (sell) United States Dollars (buy)	96,651	73,954	(5,659)	963
Singapore Dollars (buy) United States Dollars (sell)	10,153	10,153	66	(237)
Euro (sell) Romanian Leu (buy)	29,489	27,833	(22)	(104)
Japanese Yen (sell) Chinese Renminbi (buy)	19,230	4,431	473	603
United States Dollars (sell) Hungarian Font (buy)	30,000	21,900	904	(722)
Hungarian Font (Sell) Euro (buy)	10,444	9,857	61	(93)
Australian Dollars (sell) Indian Rupees (buy)	140,525	80,685	(7,670)	546
Pound Sterling (sell) United States Dollar (buy)	—	24,955	—	766
Interest rate swaps (floating to fixed)	488,022	467,107	(18,680)	(11,975)
			<u>\$ (13,272)</u>	<u>\$ 103</u>

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**7. Derivative financial instruments (Continued)**

- (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.

FASB guidance on derivatives and hedging requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. In accordance with the FASB guidance on derivatives and hedging, the Company designates foreign exchange forward contracts, 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 the FASB guidance in order to hedge foreign exchange risks related to balance sheet items, such as receivables and intercompany borrowings, that are denominated in currencies other than the Company's underlying functional currency.

The fair 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, 2020	As of September 30, 2021	As of December 31, 2020	As of September 30, 2021
<b>Assets</b>				
Prepaid expenses and other current assets	\$ 16,188	\$ 11,700	\$ 5,357	\$ 1,200
Other assets	\$ 6,164	\$ 10,031	\$ —	\$ —
<b>Liabilities</b>				
Accrued expenses and other current liabilities	\$ 16,387	\$ 13,332	\$ 3,785	\$ 1,982
Other liabilities	\$ 16,886	\$ 7,474	\$ 3,923	\$ 40

*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.

The Company executed a treasury lock agreement for \$350,000 in connection with future interest payments to be made on its senior notes issued by Genpact Luxembourg S.à r.l. ("Genpact Luxembourg") and Genpact USA, Inc. ("Genpact USA"), both wholly-owned subsidiaries of the Company, in March 2021 (the "2021 Senior Notes"), and the treasury lock was designated as a cash flow hedge. The treasury 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 lock agreement as of September 30, 2021 was \$733.



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**7. 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 September 30,						
	2020			2021		
	Before tax Amount	Tax (Expense) or Benefit*	Net of tax Amount	Before tax Amount	Tax (Expense) or Benefit*	Net of tax Amount
Opening balance	\$ (54,335)	\$ 9,994	\$ (44,341)	\$ (7,883)	\$ 1,355	\$ (6,528)
Net gains (losses) reclassified into statement of income on completion of hedged transactions	(3,996)	1,029	(2,967)	2,443	(526)	1,917
Changes in fair value of effective portion of outstanding derivatives, net	20,550	(3,661)	16,889	11,984	(2,278)	9,706
Gain/(loss) on cash flow hedging derivatives, net	24,546	(4,690)	19,856	9,541	(1,752)	7,789
Closing balance	\$ (29,789)	\$ 5,304	\$ (24,485)	\$ 1,658	\$ (397)	\$ 1,261

  

Nine months ended September 30,						
	2020			2021		
	Before tax Amount	Tax (Expense) or Benefit*	Net of tax Amount	Before tax Amount	Tax (Expense) or Benefit*	Net of tax Amount
Opening balance	\$ (4,126)	\$ (1,466)	\$ (5,592)	\$ (10,921)	\$ 1,861	\$ (9,060)
Net gains (losses) reclassified into statement of income on completion of hedged transactions	(4,909)	722	(4,187)	6,361	(1,463)	4,898
Changes in fair value of effective portion of outstanding derivatives, net	(30,572)	7,492	(23,080)	18,940	(3,721)	15,219
Gain/(loss) on cash flow hedging derivatives, net	(25,663)	6,770	(18,893)	12,579	(2,258)	10,321
Closing balance	\$ (29,789)	\$ 5,304	\$ (24,485)	\$ 1,658	\$ (397)	\$ 1,261

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

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

Derivatives in Cash Flow Hedging Relationships	Amount of Gain (Loss) recognized in OCI on Derivatives (Effective Portion)				Location of Gain (Loss) reclassified from OCI into Statement of Income (Effective Portion)	Amount of Gain (Loss) reclassified from OCI into Statement of Income (Effective Portion)			
	Three months ended September 30,		Nine months ended September 30,			Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021		2020	2021	2020	2021
Forward foreign exchange contracts	\$ 20,518	\$ 12,175	\$ (10,609)	\$ 17,457	Revenue	\$ 62	\$ 416	\$ 3,973	\$ 515
Interest rate swaps	32	(191)	(19,963)	667	Cost of revenue	(1,571)	3,160	(4,833)	9,288
Treasury rate lock	—	—	—	816	Selling, general and administrative expenses	(440)	849	(1,310)	2,513
					Interest expense	(2,047)	(1,982)	(2,739)	(5,955)
	\$ 20,550	\$ 11,984	\$ (30,572)	\$ 18,940		\$ (3,996)	\$ 2,443	\$ (4,909)	\$ 6,361

There were no gains (losses) recognized in income on the ineffective portion of derivatives and excluded from effectiveness testing for the three and nine months ended September 30, 2020 and 2021, respectively.

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**7. Derivative financial instruments(Continued)**

*Non-designated Hedges*

Derivatives not designated as hedging instruments	Location of Gain (Loss) recognized in Statement of Income on Derivatives	Amount of Gain (Loss) recognized in Statement of Income on Derivatives			
		Three months ended September 30,		Nine months ended September 30,	
		2020	2021	2020	2021
Forward foreign exchange contracts (Note a)	Foreign exchange gains (losses), net	\$ 7,136	\$ 3,938	\$ (6,698)	\$ 8,775
Forward foreign exchange contracts (Note b)	Foreign exchange gains (losses), net	—	—	3,963	—
		<u>\$ 7,136</u>	<u>\$ 3,938</u>	<u>\$ (2,735)</u>	<u>\$ 8,775</u>

- (a) These forward foreign exchange contracts were entered into to hedge fluctuations in foreign exchange rates for recognized balance sheet items such as receivables and intercompany borrowings, and were not originally designated as hedges under FASB guidance on derivatives and hedging. Realized gains (losses) and changes in the fair value of these derivatives are recorded in foreign exchange gains (losses), net in the consolidated statements of income.
- (b) These forward foreign exchange contracts were initially designated as cash flow hedges under ASC guidance on derivatives and hedging. These contracts were terminated because certain forecasted transactions were no longer expected to occur and therefore hedge accounting was no longer applied. Subsequently the realized gains (losses) are recorded in foreign exchange gains (losses) net in the consolidated statements of income.

In connection with the COVID-19 pandemic, the Company has reevaluated its hedging arrangements. The Company has considered the effect of changes, if any, in both counterparty credit risk and the Company's own non-performance risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company believes that its hedges continue to be effective after taking into account the expected impact of the COVID-19 pandemic on the Company's hedged transactions.

**8. Prepaid expenses and other current assets**

Prepaid expenses and other current assets consist of the following:

	As of December 31, 2020	As of September 30, 2021
Advance income and non-income taxes	\$ 73,008	\$ 106,192
Contract asset (Note 20)	9,035	9,942
Prepaid expenses	32,375	40,738
Derivative instruments	21,545	12,900
Employee advances	2,636	4,259
Deposits	8,774	5,169
Advances to suppliers	2,716	1,000
Others	37,319	21,398
	<u>\$ 187,408</u>	<u>\$ 201,598</u>

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**9. Property, plant and equipment, net**

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

	As of December 31, 2020	As of September 30, 2021
Property, plant and equipment, gross	\$ 792,463	\$ 802,488
Less: Accumulated depreciation, amortization and impairment	(561,341)	(594,568)
Property, plant and equipment, net	<u>\$ 231,122</u>	<u>\$ 207,920</u>

Depreciation expense on property, plant and equipment for the nine months ended September 30, 2020 and 2021 was \$50,863 and \$46,305, respectively, and for the three months ended September 30, 2020 and 2021 was \$17,257 and \$14,131, respectively. Computer software amortization for the nine months ended September 30, 2020 and 2021 was \$7,399 and \$4,469, respectively, and for the three months ended September 30, 2020 and 2021 was \$1,889 and \$1,461, respectively. The Company recorded a write-down to certain property, plant and equipment during the three months ended September 30, 2020 and nine months ended September 30, 2020 and 2021, as described in Note 10.

**10. Goodwill and intangible assets**

The following table presents the changes in goodwill for the year ended December 31, 2020 and nine months ended September 30, 2021:

	For the year ended December 31, 2020	For the nine months ended September 30, 2021
Opening balance	1,574,466	1,695,688
Goodwill relating to acquisitions consummated during the period	123,595	—
Impact of measurement period adjustments	(5,653)	(108)
Effect of exchange rate fluctuations	3,280	(9,896)
Closing balance	<u>1,695,688</u>	<u>1,685,684</u>

The following table presents the changes in goodwill by reporting unit for the year ended December 31, 2020:

	BCMI	CGRLH	HMS	Total
Opening balance	417,213	555,130	602,123	1,574,466
Goodwill relating to acquisitions consummated during the period	2,559	52,612	68,424	123,595
Impact of measurement period adjustments	(542)	(1,372)	(3,739)	(5,653)
Effect of exchange rate fluctuations	942	1,204	1,134	3,280
Closing balance	<u>420,172</u>	<u>607,574</u>	<u>667,942</u>	<u>1,695,688</u>

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**10. Goodwill and intangible assets (Continued)**

The following table presents the changes in goodwill by reporting unit for the nine months ended September 30, 2021:

	BCMI	CGRLH	HMS	Total
Opening balance	420,172	607,574	667,942	1,695,688
Goodwill relating to acquisitions consummated during the period	—	—	—	—
Impact of measurement period adjustments	(3)	(28)	(77)	(108)
Effect of exchange rate fluctuations	(3,061)	(3,726)	(3,109)	(9,896)
Closing balance	417,108	603,820	664,756	1,685,684

The total amount of goodwill deductible for tax purposes was \$296,046 and \$277,428 as of December 31, 2020 and September 30, 2021, respectively.

The Company's intangible assets are as follows:

	As of December 31, 2020			As of September 30, 2021		
	Gross carrying amount	Accumulated amortization & Impairment	Net	Gross carrying amount	Accumulated amortization & Impairment	Net
Customer-related intangible assets	\$ 478,189	\$ 359,652	\$ 118,537	\$ 474,041	\$ 385,494	\$ 88,547
Marketing-related intangible assets	96,561	61,154	35,407	96,395	73,113	23,282
Technology-related intangible assets	152,293	90,866	61,427	171,547	112,368	59,179
Intangible assets under development	23,864	2,503	21,361	—	—	—
	<u>\$ 750,907</u>	<u>\$ 514,175</u>	<u>\$ 236,732</u>	<u>\$ 741,983</u>	<u>\$ 570,975</u>	<u>\$ 171,008</u>

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 nine months ended September 30, 2020 and 2021 were \$31,673 and \$44,624, respectively, and for the three months ended September 30, 2020 and 2021 were \$10,235 and \$13,898, respectively.

Amortization expenses for internally-developed and other intangible assets disclosed in the consolidated statements of income under cost of revenue and selling, general and administrative expenses for the nine months ended September 30, 2020 and 2021 were \$20,932 and \$18,841, respectively, and for the three months ended September 30, 2020 and 2021 were \$6,896 and \$6,919, respectively.

During the three and nine months ended September 30, 2020 and 2021, 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 decisions to cease certain service offerings. Based on the results of this testing, the Company determined that the carrying values of the assets tested were not recoverable, and the Company recorded complete write-downs of the carrying values of these assets amounting to \$10,647 and \$915 for the nine months ended September 30, 2020 and 2021, respectively, and \$674 and \$0 for the three months ended September 30, 2020 and 2021, respectively. These write-downs have been recorded in "other operating (income) expense, net" in the consolidated statement of income.

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**10. Goodwill and intangible assets (Continued)**

The summary below represents the impairment charge recorded for various categories of assets during the three and nine months ended September 30, 2020 and September 30, 2021:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021
Technology related intangibles	\$ 347	\$ —	\$ 4,878	\$ 205
Customer related intangibles	—	—	1,239	—
<b>Total Intangibles</b>	<b>\$ 347</b>	<b>\$ —</b>	<b>\$ 6,117</b>	<b>\$ 205</b>
Property, plant and equipment	\$ 327	\$ —	\$ 4,530	\$ 710
<b>Total Property, plant and equipment</b>	<b>\$ 327</b>	<b>\$ —</b>	<b>\$ 4,530</b>	<b>\$ 710</b>
<b>Grand Total</b>	<b>\$ 674</b>	<b>\$ —</b>	<b>\$ 10,647</b>	<b>\$ 915</b>

**11. 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, 2020 and September 30, 2021, the limits available were \$14,311 and \$20,209, respectively, of which \$7,809 and \$4,206, respectively, was utilized, constituting non-funded drawdown.
- b. A fund-based and non-fund based revolving credit facility of \$500,000, which the Company obtained through an amendment of its existing credit agreement on August 9, 2018, as described in Note 12. Prior to the amendment, the Company's revolving credit facility was \$350,000. The amended credit facility expires on August 8, 2023. The funded drawdown amount under the Company's revolving facilities bore interest at a rate equal to LIBOR plus a margin of 1.375% as of December 31, 2020 and September 30, 2021. The unutilized amount on the revolving facilities bore a commitment fee of 0.20% as of December 31, 2020 and September 30, 2021. As of December 31, 2020 and September 30, 2021, a total of \$252,347 and \$2,017, respectively, was utilized, of which \$250,000 and \$0, respectively, constituted funded drawdown and \$2,347 and \$2,017, respectively, constituted non-funded drawdown. The Company's amended credit agreement contains certain customary covenants, including a maximum leverage covenant and a minimum interest coverage ratio. During the period ended December 31, 2020 and September 30, 2021, the Company was in compliance with the financial covenants of the credit agreement.

