Genpact LTD
Form 10-K
February 26, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

x **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2015.**

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

Commission file number: **001-33626**

GENPACT LIMITED

(Exact name of registrant as specified in its charter)

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

Canon s Court

22 Victoria Street

Hamilton HM 12

Bermuda

(441) 295-2244

(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	Name of Exchange on Which Registered
Common shares, par value $0.01 per share	New York Stock Exchange

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

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

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

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 x No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Annual Report on Form 10-K or any amendment to this Annual Report on Form 10-K. x

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

Large accelerated filer x	Accelerated filer ¨	Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

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

As of June 30, 2015, the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant was $3,386,124,894, based on the closing price of the registrant s common shares, par value of $0.01 per share, reported on the New York Stock Exchange on such date of $21.33 per share. Directors, executive officers and significant shareholders of Genpact Limited are considered affiliates for purposes of this calculation, but should not necessarily be deemed affiliates for any other purpose.

As of February 19, 2016, there were 210,545,157 common shares of the registrant outstanding.

Documents incorporated by reference:

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended December 31, 2015. Portions of the proxy statement are incorporated herein by reference to the following parts of this Annual Report on Form 10-K:

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

Part III, Item 11, Executive Compensation;

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

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

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

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Special Note Regarding Forward-Looking Statements

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

- our ability to retain existing clients and contracts;
- our ability to win new clients and engagements;
- the expected value of the statements of work under our master service agreements;
- our beliefs about future trends in our market;
- political, economic or business conditions in countries where we have operations or where our clients operate;
- expected spending on business process management and information technology services by clients;
- foreign currency exchange rates;
- our ability to convert bookings to revenue;
- our rate of employee attrition;
- our effective tax rate; and
- competition in our industry.

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

- our ability to grow our business and effectively manage growth and international operations while maintaining effective internal controls;

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 dependence on favorable tax legislation and tax policies that may be amended in a manner adverse to us or be unavailable to us in the future;

our ability to successfully consummate or integrate strategic acquisitions;

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;

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our relative dependence on the General Electric Company (GE);

financing terms, including, but not limited to, changes in the London Interbank Offered rate, or LIBOR;

restrictions on visas for our employees traveling to North America and Europe;

fluctuations in exchange rates between the U.S. dollar, the euro, U.K. pound sterling, Chinese renminbi, Hungarian forint, Japanese yen, Indian rupee, Australian dollar, Philippines peso, Guatemalan quetzal, Mexican peso, Polish zloty, Romanian leu, South African rand, Hong Kong dollar, Singapore dollar, Arab Emirates dirham, Brazilian real, Swiss franc, Swedish krona, Danish krone, Kenyan shilling, Czech koruna, Canadian dollar, Saudi Arabian riyal, and Thai bhat;

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;

telecommunications or technology disruptions or breaches, or natural or other disasters;

our ability to protect our intellectual property and the intellectual property of others;

our ability to maintain the security and confidentiality of personal and other sensitive data of our clients, employees or others;

deterioration in the global economic environment and its impact on our clients, including the bankruptcy of our clients;

regulatory, legislative and judicial developments, including the withdrawal of governmental fiscal incentives;

the international nature of our business;

technological innovation;

- our ability to derive revenues from new service offerings; and

- unionization of any of our employees.

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

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PART I

Item 1. Business

Overview

Genpact stands for generating business impact. We are a global leader in digitally-powered business process management and services. We architect the Lean Digital^{SM} enterprise through our patented Smart Enterprise Processes (SEP^{SM}) framework that reimagines our clients operating models end-to-end, including the middle and back offices. This creates Intelligent Operations^{SM} that we help design, transform, and run. The impact on our clients is a high return on transformation investments through growth, efficiency, and business agility. For two decades, first as a General Electric division and later as an independent company, we have been passionately serving our clients. Today, we generate impact for a few hundred strategic clients, including approximately one fifth of the Fortune Global 500, and have grown to over 70,000 people in 25 countries, with corporate offices in New York City. The resulting business process and industry domain expertise and experience running complex operations are a unique heritage and focus that help us drive the best choices across technology, analytics, and organizational design.

In 2015, we had net revenues of $2.461 billion, of which $2.001 billion, or 81.3%, was from clients other than GE, which we refer to as Global Clients, with the remaining $460 million, or 18.7%, coming from GE.

Our business was initially conducted through various entities and divisions of GE. We began operating as an independent company in 2004, when GE placed our operations under a newly-formed Luxembourg company and sold indirect interests in us to our initial private equity investors. In 2007, we became a Bermuda company and completed our initial public offering. In 2012, affiliates of Bain Capital Investors, LLC, or Bain Capital, acquired the majority of our initial private equity investors interests. As of December 31, 2015, Bain Capital (through its affiliates) owned approximately 27% of our outstanding equity.

We use the terms Genpact, Company, we and us to refer to both our predecessor company and its subsidiaries, and Genpact Limited and its subsidiaries. Our registered office is located at Canon s Court, 22 Victoria Street, Hamilton HM 12, Bermuda.

Our Solution

Our vision is to be the global leader in business process management, helping businesses make smarter decisions and realize better business outcomes through our digitally-driven solutions that draw on our deep domain expertise and understanding of process operations, analytics and advanced technology. We seek to build long-term client relationships with companies that wish to improve the ways in which they do business and to whom we can offer a full range of services. With our broad and deep capabilities and our global delivery platform, we deliver comprehensive and innovative solutions incorporating continuous process improvement to clients around the world.

Our business focuses on industry verticals in banking and financial services, insurance, capital markets, consumer product goods, life sciences, infrastructure, manufacturing and services, healthcare and high tech.

Our service offerings in these core verticals are driven by our broad end-to-end process expertise, including:

- finance and accounting (F&A) services;
- core industry operations services;
- analytics and research;
- business consulting and enterprise risk consulting;

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- transformation services;
- supply chain and procurement services;
- enterprise application services;
- IT infrastructure management services; and
- collections and customer services.

We seek to deliver significant business impact for our clients by designing, transforming and running a combination of processes, as well as providing solutions that combine elements of several of our service offerings. In providing services across our global delivery platform, we draw on core capabilities in process expertise, analytics capabilities and technology expertise, as well as the operational insight we have acquired from our experience in managing thousands of processes for our clients.

Process Expertise. We have extensive experience in running a wide range of processes and use this expertise to continuously improve and update our patented Smart Enterprise Processes (SEP^{SM}) proprietary framework. We believe we have built a science of process through SEP^{SM} a patented and highly granular approach to managing business processes. In addition to efficiency, SEP^{SM} focuses on maximizing process effectiveness. We also apply the principles of Lean and Six Sigma to eliminate defects and variation and reduce inefficiency. Our Lean and Six Sigma process rigor also allows us to develop and track operational metrics to measure process performance as a means of monitoring service levels and enhancing productivity.

Analytics and Research Capabilities. Our analytics and research capabilities are central to our ability to improve business processes. They enable us to work with our clients and identify weaknesses in business processes and redesign and transform them to create additional business value. The confluence of big data, regulatory changes and social media are causing a major shift in the way businesses operate. We help our clients harness data to identify trends and issues, uncover new insights, identify and prevent future risks and fine-tune operations to make smarter decisions and meet business goals. We also rigorously apply analytical methodologies, which we use to measure and enhance performance of our client services. In addition, we apply these methodologies to measure and improve our own internal functions, including recruitment and retention of personnel.

