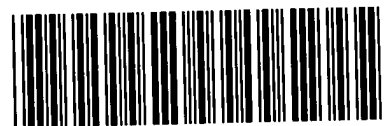


**Genpact (UK) Limited**

**Report & Financial Statements  
Year Ended 31<sup>st</sup> December 2019**

**Company's Reg. No. : 04217635**

THURSDAY



A14      \*A9L3ADG1\*      #523  
31/12/2020  
COMPANIES HOUSE

# Genpact (UK) Limited

## Company's Information

---

**Directors**

Mr. Ahmed Mazhari (resigned on 31<sup>st</sup> January 2020)

Ms. Sharon Thomas

Mr. Santosh Pushpangadan Kallattu

Lester D'souza (appointed on 31<sup>st</sup> January 2020)

**Registered number** Registered in England & Wales- 04217635

**Registered office** 6 Lloyds Avenue,  
Unite 4CL, London  
England,  
EC3N 3AX.

**Company's Secretary** Entity Central Corporate Services (UK) Limited  
C/o Cogency Global (UK) Limited  
6 Lloyds Avenue,  
Unit 4CL, London,  
England  
EC3N 3AX

**Independent auditor** BDO LLP  
Arcadia House,  
Maritime Walk,  
Ocean Village,  
Southampton,  
SO14 3TL

# Genpact (UK) Limited

## Contents of the Report & Financial Statements

---

	<u>Page nos.</u>
Strategic Report	1 – 5
Directors' Report	6 – 8
Independent Auditor's Report	9 – 11
Statement of Profit & Loss and Other Comprehensive Income	12
Statement of Comprehensive Income	13
Statement of Financial Position	14
Statement of Changes in Equity	15
Notes to the Financial Statements	16 – 39

### Introduction

The directors present their strategic report for the year ended 31st December 2019.

Genpact (UK) Limited (the "Company") is a wholly owned subsidiary of Genpact Global Holdings (Bermuda) Limited and ultimately a wholly-owned subsidiary of Genpact Limited, a publicly traded company. Genpact Limited, together with its subsidiaries, including the Company, is referred to herein as "Genpact." The Company's current focus is marketing, selling and providing digitally-enabled information technology ("IT") and business process outsourcing ("BPO") services across the globe.

The Company reimagines and endeavours to transform its clients' businesses by extending the power of digital all the way through the middle and back office where it can generate growth, cost efficiency and business agility, including through the application of digital technology and analytics. The Company's approach is designed to help large enterprises with complex, often dated pre-existing operations to embrace what the Company refers to as the "art of the possible" in business and operational transformation.

### Business Review

The directors are pleased to report that 2019 was another successful year for the Company.

In 2019, the Company continued its principal activities of selling and providing IT-related support, software implementation and support, transformation services, finance and accounting services and other business process services to its clients. In late 2018, the Company became the primary client contracting and billing entity for the Company's affiliated worldwide group pursuant to a transfer of customer contracts from Genpact International, Inc. ("GI"), an affiliate of the Company, to the Company (the "2018 Restructuring"), and since then the Company has entered into numerous client agreements with third-party clients, acting as the lead contracting entity for all client engagements on behalf of the Company and its affiliates globally. The Company uses the global business development personnel of its affiliates through subcontracts in place with these affiliates.

Management uses a range of performance indicators to monitor and manage the business. These performance indicators are comprised of financial and non-financial key performance indicators. As shown in the company's profit and loss account, total revenues for 2019 increased by \$2,209.7 million, or 636%, from the previous year (\$2,557.3 million in 2019 compared to \$347.7 million in 2018). The net asset position decreased by \$23.7 million, or 69%, from the previous year (\$10.6 million in 2019 compared to \$34.3 million in 2018) primarily on account of dividend pay-out during the year, amounting to \$45million. The increase in revenue is attributable to the Company's increase in sales as a result of the 2018 restructuring. The transfer of client contracts from GI to the Company that began in 2018 continued during 2019 pursuant to the agreements entered into in connection with the 2018 restructuring which has made Genpact (UK) acting as a centralized billing entity for the entire year as compared to only 2 months in 2018, resulting in a dip of gross margin in 2019 vis-à-vis 2018.

Genpact manages business processes in multiple geographic regions, delivering services from a global network located in various countries, including in Australia, Brazil, China, Guatemala, India, Israel, Japan, Malaysia, Mexico, the Netherlands, the Philippines, Poland, Romania, Slovakia, the United Kingdom, and the United States. Prior to the effective date of the 2018 Restructuring, GI (a US company) provided sales and marketing services focused on the growth of Genpact's business globally. GI was the direct contracting entity under most contracts between Genpact and its clients. Services contracted by GI, as well as certain business functions, such as sales and marketing activities, were subcontracted to affiliates of GI depending on the location of a client or the services to be delivered.

# Genpact (UK) Limited

## Strategic Report for the Year Ended 31 December 2019

---

### Business Review (continued)

Since November 2018 till the end of reporting period, the Company has entered into various agreements with its affiliates:

- An Asset Purchase Agreement with Genpact International, LLC pursuant to which the Company acquired numerous client agreements along with the corresponding assets and liabilities for consideration of \$11.4 million for the year ended December 2019.
- A Membership Unit Purchase Agreement with Genpact USA, Inc., pursuant to which the Company acquired 100% of the outstanding equity interests in Genpact International, LLC for consideration of \$135.7M.
- A Master Subcontracting Services Agreements with all major various service delivering affiliates of the Genpact group.

The Company is cautiously optimistic about the future. Genpact's end clients are under continued pressure to reduce costs. This provides Genpact an opportunity to intervene and sell various solutions aimed at reducing client operating costs. Genpact's clients are also often interested in vendor consolidation to help them reduce costs. Clients' processes for on boarding new vendors are becoming more complex and time consuming. The Company is focusing on (i) expanding our relationships with existing clients in order to generate higher revenues and become preferred client partners and (ii) targeting for new business a smaller list of high priority prospective clients in industries where we have expertise.

### Strategy, Objectives and Business model

The Company is the principal UK operating company of the group of affiliated companies under the common ultimate ownership of Genpact Limited, a U.S.-listed public company that files periodic reports with the U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934. The Directors have not presented a separate description of the Company's strategy, objectives or business model as this information has been disclosed as part of Genpact Limited's annual report on Form 10-K for the year ended 31 December 2019.

### Principal risks and uncertainties

The Company is a global consulting and digitally-enabled professional services provider focusing on IT-related support, software implementation and support, transformation services, finance and accounting services and other business process services. The Company applies its vertical industry domain knowledge and extensive industry and client-specific process experience to provide digitally-enabled solutions for its clients that address important business opportunities and needs.

### Competitive pressures

The Company's performance is largely dependent on its ability to compete successfully in the market by adapting to the needs of its global client base. Market share and the level of client spending could be affected by the emergence of new competitors, quality of services, pricing and reputation. Competitors may be able to, among other things:

- More successfully sell similar services;
- Innovate and develop new services and solutions faster than the Genpact group;
- Anticipate the need for services and solutions before the Company; or
- Offer more aggressive contractual terms, which may affect the Company's ability to sign profitable contracts

### Impact of Brexit

The Company's Brexit Committee, which is sponsored by Genpact's Global Leadership Council, has assessed the impact of Brexit (including a no deal Brexit) on its clients, suppliers and employees.

The Company has evaluated the risks across a range of areas, including restrictions on free movement and potential travel interruption, limitations on transfers of personal data, currency risks as well as barriers to trade between the EU and UK. The outcome of the Company's analysis is that even in a "no deal Brexit" scenario, given the global nature of the Company's business, the location of its affiliates' delivery centres, the types of services delivered to clients and services received from suppliers, the Company does not envisage a material risk to its business as a result of Brexit, and where the Company has identified potential risks, it has taken reasonable steps to mitigate their impact.