**12. Long-term debt**

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

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**12. Long-term debt (Continued)**

Borrowings under the amended credit facility bear interest at a rate equal to, at the election of the Company, either LIBOR plus an applicable margin equal to 1.375% per annum, compared to a margin of 1.50% under the 2015 Facility, or a base rate plus an applicable margin equal to 0.375% per annum, compared to a margin of 0.50% under the 2015 Facility, in each case subject to adjustment based on the Company's debt ratings provided by Standard & Poor's Rating Services and Moody's Investors Service, Inc. Based on the Company's election and current credit rating, the applicable interest rate is equal to LIBOR plus 1.375% per annum. The amended credit agreement restricts certain payments, including dividend payments, if there is an event of default under the 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 amended credit agreement. These covenants require the Company to maintain a net debt to EBITDA leverage ratio of below 3x and an interest coverage ratio of more than 3x. During the period ended September 30, 2021, the Company was in compliance with the terms of the 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 amended credit agreement.

As of December 31, 2020 and September 30, 2021, the amount outstanding under the term loan, net of debt amortization expense of \$1,150 and \$801, was \$593,850 and \$568,699, respectively. As of December 31, 2020 and September 30, 2021, the term loan bore interest at a rate equal to LIBOR plus a margin of 1.375% per annum.

Indebtedness under the amended credit facility is unsecured. The amount outstanding on the term loan as of September 30, 2021 requires quarterly payments of \$8,500, and the balance of the loan is due and payable upon the maturity of the term loan on August 8, 2023.

The maturity profile of the term loan outstanding as of September 30, 2021, net of debt amortization expense, is as follows:

Year ended	Amount
2021	\$ 8,386
2022	33,564
2023	526,749
Total	<u>\$ 568,699</u>

Genpact Luxembourg S.à r.l., a wholly-owned subsidiary of the Company, issued \$350,000 aggregate principal amount of 3.70% senior notes in March 2017 (the "2017 Senior Notes"), and \$400,000 aggregate principal amount of 3.375% senior notes in November 2019 (the "2019 Senior Notes"). The 2017 Senior Notes and 2019 Senior Notes are fully guaranteed by the Company. The total debt issuance cost of \$2,642 and \$2,937 incurred in connection with the 2017 Senior Notes and 2019 Senior Notes offerings, respectively, are being amortized over the lives of the respective notes as an additional interest expense. As of December 31, 2020 and September 30, 2021, the amount outstanding under the 2017 Senior Notes, net of debt amortization expense of \$658 and \$264, respectively, was \$349,342 and \$349,736, respectively, which is payable on April 1, 2022. As of December 31, 2020 and September 30, 2021, the amount outstanding under the 2019 Senior Notes, net of debt amortization expense of \$2,284 and \$1,849, was \$397,716 and \$398,152, respectively, which is payable on December 1, 2024.

In March 2021, Genpact Luxembourg S.à r.l. and Genpact USA, Inc., both wholly-owned subsidiaries of the Company, co-issued \$350,000 aggregate principal amount of 1.750% senior notes (the "2021 Senior Notes," and together with the 2017 Senior Notes and the 2019 Senior Notes, the "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 September 30, 2021, the amount outstanding under the 2021 Senior Notes, net of debt amortization expense of \$2,723, was \$347,277, which is payable on April 10, 2026.

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**12. Long-term debt (Continued)**

The Company pays interest on (i) the 2017 Senior Notes semi-annually in arrears on April 1 and October 1 of each year, (ii) the 2019 Senior Notes semi-annually in arrears on June 1 and December 1 of each year, and (iii) the 2021 Senior Notes semi-annually in arrears on April 10 and October 10 of each year, ending on the maturity dates of April 1, 2022, December 1, 2024 and April 10, 2026, 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 2017 Senior Notes, March 1, 2022, in the case of the 2019 Senior Notes, November 1, 2024, and in the case of the 2021 Senior Notes, March 10, 2026, a specified “make-whole” premium. 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 September 30, 2021, the Company and its applicable subsidiaries were in compliance with the covenants. 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 Senior Notes is subject to adjustment if the credit rating of the Senior Notes is downgraded, up to a maximum increase of 2.0%.

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

	As of December 31, 2020	As of September 30, 2021
Credit facility, net of amortization expenses	\$ 593,850	\$ 568,699
3.70% 2017 Senior Notes, net of debt amortization expenses	349,342	349,736
3.375% 2019 Senior Notes, net of debt amortization expenses	397,716	398,152
1.750% 2021 Senior Notes, net of debt amortization expenses	\$ —	347,277
<b>Total</b>	<b>\$ 1,340,908</b>	<b>\$ 1,663,864</b>
Current portion	33,537	383,293
Non-current portion	1,307,371	1,280,571
<b>Total</b>	<b>\$ 1,340,908</b>	<b>\$ 1,663,864</b>

**13. Accrued expenses and other current liabilities**

Accrued expenses and other current liabilities consist of the following:

	As of December 31, 2020	As of September 30, 2021
Accrued expenses	\$ 150,390	\$ 153,186
Accrued employee cost	286,399	250,136
Earn-out consideration	2,651	3,051
Statutory liabilities	104,768	68,203
Retirement benefits	1,967	1,301
Compensated absences	28,635	27,972
Derivative instruments	20,172	15,314
Contract liabilities (Note 20)	154,717	150,322
Finance lease liability	18,066	21,348
Other liabilities	39,004	45,147
	<b>\$ 806,769</b>	<b>\$ 735,980</b>

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**14. Other liabilities**

Other liabilities consist of the following:

	As of December 31, 2020	As of September 30, 2021
Accrued employee cost	\$ 19,797	\$ 22,154
Earn-out consideration	5,621	3,105
Retirement benefits	11,947	13,123
Compensated absences	47,656	52,774
Derivative instruments	20,809	7,514
Contract liabilities (Note 20)	68,760	84,170
Finance lease liability	30,958	20,407
Others	32,850	44,495
	<u>\$ 238,398</u>	<u>\$ 247,742</u>

**15. 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 nine months ended September 30, 2020 and 2021 include the following components:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021
Service costs	\$ 2,733	\$ 3,454	\$ 8,402	\$ 10,528
Interest costs	1,267	1,363	3,898	4,135
Amortization of actuarial loss	615	558	1,883	1,704
Expected return on plan assets	(1,108)	(1,534)	(3,406)	(4,605)
Net defined benefit plan costs	<u>\$ 3,507</u>	<u>\$ 3,841</u>	<u>\$ 10,777</u>	<u>\$ 11,762</u>



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**15. Employee benefit plans (Continued)**

**Defined contribution plans**

During the three and nine months ended September 30, 2020 and 2021, the Company contributed the following amounts to defined contribution plans in various jurisdictions:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021
India	\$ 7,289	\$ 9,637	\$ 22,362	\$ 27,445
U.S.	4,654	5,020	13,935	15,508
U.K.	4,547	5,034	13,977	14,352
China	4,503	6,362	11,243	18,433
Other regions	3,189	3,913	8,806	11,155
<b>Total</b>	<b>\$ 24,182</b>	<b>\$ 29,966</b>	<b>\$ 70,323</b>	<b>\$ 86,893</b>

**Deferred compensation plan**

On July 1, 2018, Genpact LLC, a wholly-owned subsidiary of the Company, adopted an executive deferred compensation plan (the “Plan”). The Plan provides a select group of U.S.-based members of Company management with the opportunity to defer from 1% to 80% of their base salary and from 1% to 100% of their qualifying bonus compensation (or such other minimums or maximums as determined by the Plan administrator from time to time) pursuant to the terms of the Plan. Participant deferrals are 100% vested at all times. The Plan also allows for discretionary supplemental employer contributions by the Company, in its sole discretion, which will be subject to a two-year vesting schedule (50% vesting on the one-year anniversary of approval of the contribution and 50% vesting on the second year anniversary of approval of the contribution) or such other vesting schedule as determined by the Company. However, no such contribution has been made by the Company to date.

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 2 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 securities are classified as trading securities because they are held for resale in anticipation of short-term fluctuations in market prices. The trading securities are stated at fair value.

The liability for the deferred compensation plan was \$26,390 and \$35,715 as of December 31, 2020 and September 30, 2021, 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 \$26,832 and \$36,306 as of December 31, 2020 and September 30, 2021, respectively. The cash surrender value of these insurance policies is included in “other assets” in the consolidated balance sheets.

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**15. Employee benefit plans (Continued)**

During the nine months ended September 30, 2020 and 2021, the change in the fair value of Plan assets was \$1,972 and \$2,658, respectively, and for the three months ended September 30, 2020 and 2021 was \$1,204 and \$(84), respectively, which is included in “other income (expense), net,” in the consolidated statements of income. During the nine months ended September 30, 2020 and 2021, the change in the fair value of deferred compensation liabilities was \$1,942 and \$2,526, respectively, and for the three months ended September 30, 2020 and 2021 was \$1,085 and \$(159), respectively, which is included in “selling, general and administrative expenses.”

**16. 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 to increase the number of common shares authorized for issuance by 8,000,000 shares to 23,000,000 shares. No grants may be made under the 2007 Omnibus Plan after the date of adoption of the 2017 Omnibus Plan. Grants that were outstanding under the 2007 Omnibus Plan as of the date of 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 nine months ended September 30, 2020 and September 30, 2021 were \$54,835 and \$57,554, respectively, and for the three months ended September 30, 2020 and September 30, 2021 were \$19,180 and \$21,150, respectively. These costs have been allocated to “cost of revenue” and “selling, general and administrative expenses.”

**Stock options**

All options granted under the 2007 and 2017 Omnibus Plans are exercisable into common shares of the Company, have a contractual period of ten years and vest over 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.

The following table shows the significant assumptions used in determining the fair value of options granted in the nine months ended September 30, 2020 and September 30, 2021. The Company granted options covering 431,924 shares in the nine months ended September 30, 2020.

	Nine months ended September 30, 2020	Nine months ended September 30, 2021
Dividend yield	0.89 %	0.84 - 1.08 %
Expected life (in months)	84	84
Risk-free rate of interest	1.50 %	1.12 - 1.37 %
Volatility	20.96 %	26.05 - 26.18 %

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**16. Stock-based compensation (Continued)**

A summary of stock option activity during the nine months ended September 30, 2021 is set out below:

	Nine Months Ended September 30, 2021			
	Shares arising out of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding as of January 1, 2021	7,347,241	26.41	5.7	—
Granted	1,831,180	43.98	—	—
Forfeited	(25,000)	31.50	—	—
Expired	—	—	—	—
Exercised	(1,020,125)	20.50	—	26,085
Outstanding as of September 30, 2021	8,133,296	31.10	6.3	134,565
Vested as of September 30, 2021 and expected to vest thereafter (Note a)	7,485,096	30.24	6.3	130,045
Vested and exercisable as of September 30, 2021	3,242,333	23.94	3.7	76,436
Weighted average grant date fair value of grants during the period	11.35			

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

As of September 30, 2021, the total remaining unrecognized stock-based compensation cost for options expected to vest amounted to \$26,843, which will be recognized over the weighted average remaining requisite vesting period of 3.3 years.

**Restricted share units**

The Company has granted restricted share units (“RSUs”) under the 2007 and 2017 Omnibus Plans. Each RSU represents the right to receive one common share. The fair value of each RSU is the market price of one common share of the Company on the date of the 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 nine months ended September 30, 2021 is set out below:

	Nine Months Ended September 30, 2021	
	Number of Restricted Share Units	Weighted Average Grant Date Fair Value
Outstanding as of January 1, 2021	860,308	36.44
Granted	466,702	44.00
Vested (Note a)	(351,926)	31.01
Forfeited	(54,514)	37.39
Outstanding as of September 30, 2021	920,570	42.29
Expected to vest (Note b)	797,265	

(a) 351,926 RSUs that vested during the period were net settled upon vesting by issuing 230,284 shares (net of minimum statutory tax withholding).

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

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**16. Stock-based compensation (Continued)**

34,092 RSUs that vested in the year ended December 31, 2019 were issued during the nine months ended September 30, 2021.

As of September 30, 2021, the total remaining unrecognized stock-based compensation cost related to RSUs amounted to \$21,417, which will be recognized over the weighted average remaining requisite vesting period of 2.4 years.

**Performance units**

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

Each PU represents the right to receive one common share at a future date based on the Company’s performance against specified targets. PUs granted to date have vesting schedules of six months to three years. The fair value of each PU is the market price of one common share of the Company on the date of grant and assumes that performance targets will be achieved. PUs granted under the plans are subject to cliff vesting. The compensation expense for such awards is recognized on a straight-line basis over the vesting terms. During the performance period, the Company’s estimate of the number of shares to be issued is adjusted upward or downward based upon the probability of achievement of the performance targets. The ultimate number of shares issued and the related compensation cost recognized is based on a comparison of the final performance metrics to the specified targets.