Technology Expertise. Our information technology expertise includes extensive knowledge and integration of cloud-based advanced digital technologies, third-party hardware, partner solutions, network and computing infrastructure, and enterprise resource planning (ERP) and other software applications. We use technology to better manage the transition of processes, to automate and run processes more efficiently and to replace or redesign processes to enhance productivity. Our ability to combine our business process and IT expertise, along with our Lean and Six Sigma skills, helps our clients achieve the full potential of business intelligence platforms and web-based software platforms. Additionally, with the growing prevalence of digital technologies incorporated in our solutions, we are certifying a new group of digital black belts and digital master black belts.

Operational Insight. Our operational insight enables us to make the best use of our core capabilities. Operational insight starts with the ability to understand the business context of a process. We place great value on understanding not only the industry in which a client operates, but also the business culture and institutional parameters within which a process is performed. Operational insight also requires the judgment to determine the best way to improve a process in light of the knowledge of best practices across different industries, as well as an appreciation of what solutions can be fully implemented in the context of the particular business environment.

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Smart Enterprise Processes (SEP^{SM})

SEP^{SM} is our patented and highly granular approach to dramatically improving the performance of business processes. In addition to efficiency, it focuses on maximizing process effectiveness.

SEP^{SM} and its more recent evolution, Digital SEP^{SM}, is based on work done in the Genpact Process Innovation Lab, where we leverage our exposure to thousands of business processes and hundreds of millions of client transactions to map and analyze end-to-end processes at a granular level. This enables us to test the effectiveness of a client s processes by measuring opportunities for improvement across the value chain using best-in-class benchmarks gleaned from within and across industries and to apply our innovative process design, effective, market-leading technology, and analytical skills and tools to improve them. The result is a client-specific road map for maximizing process effectiveness. Benefits are delivered by combining our deep domain knowledge of process, key insights and best practices with execution support including focused IT applications and technology, targeted analytics, transformation services and global delivery services.

Unlike other approaches, SEP^{SM} focuses on measuring business outcomes, such as improving cash flow and margins, which make visible the effectiveness of a process in driving business results. The approach also takes an end-to-end, enterprise-wide view, working beyond traditional organizational silos.

Genpact Digital

Genpact s Digital practice helps clients reimagine their business operations with an innovative set of advanced technologies along with differentiated core IT services that drive transformative solutions for our clients. Our Systems of Engagement solutions provide an engagement layer of agile, nimble technologies that address end-to-end business processes and are built using social, mobility, big data and cloud-based technologies on our foundation of deep process experience and domain expertise.

We recently introduced Lean Digital^{SM}, our unique approach to reimagining companies middle and back offices using the full power of digital. Our Lean Digital^{SM} solutions address what we view as the shortfalls that result from many companies either focusing their digital interventions only on front-end and customer-facing processes or digitizing broken or inadequate processes without considering enterprise-wide improvements and the related potential business outcomes. Leveraging our strong foundation in Lean and Six Sigma principles, Lean Digital^{SM} incorporates automation and digital technologies in an end-to-end approach that transforms and digitizes companies middle and back-office processes, ensuring a seamless connection to the front end.

Our Strategic Client Model

We seek to create long-term relationships with our clients where they view us as an integral part of their organization and not just as a service provider. These relationships often begin with the outsourcing of discrete processes or with shorter-cycle engagements in analytics and research, business consulting, enterprise risk consulting or transformation services. Over time, these relationships typically expand to encompass multiple business processes across a broader set of functions and geographic areas. As clients adapt to constantly changing environments, many are increasingly turning to Genpact for support in transforming their operations to become more competitive and agile. These long-term transformative engagements are global and multi-tower, combining process, technology, and analytics. No matter how large or small the engagement, we strive to be a seamless extension of our client s operations. To achieve this goal, we developed the Genpact Virtual Captive^{SM} model for service delivery, and we may implement all or some of its features in any given client relationship, depending on the client s needs. This approach provides clients with dedicated employees and management as well as dedicated infrastructure at our delivery centers to create virtual extensions of the client s own teams and environments. We train our personnel in the client s culture to be familiar not only with the process but with the business environment in which it is being executed.

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Our Strategy

The specific elements of our strategy include the following:

Enhance Targeted Vertical Industry and Domain Expertise

Clients want partners who know their industry and processes at a granular level. We continue to enhance our industry and domain capabilities through acquisitions, strategic partnerships and by investing in experienced professionals in our targeted verticals and service areas to improve client intimacy and help us deliver end-to-end services that drive business impact.

Guide Global Enterprises to Best-in-Class

Our Smart Enterprise Processes (SEP^{SM}) framework, built on the foundation of thousands of Lean Six Sigma-based improvement ideas and benchmarks around granular process performance, builds deeper client relationships and delivers measurable business impact over time. We have recently begun integrating new digital technologies and data analytics into these frameworks to develop new Digital SEPs. Our differentiated framework is critical not only to extending client contracts but also to creating an expansive partnership with our clients.

Differentiate our Solutions by Combining Process Expertise, Analytics and Technology

Clients face an environment of uncertainty and change, which requires them to better leverage existing costs and investments, and make more informed decisions that address challenges around regulations and risk, while they continue to drive top-line growth and profitability. The insights we derive from our experience and expertise, combining smarter processes, analytics and technology, help us provide a differentiated solution to these challenges.

Expand Geographically in Key Markets

We deliver our services and solutions from service delivery centers in 17 countries, including eight locations in the United States. We continue to expand and diversify our delivery capabilities globally in order to be closer to our clients.

Our Services

Our client solutions often combine several of our service offerings. We recognize that our clients are focused on achieving business outcomes, rather than on transferring particular processes or using particular platforms. Accordingly, we focus on understanding their business needs and the business context of their existing processes in order to design appropriate and comprehensive solutions.

Our core vertical activities for our clients include the following:

Banking and Financial Services. Our banking and financial services core operations include application processing; mortgage loan origination; wealth management, risk management; omni-channel account servicing and set-up; collections and customer services; commercial lending, business banking, auto finance, and finance and accounting activities. We use our analytics capabilities to help our clients price products, estimate capital and reserve requirements, analyze and monitor portfolios, and manage risk. We also handle reporting and monitoring services for statutory and regulatory compliance, portfolio and performance review services and financial planning and tax services. Our services for financial services clients include investment banking support for deals, asset-backed finance surveillance, trade finance support, payment and fraud operations support, Basel II/III support and risk analysis for derivatives and foreign exchange. Our wealth management services include brokerage and retirement offerings that provide end-to-end process services, including onboarding, reconciliations, plan administration, fund administration, and trade support.

Insurance. Our insurance services include underwriting, claims management, risk and catastrophe modeling, customer segmentation and loyalty, and finance and accounting activities. We offer insurance services to several industry sectors life and annuities, property and casualty, and reinsurance and provide what we refer to as a virtual insurance company for our clients in the insurance industry. We cover many phases of insurance business processes including product development, finance, risk management, actuarial, sales and marketing, underwriting support, and claims and policy administration.