The company has numerous operating risks, including among others, relating to the retention of employees, competition in its market and currency fluctuations. Policies for managing each of these risks are implemented at the parent company level and apply to the Company and its affiliates. Certain of these risks are summarized below.

### Impact of COVID-19 on our business and results of operations

In December 2019, a novel coronavirus ("COVID-19") was initially reported and on March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic.

Throughout the world, national and local governments have instituted measures in an effort to control the spread of COVID-19, including quarantines, shelter-in-place orders, school closings, travel restrictions and the closure of non-essential businesses. By the end of March 2020, the macroeconomic impact of the pandemic became significant, exhibited by, among other things, a rise in unemployment and financial market volatility.

The group reports on a quarterly basis, the Group's net revenues were \$935.5 million in the third quarter of 2020, up \$46.7 million, or 5.3%, from \$888.8 million in the third quarter of 2019. The growth in our net revenues was primarily driven by increases in both transformation services and intelligent operations delivered to Global Clients. During the first and second quarter of 2020, the Company was not significantly affected by these events. Impacts observed include constraints on the Company's ability to render services, whether due to full or partial shutdowns of the Company's facilities or significant travel restrictions, penalties relating to breaches of service level agreements and contract terminations or contract performance delays initiated by clients. Genpact Group's trading post year end has been positive, with net revenues of \$2,758.8 million in the nine months ended September 30, 2020, up \$179.0 million, or 6.9%, from \$2,579.8 million in the nine months ended September 30, 2019 and upto the accounts signing date numbers shall remain positive. The growth in our net revenues was from Global Clients and derived from both transformation services and intelligent operations. The impact of the COVID-19 pandemic on our net revenues in the nine months ended September 30, 2020 was primarily related to clients adapting to the shift in our delivery capabilities from a physical to a virtual, work-from-home operating environment as well as economic uncertainty impacted by market developments causing delays or cancellations of new projects and new orders, which impacted growth.

The Genpact group has established a response team to coordinate and oversee the group's actions related to the COVID-19 pandemic, including business continuity planning, revenue and profitability, transformation service offerings to address new and developing client needs, and human resources policies. The Company also receives financial support from Genpact Limited as and when required to meet its liabilities which is indicated in the letter of support provided. Genpact Group's net cash provided by operating activities was \$425.2 million in the nine months ended September 30, 2020, compared to \$341.3 million in the nine months ended September 30, 2019. We expect that in the future Genpact Group's cash from operations, cash reserves and debt capacity will be sufficient to finance our operations, our growth and expansion plans, dividend payments.

Stress testing has been performed at global / business level to validate the Group / Company's forecasts by considering key risks and a reasonable worst-case scenario and ensuring there are appropriate ways to mitigate the risks identified. The Company currently has no intention to access any of the schemes set up by the UK Government to support businesses financially during the COVID-19 pandemic, besides deferment of VAT payments (for the period Feb-Mar'20) temporarily till 31st March 2021 as per Covid-19 HMRC relaxation.

### Impact of COVID-19 on our business and results of operations (continued)

This team, which includes members of the group's Global Leadership Council, is overseeing critical work streams and communications to guide the Company and its clients through these challenging times. The Company believes that this coordinated effort will maximize its flexibility and allow it to quickly implement necessary protocols.

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

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue its operational existence for a foreseeable future, on the basis of continuing support received from its parent company. Thus Company continues to adopt going concern basis for preparation of financial statements.

### Foreign currency risk

The Company is exposed to foreign currency risk arising from sales or purchases by businesses in currencies other than its functional currency. The company manages this risk by operating its business transactions from local currency bank account. The Company also take steps to hedge a substantial portion of Indian rupee-U.S. dollar, euro-U.S. dollar, pound sterling-U.S. dollar, Australian dollar-U.S. dollar foreign currency exposures.

### Interest rate risk

The Company manages its interest rate risk by financing its operations through a mixture of retained profits, cash balances and balances with group undertakings.

### Employee retention risk

This risk is managed, among other practices, by continuous evaluation and improvement of job role and profile alignment, ensuring sufficient utilisation of employees, competitive pay and employee-friendly HR policies.

### Statement by the Directors in accordance with their statutory duties under section 172(1) of the Companies Act 2006

The Board consider, both individually and together, that they have acted in good faith to promote the success of the Company for the benefit of its members as a whole (having regard to the stakeholders and matters set out in section 172(1) of the Companies Act 2006).

Principal decisions are the responsibility of the Board and include by way of example decisions with a significant financial impact, fundamental changes to the locations from which the Company operates, or fundamental changes to staffing levels.

The Board reviews the Company's strategy periodically in light of the interests of the Company's members and other key stakeholders, giving proper regard to the strategy and policies of the larger group of which the Company is a part, considering in relevant cases whether such policies and strategies are equally appropriate for the Company and its relevant stakeholders. The Board fulfils its duties under section 172(1) in relation to specific transactions or other significant or strategic decisions affecting the Company at the time they arise.

### **Statement by the Directors in accordance with their statutory duties under section 172(1) Companies Act 2006 (continued)**

The Board also considers the interests of relevant stakeholders on an ongoing basis through a review of practices and policies of the larger Genpact group of which the Company is part. Set forth below is a summary of how the Directors fulfil their duties in select areas on an ongoing basis:

#### ***Our People***

The Company is committed to being a great place to work and providing growth opportunities to its employees. As part of a larger group of affiliated companies, the Company benefits from access to a large and diverse organization that maintains practices and policies designed to promote employee development and well-being globally. The Board does not engage directly with employees of the Company on a standing basis as the Board believes that the engagement and outreach undertaken at the group level have been sufficient in promoting employee interests. The Board has considered various group practices and programs in arriving at this determination, including the group's global ombuds network, which provides both a local and global framework for reporting suspected integrity policy violations and other employee concerns not addressable with an employee's direct manager, and global up-skilling and employee education programs, such as the group's Genome learning platform implemented in 2019. In addition to monitoring group-level practices, the Board also engages with the Company's human resources department to ensure that Company-specific employee considerations are being addressed and the Company's employees are being treated fairly and offered sufficient and competitive benefits for the markets in which they work.

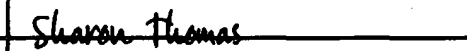
#### ***Business Relationships and Reputation for High Standards of Business Conduct***

The Company seeks to develop relationships for the benefit of our members and to uphold the highest standards of integrity. The Company values its relationships with clients and suppliers and seeks to ensure that it is selling its services ethically and sourcing its suppliers responsibly at all times. The Company's group policies and practices designed to promote these goals can be found in the group's Code of Ethical Business Conduct and most recently published Sustainability Report, both available on the Company's website at [www.genpact.com](http://www.genpact.com).

#### ***Community and Environment***

The Company seeks to be a positive member of the communities in which we operate. A key element of this contribution is allowing and encouraging staff to spend an element of work time supporting charitable projects. The Company is also part of a larger group of companies that seeks to limit its adverse impact on the environment, and the Company's group periodically publishes a Sustainability Report summarizing these efforts which is available on the Company's website at [www.genpact.com](http://www.genpact.com).

By order of the board

DocuSigned by:  
  
40E8241F30C1480...  
Sharon Thomas

Director

Date- 29-Dec-2020 | 1:47 AM BIT

Genpact (UK) Limited  
Registered no.: 04217635



## Directors' Report for the Year Ended 31 December 2019

---

The Directors present their report together with the audited financial statements for the year ended 31<sup>st</sup> December 2019.

A review of the business, including employee information, principal risks and uncertainties and key performance indicators are not included in this report as such information is included in the strategic report in accordance with S414C(11) of the Companies Act 2006.

### Principal activities

The Company markets, sells and provides IT-related support, software implementation and support, transformation services, finance and accounting services and other business process services to third-party clients worldwide.

### Directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have overseen the preparation of the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under relevant law the directors must not approve the financial statements unless they are satisfied that the statements give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the applicable period.