A summary of PU activity during the nine months ended September 30, 2021 is set out below:

	Nine months ended September 30, 2021		
	Number of Performance Units	Weighted Average Grant Date Fair Value	Maximum Shares Eligible to Receive
Outstanding as of January 1, 2021	4,876,196	34.56	4,876,196
Granted	1,335,917	44.04	2,671,834
Vested (Note a)	(1,784,140)	30.66	(1,784,140)
Forfeited	(201,008)	39.76	(239,736)
Adjustment upon final determination of level of performance goal achievement (Note b)	9,625	42.48	9,625
Outstanding as of September 30, 2021	4,236,590	38.97	5,533,779
Expected to vest (Note c)	4,018,807		

- (a) 1,784,140 PSUs that vested during the period were net settled upon vesting by issuing 1,102,440 shares (net of minimum statutory tax withholding).
- (b) Represents an adjustment made in March 2021 to the number of shares subject to the PUs granted in 2020 upon certification of the level of achievement of the performance targets underlying such awards.
- (c) The number of PUs expected to vest reflects the application of an estimated forfeiture rate.

As of September 30, 2021, the total remaining unrecognized stock-based compensation cost related to PUs amounted to \$65,843, which will be recognized over the weighted average remaining requisite vesting period of 1.9 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.

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**16. Stock-based compensation (Continued)**

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 nine months ended September 30, 2020 and 2021, 241,953 and 216,378 common shares, respectively, were issued under the ESPP.

The ESPP is considered compensatory under the FASB guidance on Compensation-Stock Compensation.

The compensation expense for the ESPP is recognized in accordance with the FASB guidance on Compensation-Stock Compensation. The compensation expense for the ESPP during the nine months ended September 30, 2020 and 2021 was \$983 and \$1,050, respectively, and for the three months ended September 30, 2020 and 2021 was \$307 and \$335, respectively, and has been allocated to cost of revenue and selling, general and administrative expense.

**17. Capital stock**

**Share repurchases**

The Board of Directors of the Company (the "Board") has authorized repurchases of up to \$1,750,000 under the Company's existing share repurchase program. The Company's share repurchase program does not obligate it to acquire any specific number of shares. Under the program, shares may be purchased in privately negotiated and/or open market transactions, including under plans complying with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

During the nine months ended September 30, 2020 and 2021, the Company repurchased 1,781,978 and 3,592,409 of its common shares, respectively, on the open market at a weighted average price of \$41.28 and \$40.96 per share, respectively, for an aggregate cash amount of \$73,552 and \$147,152, respectively. All repurchased shares have been retired.

The Company records repurchases of its common shares on the settlement date of each transaction. Shares purchased and retired are deducted to the extent of their par value from common stock and from retained earnings for the excess over par value. Direct costs incurred to acquire the shares are included in the total cost of the shares purchased. For the nine months ended September 30, 2020 and 2021, retained earnings were reduced by the direct costs related to share repurchases of \$36 and \$72, respectively.

\$489,846 remained available for share repurchases under the Company's existing share repurchase program as of September 30, 2021. This repurchase program does not obligate the Company to acquire any specific number of shares and does not specify an expiration date.

**Dividend**

On February 6, 2020, the Company announced that its Board had approved a 15% increase in its quarterly cash dividend to \$0.0975 per share, up from \$0.085 per share in 2019, representing an annual dividend of \$0.39 per common share, up from \$0.34 per share in 2019, payable to holders of the Company's common shares. On March 18, 2020, June 26, 2020 and September 23, 2020, the Company paid a dividend of \$0.0975 per share, amounting to \$18,543, \$18,595 and \$18,637 in the aggregate, to shareholders of record as of March 9, 2020, June 11, 2020 and September 11, 2020 respectively.

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**17. Capital stock (Continued)**

On February 9, 2021, the Company announced that its Board had approved a 10% increase in its quarterly cash dividend to \$0.1075 per share, up from \$0.0975 per share in 2020, representing a planned annual dividend of \$0.43 per common share, up from \$0.39 per share in 2020, payable to holders of the Company's common shares. On March 19, 2021, June 23, 2021 and September 24, 2021, the Company paid a dividend of \$0.1075 per share, amounting to \$20,115, \$20,133 and \$20,213 in the aggregate, to shareholders of record as of March 10, 2021, June 11, 2021 and September 10, 2021, respectively.

**18. 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, restricted share units, common shares to be issued under the ESPP and performance units, have been included in the computation of diluted net earnings per share and 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 1,432,789 and 1,698,735 for the nine months ended September 30, 2020 and 2021, respectively, and 675,214 and 1,556,671 for the three months ended September 30, 2020 and 2021, respectively.

	Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021
<b>Net income</b>	\$ 85,435	\$ 102,386	\$ 233,294	\$ 296,363
Weighted average number of common shares used in computing basic earnings per common share	190,949,108	187,856,026	190,705,671	187,945,234
Dilutive effect of stock-based awards	5,706,032	5,303,903	5,394,396	4,940,018
Weighted average number of common shares used in computing dilutive earnings per common share	196,655,140	193,159,929	196,100,067	192,885,252
<b>Earnings per common share</b>				
Basic	\$ 0.45	\$ 0.55	\$ 1.22	\$ 1.58
Diluted	\$ 0.43	\$ 0.53	\$ 1.19	\$ 1.54

**19. Segment reporting**

The Company manages various types of business process and transformation 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) Banking, Capital Markets and Insurance ("BCMI"); (2) Consumer Goods, Retail, Life Sciences and Healthcare ("CGRLH"); and (3) High Tech, Manufacturing and Services ("HMS").

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**19. Segment reporting (Continued)**

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 operating segment adjusted income from operations, 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), interest income/(expense), restructuring expenses, acquisition related expenses, 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.

Revenues and adjusted income from operations for each of the Company's segments for the three months ended September 30, 2020 were as follows:

	Reportable segments			Total Reportable segment	Others#	Total
	BCMI	CGR LH	HMS			
Revenues, net	283,806	318,290	339,008	941,104	(5,581)	935,523
Adjusted income from operations	38,771	47,847	60,990	147,608	12,365	159,973
Stock-based compensation						(19,487)
Amortization and impairment of acquired intangible assets (other than included above)						(9,995)
Foreign exchange gains (losses), net						(2,402)
Interest income (expense), net						(12,757)
Restructuring expenses (refer to note (a) below and note 26)						(4,889)
Income tax expense						(25,008)
Net income						85,435

(a) We do not allocate these charges to individual segments in internal management reports used by the CODM. Accordingly, such expenses are included in our segment reporting as "unallocated costs."

#Revenues, net for "Others" primarily represents the impact of foreign exchange fluctuations, which is not allocated to the Company's segments for management's internal reporting purposes. Adjusted income from operations for "Others" primarily represents the impact of over-absorption of overhead, unallocated allowance for credit losses and foreign exchange fluctuations, which are not allocated to the Company's segments for management's internal reporting purposes.

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**19. Segment reporting (Continued)**

Revenues and adjusted income from operations for each of the Company's segments for the three months ended September 30, 2021 were as follows:

	Reportable segments			Total Reportable segment	Others*	Total
	BCMI	CGRLH	HMS			
Revenues, net	258,521	388,069	366,741	1,013,331	2,406	1,015,737
Adjusted income from operations	32,514	63,681	68,263	164,458	4,484	168,942
Stock-based compensation						(21,485)
Amortization and impairment of acquired intangible assets (other than included above)						(13,688)
Foreign exchange gains (losses), net						2,733
Interest income (expense), net						(12,765)
Income tax expense						(21,351)
Net income						102,386

\*Revenues, net for "Others" primarily represents the impact of foreign exchange fluctuations, which is not allocated to the Company's segments for management's internal reporting purposes. Adjusted income from operations for "Others" primarily represents the impact of over-absorption of overhead and foreign exchange fluctuations, which are not allocated to the Company's segments for management's internal reporting purposes.

Revenues and adjusted income from operations for each of the Company's segments for the nine months ended September 30, 2020 were as follows:

	Reportable segments			Total Reportable segment	Others##	Total
	BCMI	CGRLH	HMS			
Revenues, net	805,807	930,203	1,045,920	2,781,930	(23,121)	2,758,809
Adjusted income from operations	88,888	134,691	178,741	402,320	38,873	441,193
Stock-based compensation						(55,818)
Amortization and impairment of acquired intangible assets (other than included above)						(32,218)
Foreign exchange gains (losses), net						11,611
Interest income (expense), net						(38,072)
Restructuring expenses (refer to note (b) below and note 26)						(26,547)
Income tax expense						(66,855)
Net income						233,294

(b) We do not allocate these charges to individual segments in internal management reports used by the CODM. Accordingly, such expenses are included in our segment reporting as "unallocated costs."

##Revenues, net for "Others" primarily represents the impact of foreign exchange fluctuations, which is not allocated to the Company's segments for management's internal reporting purposes. Adjusted income from operations for "Others" primarily represents the impact of over-absorption of overhead, unallocated allowances for credit losses and foreign exchange fluctuations, which are not allocated to the Company's segments for management's internal reporting purposes.



**GENPACT LIMITED AND ITS SUBSIDIARIES**  
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**19. Segment reporting (Continued)**

Revenues and adjusted income from operations for each of the Company's segments for the nine months ended September 30, 2021 were as follows:

	Reportable segments			Total Reportable segment	Others**	Total
	BCMI	CGR LH	HMS			
Revenues, net	750,589	1,101,182	1,081,767	2,933,538	16,396	2,949,934
Adjusted income from Operations	98,972	184,647	203,915	487,534	21,087	508,621
Stock-based compensation						(58,604)
Amortization and impairment of acquired intangible assets (other than included above)						(43,977)
Foreign exchange gains (losses), net						11,529
Interest income (expense), net						(38,198)
Income tax expense						(83,008)
Net income						296,363

*\*\*Revenues, net for "Others" primarily represents the impact of foreign exchange fluctuations, which is not allocated to the Company's segments for management's internal reporting purposes. Adjusted income from operations for "Others" primarily represents the impact of over-absorption of overhead and foreign exchange fluctuations, which are not allocated to the Company's segments for management's internal reporting purposes.*

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**20. Net revenues**

**Disaggregation of revenue**

In the following table, the Company's revenue is disaggregated by customer classification:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021
Global clients	\$ 824,175	\$ 920,628	\$ 2,409,047	\$ 2,667,036
GE	111,348	95,109	349,762	282,898
<b>Total net revenues</b>	<b>\$ 935,523</b>	<b>\$ 1,015,737</b>	<b>\$ 2,758,809</b>	<b>\$ 2,949,934</b>

All revenue from GE is included in revenue from the HMS segment, and the remainder of revenue from the HMS segment consists of revenue from Global Clients. All of the segment revenue from both the BCMI and CGRLH segments consists of revenue from Global Clients. Refer to Note 19 for details on net revenues attributable to each of the Company's segments.

The Company has evaluated the impact of the COVID-19 pandemic on the Company's net revenues for the three and nine months ended September 30, 2020 and 2021, respectively, to ensure that revenue is recognized after considering all impacts to the extent currently known. Impacts observed include constraints on the Company's ability to render services, whether due to full or partial shutdowns of the Company's facilities or significant travel restrictions, penalties relating to breaches of service level agreements, and contract terminations or contract performance delays initiated by clients. The Company's net revenues for the three and nine months ended September 30, 2020 were lower than expected before the onset of the pandemic, primarily due to delays in obtaining client approvals to shift to a virtual, work-from-home operating environment, whether as a result of regulatory constraints or due to privacy or security concerns. The COVID-19 pandemic did not have a significant impact on the Company's net revenues for the three and nine months ended September 30, 2021. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

**Contract balances**

Accounts receivable include amounts for services that the Company has performed but for which payment has not been received. The Company typically follows a 30-day billing cycle and, as such, at any point in time may have accrued up to 30 days of revenues that have not been billed. The Company has determined that in instances where the timing of revenue recognition differs from the timing of invoicing, the related contracts generally do not include a significant financing component. Refer to Note 5 for details on the Company's accounts receivable and allowance for credit losses.

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

	As of December 31, 2020	As of September 30, 2021
Contract assets (Note a)	\$ 15,805	\$ 15,973
Contract liabilities (Note b)		
Deferred transition revenue	\$ 130,804	\$ 156,308
Advance from customers	\$ 92,673	\$ 78,184

- (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.

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**20. Net revenues (Continued)**

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.

Changes in the Company's contract asset and liability balances during the three and nine months ended September 30, 2020 and 2021 were a result of normal business activity and not materially impacted by any other factors.

Revenue recognized during the three months ended September 30, 2020 and 2021 that was included in the Company's contract liabilities balance at the beginning of the period was \$51,201 and \$60,756, respectively.

Revenue recognized during the nine months ended September 30, 2020 and 2021 that was included in the Company's contract liabilities balance at the beginning of the period was \$83,189 and \$128,628, respectively.

The following table includes estimated revenue expected to be recognized in the future related to remaining performance obligations as of September 30, 2021:

Particulars	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Transaction price allocated to remaining performance obligations	\$ 234,492	\$ 150,322	\$ 67,690	\$ 13,997	\$ 2,483

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

Particulars	Three months ended September 30,				Nine months ended September 30,			
	2020		2021		2020		2021	
	Sales incentive programs	Transition activities	Sales incentive programs	Transition activities	Sales incentive programs	Transition activities	Sales incentive programs	Transition activities
Opening balance	\$ 32,182	\$ 178,570	\$ 31,559	\$ 210,747	\$ 35,366	\$ 170,132	\$ 33,390	\$ 192,507
Closing balance	30,047	181,747	31,058	209,320	30,047	181,747	31,058	209,320
Amortization	6,094	17,935	5,041	23,028	14,329	50,397	14,576	58,644

**GENPACT LIMITED AND ITS SUBSIDIARIES**  
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**21. Other operating (income) expense, net**

	Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021
Write-down of intangible assets and property, plant and equipment*	\$ 674	\$ —	\$ 10,647	\$ 915
Write-down of operating right-of-use assets and other assets*	—	—	10,244	—
Other operating (income) expense	(4,192)	(93)	(5,900)	(1,132)
<b>Other operating (income) expense, net</b>	<b>\$ (3,518)</b>	<b>\$ (93)</b>	<b>\$ 14,991</b>	<b>\$ (217)</b>

\*See note 26 for additional information about other operating (income) expense, net for the three and nine months ended September 30, 2020.