Capital Markets. Our capital markets practice provides an end-to-end range of information technology services for the capital markets industry, including application development and maintenance; managed services such as quality assurance, testing and production support; business process outsourcing; domain knowledge-based consulting related to technology systems (domain consulting); and consulting not tied to a technology system (business consulting). Areas of domain focus within our capital markets practice include asset and wealth management; risk and compliance; client onboarding; Know Your Customer (KYC); collateral management; post trade processing; and data services, such as reference data and data scrubbing and reconciliation. We have also set up centers of excellence focusing on several technology platforms used by the financial services industry, including platforms focused on brokerage compliance, trade processing and portfolio accounting.

Consumer Product Goods. Our consumer product goods services include trade promotion optimization, trade promotion management, order management, master data management, customer service, marketing optimization, supply chain decision services, marketing analytics, market mix modeling, and enterprise services such as finance and accounting, indirect procurement and IT operations. We also provide supplier risk management, supplier recovery audit, shopper analytics, store- and product-mix optimization services.

Life Sciences. Our life sciences and pharmaceutical services include contract management for managed markets; regulatory affairs services, including lifecycle management, regulatory operations, Chemistry Manufacturing Controls (CMC) compliance, safety and pharmacovigilance, and regulatory information management; multi-channel customer experience for medical information, sales and marketing, direct-to-consumer support, patient assistance programs (access and reimbursement), and patient support programs; and enterprise services such as F&A, indirect procurement, IT operations, risk management and audit support. We also provide comprehensive analytics services including market research and competitive intelligence, patient level data analysis, physician and drug analysis, social media monitoring and data management.

Infrastructure, Manufacturing and Services. Our infrastructure, manufacturing and services offerings include enterprise processes such as finance and accounting, indirect procurement and IT operations. Our industry specific solutions include industrial internet solutions, aftermarket services support, industrial asset optimization, engineering services covering the complete product lifecycle from concept to release and sustaining engineering, supply chain management, direct procurement and logistics services.

Healthcare. Our healthcare expertise covers a full spectrum of services including end-to-end transactional processes, advanced technology, analytics and consultative and transformational solutions for payers, providers and pharmacy benefit managers. Our payer solutions help manage the end-to-end life cycle of a claim, from claims processing and adjudication to claims recovery and payment integrity. Our regulatory compliance solutions for both payers and providers encompass planning, business alignment systems change management, training and testing. Our FX suite of products, which is delivered using a business process as a service, or BPaaS, model, helps payers in the areas of ICD-10 transition,

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DRG shift analysis and payment neutrality. Our services for accountable care organizations provide support for setup, population health, revenue administration and performance management. Our provider services, including hospital optimization, clinical coding and revenue cycle management, help providers to deliver an optimal experience to patients, improve efficiency and reduce administrative costs.

High Tech. Our high tech services include service support, including customer care service, technical product support and aftermarket services; lead-to-cash; sales force commission management; supply chain and consumer analytics; and enterprise services such as F&A, sourcing and procurement, and IT operations.

In addition to these vertical activities, our broad end-to-end process expertise spans a number of service areas, including F&A services, core industry operations services, analytics and research, business consulting and enterprise risk consulting, transformation services, supply chain and procurement services, enterprise application services, IT infrastructure management services, and collections and customer services.

Finance and Accounting (F&A)

We believe we are one of the world s premier providers of F&A services. Our services include Accounts Payable (AP), Order to Cash (OTC), Record to Report (R2R), and Enterprise Risk and Compliance services. Our AP services span the end-to-end AP function and include document management, invoice processing, approval and resolution management, and T&E processing. Our OTC services cover customer master data management, credit and contract management, fulfillment, billing, collections, and dispute management services. Our R2R services encompass accounting, closing and reporting, including SEC reporting, treasury, tax services, financial planning and analysis, and product cost accounting. Genpact Enterprise Risk and Compliance specializes in operational risk, SOX advisory, third-party risk management and regulatory compliance with services such as enterprise risk management, internal audits, FCPA and IT risk management.

In addition to managing our clients finance and accounting processes, we help them design, transform, and run their finance operating models to achieve best-in-class performance. Genpact Systems of Engagement^{TM} for F&A creates an agile technology layer that complements existing systems of record, providing continuity of information and operations across the enterprise. Our Systems of Engagement^{TM} modules for OTC, AP, and R2R support smart processes, detailed analytics, and a host of agile technologies, including proprietary cloud-based technology platforms and bolt-on, best-of-breed solutions from our technology partners. Our F&A services also include SEP^{SM} frameworks and solutions, which aim to significantly improve client processes.

Core Industry Operations Services

We help our clients design, transform and run core enterprise operations specific to their industries. On the foundation of domain expertise embedded in our SEP^{SM} frameworks, we use our Lean Digital^{SM} approach to leverage Systems of Engagement^{SM} technologies and specialized analytics to power what we refer to as Intelligent Operations^{SM}. We support our clients core operations in retail and commercial banking, capital markets, insurance, healthcare, life sciences, manufacturing, consumer goods and high tech.

Analytics and Research

We offer analytics services both on a standalone basis and as an integrated part of our other service offerings. We help our clients re-imagine their business operations in the context of analytics and technology through the delivery of Genpact Intelligent Operations^{SM} fueled by our Lean Digital^{SM} approach. Using our Systems of Engagement^{TM} approach, we have built what we refer to as the Genpact Intelligent Process Insights Engine, a process-aware platform that embeds technology and analytics to deliver purpose-built analytics applications. Through our Data-to-Action^{SM} Analytics approach, we help our clients harness data to assess business opportunities, mitigate risks, improve performance or otherwise help their businesses. Companies do not

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always recognize the inherent potential in data or do not have the capability to apply the rigorous analytical models that might reveal opportunities. Our domain-specific analytics prowess, along with a sophisticated innovation ecosystem, is increasingly embedded in all of our service offerings to help clients make timely, informed and fact-based decisions. By quantitatively and qualitatively scrutinizing data, we can deliver the insight necessary for our clients to assess new business opportunities, mitigate market risks, and make better business decisions. Our Smart Decision Lab was created to facilitate collaboration and innovation with clients and industry experts, leveraging the combination of data and analytics with process expertise. Our Smart Decision Lab was incubated to create new lines of competency, build solution prototypes, test new business use cases, and develop intelligent technology applications.

Business Consulting and Enterprise Risk Consulting

We partner with our clients through the lifecycle of designing, transforming and running a broad range of their processes. Our consulting groups help clients design the right strategy and target operating model for their functions. We help clients develop transformation roadmaps that deliver a target operating model vision and implement process-level improvements. Our business and enterprise risk consulting teams support our clients through transformation delivery, including enhanced regulatory compliance. We improve risk and control environments across operational and regulatory processes while preserving value and mitigating risk exposure. Our consulting business is built on our deep understanding of the complete enterprise operating model and draws on our expertise in process, state-of-the-art technology, organizational structures, compliance, and risk-mitigation strategies. We combine a design-thinking approach with our industry and domain expertise to create client offerings that apply cutting-edge digital technologies and analytics with a goal of driving fundamental shifts in clients business performance.