In preparing these financial statements, the directors are required to ensure that:

- Suitable accounting policies for the Company's financial statements are applied consistently;
- judgements and accounting estimates made are reasonable and prudent;
- the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the company will continue in business;
- applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for ensuring adequate accounting records are kept that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Results and dividends

The Company's profit for the year, after taxation, amounted to \$9.9 million (2018: \$10.4 million).

The details of dividend declared and paid for the year 2019 are as follows:

- An interim dividend of \$30 million was declared on September 13, 2019 and paid to the Company's sole shareholder, Genpact Global Holdings (Bermuda) Limited, on December 16, 2019;
- An interim dividend of \$15 million was declared on December 16, 2019 and paid to the Company's sole shareholder on December 16, 2019;

The directors did not recommend the payment of any dividends in 2018.

## Directors' Report for the Year Ended 31 December 2019

---

The directors who held office during the year and up to the date of the Directors' Report were as follows:

- Ahmed Mazhari (resigned on 31<sup>st</sup> January 2020)
- Santosh Pushpangadan Kallattu
- Sharon Thomas
- Lester D'souza (appointed on 31<sup>st</sup> January 2020)

### **Directors' indemnity insurance**

There are no directors' indemnification arrangements other than as provided under the insurance maintained at the Genpact group level.

### **Political and charitable contributions**

The Company made no political contributions in 2019 (2018: \$nil).

### **Going Concern**

The directors have considered the status of the Genpact group and the Company as a going concern and are satisfied they will continue in business. The directors have received confirmation that the amounts due to group undertakings will only be settled when sufficient surplus funds exist and believe that the funding available to the Company is adequate to continue its operations for at least twelve months following the date of approval of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the accounts.

A business forecast has been prepared at Genpact group level for the next 12 months, and the Company and Genpact group are considered profitable thereon as a base case, both before and after considering the impacts of COVID-19. The company being a pass-through entity, shall remain profitable through the transfer pricing agreement.

The Directors recognise that the COVID-19 pandemic and the guidance being provided by the UK Government has added further challenge to the business environment in the UK, and they are uncertain as to what the ultimate impact will be at this time, this is detailed in the strategic report.

The Company is not subject to any external debt or covenants but has inter-company bonds and inter-group loans which have a fixed repayment term and are payable only if called upon to pay by the parent entities. The Directors also understand that it is the parent's intention to continue to support the company due to its strategic location in UK and the market segment. On the basis of the forecast prepared and the letter of support from the parent Company i.e. 'Genpact Limited' the directors consider that the company will have adequate resources to continue for a period of at least 12 months from the date of approval of these financial statements and is reliant on the support of its parent in respect of existing inter-group loans.

### **Post Balance Sheet Event**

There are no events after the reporting date, the impact of Covid-19 has been explained in the strategic report.

# Genpact (UK) Limited

## Directors' Report for the Year Ended 31 December 2019

---

### The Strategic Report

In accordance with section 414C (11) of the Companies Act 2006, the Company has chosen to set out in the Company's strategic report information required by section 416 (4) of the Companies Act 2006. The directors refer to the section entitled "Statement by the Directors in accordance with their statutory duties under section 172 (1) Companies Act 2006" in this regard.

### Disclosure of information to auditor

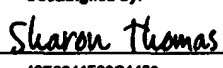
Each of the persons who are the directors at the time when this director's report is approved has confirmed that:

- So far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- The director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditor

BDO LLP were appointed as auditors during the year. The auditors, BDO LLP, will be proposed for reappointment in accordance with section 487 of the Company Act 2006.

**This report was approved by the board and signed on its behalf.**

DocuSigned by:  
  
40E6241F30C1480...

Sharon Thomas

Director

6 Lloyds Avenue,  
Unite 4cl,  
London,  
England,  
EC3N 3AX

Date- 29-Dec-2020 | 1:47 AM BIT

# Independent Auditor's Report to members of Genpact (UK) Limited

---

## Opinion

We have audited the financial statements of Genpact (UK) Limited ("the Company") for the year ended 31 December 2019 which comprise statement of profit and loss and other comprehensive income, statement of comprehensive income, Balance Sheet, statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## **Independent Auditor's Report to members of Genpact (UK) Limited**

---

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and Directors' report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the Director's Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditor's Report to members of Genpact (UK) Limited

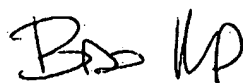
---

## Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



---

Arbinder Chatwal (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor  
London, UK

Date: 29 December 2020

BDO LLP is a limited liability partnership registered in England and Wales (with reg. no. OC305127)

# Genpact (UK) Limited

## Statement of Profit and Loss and Other Comprehensive Income for the Year Ended 31<sup>st</sup> December 2019

	Note	2019 \$ '000	2018 \$ '000
Revenue from Operations	4	2,557,338	347,677
Cost of sales		(2,462,730)	(284,642)
Gross profit		94,608	63,035
Administrative expense		(88,296)	(49,340)
Other income / (expense)		15,924	(1,281)
Operating profit	6	22,236	12,414
Finance Income	9	5,232	107
Finance Cost	9	(7,392)	(70)
Profit before income tax		20,076	12,451
Tax Expense	10	(10,205)	(2,056)
Profit for the financial year		<u>9,871</u>	<u>10,395</u>

All operations are continuing for the financial year.

The Notes on pages 16 to 39 are an integral part of the financial statements.

# Genpact (UK) Limited

## Statement of Comprehensive Income for the Year Ended 31<sup>st</sup> December 2019

---

	2019	2018
	<u>\$ '000</u>	<u>\$ '000</u>
Profit for the financial year	9,871	10,395
Items that may be subsequently reclassified to profit or loss:		
Cash flow hedges	6,542	(6,792)
Movement on deferred tax relating to cash flow hedges	<u>1,883</u>	<u>(4,326)</u>
Total other comprehensive income/ (loss) for the year	<u>8,425</u>	<u>(11,118)</u>
Total comprehensive income/ (loss) for the year	<u><u>18,296</u></u>	<u><u>(723)</u></u>

All operations are continuing for the financial year.

The Notes on pages 16 to 39 are an integral part of the financial statements.




# Genpact (UK) Limited

## Statement of Financial Position as at 31<sup>st</sup> December 2019

	Notes	2019 \$ '000	2018 \$ '000
<b>Non-Current assets</b>			
Intangible assets	11	45,268	14,758
Property, plant and equipment	12	526	212
Capital advance	12	-	45,797
Right of use assets	13	14,437	-
Investments in subsidiary	14	135,725	135,725
Trade and other receivables	15	125,829	50,149
Deferred Tax Asset	16	3,669	-
		<b>325,454</b>	<b>246,641</b>
<b>Current assets</b>			
Trade and other receivables	15	1,269,093	469,980
Cash and cash equivalents		79,517	9,696
		<b>1,348,610</b>	<b>479,676</b>
<b>Current liabilities</b>	17	<b>(1,447,900)</b>	<b>(593,433)</b>
<b>Net current liabilities</b>		<b>(99,290)</b>	<b>(113,757)</b>
<b>Total assets less current liabilities</b>		<b>226,164</b>	<b>132,884</b>
<b>Non-current liabilities</b>	18 & 19	<b>(215,550)</b>	<b>(98,605)</b>
<b>Net Assets</b>		<b>10,614</b>	<b>34,279</b>
<b>Capital and reserves</b>			
Share Capital	20	-	-
Cash flow hedge reserve	21	(2,693)	(11,118)
Retained earnings	21	13,307	45,397
<b>Total Shareholders' funds</b>		<b>10,614</b>	<b>34,279</b>

The Notes on pages 16 to 39 are an integral part of the financial statements.

The financial statements on pages 12 to 39 were approved by the Board of Directors on 29 December 2020 and were signed on its behalf by:

DocuSigned by:  
 29-Dec-2020 | 1:47 AM BIT  
40E8241F30C1480...