**22. Interest income (expense), net**

	Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021
Interest income	\$ 1,828	\$ 2,068	\$ 5,229	\$ 4,544
Interest expense	(14,585)	(14,833)	(43,301)	(42,742)
<b>Interest income (expense), net</b>	<b>\$ (12,757)</b>	<b>\$ (12,765)</b>	<b>\$ (38,072)</b>	<b>\$ (38,198)</b>

**23. 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 21.9% for the nine months ended September 30, 2021, down from 22.3% for the nine months ended September 30, 2020.

The Company's ETR was 17.3% for the three months ended September 30, 2021, down from 22.6% for the three months ended September 30, 2020. The decrease in the Company's ETR is primarily due to the recording of interest income received on tax refunds in India and certain other discrete benefits recorded in the three months ended September 30, 2021.

As of December 31, 2020, the Company had unrecognized tax benefits amounting to \$34,300, which, if recognized, would impact the Company's ETR.

The following table summarizes activities related to the Company's unrecognized tax benefits for uncertain tax positions for the nine months ended September 30, 2021:

	Nine months ended September 30, 2021
<b>Opening balance at January 1</b>	<b>\$ 34,300</b>
Increase related to prior year tax positions, including recorded in acquisition accounting	686
Decrease related to settlements with tax authorities	(5,640)
Decrease related to prior year tax position due to lapse of applicable statute of limitation	(175)
Effect of exchange rate changes	(786)
<b>Closing balance at September 30</b>	<b>\$ 28,385</b>

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**23. Income taxes (Continued)**

The Company's unrecognized tax benefits as of September 30, 2021 amounted to \$28,385, which, if recognized, would impact the Company's ETR.

As of December 31, 2020 and September 30, 2021, the Company had accrued approximately \$6,369 and \$2,883, respectively, in interest and \$900 and \$869, respectively, for penalties relating to unrecognized tax benefits.

During the year ended December 31, 2020 and the nine months ended September 30, 2021, the Company recognized approximately \$662 and \$(3,400), respectively, in interest on unrecognized tax benefits.

**24. Other income (expense), net**

	Three months ended September 30,		Nine months ended September 30,	
	2020	2021	2020	2021
Other income (expense)	\$ 960	\$ 1,480	\$ 946	\$ 8,966
<b>Other income (expense), net</b>	<b>\$ 960</b>	<b>\$ 1,480</b>	<b>\$ 946</b>	<b>\$ 8,966</b>

**25. Commitments and contingencies**

*Capital commitments*

As of December 31, 2020 and September 30, 2021, the Company has committed to spend \$5,128 and \$9,609, 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 \$10,156 and \$6,223 as of December 31, 2020 and September 30, 2021, respectively. Bank guarantees are generally provided to government agencies and excise and customs authorities for the purpose of maintaining a bonded warehouse.

These guarantees may be revoked if the government agencies suffer any losses or damages through the breach of any of the covenants contained in the agreements governing such guarantees.

*Other commitments*

Certain units of the Company's Indian subsidiaries are established as Software Technology Parks of India units or Special Economic Zone ("SEZ") units under the relevant regulations issued by the Government of India. These units are exempt from customs and other duties on imported and indigenous capital goods, stores and spares. SEZ units are also exempt from the Goods and Services Tax ("GST") that was introduced in India in 2017. The Company has undertaken to pay taxes and duties, if any, in respect of capital goods, stores, spares and services consumed duty-free, in the event that certain terms and conditions are not fulfilled.

*Contingency*

In February 2019, there was a judicial pronouncement in India with respect to defined contribution benefit payments interpreting certain statutory defined contribution obligations of employees and employers. It is not currently clear whether the interpretation set out in the pronouncement has retrospective application.

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**25. Commitments and contingencies (Continued)**

If applied retrospectively, the interpretation would result in an increase in contributions payable by the Company for past periods for certain of its India-based employees. There are numerous interpretative challenges concerning the retrospective application of the judgment.

Due to such challenges and a lack of interpretive guidance, and based on legal advice the Company has obtained on the matter, it is currently impracticable to reliably estimate the timing and amount of any payments the Company may be required to make. Accordingly, the Company plans to obtain further clarity and will evaluate the amount of a potential provision, if any.

The Indian taxing authorities (“ITA”) have initiated proceedings to examine the availability of the tax exemption claimed in respect of exports of services and related refunds under the Indian Goods and Services (“GST”) tax regime and the previous service tax regime. In the second quarter of 2020, the ITA began to challenge or reject the Company’s Indian GST and service tax refunds in certain Indian states. In total, refunds of \$21,727 have been denied or challenged by the ITA and additional refunds may be denied. The Company is pursuing appeals of the denied refunds before relevant appellate authorities.

The Company had requested these refunds pursuant to the tax exemption available for exports under the previous service tax regime as well as the current GST regime in respect of services performed by the Company in India for affiliates and clients outside of India. In denying the refunds, the ITA have taken the position that the services provided are local services, which interpretation, if correct, would make the service tax and GST exemption on exports unavailable to the Company in respect of such services. Additional potentially material challenges and assessments may result from ongoing proceedings related to service tax recovery.

The Company believes that the denial of the refunds claimed pursuant to the service tax and GST exemption is incorrect and that the risk that the liability will materialize is remote. The Government of India recently issued an administrative circular on the GST matter that supports the Company’s position, and the Company believes that the ITA will reverse their previous orders denying refunds owed to the Company. Accordingly, no reserve has been provided as of September 30, 2021.

An affiliate of the Company in India received an assessment order in 2016 seeking to assess tax amounting to \$110,155 (including interest to the date of the order) on certain transactions that occurred in 2013. This amount excludes penalty or interest accrued since the date of the order. The Company filed an appeal against this assessment order with the Commissioner Income Tax (Appeals), the first tax appellant authority in India, which ruled against the Company. Subsequently, the Company filed an appeal with the Income Tax Appellate Tribunal of India (the “Tribunal”). The Tribunal has accepted the legal arguments raised by the Company and the assessment order has been cancelled. Certain taxes paid under protest were refunded with interest in the three months ended September 30, 2021. The balance, amounting to \$26,839, is yet to be refunded to the Company. The Indian tax authorities may appeal the order of the Tribunal before higher appellate authorities. Based on its evaluation of the facts underlying the transaction and legal advice received, the Company believes that it is more likely than not that this transaction would not be subject to tax liability in India. Accordingly, no reserve has been provided as of September 30, 2021.

In September 2020, the Indian Parliament approved the Code on Social Security, 2020 (the “Code”), which will impact the Company’s contributions to its defined contribution and defined benefit plans for employees based in India. The date the changes will take effect is not yet known and the rules for quantifying the financial impact have not yet been published. The Company will evaluate the impact of the Code on the Company in its financial statements for the period in which the Code becomes effective and the related rules are published.

**26. Restructuring**

In the second quarter of 2020, due to the impact of the COVID-19 pandemic on the Company’s current and expected future revenues, the Company recorded a \$21,658 restructuring charge primarily relating to the abandonment of leased office premises and employee severance charges. In the third quarter of 2020, the Company recorded an additional charge of \$4,889 relating to employee severance charges.

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**26. Restructuring (Continued)**

Of the total recorded restructuring charges of \$26,547, \$11,152 was a non-cash charge (including \$908 related to writing down certain property, plant and equipment) recorded as other operating expense, which pertains to the abandonment of various leased office premises as a result of the Company's consolidation of underutilized office premises due to lower demand or shifting to a work-from-home model. The Company made efforts to sublease certain office premises instead of abandoning them, but due to the COVID-19 pandemic and the related widespread adoption of work-from-home practices by many businesses worldwide, the Company has been unable to sublease such premises to date and the Company believes it is unlikely that it will be able to sublease such premises in the foreseeable future. The Company also recorded a severance charge of \$15,395 in personnel expense as a result of a focused reduction in its workforce, which has been subsequently settled. No further restructuring costs were incurred related to this restructuring plan since the third quarter of 2020.

**27. Subsequent Events**

*Dividend*

On October 14, 2021, the Company announced that its Board of Directors has declared a dividend for the fourth quarter of 2021 of \$0.1075 per common share, which is payable on December 22, 2021 to shareholders of record as of the close of business on December 10, 2021. 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 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, 2020 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, 2020. 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 Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, and in our Annual Report on Form 10-K for the year ended December 31, 2020.*

### 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 II, Item 1A—“Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, and Part I, Item 1A—“Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020. For a discussion of risks of which we are aware in relation to the COVID-19 pandemic, see “Our business and results of operations have been adversely impacted and may in the future be adversely impacted by the COVID-19 pandemic” under Part I, Item 1A—“Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020 and the supplemental information included under Part II, Item 1A—“Risk Factors” in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021. Many of the risks, uncertainties and other factors identified below are, and will be, amplified by the COVID-19 pandemic.

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



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

- the impact of the COVID-19 pandemic and related response measures on our business, results of operations and financial condition;
- our ability to develop and successfully execute our business strategies;
- our ability to grow our business and effectively manage growth and international operations while maintaining effective internal controls;
- our ability to comply with data protection laws and regulations and to maintain the security and confidentiality of personal and other sensitive data of our clients, employees or others;
- telecommunications or technology disruptions or breaches, natural or other disasters, or medical epidemics or pandemics, including the COVID-19 pandemic;
- 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;
- our dependence on revenues derived from clients in the United States and Europe and clients that operate in certain industries, such as the financial services industry;
- our ability to successfully consummate or integrate strategic acquisitions;
- our ability to maintain pricing and employee utilization rates;
- our ability to maintain pricing and asset utilization rates;
- our ability to hire and retain enough qualified employees to support our operations;
- increases in wages in locations in which we have operations;
- our ability to service our defined contribution and benefit plans payment obligations;
- clarification as to the possible retrospective application of a judicial pronouncement in India regarding our defined contribution and benefit plans payment obligations;
- our relative dependence on the General Electric Company ("GE") and our ability to maintain our relationships with divested GE businesses;
- financing terms, including, but not limited to, changes in the London Interbank Offered Rate ("LIBOR"), including the pending global phase-out of LIBOR, the development of alternative rates, including the Secured Overnight Financing Rate, and changes to our credit ratings;
- our ability to meet our corporate funding needs, pay dividends and service debt, including our ability to comply with the restrictions that apply to our indebtedness that may limit our business activities and investment opportunities;
- restrictions on visas for our employees traveling to North America and Europe;
- fluctuations in currency exchange rates between the currencies in which we transact business;
- our ability to retain senior management;
- the selling cycle for our client relationships;
- our ability to attract and retain clients and our ability to develop and maintain client relationships on attractive terms;

- legislation in the United States or elsewhere that adversely affects the performance of business process outsourcing and information technology services offshore;
- increasing competition in our industry;
- our ability to protect our intellectual property and the intellectual property of others;
- deterioration in the global economic environment and its impact on our clients, including the bankruptcy of our clients;
- regulatory, legislative and judicial developments, including the withdrawal of governmental fiscal incentives;
- the international nature of our business;
- technological innovation;
- our ability to derive revenues from new service offerings and acquisitions; and
- unionization of any of our employees.

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

#### **Continued impact of COVID-19 on our business and results of operations**

The COVID-19 pandemic continues to impact the global economy and the markets in which we operate. This section provides a brief overview of how we are responding to known and anticipated impacts of the COVID-19 pandemic on our business, financial condition and results of operations.

While many of our office-based employees globally continue to work from home, we have reopened our offices, in some instances on a limited and voluntary basis, where circumstances have enabled us to do so. In these circumstances we have implemented additional health and safety measures consistent with government recommendations and/or requirements to help ensure employee safety. These measures include health screening, social distancing, contact tracing, enhanced cleaning procedures, and testing and vaccination requirements.

In 2021, parts of the world have experienced increased availability and administration of COVID-19 vaccines, as well as an easing of restrictions on social activity, workplaces, businesses and travel. Notwithstanding improving conditions during the nine months ended September 2021, the COVID-19 pandemic continues, with temporary shutdowns of our offices requested or mandated by governmental authorities in certain jurisdictions where we operate. Due to the associated uncertainties of the COVID-19 pandemic, we continue to evaluate the nature and scope of the impact to our business and may take further strategic actions in order to manage our business operations, costs and liquidity in response to the ongoing impacts and changing market conditions resulting from the pandemic.

Our Global Leadership Council continues to coordinate and oversee our actions in response to the COVID-19 pandemic, including business continuity planning, revenue and profitability, transformation service offerings to address new and developing client needs, as well as human resource policies. We believe this coordinated effort will maximize our flexibility and allow us to quickly implement any necessary protocols for devising solutions to the problems we and our clients are facing or may face in the future in relation to the pandemic.