Transformation Services

Our transformation services help clients realize cost savings and/or increased revenues by improving or re-engineering business processes that are underperforming or designing processes that are needed to meet growth objectives. Clients engage our transformation teams to provide an end-to-end view of their organization and help determine business process needs at a strategic level as well as at the execution level. Strategically, we help clients achieve a comprehensive assessment of how well their enterprise-level processes, such as source-to-pay, order-to-cash, record-to-report, inquiry-to-order, new product introduction and sales force effectiveness, perform against industry benchmarks and best practices. At the execution level, we institutionalize the recommendations by deploying resources to train the client team and drive sustainable best practices.

Supply Chain and Procurement

Our supply chain and procurement services include direct and indirect strategic sourcing, category management, spend analytics, procurement operations, master data management, and other procurement and supply chain advisory services. We work with our clients to design, transform and run sourcing strategies across expense categories, drive process compliance, and realize significant cost reduction in their businesses. This includes sourcing and procurement process transformation, inventory planning and optimization, value transformation, and process automation. We integrate disparate technology systems and provide dynamic digital dashboard reporting while transforming business operations and improving service productivity. We leverage our technology expertise in delivering our services in this area, particularly in automating order management processes and optimizing the supply chain. We have competency in many of the custom platforms used by our clients and are not tied to any single platform or vendor.

Enterprise Application Services

Our information technology approach focuses on business outcomes and related business processes. Equipped with industry and functional expertise and guided by our proprietary Lean Digital℠ approach, we aim to create Intelligent Operations[SM] that execute efficiently and effectively, and continuously learn to adapt. Our focused approach is designed to maximize the impact that business processes have on business outcomes while limiting capital expenditures, risk, complexity, and time-to-benefit. Our solutions include business intelligence and data services, enterprise resource planning, quality assurance and technology integration. We also have significant expertise in Hyperion, SAS and Cognos, and platform support for ERP systems such as Oracle, SAP and Microsoft.

IT Infrastructure Management Services

Our IT infrastructure management services consist of end user computing, infrastructure management services, application production support and database management services. We provide support in more than 25 languages with a global footprint of native speakers. We provide monitoring and management of clients data centers, servers, storage, emails, networks, databases, applications and end user devices. We use a network of Remote Operations Centers to provide 24/7 infrastructure monitoring and management. Along with Information Technology Infrastructure Library (ITIL) ISO 20000, we use Six Sigma and Lean principles to address technology problems and to enable our clients to align their IT to business priorities and at the same time reduce technology costs. We use our proprietary SEP[SM] framework Service Disruption to Restore (D2R), along with our accelerators and IP frameworks, to continuously reduce defects. We also provide cloud enablement services, ITIL implementation services and comprehensive BPaaS services.

Collections and Customer Services

Our collections and customer services are provided primarily in the areas of consumer banking, business-to-business finance and mortgage servicing. Our collections services include collections strategy design through smart analytics and a full range of accounts receivable management services, such as early to late stage collections, skip-tracing, refunds and other specialized services. In our collections services, we act as an agent only; we do not acquire debts for our own account or handle debtor payments. Our customer services include account servicing and customer care services such as handling customer queries, general servicing and dispute resolution. We provide multi-channel voice and non-voice services, and we also provide origination and order management support.

Our Clients

Our clients include some of the best known companies in the world, many of which are leaders in their respective industries.

GE has been our largest client since our inception and accounted for approximately 18.7% of our 2015 revenues. We currently provide services to most of GE s business units, including GE Capital, Power and Water, Oil and Gas, Energy Management, Renewables, Aviation, Healthcare, Transportation, Current, Digital and Corporate. The services we currently provide to GE are broad in their nature and are drawn from all of our service offerings. Although we have a single master services agreement, or MSA, with GE, we have many statements of work, or SOWs, with GE that cover in more detail the nature of the work we will perform and the amounts we will bill for the relevant services. Currently, as a general matter, each GE business unit makes its own decisions as to whether to enter into a SOW with us and as to the terms of any such SOW. Therefore, although some decisions may be made centrally at GE, our revenues from GE are generally attributable to a number of different businesses each with its own leader responsible for decision-making regarding our services.

We have over 700 clients spread across a variety of industries and geographies. Our net revenues from Global Clients have grown rapidly in the last five years, from approximately $780 million in 2010 to approximately $2 billion in 2015, a compound annual growth rate of 20.7%. Our net revenues from Global Clients as a percentage of total net revenues increased from 62.0% in 2010 to 81.3% in 2015. See Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations Classification of

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Certain Net Revenues. The majority of our Global Clients are based in the United States, and we also have Global Clients in Europe, Asia and Australia.

Our contracts with our clients generally take the form of an MSA, which is a framework agreement that is then supplemented by SOWs. Our MSAs specify the general terms applicable to the services we will provide. For a description of our MSAs and SOWs, see Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations Overview Revenues.

We serve about one fifth of the Global Fortune 500, including AstraZeneca, Boeing, Citigroup, GE, GlaxoSmithKline, Heineken, Honeywell, Merck, Mondelez, Nissan, Walgreens and Wells Fargo.

Our People

Our people are critical to the success of our business. Our Chief Executive Officer and other members of our senior leadership team have been involved in our business since its commencement under GE resulting in an experienced and cohesive leadership team. Many members of our leadership team developed their management skills working within GE and many of them were involved in the founding of our business. They have built our business based on the experience gained in helping GE meet a wide range of challenges. As a result, we are an institutional embodiment of much of the wisdom and experience GE developed in improving and managing its own business processes.

We have created, and constantly reinforced, a culture that emphasizes teamwork, constant improvement of our processes and, most importantly, dedication to the client. We manage this challenge through innovative human resource practices. These include broadening the employee pool by opening delivery centers in diverse locations, using innovative recruiting techniques to attract the best employees, emphasizing ongoing training, instilling a vibrant and distinctive culture and providing well-defined, long-term career paths. We also have programs modeled on GE management training programs to develop the next generation of leaders and managers of our business.

As of December 31, 2015, we had approximately 72,000 employees. We monitor and manage our attrition rate very closely, and believe it is one of the lowest in the industry. We attribute this to our reputation, our ability to attract high quality applicants, our emphasis on maintaining our culture and the breadth of exposure, experience and opportunity for advancement that we provide to our employees.

Lean and Six Sigma Methodologies

Lean is a methodology for reducing waste or inefficiency in a process. Among other things, it is designed to measure and eliminate overproduction, over-processing and waiting, and to improve the flow of a process. Six Sigma is a method for improving process quality by removing variation, defects and their causes from business activities. We have Lean Six Sigma programs that train, test and grade employees in Lean and Six Sigma principles and award them Lean Six Sigma certifications. We recently launched a simplified transformation framework ProDG^{SM}, a four-step method focused on driving outcomes leveraging Lean Six Sigma, transformation, change management, digital and design thinking tools The rankings of Lean Six Sigma qualifications from lowest to highest are green belt, black belt and master black belt.

As of December 31, 2015, we had more than 15,000 employees with Six Sigma green belt training, over 600 employees with Six Sigma black belt training, and more than 42,000 Lean-trained employees. This large number of employees with Lean Six Sigma training helps infuse our organization with a disciplined, analytical approach to everything we do.