Sharon Thomas

Director

Genpact (UK) Limited

Registered No.: 04217635

Registered Office: 6 Lloyds Avenue, Suite 4CL, London, England, EC3N 3AX

# Genpact (UK) Limited

## Statement of Changes In Equity For The Year Ended 31<sup>st</sup> December 2019

Particulars	Called up share capital (Refer note 19)	Currency translation adjustment	Retained earnings	Cash flow hedge reserve	Total equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
As at 1 <sup>st</sup> January 2019	-	-	45,397	(11,118)	34,279
Profit for the year	-	-	9,871	-	9,871
Dividends paid	-	-	(44,997)	-	(44,997)
Tax adjustments	-	-	3,036	-	3,036
Other comprehensive loss for the year	-	-	-	8,425	8,425
Total comprehensive income for the year	-	-	(32,090)	8,425	(23,665)
<b>As at 31<sup>st</sup> December 2019</b>	<b>-</b>	<b>-</b>	<b>13,307</b>	<b>(2,693)</b>	<b>10,614</b>

## Statement of changes in equity for the Year ended 31<sup>st</sup> December 2018

Particulars	Called up share capital (Refer note 19)	Currency translation adjustment	Retained earnings	Cash flow hedge reserve	Total equity
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
As at 1 <sup>st</sup> January 2018	-	481	36,405	-	36,886
Profit for the year	-	-	10,395	-	10,395
Effects of changes in functional and presentation currency	-	-	(1,403)	-	(1,403)
Utilisation as a result of change in functional and presentational currency	-	(481)	-	-	(481)
Other comprehensive income for the year	-	-	-	(11,118)	(11,118)
Total comprehensive income for the year	-	(481)	8,992	(11,118)	(2,607)
<b>As at 31<sup>st</sup> December 2018</b>	<b>-</b>	<b>-</b>	<b>45,397</b>	<b>(11,118)</b>	<b>34,279</b>

The Notes on pages 16 to 39 are an integral part of the financial statements

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

---

### 1 General Information

Genpact (UK) Limited ("the Company") is a private limited Company incorporated, domiciled and registered in the England and Wales. Registration number of the Company is 04217635 and the registered address is 6 Lloyds Avenue, Unit 4CL, London, England EC3N 3AX

### 2 Accounting Policies

#### 2.1 Basis of preparation of the financial statements

The financial statements have been prepared in accordance with the Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). These financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) issued by the Financial Reporting Council.

The Company has taken advantage of the exemption under Section 400 of the Companies Act, 2006 of not to prepare group accounts as being wholly owned subsidiary of Genpact Global Holdings (Bermuda) Limited, which is a subsidiary of Genpact Limited. The Company's results are included in the consolidated financial statements of Genpact Limited (ultimate parent company).

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

These financial statements are separate set of financial statements. Accounting policies applied and principals followed are:

#### 2.1.1 Financial reporting standard 101- reduced disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'financial instruments: Disclosures.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d) (statement of cash flows);
  - 16 (statement of compliance with all IFRS);
  - 38A (requirement for minimum of two primary statements, including cash flow statements);
  - 38B–D (additional comparative information);
  - 111 (cash flow statement information); and
  - 134–136 (capital management disclosures).

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

---

### 2.1.1 Financial reporting standard 101- reduced disclosure exemptions (continued)

- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.
- The requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total.
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

### 2.1.2 Impact of new international reporting standards, amendments and interpretations

#### IFRS 16

The Company has applied IFRS 16 using modified retrospective approach and the right of use asset is recognised at the date of initial application as an amount equal to the lease liability. On transition to IFRS 16, the Company elected to apply the following practical expedient:

- The Company has not reassessed contracts that were not identified as leases under IAS 17 and IFRIC 4 to determine whether there is a lease under IFRS 16. Therefore, the old contracts which were leases under IAS 17 were deemed leases under IFRS 16 as well on the date of transition which was 1 January 2019.

For leases previously classified as operating leases under IAS 17:

- The Company has applied a single discount rate to a portfolio of leases with similar characteristics. For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at 1 January 2019 are determined at the carrying amount of the lease asset and lease liability under IAS 17 immediately before that date.

The company has availed exemptions available w.r.t. short term leases (where by lease term on date of commencement is of 12 months or less) and leases for which underlying asset is of low value (of \$5,000 or less).

#### IFRIC 23 Uncertainty over Income Tax Treatments

The Company's existing accounting policy for uncertain income tax treatments is consistent with the requirements in IFRIC 23 Uncertainty over Income Tax Treatments, which became effective on 1 January 2019. Therefore there have been no material impacts on the Company's financial statements as a result of adopting IFRIC 23 from 01 January 2019.

#### New standards, interpretations and amendments issued but not yet effective

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the company. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The IASB issued new and amended standards and interpretations, but were not yet effective, up to the date of issuance of the company's financial statements. The Company analysed the impact of these amendments (only for those amendments which will be applicable to the company) and found that these won't have any material impact on the company. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

---

### 2.1.3 Going Concern

The directors have considered the status of the Genpact group and the Company as a going concern and are satisfied they will continue in business. The directors have received confirmation that the amounts due to group undertakings will only be settled when sufficient surplus funds exist and believe that the funding available to the Company is adequate to continue its operations for at least twelve months following the date of approval of these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the accounts.

The company has prepared business forecast at Genpact group level for the next 12 months and is considered profitable thereon as a base case before and after considering the implications of COVID 19. The company being a pass-through entity, shall remain profitable through the transfer pricing agreement.

The Directors recognise that the COVID-19 virus and the guidance being provided by the UK Government has added further challenge to the business environment in the UK but given the relative recent escalation in the response to the virus they are uncertain as to what the impact will be at this time. This is detailed in the strategic report.

The Company is not subject to any external debt or covenants but has inter-company bonds and inter-group loans which has a fixed repayment term and are payable only if called upon to pay by the parent entities. The Directors also understand that it is the parent's intention to continue to support the company due to its strategic location in UK and the market segment. On the basis of the forecast prepared and the letter of support which is legally binding from the parent Company ie 'Genpact Limited' the directors consider that the company will have adequate resources to continue for a period of at least 12 months from the date of approval of these financial statements and is reliant on the support of its parent in respect of existing inter-group loans.

### 2.2 Foreign currency translation

#### Functional and presentation currency

The Company's functional and presentational currency is US Dollar.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transaction and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss except when deferred in Statement of Comprehensive Income as qualifying cash flow hedges.

### 2.3 Property, plant and equipment

Tangible assets are stated at historical cost less accumulated depreciation and accumulated impairment loss, if any. Historical costs include any expenditure that is directly attributable to bringing an asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised if the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less residual value over their estimated useful lives, using the straight line method.

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

---

### 2.3 Property, plant and equipment (continued)

Estimated useful live for assets is as follows:

• Computer Software	4 Years
• Computer Equipment & Server	4 Years
• Furniture & Fixtures	4 Years
• Plant & Machinery	4 Years
• Leasehold Improvements	10 Years or leasehold period whichever is less

The residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of asset (calculated as the difference between net disposal proceeds and carrying amount of the asset) is included in the statement of profit and loss.

When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

### 2.4 Intangible assets

Intangible assets are initially recognised at their cost of acquisition. After initial recognition, intangible assets are subsequently measured at cost less accumulated amortization and accumulated impairment loss, if any.

All intangible assets are considered to have a finite useful life of 4 years.

### 2.5 Valuation of investments

Investments in subsidiaries are held at historical cost less impairment, if any.

### 2.6 Impairment of non-financial assets

The Company at each reporting date assesses indicators of impairment for non-financial assets. Where any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognized in the Statement of Total comprehensive income under the expense categories consistent with the function of the impaired asset.

For assets where an impairment loss is subsequently reversed, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognized for the asset or cash generating unit in prior years. A reversal of impairment loss is recognized immediately in the Statement of Profit and Loss.