As the COVID-19 pandemic evolves, we will continue to assess its impact on the Company and respond accordingly. The ultimate impact of COVID-19 on our business and the industry in which we operate remains unknown and unpredictable. Our past results may not be indicative of our future performance, and our financial results in future periods, including but not limited to net revenues, income from operations, income from operations margin, net income and earnings per share, may differ materially from historical trends. The extent of the impact of the COVID-19 pandemic on our business will depend on a number of factors, including but not limited to the duration and severity of the pandemic; rates of vaccination; the macroeconomic impact of the spread of the virus; and related government stimulus measures. We are currently unable to predict the full impact that COVID-19 will have on our results from operations, financial condition, liquidity and cash flows due to numerous uncertainties, including the duration and severity of the pandemic and containment measures and the related macroeconomic impacts. For example, to the extent the pandemic continues to disrupt economic activity globally, we, like other businesses, will not be immune from its effects, and our business, results of operations and financial condition may be adversely affected, possibly materially, by prolonged decreases in spending on the types of services we provide, deterioration of our clients' credit, or reduced economic activities. In addition, some of our expenses are less variable in nature and do not closely correlate with revenues, which may lead to a decrease in our profitability.

For additional information about the risks we face in relation to the COVID-19 pandemic, see Part I, Item 1A—"Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 and Part II, Item 1A—"Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.

## 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 approximately 105,400 employees serving clients in key industry verticals from more than 30 countries. Our registered office is located at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

In the quarter ended September 30, 2021, we recorded net revenues of \$1,015.7 million, of which \$920.6 million, or 90.6%, was from clients other than General Electric ("GE"), which we refer to as Global Clients, with the remaining \$95.1 million, or 9.4%, from GE.

## Certain Acquisitions

On December 31, 2020, we acquired 100% of the outstanding equity interests in Enquero Inc, a California corporation, and certain affiliated entities in India, the Netherlands and Canada (collectively referred to as "Enquero") for total purchase consideration of \$148.8 million. This amount represents cash consideration of \$137.2 million, net of cash acquired of \$11.6 million. This acquisition increased the scale and depth of our data and analytics capabilities, enhancing our ability to accelerate the digital transformation journeys of our clients through cloud technologies and advanced data analytics. Goodwill arising from the acquisition amounting to \$86.6 million has been allocated among our three reporting units as follows: Banking, Capital Markets and Insurance ("BCMI") in the amount of \$2.6 million, Consumer Goods, Retail, Life Sciences and Healthcare ("CGRLH") in the amount of \$22.2 million and High Tech, Manufacturing and Services ("HMS") in the amount of \$61.8 million, using a relative fair value allocation method. The goodwill arising from this acquisition is not deductible for income tax purposes. The goodwill represents primarily the acquired capabilities and other benefits expected to result from combining the acquired operations with our existing operations.

On October 5, 2020, we acquired 100% of the outstanding equity/limited liability company interests in SomethingDigital.Com LLC, a New York limited liability company, for total purchase consideration of \$57.5 million. This amount represents cash consideration of \$56.1 million, net of cash acquired of \$1.4 million. This acquisition supported our strategy to integrate experience and process innovation to help clients on their digital transformation journeys and expanded on our existing experience capabilities to support end-to-end digital commerce solutions, both business-to-business and business-to-consumer. Additionally, this acquisition expanded our capabilities into Magento Commerce, which powers Adobe Commerce Cloud, and Shopify Plus, a cloud-based-ecommerce platform for high-volume merchants. Goodwill arising from the acquisition amounting to \$36.9 million has been allocated among two of our reporting units as follows: CGRLH in the amount of \$30.4 million and HMS in the amount of \$6.5 million, using a relative fair value allocation method. Of the total goodwill arising from this acquisition, \$35.1 million is deductible for income tax purposes. The goodwill represents primarily the acquired capabilities and other benefits expected to result from combining the acquired operations with our existing operations.

On November 12, 2019, we acquired the outstanding equity/limited liability company interests in Rightpoint Consulting, LLC, an Illinois limited liability company, and certain affiliated entities in the United States and India (collectively referred to as “Rightpoint”) for total purchase consideration of \$270.7 million. This amount includes cash consideration of \$268.2 million, net of cash acquired of \$2.5 million. This acquisition expanded our capabilities in improving customer experience and strengthens our reputation as a thought leader in this space. The securities purchase agreement provided certain of the selling equity holders the option to elect to either (a) receive 100% consideration in cash at the closing date for their limited liability company interests and vested options or (b) “roll over” and retain 25% of their Rightpoint limited liability company interests and vested options and receive consideration in cash at closing for the remaining 75% of their Rightpoint limited liability company interests and vested options. Certain selling equity holders elected to receive deferred, variable earnout consideration with an estimated value of \$21.5 million over the three-year rollover period, which is included in the purchase consideration. The amount of deferred consideration ultimately payable to the rollover sellers will be based on the future revenue multiple of the acquired business. Goodwill arising from the acquisition amounting to \$177.2 million has been allocated among our three reporting units as follows: BCMI in the amount of \$17.0 million, CGRLH in the amount of \$43.0 million and HMS in the amount of \$117.2 million, using a relative fair value allocation method. Of the total goodwill arising from this acquisition, \$91.9 million is deductible for income tax purposes. The goodwill primarily represents the acquired capabilities and other benefits expected to result from combining the acquired operations with our existing operations.

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

For a description of our critical accounting policies, 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, 2020.

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 nine months ended September 30, 2020 and 2021.

	Three months ended September 30,		Nine months ended September 30,		Percentage Change Increase/(Decrease)	
	2020	2021	2020	2021	Three months ended September 30, 2021 vs. 2020	Nine months ended September 30, 2021 vs. 2020
(dollars in millions)						
Net revenues—Global Clients	\$ 824.2	\$ 920.6	\$ 2,409.0	\$ 2,667.0	11.7 %	10.7 %
Net revenues—GE	111.3	95.1	349.8	282.9	(14.6) %	(19.1) %
<b>Total net revenues</b>	<b>935.5</b>	<b>1,015.7</b>	<b>2,758.8</b>	<b>2,949.9</b>	<b>8.6 %</b>	<b>6.9 %</b>
Cost of revenue	605.8	653.7	1,804.5	1,887.6	7.9 %	4.6 %
<b>Gross profit</b>	<b>329.7</b>	<b>362.1</b>	<b>954.3</b>	<b>1,062.3</b>	<b>9.8 %</b>	<b>11.3 %</b>
<b>Gross profit margin</b>	<b>35.2 %</b>	<b>35.6 %</b>	<b>34.6 %</b>	<b>36.0 %</b>		
Operating expenses						
Selling, general and administrative expenses	198.3	216.0	582.0	620.9	8.9 %	6.7 %
Amortization of acquired intangible assets	10.2	13.9	31.7	44.6	35.8 %	40.9 %
Other operating (income) expense, net	(3.5)	(0.1)	15.0	(0.2)	(97.4) %	(101.4) %
<b>Income from operations</b>	<b>124.6</b>	<b>132.3</b>	<b>325.7</b>	<b>397.1</b>	<b>6.1 %</b>	<b>21.9 %</b>
<b>Income from operations as a percentage of net revenues</b>	<b>13.3 %</b>	<b>13.0 %</b>	<b>11.8 %</b>	<b>13.5 %</b>		
Foreign exchange gains (losses), net	(2.4)	2.7	11.6	11.5	NM *	(0.7) %
Interest income (expense), net	(12.8)	(12.8)	(38.1)	(38.2)	0.1 %	0.3 %
Other income (expense), net	1.0	1.5	0.9	9.0	54.2 %	NM *
<b>Income before income tax expense</b>	<b>110.4</b>	<b>123.7</b>	<b>300.1</b>	<b>379.4</b>	<b>12.0 %</b>	<b>26.4 %</b>
Income tax expense	25.0	21.4	66.9	83.0	(14.6) %	24.2 %
<b>Net income</b>	<b>\$ 85.4</b>	<b>\$ 102.4</b>	<b>\$ 233.3</b>	<b>\$ 296.4</b>	<b>19.8 %</b>	<b>27.0 %</b>
<b>Net income as a percentage of net revenues</b>	<b>9.1 %</b>	<b>10.1 %</b>	<b>8.5 %</b>	<b>10.0 %</b>		

\*N0t Meaningful

### Three Months Ended September 30, 2021 Compared to the Three Months Ended September 30, 2020

**Net revenues.** Our net revenues were \$1,015.7 million in the third quarter of 2021, up \$80.2 million, or 8.6%, from \$935.5 million in the third quarter of 2020. The growth in our net revenues was from Global Clients and derived from our transformation services, primarily in our CGRLH segment, HMS segment and insurance clients within our BCMI segment. Our net revenues from GE declined in the third quarter of 2021 compared to the third quarter of 2020, largely due to committed productivity and a reduction in GE's discretionary expenditures resulting from the macroeconomic environment, as well as GE's divestitures of certain businesses that as of January 1, 2021 are included in our Global Client portfolio.

Adjusted for foreign exchange, primarily the impact of changes in the value of the Australian dollar, the euro and U.K. pound sterling against the U.S. dollar, our net revenues grew 7.5% in the third quarter of 2021 compared to the third quarter of 2020 on a constant currency<sup>1</sup> basis. Revenue growth on a constant currency<sup>1</sup> basis is a non-GAAP measure. We provide information about our revenue growth on a constant currency<sup>1</sup> 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<sup>1</sup> basis are calculated by restating current-period activity using the prior fiscal period's foreign currency exchange rates and adjusted for hedging gains/losses.

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

Our average headcount increased by 8.9% to approximately 105,300 in the third quarter of 2021 from approximately 96,700 in the third quarter of 2020.

	Three months ended September 30,		Percentage Change Increase/(Decrease)
	2020	2021	2021 vs. 2020
	(dollars in millions)		
Net revenues – Global Clients	\$ 824.2	\$ 920.6	11.7 %
Net revenues – GE	\$ 111.3	\$ 95.1	(14.6) %
<b>Total net revenues</b>	<b>\$ 935.5</b>	<b>\$ 1,015.7</b>	<b>8.6 %</b>

Net revenues from Global Clients in the third quarter of 2021 were \$920.6 million, up \$96.5 million, or 11.7%, from \$824.2 million in the third quarter of 2020. This increase was primarily driven by growth in our CGRLH segment, HMS segment and insurance clients within our BCMI segment, led by double digit growth in our transformation services. As a percentage of total net revenues, net revenues from Global Clients increased from 88.1% in the third quarter of 2020 to 90.6% in the third quarter of 2021.

Net revenues from GE in the third quarter of 2021 declined 14.6% compared to the third quarter of 2020, largely due to committed productivity and a reduction in GE's discretionary expenditures resulting from the macroeconomic environment, as well as the inclusion of \$9.9 million in revenues from certain GE-divested businesses as Global Client revenue in the third quarter of 2021 following their divestiture by GE.

Revenues by segment were as follows:

	Three months ended September 30,		Percentage Change Increase/(Decrease)
	2020	2021	2021 vs. 2020
	(dollars in millions)		
BCMI	\$ 283.8	\$ 258.5	(8.9) %
CGRLH	318.3	388.1	21.9 %
HMS	339.0	366.7	8.2 %
Others	(5.6)	2.4	143.1 %
<b>Total net revenues</b>	<b>\$ 935.5</b>	<b>\$ 1,015.7</b>	<b>8.6 %</b>

Net revenues from our BCMI segment decreased by 8.9% in the third quarter of 2021 compared to the third quarter of 2020, largely as a result of the impact of restructuring a contract with a large client in our banking and capital markets vertical during the fourth quarter of 2020, partially offset by higher revenues from clients in our insurance vertical and an increase in transformation services engagements in the third quarter of 2021 compared to the third quarter of 2020. Since the reduction in revenues due to the large client restructuring, revenues in our BCMI segment have increased sequentially for the past two quarters of 2021. Net revenues from our CGRLH segment increased by 21.9% in the third quarter of 2021 compared to the third quarter of 2020, primarily driven by increases in both transformation services and intelligent operations engagements, as well as revenue from our recent acquisitions of Enquero and SomethingDigital.Com LLC in the fourth quarter of 2020. Net revenues from our HMS segment increased by 8.2% in the third quarter of 2021 compared to the third quarter of 2020, primarily driven by an increase in revenues from Global Clients in our HMS segment, which also included revenue from our recent acquisition of Enquero in the fourth quarter of 2020, partially offset by lower revenues from GE in our manufacturing and services vertical due to committed productivity and a reduction in GE's discretionary expenditures resulting from the macroeconomic environment. Net revenues from Others primarily represents the impact of foreign exchange fluctuations, which is not allocated to our segments for management's internal reporting purposes. For additional information, see Note 19—"Segment reporting" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above.

*Cost of revenue.* Cost of revenue was \$653.7 million in the third quarter of 2021, up \$47.9 million, or 7.9%, from the third quarter of 2020. The increase in our cost of revenue in the third quarter of 2021 compared to the third quarter of 2020 was primarily due to (i) an increase in our operational headcount supporting revenue growth, including in the number of onshore personnel, related to large deals and transformation services delivery as well as from the acquisitions of SomethingDigital.Com LLC and Enquero in the fourth quarter of 2020, (ii) wage inflation, and (iii) higher expenses associated with medical costs related to the impact of the COVID-19 pandemic on our employees. This increase was partially offset by a decrease in depreciation expense in the third quarter of 2021 compared to the third quarter of 2020. We also recorded a non-recurring restructuring charge related to employee severance in the third quarter of 2020, while no corresponding charge was recorded in the third quarter of 2021. For additional information, see Note 26 —“Restructuring” under Part I, Item 1—“Unaudited Consolidated Financial Statements” above.

*Gross margin.* Our gross margin increased from 35.2% in the third quarter of 2020 to 35.6% in the third quarter of 2021, primarily driven by higher revenues and better utilization, partially offset by higher expenses associated with wage inflation and medical costs related to the impact of the COVID-19 pandemic on our employees in the third quarter of 2021 compared to the third quarter of 2020. We also recorded a non-recurring charge related to retirement fund assets in India and a restructuring charge related to employee severance in the third quarter of 2020, while no corresponding charges were recorded in the third quarter of 2021.