Recruiting

We face meaningful competition for skilled employees in every jurisdiction in which we operate. We have refined our talent acquisition strategy by organizing our recruiting teams by industry vertical and utilizing an

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internal executive recruiting team, social media platforms, online job portals and professional search firms to recruit globally. Our internal employee referral program has also become a key recruiting vehicle for us. We believe that our focus on our employees career development makes us attractive to candidates beyond our delivery center locations. As part of our global diversity and inclusion efforts, we have launched Career 2.0, a program to attract top female leaders who have just returned from the workforce after an extended break.

Training and Development

We believe in extensive and continuous training of our employees. We have the infrastructure to train approximately 5,200 people at any one time with 234 trainers. In 2015, we had more than 16,000 employees enrolled in part-time professional degree, e-learning and other non-degree programs provided internally or by universities and other third parties. Our training programs are designed to transfer the industry-specific knowledge and experience of our industry leaders to our employees to ensure we maintain our deep process and domain expertise across the industries and processes in which we work. Our training programs cover a large number of topics, including specific service offerings, key technical and IT skills, our different clients workplace cultures and Lean and Six Sigma methodologies. A large part of our continuous training is designed to impart the skills and knowledge required by our employees to move to positions of increasing responsibility within Genpact.

Retention

In order to meet our growth and service commitments, we are constantly striving to attract and retain employees. There is significant turnover of employees in the business process management and information technology sectors generally, particularly in India where the majority of our employees are currently based. Our attrition rate for all employees who have been employed by us for one day or more was 27% in 2015. We believe this rate is relatively low for our industry based on statistics published by industry associations such as NASSCOM. We attribute this low attrition rate to a number of factors, including our effective recruiting measures, extensive training and a strong culture of providing opportunities for growth and learning. Approximately 13% of our employees were promoted in 2015, and we filled a majority of new positions internally.

We also take aggressive action to monitor and minimize potential attrition. Using Six Sigma principles we have developed an early warning system that tracks employees and gives us an insight into which employees are most likely to resign. These employees are automatically highlighted to management who can take action such as relocating the employee or enrolling the employee in continuing education programs to increase the likelihood of retention.

As another measure designed to minimize attrition, we right-skill our employees to the tasks assigned to them. This means that we match the level of services required to the experience and qualification of the employee concerned and we avoid having over-qualified people in any particular job. This allows us to give our highly qualified and experienced people higher-value jobs and, coupled with the practice of up-skilling, ensures better career paths for all of our employees.

Corporate Social Responsibility

Genpact s approach to Corporate Social Responsibility focuses on three pillars that reflect our strengths and core expertise as well as causes that our employees are passionate about:

- Education and employability
- Environment and sustainability
- Inclusion and community outreach

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We have institutionalized a culture of giving and volunteering through a number of global platforms, programs, projects and social initiatives. Our more than 14,000 employee volunteers have, among other things, helped underprivileged children and women to develop vocational skills, worked on environmental initiatives such as rejuvenating urban forest land and participating in cleaning drives, and participated in programs that address the health and nutritional needs of the poor. Additionally, more than 15,000 of our employees have participated in our payroll-based charitable donation programs.

Our Alliances

We have entered into and continue to pursue partnerships or alliances with companies whose capabilities complement ours in an effort to enhance our existing solutions or create new solutions to address market needs. Such alliances may be transaction or deal-specific, may be for the development of joint capabilities in a service line or may take the form of enterprise-wide transformational partnerships. For example, we have a joint venture with Markit Limited, KYC.com, to create a streamlined service to manage Know-Your-Customer information for clients in our capital markets vertical.

We recently launched an incubation program designed to enrich our Lean Digital^{SM} solutions by nurturing partnerships with established and emerging players and start-ups that specialize in leading-edge disruptive digital technologies. Our goal is to quickly transform business processes and operations to create a step change in companies competitiveness. A key ingredient in this ecosystem is our extensive work with our many clients across industries. Our innovation center will combine our partners solutions with our expertise and hands-on practical experience.

Sales and Marketing

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

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

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

As our relationship with a client grows, the time required to win an engagement for additional services often gradually declines. In addition, as we become more knowledgeable about a client s business and processes, our ability to identify opportunities to create value for the client typically increases. For example, productivity benefits and greater business impact can often be achieved by applying our SEP^{SM} methodology, by focusing on processes that are upstream or downstream from the processes we initially handle, or by applying our analytical and IT capabilities to re-engineer processes. In addition, clients often become more willing over time to turn over more complex and critical processes to us as we demonstrate our capabilities.

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

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

Global Delivery Platform

A key differentiator for us is our global network of 72 delivery centers in 17 countries. We also have a number of employees who work directly in client locations or provide services from a virtual environment which offers flexibility for both clients and employees. Our presence in locations around the world provides us with multi-lingual capabilities, access to a larger talent pool, near-shoring capabilities to take advantage of time zones, as well as the ability to provide services from the United States. With this network, we manage complex processes in multiple geographic regions. We use different locations for different types of services depending on the specific client needs and the mix of skills and cost of employees available in each location. We choose the location of our delivery centers based on a number of factors, which include the available talent pool, infrastructure, government support and operating costs, as well as client demand.

We have been a pioneer in our industry in opening centers in several cities in India as well as in some of the other countries in which we operate. We were one of the first companies in our industry to establish operating centers in certain locations, including Dalian, Foshan and Huaqiao in China; Bucharest, Romania; and Gurgaon, Hyderabad, Jaipur and Kolkata in India. We constantly evaluate new locations, including new countries and new cities within countries in which we currently operate, as potential sites for delivery centers and offices. Our delivery centers are located in Brazil, China, the Czech Republic, Guatemala, India, Japan, Kenya, Mexico, the Netherlands, the Philippines, Poland, Romania, Slovakia, South Africa, the United Arab Emirates, the United Kingdom, and the United States. As of December 31, 2015, we provided services in more than 30 languages.

The large number of different countries from which we serve our clients differentiates us from a number of our competitors and enables us to take advantage of different languages and time zones which, in turn, enhances our ability to serve our clients.

Intellectual Property

Increasingly, the solutions we offer our clients include a range of proprietary methodologies, software, and reusable knowledge capital. We also develop intellectual property in the course of our business and our agreements with our clients regulate the ownership of such intellectual property. We regularly apply for patents, trademarks, service marks, copyrights and domain names to protect our intellectual property. Some of our intellectual property rights are trade secrets and relate to proprietary business process enhancements.

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

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

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

Competition

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

- large multinational service providers, such as Accenture plc, Capgemini S.A. and International Business Machines Corporation, and large multinational accounting firms, such as Deloitte Consulting LLP and PricewaterhouseCoopers LLP;
- companies that are primarily business process service providers operating from low-cost countries, most commonly India, such as ExlService Holdings, Inc. and WNS Holdings Limited;
- companies that are primarily information technology service providers with some business process service capabilities, such as Cognizant Technology Solutions, Infosys Technologies Limited, Tata Consultancy Services Limited and Wipro Limited;
- smaller, niche service providers that provide services in a specific geographic market, industry or service area; and
- in-house departments of companies that use their own resources rather than engage an outside firm for the types of services and solutions we provide.