### 2.7 Provisions for liabilities

Provisions are recognized only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

---

### 2.8 Financial instruments

#### Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All the financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables, which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

#### Subsequent measurement

1. Financial assets carried at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

4. Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit or loss. For trade and other payables due within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

#### Derivative financial instruments

The Company uses derivative financial instruments to hedge its exposure to foreign exchange, interest rate and commodity risks arising from operating, financing and investing activities. The Company does not hold or issue derivative financial instruments for trading purposes, however, if derivatives do not qualify for hedge accounting they are accounted for as such.

1. Financial assets or financial liabilities, at fair value through profit or loss

Derivative financial assets or liabilities which are not designated as hedges are classified under this category. Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under IFRS 9, Financial Instruments. Any derivative that is either not designated as hedge, or is so designated but is ineffective as per IFRS 9, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets / liabilities in this category are presented as current assets / current liabilities if they are either held for trading or are expected to be realized within 12 months after the Balance Sheet date.

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

---

### 2.8 Financial instruments (continued)

#### 2. Cash flow hedges

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the Statement of Profit and Loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedge reserve till the period the hedge was effective remains in cash flow hedge reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedge reserve is transferred to the net profit in the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedge reserve is reclassified to net profit in the Statement of Profit and Loss.

#### De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IFRS 9. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### Fair value of financial instruments

The Company measures financial instruments such as derivatives, at fair value at each balance sheet date. Fair value is the price that would be received from sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

### 2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 2.10 Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Company's ordinary shares are classified as equity instruments.

### 2.11 Capital advance

The company did not pay any capital advance as at 31 December 2019. (2018: \$45,797,105) (also see note 12)



### 2.12 Leases

#### The Company as a lessee

The Company leases various office, computer equipment, and buildings. Rental contracts are typically made for fixed periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants other than the security interest in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

Until 31 December 2018, leases of office, computer equipment, and buildings were classified as either finance leases or operating leases. From 1 January 2019, leases are recognised as a "Right-of-use asset" and a corresponding liability at the date at which the leased assets are available for use by the Company.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The incremental borrowing rate has been assessed with reference to a third party financing rate for an equivalent term.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the Statement of Profit and Loss on a straight-line basis over the lease term.

The lease liability is included in "Current and Non-current liability" in the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If lessor transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are shown as a separate line item, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has used this practical expedient.

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

---

### 2.13 Taxation

#### Current Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. The current tax expense is based on taxable profit for the period which differs from net profit as reported in the Statement of comprehensive income. Temporary and permanent items of income or expense, which are taxable or deductible in other periods are excluded while determining taxable profit. Tax provisions are recognized for uncertain tax positions where risk of an additional tax liability has been identified and it is probable that the Company will be required to settle that tax. Measurement is dependent on judgements for the outcome of decisions by tax authorities in various tax jurisdictions in which the Company operates of which assessment is performed on a case by case basis by in-house tax experts, professional firms and previous experience.

#### Group relief on taxation

The Company may receive or transfer certain corporation tax losses to other members of the group which is subsequently settled as an intercompany transaction.

#### Deferred tax

Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities, and their tax bases and operating losses are carried forward, if any. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent it is probable that there will be sufficient taxable profits to utilize the benefits and are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized based on tax laws and rates that have been enacted or substantively enacted at balance sheet date. Deferred tax is charged or credited to the Statement of Profit and loss and other comprehensive Income, except when it relates to items charged or credited in other comprehensive income, in which case deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

#### Current tax and deferred tax

Current and deferred tax are recognized in the Statement of Profit and loss and other comprehensive Income, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### 2.14 Revenue

#### IFRS 15 - Revenue accounting policy

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

The Company's customer contracts sometimes also include incentive payments received for discrete benefits delivered or promised to be delivered to clients or service level agreements that could result in credits or refunds to the client.

Revenues relating to such arrangements are accounted for as variable consideration when the amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

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

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

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

The Company enters into multiple-element revenue arrangements in which a client may purchase a combination of products or services. Revenue from multiple-element arrangements is recognized, for each element, based on an allocation of the transaction price to each performance obligation on a relative standalone basis.

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

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

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

---

### 2.14 Revenue (continued)

#### IFRS 15 - Revenue accounting policy (continued)

Other upfront fees paid to clients are classified as contract assets. Such costs are amortized over the expected period of benefit and recorded as an adjustment to the transaction price and subtracted from revenue. Timing of revenue recognition may differ from the timing of invoicing. If a payment is received in respect of services prior to the delivery of services, the payment is recognized as an advance from the client and classified as a contract liability. Contract assets and contract liabilities relating to the same client contract are offset against each other and presented on a net basis in the consolidated financial statements.

### 2.15 Share based payments

Certain employees of the Company have been granted stock options, restricted share units and performance units by Genpact Limited, the ultimate holding Company.

The Company recognizes and measures compensation expense for all share-based awards based on the grant date fair value as per IFRS 2, 'Share based payments'. For option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton) and for awards other than option awards, grant date fair value is determined on the basis of fair market value of the share of Genpact Limited on the date of grant of such awards. The Company recognizes compensation expense for share based awards net of estimated forfeitures. Share-based compensation recognized in the Statement of Profit and Loss and other comprehensive income is based on awards ultimately expected to vest. As a result, the expense has been reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

### 2.16 Pensions and other post-employment benefits

The Company participates in a defined contribution scheme open to all UK employees. Payments to this scheme are recognized as an expense as they fall due.

### 2.17 Interest Expense

Interest expenses as "Finance Costs" are charged to the Statement of Profit and Loss over the term of the debt using effective interest method. Issue costs are initially recognized as a reduction from the proceeds.

### 2.18 Interest received

Finance income is recognized as interest accrue using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

### 2.19 Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when they are paid. In the case of final dividends, this is when approved by the shareholders at the AGM.

## 3 Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the management is required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The management's judgements, estimates and assumptions are based on the most reliable evidence at the time when decisions are made, based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results or outcome may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis and revision to any accounting estimate is recognized in the period in which such estimate is revised.

3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)  
Management considers following to be significant judgments:

- Useful lives of depreciable/amortizable assets– Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected useful life of the assets. Uncertainties in these estimates are related to technical and economic obsolescence that may change the useful life of IT and other plant and equipment.
- Recoverability of advances/receivables– At each balance sheet date, based on historical default rates observed over the expected life, the management assesses expected credit loss on outstanding advances and receivables. Judgements are required setting the level of provisions recognised against the carrying value of amounts due from group undertakings on the company balance sheet, after taking into account ageing of balances, historic payment profile and other relevant information in relation to expected future cash flows from group undertakings.
- Recognition of deferred tax assets– Management assesses the probability of future taxable income to determine the extent to which deferred tax assets can be recognized and utilized.
- Evaluation of indicators for impairment of assets– The evaluation of applicability of indicators for impairment of assets requires assessment of several external and internal factors which can result in decline of recoverable amount of assets.
- Valuation of Intangible assets- Intangible assets acquired individually or with a group of other assets or in a business combination and developed internally are carried at cost less accumulated amortization based on their estimated useful lives. Intangible assets are amortized over their useful lives, as estimated, using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized.
- Carrying value of provisions- The preparation of financial statements in accordance with FRS 101 (UKGAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant items subject to such estimates and assumptions include the useful lives of property, plant and equipment, intangibles and goodwill, revenue recognition, reserves for doubtful receivables, valuation allowances for deferred tax assets, valuations of derivative financial instruments, identification of leases, measurements of stock-based compensation, assets and obligations related to employee benefits, the nature and timing of satisfaction of performance obligations, the standalone selling price of performance obligations, variable consideration, other obligations for revenue recognition, income tax uncertainties, other contingencies and client related provisions which includes warranty, deflation, performance related provisions. Client related provision represents company's obligation towards its client where it is unable to deliver committed productivity benefits or comply with agreed service levels and also includes provision for discounts contractually agreed with the clients. Management believes that the estimates used in the preparation of the financial statements are reasonable. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the Company's financial statements.
- Investment- Investment in Subsidiary is carried at Cost under IAS 27 in the financials of Genpact (UK) Limited. Investments carried at cost in the books; are to be tested for impairment at each reporting date as per IAS 36. The impairment standard requires the management to estimate the recoverable amount of the asset and compare it with the carrying value in the books to measure any impairment. For estimating the recoverable amount of the "Investment in subsidiary" the management relies upon; the net asset position (\$135,998,633) of the subsidiary and also upon the letter of financial support provided by the group's ultimate Holding (Genpact Limited (Bermuda)) to the subsidiary. These two facts coupled together provides the management of Genpact (UK) Limited, as on the balance sheet date, the necessary assurance about the recoverability of the investment in the due course.