*Selling, general and administrative expenses (SG&A).* SG&A expenses as a percentage of total net revenues increased from 21.2% in the third quarter of 2020 to 21.3% in the third quarter of 2021. SG&A expenses were \$216.0 million in the third quarter of 2021, up \$17.6 million, or 8.9%, from the third quarter of 2020. This increase in expense was primarily due to higher planned research and development investments in cloud-based offerings and other prioritized service lines, higher marketing expenses, additional staffing to support increased revenues, higher medical costs related to the impact of the COVID-19 pandemic on our employees, and wage inflation in the third quarter of 2021 compared to the third quarter of 2020, partially offset by lower depreciation expense. We also recorded a non-recurring employee severance charge as part of our restructuring undertaken in the third quarter of 2020, while no corresponding charge was recorded in the third quarter of 2021.

*Amortization of acquired intangibles.* Amortization of acquired intangibles were \$13.9 million in the third quarter of 2021, up \$3.7 million, or 35.8%, from the third quarter of 2020. This increase is primarily due to higher amortization expense related to intangibles in the third quarter of 2021 compared to the third quarter of 2020 due to the acquisitions of Enquero and SomethingDigital.Com LLC in the fourth quarter of 2020.

*Other operating (income) expense, net.* Other operating income (net of expense) was \$0.1 million in the third quarter of 2021 compared to \$3.5 million in the third quarter of 2020. The decrease in other operating income (net of expense) was due to a change in the fair value of an earn-out liability of \$3.8 million recognized in the third quarter of 2020, partially offset by a write-down of intangible assets in the third quarter of 2020, while no corresponding amounts were recorded in the third quarter of 2021.

*Income from operations.* As a result of the foregoing factors, income from operations as a percentage of total net revenues decreased from 13.3% in the third quarter of 2020 to 13.0% in the third quarter of 2021. Income from operations increased by \$7.6 million from \$124.6 million in the third quarter of 2020 to \$132.3 million in the third quarter of 2021, driven by higher revenues and associated operating income margins.

*Foreign exchange gains (losses), net.* We recorded a net foreign exchange gain of \$2.7 million in the third quarter of 2021 compared to a net foreign exchange loss of \$2.4 million in the third quarter of 2020. The gain in the third quarter of 2021 resulted primarily from gains on fair value hedges, partially offset by losses on remeasurement resulting from the appreciation of the Indian rupee against the U.S. dollar during the third quarter of 2021. The loss in the third quarter of 2020 resulted primarily from the appreciation of the Hungarian forint and Philippine peso against the U.S. dollar.

*Interest income (expense), net.* Our interest expense (net of interest income) was flat at \$12.8 million in the third quarter of 2021 and 2020. Interest expense increased from \$14.6 million in the third quarter of 2020 to \$14.8 million in the third quarter of 2021. This increase was primarily due to higher interest expense on earn-out liabilities in the third quarter of 2021 compared to the third quarter of 2020 as well as interest expense related to our \$350.0 million aggregate principal amount of 1.750% senior notes issued in March 2021 (“2021 Senior Notes”). This increase was largely offset by a lower amount outstanding under our term loan, a lower revolving credit facility balance and a lower average London Interbank Offered Rate (“LIBOR”)-based rate on our revolving credit facility and term loan, which we discuss in the section titled “Liquidity and Capital Resources—Financial Condition” below. Our interest income increased from \$1.8 million in the third quarter of 2020 to \$2.1 million in the third quarter of 2021. The weighted average rate of interest on our debt, including the net impact of interest rate swaps, was 2.9%, unchanged from the third quarter of 2020 to 2021.

*Other income (expense), net.* Our other income (net of expense) was \$1.5 million in the third quarter of 2021 compared to \$1.0 million in the third quarter of 2020. This increase was largely attributable to government incentives recorded in the third quarter of 2021, largely offset by a lower gain on the fair value of assets in our deferred compensation plan in the third quarter of 2021 compared to the third quarter of 2020.

*Income tax expense.* Our income tax expense was \$21.4 million in the third quarter of 2021, down from \$25.0 million in the third quarter of 2020, representing an effective tax rate (“ETR”) of 17.3%, down from 22.6% in the third quarter of 2020. The decrease in our ETR was primarily due to the recording of interest income received on tax refunds in India and certain other discrete benefits recorded in the third quarter of 2021.

*Net income.* As a result of the foregoing factors, net income as a percentage of total net revenues was 10.1% in the third quarter of 2021, up from 9.1% in the third quarter of 2020. Net income increased from \$85.4 million in the third quarter of 2020 to \$102.4 million in the third quarter of 2021.

*Adjusted income from operations.* Adjusted income from operations (“AOI”) increased by \$8.9 million from \$160.0 million in the third quarter of 2020 to \$168.9 million in the third quarter of 2021. Our AOI margin decreased from 17.1% in the third quarter of 2020 to 16.6% in the third quarter of 2021 primarily due to higher planned research and development investments in cloud-based offerings and other prioritized service lines, higher sales and marketing expenses and increased travel expenses in the third quarter of 2021 compared to the third quarter of 2020.

AOI is a non-GAAP measure and is not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. We believe that presenting AOI together with our reported results can provide useful supplemental information to our investors and management regarding financial and business trends relating to our financial condition and results of operations. A limitation of using AOI versus net income 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) acquisition-related expenses excluded in the period in which an acquisition is consummated, (iv) foreign exchange (gains)/losses, (v) restructuring expenses, (vi) interest (income) expense, and (vii) income tax expense, as we believe that our results after taking into account these adjustments more accurately reflect our ongoing operations. For additional information, see Note 19—“Segment reporting” under Part I, Item 1—“Unaudited Consolidated Financial Statements” above.

During the third quarter of 2020, as a result of the COVID-19 pandemic, we undertook restructuring measures that amounted to \$4.9 million. This restructuring charge was excluded from AOI in the third quarter of 2020, and no such charge was recorded in the third quarter of 2021. For additional information, see Note 26—“Restructuring” 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 September 30, 2020 and 2021:

	Three months ended September 30,	
	2020	2021
	(dollars in millions)	
<b>Net income</b>	\$ 85.4	\$ 102.4
Foreign exchange (gains) losses, net	2.4	(2.7)
Interest (income) expense, net	12.8	12.8
Income tax expense	25.0	21.4
Stock-based compensation	19.5	21.5
Amortization and impairment of acquired intangible assets	10.0	13.7
Restructuring expenses	4.9	—
<b>Adjusted income from operations</b>	<b>\$ 160.0</b>	<b>\$ 168.9</b>

The following table sets forth our AOI by segment for the three months ended September 30, 2020 and 2021:

	Three months ended September 30,		Percentage Change Increase/(Decrease) 2021 vs. 2020
	2020	2021	
	(dollars in millions)		
BCMI	\$ 38.8	\$ 32.5	(16.1)%
CGRLH	47.8	63.7	33.1 %
HMS	61.0	68.3	11.9 %
Others	12.4	4.5	(63.7)%

AOI of our BCMI segment decreased to \$32.5 million in the third quarter of 2021 from \$38.8 million in the third quarter of 2020, primarily due to the impact of restructuring a contract with a large client in our banking and capital markets vertical during the fourth quarter of 2020. AOI of our CGRLH segment increased to \$63.7 million in the third quarter of 2021 from \$47.8 million in the third quarter of 2020, primarily due to revenue growth, higher utilization of transformation resources and higher transition-related investments for new deals. AOI of our HMS segment increased to \$68.3 million in the third quarter of 2021 from \$61.0 million in the third quarter of 2020, primarily due to revenue growth and higher utilization of transformation resources in the third quarter of 2021 compared to the third quarter of 2020. AOI for “Others” in the table above primarily represents the impact of foreign exchange fluctuations, adjustment of allowances for credit losses and over- or under-absorption of overheads, none of which is allocated to any individual segment for management’s internal reporting purposes. See Note 19—“Segment reporting” to our consolidated financial statements under Part I, Item 1—“Unaudited Consolidated Financial Statements” above.

***Nine months ended September 30, 2021 Compared to the Nine months ended September 30, 2020***

**Net revenues.** Our net revenues were \$2,949.9 million in the nine months ended September 30, 2021, up \$191.1 million, or 6.9%, from \$2,758.8 million in the nine months ended September 30, 2020. The growth in our net revenues was from Global Clients and derived from both our transformation services and intelligent operations, primarily in our CGRLH segment, insurance clients within our BCMI segment and our HMS segment. Revenue from GE declined in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, largely due to committed productivity and a reduction in GE's discretionary expenditures resulting from the macroeconomic environment, as well as GE's divestitures of certain businesses that as of January 1, 2021 are reflected in our Global Client portfolio.

Adjusted for foreign exchange, primarily the impact of changes in the value of the euro, Australian dollar and U.K. pound sterling against the U.S. dollar, our net revenues grew 5.3% in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 on a constant currency<sup>2</sup> basis. Revenue growth on a constant currency<sup>2</sup> basis is a non-GAAP measure. We provide information about our revenue growth on a constant currency<sup>2</sup> 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<sup>2</sup> 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 4.6% to approximately 101,500 in the nine months ended September 30, 2021 from approximately 97,000 in the nine months ended September 30, 2020.

	Nine months ended September 30,		Percentage Change
	2020	2021	Increase/(Decrease)
	(dollars in millions)		2021 vs. 2020
Net revenues – Global Clients	\$ 2,409.0	\$ 2,667.0	10.7 %
Net revenues – GE	\$ 349.8	\$ 282.9	(19.1) %
<b>Total net revenues</b>	<b>\$ 2,758.8</b>	<b>\$ 2,949.9</b>	<b>6.9 %</b>

Net revenues from Global Clients in the nine months ended September 30, 2021 were \$2,667.0 million, up \$258.0 million, or 10.7%, from \$2,409.0 million in the nine months ended September 30, 2020. This increase was primarily driven by growth in our CGRLH segment, insurance clients within our BCMI segment and our HMS segment, led by double-digit growth in our transformation services. As a percentage of total net revenues, net revenues from Global Clients increased from 87.3% in the nine months ended September 30, 2020 to 90.4% in the nine months ended September 30, 2021.

Net revenues from GE in the nine months ended September 30, 2021 were \$282.9 million, down \$66.9 million, or 19.1%, from \$349.8 million in the nine months ended September 30, 2020. The decrease in revenue from GE was driven by committed productivity and a reduction in GE's discretionary expenditures resulting from the macroeconomic environment, as well as the inclusion of \$29.5 million in revenue from certain GE-divested businesses as Global Client revenue in 2021 following their divestiture by GE.

<sup>2</sup> Revenue growth on a constant currency basis is a non-GAAP measure and is calculated by restating current-period activity using the prior fiscal period's foreign currency exchange rates adjusted for hedging gains/losses in such period.

Revenues by segment were as follows:

	Nine months ended September 30,		Percentage Change Increase/(Decrease)
	2020	2021	2021 vs.2020
	(dollars in millions)		
BCMI	\$ 805.8	\$ 750.6	(6.9) %
CGRLH	930.2	1,101.2	18.4 %
HMS	1,045.9	1,081.8	3.4 %
Others	(23.1)	16.4	170.9 %
<b>Total net revenues</b>	<b>\$ 2,758.8</b>	<b>\$ 2,949.9</b>	<b>6.9 %</b>

Net revenues from our BCMI segment decreased 6.9% in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, largely as a result of the impact of restructuring a contract with a large client in our banking and capital markets vertical within our BCMI segment during the fourth quarter of 2020, partially offset by higher revenues in our insurance vertical and an increase in transformation services delivered to banking and capital markets clients. Since the reduction in revenues due to the large client restructuring, revenues in our BCMI segment have increased sequentially for the past two quarters of 2021. Net revenues from our CGRLH segment increased by 18.4% in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, primarily driven by an increase in both our transformation services and intelligent operations, including revenue from our recent acquisitions of Enquero and SomethingDigital.Com LLC in the fourth quarter of 2020. Net revenues from our HMS segment increased by 3.4% in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, primarily driven by an increase in transformation services, including revenue from our recent acquisition of Enquero, partially offset by lower revenues from GE in our manufacturing and services vertical due to committed productivity and a reduction in GE's discretionary expenditures resulting from the macroeconomic environment. Net revenues from "Others" primarily represents the impact of foreign exchange fluctuations, which is not allocated to our segments for management's internal reporting purposes. For additional information, see Note 19—"Segment reporting" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above.

*Cost of revenue.* Cost of revenue was \$1,887.6 million in the nine months ended September 30, 2021, up \$83.1 million, or 4.6%, from the nine months ended September 30, 2020. The increase in our cost of revenue in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 was primarily due to (i) an increase in our operational headcount supporting revenue growth, including in the number of onshore personnel, related to large deals and transformation services delivery as well as from the acquisition of SomethingDigital.Com LLC and Enquero in the fourth quarter of 2020, (ii) wage inflation, and (iii) higher expenses associated with medical costs related to the impact of the COVID-19 pandemic on our employees. This increase was partially offset by (i) improved utilization of transformation services resources, (ii) a decrease in travel costs as a result of the impact of the COVID-19 pandemic, and (iii) a decrease in depreciation expense in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020. We also recorded a non-recurring restructuring charge related to employee severance in the nine months ended September 30, 2020, while no corresponding charge was recorded in the nine months ended September 30, 2021. For additional information, see Note 26—"Restructuring" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above.