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

- skills and capabilities;
- technical and industry expertise;
- innovative service and product offerings;
- ability to add value, including through continuous process improvement;

- reputation and client references;
- contractual terms, including competitive pricing;
- scope of services;
- quality of services and solutions;
- ability to sustain long-term client relationships; and
- global reach and scale.

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

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Regulation

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

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

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

In the United States, we are either directly subject to, or contractually required to comply or facilitate our clients compliance with, laws and regulations arising out of our work for clients operating there, especially in the area of banking, financial services and insurance, such as the Financial Modernization Act (sometimes referred to as the Gramm-Leach-Bliley Act), the Fair Credit Reporting Act, the Fair and Accurate Credit Transactions Act, the Right to Financial Privacy Act, the USA PATRIOT Act, the Bank Service Company Act, the Home Owners Loan Act, the Electronic Funds Transfer Act, the Equal Credit Opportunity Act, the Real Estate Settlement Procedures Act and the Troubled Assets Relief Program, as well as regulation by U.S. agencies such as the SEC, the Federal Reserve, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Commodity Futures Trading Commission, the Federal Financial Institutions Examination Council, the Office of the Comptroller of the Currency, and the Consumer Financial Protection Bureau. We are also subject to regulation under the Health Insurance Portability and Accountability Act, the Federal Trade Commission Act, the Family Educational Rights and Privacy Act, the Communications Act, the Electronic Communications Privacy Act and applicable regulations in the area of health and other personal information that we process as part of our services.

Because of our debt collections work in the United States, we are also regulated by laws such as the Truth in Lending Act, the Fair Credit Billing Act and the Fair Debt Collection Practices Act and related regulations. We are currently licensed to engage in debt collection activities in all jurisdictions in the United States where licensing is required.

Because of our mortgage origination activities in the United States, in addition to the applicable regulations listed above, we are subject to laws such as the S.A.F.E. Mortgage Licensing Act, the Bank Secrecy Act, the Equal Credit Opportunity Act, the Fair and Accurate Credit Transactions Act, the Fair Housing Act, the Homeowners Protection Act, the Truth in Lending Act, the Real Estate Settlement Procedures Act, and the Home Mortgage Disclosure Act and by regulatory bodies such as the U.S. Department of Housing and Urban Development. We currently hold mortgage related licenses in 48 states and the District of Columbia and are regulated by each applicable state regulatory agency.

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

We are affected by laws in the United States, the United Kingdom and the EU that are intended to limit the impact of outsourcing on employees in those countries. See Item 1A Risk Factors Risks Related to our Business Future legislation in the United States and other jurisdictions could significantly affect the ability or willingness of our clients and prospective clients to utilize our services.

We are also subject to laws and regulations on direct marketing, such as the Telemarketing Consumer Fraud and Abuse Prevention Act and the Telemarketing Sales Rule, the Telephone Consumer Protection Act and rules promulgated by the Federal Communications Commission, and the CAN-SPAM Act.

We are subject to laws and regulations governing foreign trade, such as the Arms Export Control Act, as well as by government bodies such as the Commerce Department s Bureau of Industry and Security, the State Department s Directorate of Defense Trade Controls and the Treasury Department s Office of Foreign Assets Control.

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

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

Certain Bermuda Law Considerations

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

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

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

Available Information

We file current and periodic reports, proxy statements, and other information with the SEC, copies of which can be obtained from the SEC s Public Reference Room at 100 F Street, NE., Washington, D.C. 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330.

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

Executive Officers

The following table sets forth information concerning our executive officers as of February 15, 2016:

Name	Age	Position(s)
N.V. Tyagarajan	54	President, Chief Executive Officer and Director
Edward Fitzpatrick	49	Chief Financial Officer
Patrick Cogny	49	Senior Vice President, Infrastructure, Manufacturing and Services
Victor Guaglianone	60	Senior Vice President and General Counsel
Piyush Mehta	47	Senior Vice President, Human Resources
Arvinder Singh	51	Senior Vice President, Capital Markets and IT Services
Mohit Thukral	50	Senior Vice President, Banking, Financial Services and Insurance

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

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

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

Victor Guaglianone has served as our Senior Vice President, General Counsel & Corporate Secretary since January 2007. From 2004 to 2007, he was senior counsel at Holland & Knight LLP. From 2003 to 2004, he served as a commercial arbitrator for the American Arbitration Association. Prior to 2003, he spent 16 years at GE Capital, most recently as Vice President and Associate General Counsel.

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

Arvinder Singh has served as our Senior Vice President, Capital Markets and IT Services since October 2013. From August 2011 to October 2013, he was Senior Vice President, Sales and Marketing, Client Relationships and Re-engineering. From August 2008 to July 2011, he was Global Head of Client Relationships and GE, and from June 2005 to August 2008 he was the Business Leader for Lean Six Sigma, Transitions and Solutions. Prior to joining Genpact in June 2005 he was Senior Vice President, Six Sigma and Chief Quality Officer for GE Vendor Financial Services.

Mohit Thukral has served as our Senior Vice President, Banking, Financial Services and Insurance since 2004. He was also responsible for our healthcare business from July 2011 to December 2014.

Item 1A. Risk Factors

Risks Related to our Business

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

Global macroeconomic conditions affect our clients businesses and the markets they serve. Volatile, negative or uncertain economic conditions in our significant markets have undermined and could in the future undermine business confidence in our significant markets or in other markets, which are increasingly interdependent, and cause our clients to reduce or defer their spending on new initiatives, or may result in clients reducing, delaying or eliminating spending under existing contracts with us, which would negatively affect our business. Growth in the markets we serve could be at a slow rate, or could stagnate or contract, in each case, for an extended period of time. Differing economic conditions and patterns of economic growth and contraction in the geographical regions in which we operate and the industries we serve have affected and may in the future affect demand for our services. A material portion of our revenues and profitability is derived from our clients in North America and Europe. Weak demand or a slower-than-expected recovery in these markets could have a material adverse effect on our results of operations. Ongoing economic volatility and uncertainty and changing demand patterns affect our business in a number of other ways, including making it more difficult to accurately forecast client demand and effectively build our revenue and resource plans. Economic volatility and uncertainty is particularly challenging because it may take some time for the effects and changes in demand patterns resulting from these and other factors to manifest themselves in our business and results of operations. Changing demand patterns from economic volatility and uncertainty could have a significant negative impact on our results of operations.

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

Historically, we have derived a significant portion of our revenues from GE. For 2013, 2014 and 2015, GE accounted for 22.6%, 20.4% and 18.7% of our revenues, respectively. As a result of GE s publicly announced plan to divest a significant portion of its GE Capital business, we expect that our services for GE will decline as GE concludes the planned divestitures. We intend to make efforts to procure contracts with respect to the divested businesses; however, there can be no assurance that we will be able to procure any such contracts or that such contracts would be on favorable terms. In addition, our master services agreement with GE, which commits GE to purchase minimum dollar amounts of services annually, expires in December 2016. As a result of the foregoing, we expect our revenues from GE to continue to decline in the future.