3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)  
Management considers following to be significant judgments (continued)

- **Derivatives (cash flow hedge)** - In order to hedge its exposure to certain foreign exchange risks, the group enters into forward contracts. Under IFRS, derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company applies judgement over recognizing the hedge effectiveness of these instruments in order to recognize the resulting gain or loss in fair value.
- **Revenue from transition activities** - Determining that revenues from transition activities are recognized over-time, across the estimated contract term, rather than at a point in time on completion of the activities is considered to be a significant judgement due to the impact on the profile of revenue recognition. The conclusion that revenues from transition activities are appropriately recognized over-time is driven by the assertion that the customer does not benefit from such activities at the inception of the contract when they are invoiced, but rather as the service is delivered across the contract term.
- **IFRS 16-** The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Under certain of its leases, the Company has a renewal and termination option to lease assets for additional terms of five years. The Company applies judgment in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease. The Company considers all relevant factors that create an economic incentive for it to exercise the renewal or termination option. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within the Company's control and affects its ability to exercise (or not to exercise) the option to renew or terminate the lease.

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

The Company has applied an incremental borrowing rate for the purpose of computing lease liabilities based on its incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term. Upon the Company's adoption of IFRS 16, the Company applied a weighted average incremental borrowing rate of 2.76% to leases existing as of January 1, 2019 i.e. the date of initial application.

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

### 4 Revenue from Operations

Analysis of revenue by Customer group	2019 \$ '000	2018 \$ '000
Revenue from external customers	2,550,483	225,687
Revenue from Group Companies	6,855	121,990
	<u>2,557,338</u>	<u>347,677</u>

Analysis of revenue by Service type	2019 \$ '000	2018 \$ '000
Business Process Outsourcing (BPO) Services	2,171,400	315,062
Information Technology (IT) Services	385,938	32,615
	<u>2,557,338</u>	<u>347,677</u>

Analysis of revenue by geography	2019 \$ '000	2018 \$ '000
United States of America	1,719,736	247,131
United Kingdom	190,629	45,847
Rest of the world	646,973	54,699
	<u>2,557,338</u>	<u>347,677</u>

### 5 Revenue from contracts with customers

	Contract assets 2019 \$ '000	Contract assets 2018 \$ '000	Contract liabilities 2019 \$ '000	Contract liabilities 2018 \$ '000
Balance as at 1 <sup>st</sup> January	20,694	-	49,480	-
Addition during the year	31,296	20,694	115,293	49,480
Deletion during the year	(15,417)	-	(23,647)	-
Balance as at 31 <sup>st</sup> December	<u>36,573</u>	<u>20,694</u>	<u>141,126</u>	<u>49,480</u>

During the year there was no impairment of contract assets and contract liabilities.

Revenue recognised during the period does not include any amount from performance obligations satisfied in previous periods. Contract assets and contract liabilities are included within "trade and other receivables" and "creditors" respectively on the face of the balance sheet. Upfront fees paid to a client are classified as contract assets which are amortized over the expected period of benefit and recorded as an adjustment to the transaction price. Consequent to the signing of contract, revenue from the transition of services to our delivery centres, as well as the related cost of revenue are deferred where such activities do not represent separate performance obligations. Revenue related to transition activities are classified under contract liabilities and subsequently recognized over the period in which related services are performed.

The amount of incremental costs to obtain a contract which has been recognized as an asset during the year is \$145,598,653 and the amount of costs recognized as an expense during the year is \$44,366,271. No amount has been impaired in current as well as previous period.

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

### 6 Operating profit

	2019	2018
	\$ '000	\$ '000
<u>The operating profit is stated after charging:</u>		
Staff costs (see note 8(a))	95,799	78,998
Depreciation of Property, plant and equipment (see note 12)	179	154
Depreciation of Right of use assets (see note 13)	1,343	-
Amortization of Software (see note 11)	8,838	-
Amortization of Customer Relationships (see note 11)	2,780	642
Impairment of Customer Relationships (see note 11)	16,833	-
Expenses related to Short term Leases	14	-
Foreign exchange (gain) / loss	(15,861)	1,282
Operating lease rentals – Buildings	-	477
	<u>109,925</u>	<u>81,553</u>

### 7 Auditors remuneration

	2019	2018
	\$ '000	\$ '000
Audit fees	230	38
	<u>230</u>	<u>38</u>

### 8 Employees

#### (a) Staff costs

Staff costs (including directors) comprises:

	2019	2018
	\$ '000	\$ '000
Wages and salaries	73,697	66,347
Social security costs	10,021	6,389
Costs of defined contribution scheme	5,842	3,342
Share based payment	6,239	2,920
	<u>95,799</u>	<u>78,998</u>



# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

### 8 Employees (continued)

Average monthly number of employees, including directors, during the year were as follows:

	2019 No.	2018 No.
Directors	3	3
IT and accounting	322	291
Administrative	180	51
	<u>505</u>	<u>345</u>

#### (b) Directors' emoluments

	2019 \$ '000	2018 \$ '000
Directors' emoluments	<u>1,764</u>	<u>1,825</u>

There were 3 directors in the Company's defined contribution plan (2018: 3) during the year.

#### Highest paid director

The total amount paid to the highest paid director in respect of emoluments was \$841,859 (2018: \$1,043,507). Company pension contributions of \$24,963 (2018: \$27,665) were paid to a defined contribution scheme on their behalf.

### 9 Finance Income

	2019 \$ '000	2018 \$ '000
Interest income earned from group undertakings	5,209	107
Interest income earned from third parties	23	-
	<u>5,232</u>	<u>107</u>

### 9 Finance Cost

	2019 \$ '000	2018 \$ '000
Interest cost on deep discount bonds (see note 18)	(5,150)	(70)
Unwinding of interest on lease liability	(115)	-
Other interest expense incurred with group undertakings	(2,127)	-
	<u>(7,392)</u>	<u>(70)</u>

### 10 Tax Expense

#### (a) Tax charged/(credited) in the Income Statement

	2019 \$ '000	2018 \$ '000
Current Tax:		
UK Corporation Tax	9,112	2,615
Provision for Tax	3,037	423
Adjustment in respect of prior years	126	(162)
	<u>12,275</u>	<u>2,876</u>

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

### 10 Tax Expense (continued)

	2019 \$ '000	2018 \$ '000
Deferred Tax:		
Origination and reversal of temporary differences	(2,156)	(820)
Adjustment in respect of prior years	(37)	-
Adjustment in respect of rates	123	-
	<u>(2,070)</u>	<u>(820)</u>
Taxation on profit from ordinary activities	<u>10,205</u>	<u>2,056</u>

### (b) Tax charged/(credited) in other comprehensive income

	2019 \$ '000	2018 \$ '000
Deferred Tax:		
Fair value movement on derivatives	(1,883)	4,326
Total Deferred Tax	<u>(1,883)</u>	<u>4,326</u>
Tax charge/(credit) to other comprehensive income	<u>(1,883)</u>	<u>4,326</u>