*Gross margin.* Our gross margin increased from 34.6% in the nine months ended September 30, 2020 to 36.0% in the nine months ended September 30, 2021, primarily driven by improved transformation services utilization and higher analytics revenues as well as lower depreciation cost and lower travel costs as a result of the impact of the COVID-19 pandemic in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, partially offset by higher expenses associated with medical costs primarily related to the impact of the COVID-19 pandemic on our employees. We also recorded a non-recurring charge related to retirement fund assets in India and a restructuring charge related to employee severance in the nine months ended September 30, 2020, while no corresponding charges were recorded in the nine months ended September 30, 2021.

*Selling, general and administrative expenses (SG&A).* SG&A expenses as a percentage of total net revenues decreased from 21.1% in the nine months ended September 30, 2020 to 21.0% in the nine months ended September 30, 2021. SG&A expenses were \$620.9 million in the nine months ended September 30, 2021, up \$38.9 million compared to the nine months ended September 30, 2020. This increase in expense was primarily due to higher staffing to support increased revenues, higher medical costs related to the impact of the COVID-19 pandemic on our employees, higher planned research and development investments in cloud-based offerings and other prioritized service lines, higher marketing expenses, and wage inflation in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, partially offset by lower depreciation expense. We also recorded a non-recurring employee severance charge as part of our restructuring recorded in the nine months ended September 30, 2020, while no corresponding charge was recorded in the nine months ended September 30, 2021.

*Amortization of acquired intangibles.* Amortization of acquired intangibles was \$44.6 million in the nine months ended September 30, 2021, up \$13.0 million, or 40.9%, from the nine months ended September 30, 2020. This increase is primarily due to higher amortization expense related to intangibles in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020 due to the acquisitions of Enquero and SomethingDigital.Com LLC in the fourth quarter of 2020.

*Other operating (income) expense, net.* Other operating income (net of expense) was \$0.2 million in the nine months ended September 30, 2021 compared to other operating expense (net of income) of 15.0 million in the nine months ended September 30, 2020. The decrease in other operating expense was primarily due to a non-recurring impairment charge of \$10.2 million related to the abandonment of various office premises as part of our 2020 restructuring and an impairment charge of \$10.0 million related to tangible and intangible assets, primarily technology- and customer-related, partially offset by a \$4.3 million decrease in the fair value of earn-out liabilities, in the nine months ended September 30, 2020, while no corresponding charges were recorded in the nine months ended September 30, 2021. For additional information, see Note 10—“Goodwill and intangible assets” and Note 26—“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 11.8% in the nine months ended September 30, 2020 to 13.5% in the nine months ended September 30, 2021. Income from operations increased by \$71.4 million to \$397.1 million in the nine months ended September 30, 2021 from \$325.7 million in the nine months ended September 30, 2020 driven by higher revenues and associated operating income margins.

*Foreign exchange gains (losses), net.* We recorded a net foreign exchange gain of \$11.5 million in the nine months ended September 30, 2021, compared to a net foreign exchange gain of \$11.6 million in the nine months ended September 30, 2020. The gain in the nine months ended September 30, 2021 resulted primarily from the depreciation of the Indian rupee against the U.S. dollar, while the gain in the nine months ended September 30, 2020 resulted primarily from the depreciation of the Indian rupee and Australian dollar against the U.S. dollar.

*Interest income (expense), net.* Our interest expense (net of interest income) was \$38.2 million in the nine months ended September 30, 2021, up \$0.1 million, from the nine months ended September 30, 2020. This increase was due to a decrease in interest expense, primarily the result of lower drawdown of our revolving credit facility and a lower balance on our term loan, as well as a lower average LIBOR-based rate on our revolving credit facility and term loan, partially offset by interest expense on our \$350.0 million aggregate principal amount of the 2021 Senior Notes and higher losses on interest rate swaps in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, which we discuss in the section titled “Liquidity and Capital Resources—Financial Condition” below. Our interest income decreased by \$0.7 million in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, primarily due to lower interest income in India. The weighted average rate of interest on our debt, including the net impact of interest rate swaps, was 2.9%, unchanged from the nine months ended September 30, 2020 to 2021.

*Other income (expense), net.* Our other income (net of expense) was \$9.0 million in the nine months ended September 30, 2021 compared to other income (net of expense) of \$0.9 million in the nine months ended September 30, 2020. The increase in other income in the nine months ended September 30, 2021 was largely attributable to government incentives, changes in the fair value of assets in our deferred compensation plan, and the settlement of certain pre-GE divestiture related tax liabilities, for which we were indemnified by GE. No corresponding items were recorded in the nine months ended September 30, 2020.

**Income tax expense.** Our income tax expense was \$83.0 million in the nine months ended September 30, 2021, up from \$66.9 million in the nine months ended September 30, 2020, representing an ETR of 21.9%, down from 22.3% in the nine months ended September 30, 2020. The higher tax expense is due to higher pre-tax income. The decrease in our ETR is primarily due to interest income received on tax refunds in India and certain other discrete benefits recorded in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, partially offset by the expiration of certain tax benefits in 2021.

**Net income.** As a result of the foregoing factors, net income as a percentage of total net revenues was 10.0% in the nine months ended September 30, 2021, up from 8.5% in the nine months ended September 30, 2020. Net income increased by \$63.1 million from \$233.3 million in the nine months ended September 30, 2020 to \$296.4 million in the nine months ended September 30, 2021.

**Adjusted income from operations.** Adjusted income from operations (“AOI”) increased by \$67.4 million from \$441.2 million in the nine months ended September 30, 2020 to \$508.6 million in the nine months ended September 30, 2021. Our AOI margin increased from 16.0% in the nine months ended September 30, 2020 to 17.2% in the nine months ended September 30, 2021. This increase was due to higher revenues, gross margin expansion, and lower travel costs as a result of the impact of the COVID-19 pandemic, as well as higher operating leverage in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020.

AOI is a non-GAAP measure and is not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. We believe that presenting AOI together with our reported results can provide useful supplemental information to our investors and management regarding financial and business trends relating to our financial condition and results of operations. A limitation of using AOI versus net income 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) acquisition-related expenses excluded in the period in which an acquisition is consummated, (iv) foreign exchange (gain)/loss, (v) restructuring expenses, (vi) interest (income) expense, and (vii) income tax expense, as we believe that our results after taking into account these adjustments more accurately reflect our ongoing operations. For additional information, see Note 19—“Segment reporting” under Part I, Item 1—“Unaudited Consolidated Financial Statements” above.

During the nine months ended September 30, 2020, as a result of the COVID-19 pandemic, we undertook restructuring measures that amounted to \$26.5 million. This restructuring charge was excluded from AOI in the nine months ended September 30, 2020, and no corresponding charge was recorded in the nine months ended September 30, 2021. For additional information, see Note 26—“Restructuring” 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 nine months ended September 30, 2020 and 2021:

	Nine months ended September 30,	
	2020	2021
	(dollars in millions)	
<b>Net income</b>	\$ 233.3	\$ 296.4
Foreign exchange (gains) losses, net	(11.6)	(11.5)
Interest (income) expense, net	38.1	38.2
Income tax expense	66.9	83.0
Stock-based compensation	55.8	58.6
Amortization and impairment of acquired intangible assets	32.2	44.0
Restructuring expenses	26.5	—
<b>Adjusted income from operations</b>	<b>\$ 441.2</b>	<b>\$ 508.6</b>

The following table sets forth our AOI by segment for the nine months ended September 30, 2020 and 2021:

	Nine months ended September 30,		Percentage Change Increase/(Decrease) 2021 vs. 2020
	2020	2021	
	(dollars in millions)		
BCMI	\$ 88.9	\$ 99.0	11.3 %
CGRLH	134.7	184.6	37.1 %
HMS	178.7	203.9	14.1 %
Others	38.9	21.1	(45.8)%

Even though revenues of our BCMI segment declined, AOI of the BCMI segment increased to \$99.0 million in the nine months ended September 30, 2021 from \$88.9 million in the nine months ended September 30, 2020, primarily driven by higher utilization of transformation resources and lower discretionary spending in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, as well as lower revenues in the nine months ended September 30, 2020 due to delayed work-from-home approvals from certain clients and charges related to a write-down of certain technology assets in the nine months ended September 30, 2020, while no corresponding charge was recorded in the nine months ended September 30, 2021. AOI of our CGRLH segment increased to \$184.6 million in the nine months ended September 30, 2021 from \$134.7 million in the nine months ended September 30, 2020, primarily due to revenue growth, higher utilization of transformation resources and lower discretionary spending. AOI of our HMS segment increased to \$203.9 million in the nine months ended September 30, 2021 from \$178.7 million in the nine months ended September 30, 2020, primarily due to revenue growth, higher utilization of transformation resources and lower discretionary spending. AOI for “Others” in the table above primarily represents the impact of foreign exchange fluctuations, an adjustment to allowances for credit losses and over or under-absorption of overheads, none of which are allocated to any individual segment for management’s internal reporting purposes. See Note 19—“Segment reporting” to our consolidated financial statements under Part I, Item 1—“Unaudited Consolidated Financial Statements” above.

## Liquidity and Capital Resources

### Overview

Information about our financial position as of December 31, 2020 and September 30, 2021 is presented below:

	As of December 31, 2020	As of September 30, 2021	Percentage Change Increase/(Decrease) 2021 vs. 2020
	(dollars in millions)		
Cash and cash equivalents	\$ 680.4	\$ 922.5	35.6 %
Short-term borrowings	250.0	—	(100)%
Long-term debt due within one year	33.5	383.3	NM*
Long-term debt other than the current portion	1,307.4	1,280.6	(2.0)%
Genpact Limited total shareholders’ equity	\$ 1,834.2	\$ 1,952.9	6.5 %

\*Not Meaningful

### Financial Condition

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

On February 6, 2020, our board of directors approved a 15% increase in our quarterly cash dividend to \$0.0975 per share, up from \$0.085 per share in 2019, representing an annual dividend of \$0.39 per common share, up from \$0.34 per share in 2019, payable to holders of our common shares. On March 18, 2020, June 26, 2020 and September 23, 2020, we paid a dividend of \$0.0975 per share, amounting to \$18.5 million, \$18.6 million and \$18.6 million in the aggregate, to shareholders of record as of March 9, 2020, June 11, 2020 and September 11, 2020, respectively.

On February 9, 2021, our board of directors approved a 10% increase in our quarterly cash dividend to \$0.1075 per share, up from \$0.0975 per share in 2020, representing a planned annual dividend of \$0.43 per common share, up from \$0.39 per share in 2020, payable to holders of our common shares. On March 19, 2021, June 23, 2021, and September 24, 2021, we paid a dividend of \$0.1075 per share, amounting to \$20.1 million, \$20.1 million and \$20.2 million in the aggregate, to shareholders of record as of March 10, 2021, June 11, 2021 and September 10, 2021, respectively.

As of September 30, 2021, \$916.2 million of our \$922.5 million in cash and cash equivalents was held by our foreign (non-Bermuda) subsidiaries. \$11.6 million of this cash is held by foreign subsidiaries for which we expect to incur and have accrued a deferred tax liability on the repatriation of \$1.3 million of retained earnings. \$904.6 million of the cash and cash equivalents is held by foreign subsidiaries in jurisdictions where no tax is expected to be imposed upon repatriation of retained earnings or is being indefinitely reinvested.

The total authorization under our existing share repurchase program is \$1,750.0 million, of which \$489.8 million remained available as of September 30, 2021. Since our share repurchase program was initially authorized in 2015, we have repurchased 44,401,924 of our common shares at an average price of \$28.38 per share, for an aggregate purchase price of \$1,260.2 million.

During the nine months ended September 30, 2021, we repurchased 3,592,409 of our common shares on the open market at a weighted average price of \$40.96 per share for an aggregate cash amount of \$147.2 million. During the nine months ended September 30, 2020, we repurchased 1,781,978 of our common shares on the open market at a weighted average price of \$41.28 per share for an aggregate cash amount of \$73.6 million. All repurchased shares have been retired. For additional information, see Note 17—"Capital stock" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above.

We expect that in the future our cash from operations, cash reserves and debt capacity will be sufficient to finance our operations, our growth and expansion plans, dividend payments and additional share repurchases we may make under our share repurchase program. However, there is no assurance that the impacts of the COVID-19 pandemic we have experienced to date, and any future impact we may experience, will not have an adverse effect on our cash flows. In addition, we may raise additional funds through public or private debt or equity financings. Our working capital needs are primarily to finance our payroll and other administrative and information technology expenses in advance of the receipt of accounts receivable. Our primary capital requirements include opening new delivery centers, expanding existing operations to support our growth, financing acquisitions and enhancing capabilities, including building 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:

	Nine Months Ended September 30,		Percentage Change	
	2020	2021	Increase/(Decrease)	
			2021 vs. 2020	
	(dollars in millions)			
Net cash provided by/ (used for):				
Operating activities	\$ 425.2	\$ 447.5	5.2	%
Investing activities	(55.9)	(37.3)	(33.3)	%
Financing activities	(1.6)	(151.1)		NM*
<b>Net increase in cash and cash equivalents</b>	<b>\$ 367.7</b>	<b>\$ 259.1</b>	<b>(29.5)</b>	<b>%</b>

\*Not Meaningful

*Cash flows provided by operating activities.* Net cash provided by operating activities was \$447.5 million in the nine months ended September 30, 2021, up from \$425.2 million in the nine months ended September 30, 2020. This increase is primarily due to a \$63.1 million increase in net income in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, offset by (i) a \$24.7 million increase in net operating assets driven by higher investments in accounts receivable and higher payments for statutory liabilities (payroll taxes) in 2021 that were deferred in 2020 as permitted by the Coronavirus Aid, Relief and Economic Security Act, offset by lower tax payments (including tax refunds) in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, and (ii) a \$16.1 million decrease in non-cash expenses, primarily due to higher unrealized gains on the revaluation of foreign currency assets/liabilities and lower write-downs of operating right-of-use assets, intangible assets and property, plant and equipment in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020.