We expect that our business with GE will continue to come from a variety of GE s businesses and that, in general, GE s decisions to use our services will continue to be made by a number of people within GE. Therefore, although some decisions may be made centrally at GE, we expect that the total level of business we receive will continue to depend on the decisions of the various operating managers of such businesses. Finally, there can be no assurance that GE will not establish its own business unit to provide English-language business process services from low-wage countries or otherwise compete with us.

Any of the above events could have a material adverse effect on our business, results of operations and financial condition.

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

The topic of companies outsourcing services to organizations operating in other countries is a source of political discussion in many countries. For example, many organizations and public figures in the United States

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have publicly expressed concern about a perceived association between offshore service providers and the loss of jobs in the United States. Current or prospective clients may elect to perform such services themselves or may be discouraged from transferring these services from onshore to offshore providers to avoid negative perceptions that may be associated with using an offshore provider. Any slowdown or reversal of existing industry trends toward offshore outsourcing would seriously harm our ability to compete effectively with competitors that provide services from the United States.

In the United States, federal and state measures aimed at limiting or restricting offshore outsourcing have been occasionally proposed and enacted. The measures that have been enacted to date generally have restricted the ability of government entities to outsource work to offshore business process service providers and have not materially adversely affected our business, primarily because we do not currently work for such governmental entities and they are not currently a focus of our sales strategy. Such legislation might, for example, require call centers to disclose their geographic locations, require notice to individuals whose personal information is disclosed to non-U.S. affiliates or subcontractors, require disclosures of companies foreign outsourcing practices, or limit eligibility for government contracts or financial incentives for companies that transfer work to foreign work locations. Legislation to expand privacy protections in the United States could discourage offshore outsourcing by, for example, requiring notice and consent as a condition for sharing sensitive personal information with third party service providers. In addition, the current U.S. President has encouraged tax incentives for U.S. businesses to insource functions or return outsourced operations to the U.S. There can be no assurance that pending or future legislation in the United States that would significantly adversely affect our business, results of operations and financial condition will not be enacted. Legislation enacted in certain European jurisdictions and any future legislation in Europe, Japan or any other country in which we have clients restricting the performance of business process services from an offshore location could also have a material adverse effect on our business, results of operations and financial condition. For example, evolving European Union cloud computing standards and regulations and proposed taxes on outsourced data center activities may limit or restrict our operations, or make them more costly. Moreover, legislation enacted in the United Kingdom and by many EU countries, provides that if a company outsources all or part of its business to a service provider or changes its current service provider, the affected employees of the company or of the previous service provider are entitled to become employees of the new service provider, generally on the same terms and conditions as their original employment. In addition, dismissals of employees who were employed by the company or the previous service provider immediately prior to that outsourcing, if the dismissals resulted solely or principally from the outsourcing, are automatically considered unfair dismissals that entitle such employees to compensation. As a result, in order to avoid unfair dismissal claims we may have to offer, and become liable for, voluntary redundancy payments to the employees of our clients in the United Kingdom and other EU countries who have adopted similar laws who transfer business to us. We believe that this legislation could materially affect our ability to obtain new business from companies in the EU and, after including the cost of the potential compensation paid for unfair dismissal claims or redundancies, to provide outsourced services to our current and future clients in the EU in a cost-effective manner.

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

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

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

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

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

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

We are subject to examination of our income tax returns by the U.S. Internal Revenue Service and tax authorities around the world, notably in India where we have substantial operations and derive substantial revenue, and there can be no assurance that negative outcomes from those examinations or any appeals therefrom will not adversely affect our provision for income taxes and cash tax liability, which in turn could have a material adverse effect on our operations, effective tax rate and financial condition. For example, the Government of India is appealing a 2011 ruling by the Delhi High Court that Genpact India (one of our subsidiaries) cannot be held to be a representative assessee of GE in connection with an assertion that GE has a permanent establishment in India by reason a 2004 transfer of shares of our predecessor company. We believe that, if the Government of India is successful in its appeal, GE would be obligated to indemnify us for any resulting tax, though there can be no assurance as to the outcome of this matter.

In addition, the Government of India issued assessment orders to us in 2014 and 2015 seeking to assess tax on certain transactions that occurred in 2009 and 2010. We do not believe that the transactions should be subject to tax in India, primarily due to the relief provided under the Mauritius-India treaty, and have accordingly filed appeals. We have received demands for potential tax claims resulting from these two assessments in an aggregate amount of approximately $57 million, including interest. To date, we have paid a total of $28 million to the Indian tax authority under protest, and may be required to pay the remainder of the demands pending resolution of the matter. There is no assurance that we will prevail in this matter or similar transactions where we have relied on the Mauritius-India treaty, and a final determination of tax in the amounts claimed could have a material adverse effect on our operations, effective tax rate and financial condition.

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

Furthermore, there is growing pressure in many jurisdictions and from multinational organizations such as the Organization for Economic Cooperation and Development (OECD) and the European Union (EU) to amend existing international tax rules in order to render them more responsive to current global business practices. For example, in October 2015 the OECD published a package of measures for reform of the international tax rules as a product of its Base Erosion and Profit Shifting (BEPS) initiative, which was endorsed by the G20 finance ministers. Many of the initiatives in the BEPS package will require amendments to the domestic tax legislation of various jurisdictions. Separately, the European Union is asserting that a number of country-specific favorable tax regimes and rulings in certain member states may violate, or have violated, EU law, and may require rebates of some or all of the associated tax benefits to be paid by benefitted taxpayers in particular cases. Although we monitor these developments, it is very difficult to assess to what extent these changes may be implemented in the jurisdictions in which we conduct our business or may impact the way in which we conduct our business or our effective tax rate due to the unpredictability and interdependency of these potential changes. As these and other tax laws and related regulations and practices change, those changes could have a material adverse effect on our operations, effective tax rate and financial condition.

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

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

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

In 2015, more than 65% of our revenues were derived from clients based in North America and more than 15% of our revenues were derived from clients based in Europe. Additionally, in 2015, more than 40% of our revenues were derived from clients in the financial services industry, which includes insurance.

A number of factors could adversely affect our ability to do business in the United States or Europe, which could in turn have a material adverse effect on our business, results of operations and financial condition. Any deterioration in economic activity in the United States or Europe could adversely affect demand for our services, thus reducing our revenue. Increased regulation, changes in existing regulation or increased government intervention in the industries in which our clients operate may adversely affect growth in such industries and therefore have an adverse impact on our revenues.

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

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

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

Our industry relies on large numbers of skilled employees and our success depends on our ability to attract, train and retain a sufficient number of qualified employees. Historically, high employee attrition has been common in our industry. See Item 1 Business Our People. In 2015, our attrition rate for all employees who were employed for a day or more was approximately 27%. We cannot assure you that we will be able to reduce our level of attrition or even maintain our attrition rate at the 2015 level. If our attrition rate increases, our operating efficiency and productivity may decrease.