### (c) Tax charged/(credited) in retained earnings

	2019 \$ '000	2018 \$ '000
Current Tax:		
UK Corporation tax	(122)	-
Deferred Tax:		
Origination and reversal of timing differences	(2,194)	-
Tax charge/(credit) in retained earnings	<u>(3,036)</u>	<u>-</u>

### Factors affecting tax charge for the year

#### (d) Reconciliation of the total tax charge/(credit) in the income statement

The tax for the year has been assessed at the rate of 19% (2018- 19%). The reconciliation is as below:

	2019 \$ '000	2018 \$ '000
Profit on ordinary activities before tax	<u>20,076</u>	<u>12,451</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018- 19%)	3,814	2,365
Effects of:		
Expenses not deductible for tax purposes	3,141	63
Adjustment in respect of previous periods	90	(795)

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

### 10 Tax Expense (continued)

Tax reserve	3,037	423
Tax rate adjustments	123	-
Total charge tax for the year	10,205	2,056

#### Factors that may affect future tax charge

Changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Subsequently, the amendment at April 2020 was not enacted and the rate remains at 19%. Deferred tax balances have been calculated at 17%. As the substantively enacted rate at the yearend was 17%, deferred tax has been recognised in the accounts at this rate. The 19% rate became substantively enacted on 17 March 2020 and the impact of this rate change will be reflected in the financial statements for the year ended 31 December 2020.

### 11 Intangible assets

	Customer Relationship	Software	Total
	\$ '000	\$ '000	\$ '000
<u>Cost</u>			
As at 1 <sup>st</sup> January 2019	15,400	14	15,414
Additions	13,164	45,797	58,961
As at 31 <sup>st</sup> December 2019	28,564	45,811	74,375
<u>Accumulated amortization</u>			
As at 1 <sup>st</sup> January 2019	(642)	(14)	(656)
Charge for the year	(2,780)	(8,838)	(11,618)
As at 31 <sup>st</sup> December 2019	(3,422)	(8,852)	(12,274)
<u>Impairment Loss</u>			
Charge for the year 2018	-	-	-
Charge for the year 2019	(16,833)	-	(16,833)
<u>Net Book Value</u>			
As at 31 <sup>st</sup> December 2019	8,309	36,959	45,268
As at 31 <sup>st</sup> December 2018	14,578	-	14,578

The intangible assets includes fair value of customer contracts acquired during the year as a part of internal restructuring from Genpact International Inc. and software acquired from General Electrical as a part of process acquisition. The asset is carried at \$45,267,801 (2018: \$14,758,333) and will be amortized over the period of 4 years on a straight line basis. There are no other individually material intangible assets.

Intangible assets are amortized over their estimated useful lives using a method of amortization that reflects the pattern in which the economic benefits of the intangible assets are consumed or otherwise realized. Intangible assets amortisation is recorded in administrative expenses in the Statement of Profit and Loss.

During the year the company recognised an Impairment Loss of \$16,833,339 (2018: \$Nil) on the Customer Contracts to arrive at the expected fair value, which the company normally expects to realise in the foreseeable future having regards to the business environment in which the company operates.

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

### 12 Property, plant and equipment

	Computer and equipment \$ '000	Furniture and fixtures \$ '000	Leasehold improvements \$ '000	Plant, machinery and equipment \$ '000	Total \$ '000
<b>Cost</b>					
As at 1 <sup>st</sup> January 2019	783	57	120	489	1,449
Additions	493	-	-	-	493
As at 31 <sup>st</sup> December 2019	1,276	57	120	489	1,942
<b>Accumulated depreciation</b>					
As at 1 <sup>st</sup> January 2019	(571)	(57)	(120)	(489)	(1,237)
Depreciation for the year	(179)	-	-	-	(179)
As at 31 <sup>st</sup> December 2019	(750)	(57)	(120)	(489)	(1,416)
<b>Net Book Value</b>					
As at 31 <sup>st</sup> December 2019	526	-	-	-	526
As at 31 <sup>st</sup> December 2018	212	-	-	-	212

### 12 Capital Advance

	2019 \$ '000	2018 \$ '000
Capital Advance	-*	45,797

\* The capital advance which was paid during the previous year (2018) has been capitalised as Trademarks during the current year. (See note 11)

### 13 Right of use assets

	Total \$'000
<b>Cost:</b>	
As at 1 <sup>st</sup> January 2019	165
Additions/ Right of use Assets recognised as per IFRS-16	15,615
As at 31 <sup>st</sup> December 2019	15,780
<b>Accumulated Depreciation</b>	
As at 1 <sup>st</sup> January 2019	-
Depreciation for the year	1,343
As at 31 <sup>st</sup> December 2019	1,343
<b>Net Book Value</b>	
As at 31 <sup>st</sup> December 2019	14,347
As at 31 <sup>st</sup> December 2018	-

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

### 13 Right of use assets (continued)

Information about Right of Use Asset is summarised below:

#### Net Book Value

	2019 \$ '000
Office Buildings	5,515
Leased Lines	8,922
	<u>14,437</u>

#### Depreciation charge for the year ended:

	2019 \$'000
Office Buildings	960
Leased Lines	383
	<u>1,343</u>

### 14 Investments in subsidiary

#### Cost and net book value

	\$'000
As at 1 <sup>st</sup> January 2019	135,725
Additions	-
As at 31 <sup>st</sup> December 2019	<u>135,725</u>

The principal undertaking in which the Company's interest at the yearend was 20% or more is as follows:

Name of the company	Country of Incorporation	Proportion of voting rights and ordinary shares held	Nature of business
Subsidiary Undertaking			
Genpact International LLC	United States of America	100%	Business process management

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

15 <u>Trade and other receivables</u>	2019	2018
<u>Current</u>	\$ '000	\$ '000
Trade debtors <sup>^</sup> [net of provisions +\$172,021 ( 2018: \$83,887)]	458,439	191,391
Amounts owed by group undertakings <sup>1 ^</sup>	451,630	81,097
Prepayments and accrued income	271,383	141,689
Corporation tax (refer note 17)	-	2,180
Deferred/ Contract acquisition costs	72,942	35,296
Advances <sup>^</sup>	492	2,150
Derivative financial instruments (cash flow hedges)	14,207	16,177
	<u>1,269,093</u>	<u>469,980</u>
<u>Non-Current</u>		
Long term accrued income	7,311	2,591
Deferred/ Contract Acquisition costs <sup>**</sup>	115,968	40,618
Derivative financial instruments (cash flow hedges) <sup>**</sup>	2,550	6,940
	<u>125,829</u>	<u>50,149</u>
<u>Total Trade and other receivables</u>	<u>1,394,922</u>	<u>520,129</u>

<sup>1</sup> Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

<sup>^</sup> Receivables have been tested for the expected credit loss to measure the expected loss on the realization of these receivables over their life time. The amounts here are net of provision (if any) required on that category of receivable.

+ Absolute numbers

<sup>\*\*</sup>Restatement of prior period balance (reclassification)

In the prior year, the long term (non-current) portion of deferred/contract acquisition cost and derivative financial instruments, were incorrectly classified as current, as result the directors have rectified the position in 2018. This reclass has no impact on the Company's total net assets, retained earnings or income statement and statement of comprehensive income, except the current and non-current portion of the trade and other receivables.