*Cash flows used for investing activities.* Our net cash used for investing activities was \$37.3 million in the nine months ended September 30, 2021, compared to \$55.9 million in the nine months ended September 30, 2020. The reduction in cash used for investing activities was primarily due to a reduction in payments for acquired/internally generated intangible assets and purchases of property, plant and equipment (net of sales proceeds), which were \$25.1 million lower in the nine months ended September 30, 2021 than in the nine months ended September 30, 2020. This was partially offset by payments of \$6.6 million in the nine months ended September 30, 2021 related to business acquisitions consummated in the fourth quarter of 2020, while no corresponding payments were made in the nine months ended September 30, 2020.

*Cash flows used for financing activities.* Our net cash used for financing activities was \$151.1 million in the nine months ended September 30, 2021, compared to net cash used for financing activities of \$1.6 million in the nine months ended September 30, 2020. This change was primarily due to (i) higher payments for share repurchases (including expenses related to repurchases) in the nine months ended September 30, 2021, amounting to \$147.2 million compared to \$73.6 million in the nine months ended September 30, 2020, (ii) higher dividend payments in the nine months ended September 30, 2021, amounting to \$60.5 million compared to \$55.8 million in the nine months ended September 30, 2020, (iii) higher payments related to earn-out consideration in the nine months ended September 30, 2021, amounting to \$2.6 million compared to \$0 in the nine months ended September 30, 2020, and (iv) a \$75.0 million reduction in net proceeds from borrowings (net of repayment) in the nine months ended September 30, 2021 compared to the nine months ended September 30, 2020, partially offset by proceeds from the issuance of common shares under our stock-based compensation plans, amounting to \$29.8 million in the nine months ended September 30, 2021 compared to \$19.3 million in the nine months ended September 30, 2020.

### **Financing Arrangements**

As of December 31, 2020 and September 30, 2021, our outstanding term loan, net of debt amortization expense of \$1.2 million and \$0.8 million, respectively, was \$593.9 million and \$568.7 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, 2020 and September 30, 2021, the limits available under such facilities were \$14.3 million and \$20.2 million, respectively, of which \$7.8 million and \$4.2 million, respectively, was utilized, constituting non-funded drawdown. As of December 31, 2020 and September 30, 2021, a total of \$252.3 million and \$2.0 million, respectively, of our revolving credit facility was utilized, of which \$250.0 and Nil, respectively, constituted funded drawdown and \$2.3 million and \$2.0 million, respectively, constituted non-funded drawdown.

Genpact Luxembourg S.à r.l. (“Genpact Luxembourg”), a wholly-owned subsidiary of the Company, issued \$350 million aggregate principal amount of 3.70% senior notes in March 2017 (the “2017 Senior Notes”) and \$400 million aggregate principal amount of 3.375% senior notes in November 2019 (the “2019 Senior Notes”). The 2017 Senior Notes and the 2019 Senior Notes are fully guaranteed by the Company and Genpact USA, Inc. The total debt issuance cost of \$2.6 million and \$2.9 million incurred in connection with the 2017 Senior Notes and 2019 Senior Notes offerings, respectively, are being amortized over the respective lives of the notes as additional interest expense. As of December 31, 2020 and September 30, 2021, the amount outstanding under the 2017 Senior Notes, net of debt amortization expense of \$0.7 million and \$0.3 million, respectively, was \$349.3 million and \$349.7 million, respectively, which is payable on April 1, 2022. As of December 31, 2020 and September 30, 2021, the amount outstanding under the 2019 Senior Notes, net of debt amortization expense of \$2.3 million and \$1.8 million, was \$397.7 million and \$398.2 million, respectively, which is payable on December 1, 2024.



In March 2021, Genpact Luxembourg and Genpact USA, Inc., both wholly-owned subsidiaries of the Company, co-issued the 2021 Senior Notes, resulting in cash proceeds of approximately \$348.1 million, net of an underwriting commission of \$1.4 million and a discount of \$0.5 million. Other debt issuance costs incurred in connection with the offering of the 2021 Senior Notes amounted to \$1.1 million. 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 offerings is being amortized over the lives of the notes as additional interest expense. As of September 30, 2021, the amount outstanding under the 2021 Senior Notes, net of debt amortization expense of \$2.7 million, was \$347.3 million, which is payable on April 10, 2026.

We pay interest on (i) the 2017 Senior Notes semi-annually in arrears on April 1 and October 1 of each year, (ii) the 2019 Senior Notes semi-annually in arrears on June 1 and December 1 of each year, and (iii) the 2021 Senior Notes semi-annually in arrears on April 10 and October 10 of each year, ending on the maturity dates of April 1, 2022, December 1, 2024 and April 10, 2026, respectively.

For additional information, see Notes 11 and 12—"Short-term borrowings" and "Long-term debt" 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, 2020, and Note 7—"Derivative financial instruments" under Part I, Item 1—"Unaudited Consolidated Financial Statements" above.

## Supplemental Guarantor Financial Information

As discussed in Note 12, “Long-term debt,” under Part I, Item 1—“Unaudited Consolidated Financial Statements” above, Genpact Luxembourg, a wholly-owned subsidiary of the Company, issued the 2017 Senior Notes and the 2019 Senior Notes, and Genpact Luxembourg and Genpact USA, Inc. (“Genpact USA”), a wholly-owned subsidiary of the Company, co-issued the 2021 Senior Notes. As of September 30, 2021, the outstanding balance for each of the 2017 Senior Notes, the 2019 Senior Notes and the 2021 Senior Notes was \$349.7 million, \$398.2 million and \$347.3 million, respectively. Each series of Senior Notes is fully and unconditionally guaranteed by the Company. The 2017 Senior Notes and the 2019 Senior Notes are also fully and unconditionally guaranteed by Genpact USA. Our other subsidiaries do not guarantee the Senior Notes (such subsidiaries are referred to as the “non-Guarantors”).

The Company (with respect to all series of Senior Notes) and Genpact USA (with respect to the 2017 Senior Notes and 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 2017 Senior Notes and 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, 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	Nine months ended
	December 31, 2020	September 30, 2021
	(dollars in millions)	
Net revenues	\$ 206.5	\$ 176.7
Gross profit	206.5	176.7
Net income	762.7	81.9

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

	Year ended December 31, 2020	Nine months ended September 30, 2021
	(dollars in millions)	
Royalty income	\$ 69.5	\$ 4.4
Revenue from services	137.0	172.3
Interest income (expense), net	46.7	25.4
Other cost, net	11.2	11.4
Gain on sale of intellectual property	650.0	—

Summarized Balance Sheets	As of		As of	
	December 31, 2020		September 30, 2021	
	(dollars in millions)			
Assets				
Current assets	\$	2,073.7	\$	2,319.6
Non-current assets		711.7		585.8
Liabilities				
Current liabilities	\$	3,491.9	\$	3,767.5
Non-current liabilities		1,825.3		1,788.9

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

	As of December 31, 2020	As of September 30, 2021
	(dollars in millions)	
<b>Assets</b>		
Current assets		
Accounts receivable, net	\$ 280.8	\$ 234.4
Loans receivable	1,324.5	1,529.5
Others	396.5	367.2
<b>Non-current assets</b>		
Investment in debentures/bonds	\$ 501.2	\$ 414.6
Loans receivable	—	—
Others	64.2	36.4
<b>Liabilities</b>		
<b>Current liabilities</b>		
Loans payable	\$ 2,357.9	\$ 2,447.9
Others	823.4	893.6
<b>Non-Current liabilities</b>		
Loans payable	\$ 500.0	\$ 500.0

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 non-Guarantors, 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. Any right that the Debt Issuers and Guarantors have, 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***

### ***Recently adopted accounting pronouncements***

For a description of recently adopted 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, 2020.

### ***Recently issued accounting pronouncements***

For a description of recently issued 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, 2020.

### 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 Senior Notes. Borrowings under our term loan and revolving credit facility bear interest at floating rates based on LIBOR, but in no event less than the floor rate of 0.0% plus an applicable margin. The interest rate on our Senior Notes is subject to adjustment based on the ratings assigned to our debt by Moody's and 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 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 LIBOR and the floor rate under our term loan and make payments based on a fixed rate. As of September 30, 2021, we were party to interest rate swaps covering a total notional amount of \$467 million. Under these swap agreements, the rate that we pay to banks in exchange for LIBOR ranges between 0.38% and 2.65%.

In March 2021, we executed a treasury lock agreement covering \$350 million in connection with future interest payments to be made on our 2021 Senior Notes issued in March 2021, and our entry into this agreement was designated as a cash flow hedge. The treasury lock agreement was terminated on March 23, 2021 and a deferred gain was recorded in accumulated other comprehensive income which is being amortized to interest expense over the life of the 2021 Senior Notes. The remaining gain to be amortized related to the treasury lock agreement as of September 30, 2021 was \$0.7 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, 2020.

## **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 September 30, 2021 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

Except as described in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, there have been no material changes with respect to the risk factors disclosed in our Annual Report on Form 10-K.

We have disclosed under the heading “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2020 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 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, 2020 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2021 and the other information that appears elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2020 and in this Quarterly Report on Form 10-Q. 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 and Use of Proceeds

#### *Unregistered Sales of Equity Securities*

None.

#### *Use of Proceeds*

None.

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

We did not repurchase any of our common shares during the three months ended September 30, 2021. Approximately \$489 million remained available for share repurchases under our existing share repurchase program as of that date.

Since February 2017, our Board of Directors has authorized repurchases of up to \$1.75 billion under our existing share repurchase program. 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 17—“Capital stock” under Part I, Item 1— “Unaudited Consolidated Financial Statements” above.

## Item 6. Exhibits

Exhibit Number	Description
3.1	<a href="#"><u>Memorandum of Association of the Registrant (incorporated by reference to Exhibit 3.1 to Amendment No. 2 of the Registrant's Registration Statement on Form S-1 (File No. 333-142875) filed with the SEC on July 16, 2007).</u></a>
3.2	<a href="#"><u>Bye-laws of the Registrant (incorporated by reference to Exhibit 3.3 to Amendment No. 4 of the Registrant's Registration Statement on Form S-1 (File No. 333-142875) filed with the SEC on August 1, 2007).</u></a>
10.1†	<a href="#"><u>Employment Agreement between the Registrant and Michael Weiner dated July 16, 2021 (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (File No. 001-33626) filed with the SEC on July 22, 2021).</u></a>
10.2†	<a href="#"><u>Form of 2021 Share Option Agreement for executive officers under the Genpact Limited 2017 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K (File No. 001-33626) filed with the SEC on July 22, 2021).</u></a>
10.3†	<a href="#"><u>Form of 2021 PSU Award Agreement for executive officers under the Genpact Limited 2017 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K (File No. 001-33626) filed with the SEC on July 22, 2021).</u></a>
10.4†	<a href="#"><u>Form of 2021 RSU Award Agreement for executive officers under the Genpact Limited 2017 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K (File No. 001-33626) filed with the SEC on July 22, 2021).</u></a>
22.1	<a href="#"><u>List of Issuers and Guarantor Subsidiaries (incorporated by reference to Exhibit 22.1 to the Registrant's Quarterly Report on Form 10-Q (File No. 001-33626) filed with the SEC on May 10, 2021).</u></a>
31.1*	<a href="#"><u>Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u></a>
31.2*	<a href="#"><u>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.</u></a>
32.1*	<a href="#"><u>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.</u></a>
32.2*	<a href="#"><u>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.</u></a>
101.INS*	Inline XBRL Instance Document — the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Filed 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: November 9, 2021

GENPACT LIMITED

By: /s/ N.V. Tyagarajan  
**N.V. Tyagarajan**  
**Chief Executive Officer**

By: /s/ Michael Weiner  
**Michael Weiner**  
**Chief Financial Officer**

## CHIEF EXECUTIVE OFFICER CERTIFICATION

I, N.V. Tyagarajan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Genpact Limited for the period ended September 30, 2021, 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: November 9, 2021

/s/ N.V. Tyagarajan

N.V. Tyagarajan

Chief Executive Officer

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**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 September 30, 2021, 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: November 9, 2021

/s/ Michael Weiner

Michael Weiner

Chief Financial Officer

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**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 September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, N.V. Tyagarajan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2021

/s/ N.V. Tyagarajan

N.V. Tyagarajan

*Chief Executive Officer*

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**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 September 30, 2021 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: November 9, 2021

/s/ Michael Weiner

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Michael Weiner

*Chief Financial Officer*

## CHIEF EXECUTIVE OFFICER CERTIFICATION

I, N.V. Tyagarajan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Genpact Limited for the period ended September 30, 2021, 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: November 9, 2021

/s/ N.V. Tyagarajan

N.V. Tyagarajan

Chief Executive Officer

## 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 September 30, 2021, 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: November 9, 2021

/s/ Michael Weiner

Michael Weiner

Chief Financial Officer

**Certification of the Chief Executive Officer**  
**Pursuant to 18 U.S.C. Section 1350,**  
**As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Genpact Limited (the “Company”) on Form 10-Q for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, N.V. Tyagarajan, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 9, 2021

/s/ N.V. Tyagarajan

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N.V. Tyagarajan

*Chief Executive Officer*



**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 September 30, 2021 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: November 9, 2021

/s/ Michael Weiner

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Michael Weiner

*Chief Financial Officer*