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

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

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

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

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

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

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

Our business depends on the ability of our employees to obtain the necessary visas and entry permits to do business in the countries where our clients and, in some cases, our delivery centers, are located. In recent years, in response to terrorist attacks and global unrest, immigration authorities generally, and those in the United States in particular, have increased the level of scrutiny in granting visas. If further terrorist attacks occur or global unrest intensifies, then obtaining visas for our personnel may become even more difficult. Local immigration laws may also require us to meet certain other legal requirements as a condition to obtaining or maintaining entry visas. Adverse economic conditions in countries where our clients may be located may create an environment where countries, including the United States, may restrict the number of visas or entry permits available. In addition, immigration laws are subject to legislative change and varying standards of application and enforcement due to political forces, economic conditions or other events, including terrorist attacks. If we are unable to obtain the necessary visas for our personnel who need to travel internationally, if the issuance of such visas is delayed or if the length of such visas is shortened, we may not be able to provide services to our clients or to continue to provide services on a timely and cost-effective basis, receive revenues as early as expected or manage our delivery centers as efficiently as we otherwise could, any of which could have a material adverse effect on our business, results of operations and financial condition.

The information technology industry is subject to rapid technological change and we may not be successful in addressing these changes.

The information technology industry is characterized by rapid technological change, evolving industry standards, changing client preferences and new product introductions. The success of our digital and information technology business depends, in part, upon our ability to develop solutions that keep pace with changes in the industry. We may not be successful in addressing these changes on a timely basis or successfully marketing any changes that we implement. In addition, products or technologies developed by others may render our services uncompetitive or obsolete. Failure to address these developments could have a material adverse effect on our business, results of operations and financial condition.

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

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

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

On June 30, 2015, we entered into a five-year credit agreement with certain financial institutions as lenders which replaced our prior credit facility. The credit agreement provides for an $800 million term credit facility and a $350 million revolving credit facility, and may be increased by us by up to $150 million (or a greater amount based on certain conditions). The credit agreement obligations are unsecured, and guaranteed by certain subsidiaries. As of December 31, 2015, the total amount due under the credit facility, including the amount utilized under the revolving facility, was $801.5 million.

Our credit agreement contains covenants that require maintenance of certain financial ratios, including consolidated leverage and interest coverage ratios, and also, under certain conditions, restrict our ability to incur additional indebtedness, create liens, make certain investments, pay dividends or make certain other restricted payments, repurchase common shares, undertake certain liquidations, mergers, consolidations and acquisitions and dispose of certain assets or subsidiaries, among other things. Our cash flow from operations provides the primary source of funds for our debt service payments. If our cash flow from operations declines, we may be unable to service or refinance our current debt which could adversely affect our business and financial condition.

In addition, we may have limited ability to increase our borrowings under our existing credit agreement without increased pricing. We may in the future require additional financing to fund one or more acquisitions and may not be able to obtain such additional financing on competitive terms, which could restrict our ability to complete such transactions.

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

We often face a long selling cycle to secure a new contract. If we are successful in obtaining an engagement, that is generally followed by a long implementation period in which the services are planned in detail and we demonstrate to a client that we can successfully integrate our processes and resources with their operations. During this time a contract is also negotiated and agreed. There is then a long ramping up period in order to commence providing the services. We typically incur significant business development expenses during the selling cycle. We may not succeed in winning a new client s business, in which case we receive no revenues and may receive no reimbursement for such expenses. Even if we succeed in developing a relationship with a potential new client and begin to plan the services in detail, a potential client may choose a competitor or decide to retain the work in-house prior to the time a final contract is signed. If we enter into a contract with a client, we will typically receive no revenues until implementation actually begins. Our clients may also experience delays in obtaining internal approvals or delays associated with technology or system implementations, thereby further lengthening the implementation cycle. We generally hire new employees to provide services to a new client once a contract is signed. We may face significant difficulties in hiring such employees and incur significant costs associated with these hires before we receive corresponding revenues. If we are not successful in obtaining contractual commitments after the selling cycle, in maintaining contractual commitments after the implementation cycle or in maintaining or reducing the duration of unprofitable initial periods in our contracts, it may have a material adverse effect on our business, results of operations and financial condition.

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

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

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

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

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

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

Our operating results may experience significant fluctuations.

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

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

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

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

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

We are often required to collect, process and store sensitive or confidential client data in connection with the services we provide under our contracts, including names, address, social security numbers, personal health information, credit card account numbers, payment history records, and checking and savings account numbers. In addition, we collect and store data regarding our employees. As a result, we are subject to numerous data protection and privacy laws and regulations designed to protect this information in the countries in which we operate. If any person, including any of our current or former employees, negligently disregards or intentionally breaches our established controls with respect to sensitive data or if we do not adapt to changes in data protection legislation, we could be subject to significant litigation, monetary damages, regulatory enforcement actions, fines and/or criminal prosecution in one or more jurisdictions.

The threat of incursion into our information systems and technology infrastructure has increased in recent years with the increasing number and sophistication of third parties who have hacked, attacked, disrupted or otherwise invaded information systems of other companies and have misappropriated or disclosed data. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of our security occurs, whether through breach of our computer systems, systems failure or otherwise, the market perception of the effectiveness of our security measures and our reputation could be harmed and we could lose existing or potential customers. We may also be liable to our clients or others for damages caused by disclosure of confidential information or system failures. Many of our contracts do not limit our potential liability for breaches of confidentiality. We may also be subject to civil actions and criminal prosecution by government or government agencies for breaches relating to such data. Our insurance coverage for breaches or mismanagement of such data may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims against us and our insurers may disclaim coverage as to any future claims.

We may be subject to claims for substantial damages by our clients arising out of disruptions to their businesses or inadequate service, and our insurance coverage may be inadequate.

Most of our service contracts with clients contain service level and performance requirements, including requirements relating to the quality of our services. Failure to consistently meet service requirements of a client or errors made by our employees in the course of delivering services to our clients could disrupt the client s business and result in a reduction in revenues or a claim for damages against us. Additionally, we could incur liability if a process we manage for a client were to result in internal control failures or impair our client s ability to comply with its own internal control requirements.

Under our MSAs with our clients, our liability for breach of our obligations is generally limited to actual damages suffered by the client and is typically capped at the greater of an agreed amount or the fees paid or payable to us under the relevant agreement. These limitations and caps on liability may be unenforceable or otherwise may not protect us from liability for damages. In addition, certain liabilities, such as claims of third parties for which we may be required to indemnify our clients or liability for breaches of confidentiality, are generally not limited under those agreements. Our MSAs are governed by laws of multiple jurisdictions, therefore the interpretation of such provisions, and the availability of defenses to us, may vary, which may contribute to the uncertainty as to the scope of our potential liability. Although we have commercial general liability insurance coverage, the coverage may not continue to be available on acceptable terms or in sufficient amounts to cover one or more large claims and our insurers may disclaim coverage as to any future claims. The successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our business, results of operations and financial condition.

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

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

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

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

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

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

Some of our contracts with clients specify that if a change of control of our company occurs during the term of the contract, the client has the right to terminate the contract. These provisions may result in our contracts being terminated if there is such a change in control, resulting in a potential loss of revenues. In addition, these provisions may act as a deterrent to any attempt by a third party to acquire our company.

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

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

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

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

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

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

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

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

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

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

We have benefited from many policies of the Government of India and the Indian state governments in the states in which we operate which are designed to promote foreign investment generally and the business process services industry in particular, including significant tax incentives, relaxation of regulatory restrictions, liberalized import and export duties and preferential rules on foreign investment and repatriation. There is no assurance that such policies will continue. Various factors, suc