### 16 Deferred Tax Asset<sup>#</sup>

	2019	2018
	\$'000	\$'000
(Liability)/ Asset as at 1 <sup>st</sup> January	(3,199)	307
Credit/(charge) to Statement of Comprehensive Income	2,070	820
Credit/(charge) to equity	4,798	(4,326)
Asset/(Liability) as at 31 <sup>st</sup> December	<u>3,669</u>	<u>(3,199)</u>

The deferred tax balance is made up as follows:

	2019	2018
	\$'000	\$'000
Accelerated capital allowance	1,141	(7)
Temporary timing difference	4,971	1,134
Fair value movement on derivatives	(2,443)	(4,326)
	<u>3,669</u>	<u>(3,199)</u>

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

# For the comparative period; there was a deferred tax liability which was clubbed under Non-Current liabilities (Note 19). However the deferred tax asset for the current year has been shown as a separate line item on the face of the statement of financial position (note 16)

### 17 Current Liabilities

	2019 \$'000	2018 \$'000
Amounts falling due within one year		
Amounts owed to group undertakings <sup>1</sup>	1,306,488	511,631
Other taxes and social security	14,368	6,084
Corporation tax	6,678	-
Accruals and deferred income	106,806	59,295
Derivative financial instruments (cash flow hedges)	4,031	14,198
Other creditors	3,590	2,225
Lease Liability	5,939	-
	<u>1,447,900</u>	<u>593,433</u>

<sup>1</sup> Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 18 Non-Current Liabilities

	2019 \$'000	2018 \$'000
Amounts falling due after more than one year		
Unsecured deep discount bonds (see footnote i)	123,613	50,463
Accruals and deferred income	65,436	23,099
Derivative financial instruments (cash flow hedges)	12,924	15,394
Lease Liability	9,256	-
	<u>211,229</u>	<u>88,956</u>

### Footnote

i) The Company has issued the following unsecured deep discount bond during the year:

Particulars	Face Value \$'000	Issue Price \$'000
Unsecured Deep Discount Bonds		
As at 1 <sup>st</sup> January 2019	58,000	50,393
Issued during the year	117,075	103,100
repaid during the year	(39,858)	(35,100)
As at 31 <sup>st</sup> December 2019	<u>135,217</u>	<u>118,393</u>

# \$117,075,312 unsecured deep discount bonds were issued at an issue price of \$103,100,000 on 28 January 2019. \$35,100,000 bonds were repaid on the date of receipt of funds thus effective liability outstanding on these bonds were Face Value: \$ 77,217,470; Issue price: \$ 68,000,000. The balance part of the bond is redeemable on 27 January 2022.

# \$58,000,000 unsecured deep discount bonds were issued at an issue price of \$50,393,481 on 21 December 2018 and are redeemable on 21 December 2021.

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

### 19 Non-Current Liabilities:

Provisions made during 2019 and their closing balances<sup>@</sup>

Particulars	Deferred Tax% \$'000	Employee related provisions \$'000	Client related provisions \$'000	Total \$'000
As at 1 <sup>st</sup> January 2019	3,199	1,300	5,151	9,650
Credit/(charge) to Statement of Comprehensive Income	-	1,556	2,765	4,321
Credit/(charge) to equity	-	(1,300)	(5,151)	(6,451)
Deferred Tax liability reversed during the year	(3,199)	-	-	(3,199)
As at 31 <sup>st</sup> December 2019	-	1,556	2,765	4,321

@ Refer Note 3

% In the current year; there was a deferred tax asset which was shown as a separate line item under Non-Current Assets (Note 16). However the deferred tax liability for the comparative period was clubbed under Non-Current liabilities (Note 19)

### 20 Share Capital

	<u>Allotted, called up and fully paid</u>			
	2019 Number	2019 \$	2018 Number	2018 \$
Ordinary shares of £1 each	1	1.35	1	1.35

On 1 November 2018, the Company changed its functional currency from British Pounds to US Dollars. In accordance with IAS21, share capital and reserves were re-measured on this date.

### 21 Reserves

**The composition of company's reserves are:**

Reserves	Description and Purpose
Share capital	Nominal value of share capital subscribed for.
Retained earnings	All other net gains and losses and transaction with owners not recognized elsewhere, net of dividends paid and adjustment.
Cash flow hedge reserve	The cumulative recognized effective portion of the fair value movement on derivative instruments.



# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

### 22 Pension & Commitments

The company contributes to a defined contribution pension scheme. The pension cost charges represents contributions payable by the company to the HMRC and amounted to \$5,842,315 (2018: \$3,341,998). Contributions totalling \$532,940 (2018: \$335,661) were payable to the HMRC at the balance sheet date.

### 23 Commitments under leases

The Company has lease contracts for various items of leased line, Office Building and other equipment used in its operations. The company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

Lease liabilities are due as follows:

	2019 \$'000	2018 \$'000
0-1 Years	5,939	166
1-2 Years	4,981	-
2-5 Years	4,275	-
	<u>15,195</u>	<u>166</u>

The lease liabilities as at 1<sup>st</sup> January 2019 has been reconciled to the operating lease commitments as of 31<sup>st</sup> December 2018, as per IFRS 16 as follows:

	<u>\$'000</u>
Operating lease commitments disclosed as at 31 <sup>st</sup> December 2018	166
Less:- Adjustment related to lease commitment reassessed	29
Operating lease commitments restated as at 31 <sup>st</sup> December 2018	137
Less:- Discounted using incremental borrowing rate @ 2.8%	2
Operating lease liabilities after discounted as on 1 <sup>st</sup> January 2019	<u>135</u>

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	<u>\$'000</u>
Lease liabilities recognized under IFRS 16 at 1 <sup>st</sup> January 2019	135
Add: Additions during 2019	15,616
Add: Interest	115
Less: Payments during 2019	777
Add: Exchange Difference	106
Lease liability as at 31 <sup>st</sup> December 2019 under IFRS-16	<u>15,195</u>

The total cash outflow for leases in 2019 was \$ 777,210 split as follows:

Cash payments of \$662,547 for the principal portion of the lease liabilities  
Cash payments of \$114,663 for the interest portion of the lease liabilities.

### 24 Events after the reporting date

There are no events after the reporting date, the impact of Covid-19 has been explained in the strategic report.

# GENPACT (UK) LIMITED

## Notes to the financial statements for the year ended 31<sup>st</sup> December 2019

---

### 25 Related party transactions

In accordance with the exemption under Financial Reporting standard 101, the Company has not disclosed transactions with other wholly owned subsidiaries within the Genpact Group.

### 26 Ultimate parent company and control

The Company's immediate parent company is Genpact Global Holdings (Bermuda) Limited, a company incorporated and registered in Bermuda.

The smallest and largest group of undertakings for which group accounts are drawn up and of which the company is a member is headed by its ultimate parent undertaking Genpact Limited, a company incorporated in Bermuda. The consolidated Financial Statements of the ultimate parent company are available to the public at <https://www.sec.gov/cgi-bin/browse-edgar?CIK=1398659&owner=exclude>.

The Genpact Group, through the direct and indirect subsidiaries of Genpact Limited (collectively, "Genpact"), has operations spanning many other countries. Genpact manages business processes in multiple geographic regions, delivering its services from a global network located in various countries. These services are provided by Genpact through its global network of delivery centers, spanning more than 30 countries.

In order to align Genpact's business model globally and service its customers more effectively, as part of the 2018 restructuring GI transferred certain existing customer contracts from GI to Genpact (UK). GI has obtained consent from most of its former customers to transfer contracts to Genpact (UK) and accordingly, such customer contracts have been transferred to Genpact (UK) ("Covered Contracts").

Further, as part of the 2018 restructuring, GI transferred all of its assets (including investments) to its affiliate, Genpact USA, Inc. (except customer contracts for which consent to transfer had not yet been obtained). Subsequently, Genpact (UK) acquired the outstanding equity interests in GI from Genpact USA, Inc.

While customer contracts have been transferred to Genpact (UK), Genpact USA, Inc. is responsible for sales and marketing functions including key strategic decision making such as development of marketing strategy, identification of business opportunities across verticals, development of relationships with key customers and finalization of global contracts. Accordingly, Genpact USA, Inc. is entitled to return associated with such sales and marketing function even post transfer of contracting function from US to UK. The aforesaid transfer is not involved transferring of any function/employee by US to UK.

Genpact (UK) is merely performing the contracting activity including signing of contract with customers, invoicing for the services, effectively managing associated receivables and payables with the customers/vendors and is entitled to a return for the contracting function.