

## **Genpact (UK) Limited**

Report and Financial Statements

Year Ended

31 December 2020

Company Number 04217635



# **Genpact (UK) Limited**

## **Report and financial statements for the year ended 31 December 2020**

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# **Genpact (UK) Limited**

**Report and financial statements  
for the year ended 31 December 2020**

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## **Company's information**

### **Directors**

Lester D'Souza  
Santosh Pushpangadan Kallattu  
Ishila Bhattacharya

### **Company secretary**

Entity Central Corporate Services (UK) Limited  
c/o Cogency Global (UK) Limited, 6 Lloyds Avenue, Unit 4CL, London, EC3N 3AX

### **Company number**

04217635

### **Auditor**

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

# Genpact (UK) Limited

## Strategic report for the year ended 31 December 2020

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### Introduction

The directors present their strategic report for the year ended 31st December 2020.

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.

### Business review

The directors are pleased to report that 2020 was another successful year for the Company.

In 2020, 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. The Company is the primary client contracting and billing entity for the Company's affiliated worldwide group. 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 2020 increased by \$411 million, or 16%, from the previous year (\$2,967.9 million in 2020 compared to \$2,557.3 million in 2019). The net asset position increased by \$17.2 million, or 162%, from the previous year (\$27.8 million in 2020 compared to \$10.6 million in 2019) primarily due to \$12.6 million increase in profit generated during the year. The increase in revenue is primarily attributable to an increase in services delivered in 2020 due to large new deals signed in 2019 and 2020 as well as revenue from new acquisitions consummated in second half of 2019 and in 2020.

Cost of sales was \$2,858.3 million in 2020, up \$395 million, or 16%, from \$2,462.7 million in 2019. The increase in our cost of sales was primarily due to (i) an increase in our operational headcount to support revenue growth (ii) wage inflation, (iii) a non-recurring employee severance charge related to our COVID-19 related restructuring plan (net of savings).

Genpact manages business processes in multiple geographic regions, delivering services from a global network located in various countries, including Australia, Brazil, Canada, China, Costa Rica, Egypt, Germany, Guatemala, Hungary, India, Ireland, Israel, Italy, Japan, Malaysia, Mexico, the Netherlands, the Philippines, Poland, Portugal, Singapore, Spain, Romania, Turkey, the United Kingdom and the United States.

During the fiscal year, the Company undertook various transactions with its affiliates:

- An acquisition of client contracts from the Company's affiliate, Genpact International, LLC, for total consideration of \$5.7 million pursuant to an asset purchase agreement between the parties.
- 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, providing 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 onboarding new vendors are becoming more complex and time consuming. The Company is focusing on (i) expanding its 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.

# Genpact (UK) Limited

## Strategic report for the year ended 31 December 2020 (continued)

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### 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 2020.

### Principal Risks and Uncertainties

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:

#### 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, among other factors, 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.

Our strategy focuses on responding to these types of risks by driving innovation that will enable us to expand our business into new growth areas.

#### Impact of Brexit

The Company's Brexit Committee, which is sponsored by Genpact's Global Leadership Council, has assessed the expected impact of Brexit on its clients, suppliers and employees. The Company has evaluated a number of risks, including related to restrictions on free movement, limitations on transfers of personal data, currency risks as well as barriers to trade between the EU and UK. Given the global nature of the Company's business, the location of its affiliates' delivery centres, the types of services delivered to its clients and services received from suppliers, the Company does not envision a material risk to its overall business as a result of Brexit, and where the Company has identified potential risks, it has taken steps to mitigate their impact, including :

- Adopting contracting strategies to address concerns should a data adequacy agreement not be reached between the UK and the EU.
- Reminding colleagues of new travel requirements and work visa requirements in the travels system.
- Supporting colleagues through settlement scheme application requirements.
- Collecting newly required government logistical identifiers to ensure materials can be shipped between Genpact's UK and EU locations

## Genpact (UK) Limited

### Strategic report for the year ended 31 December 2020 (*continued*)

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

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

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

Despite the uncertain environment, total net revenue of the Group for the year 2020 increased 5.4% year-over-year. This performance was largely driven by transformation services, bolstered by strong growth in our analytics services. The group's revenues grew by almost 9% in the third quarter of 2021 compared to the third quarter of 2020 and by almost 7% in the first nine months of 2021 compared to the first nine months of 2020.

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

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

# Genpact (UK) Limited

## Strategic report for the year ended 31 December 2020 *(continued)*

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

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 make use of any of the schemes set up by the UK Government to support businesses financially during the COVID-19 pandemic, other than the temporary deferment of VAT payments (for the period Feb-Mar'20) through 31st March 2021 permitted by HMRC in response to the COVID-19 pandemic. The Company has opted to pay the amount of VAT deferred as a COVID-19 relief measure in seven equal instalments beginning in June 2021.

### **Restructuring**

In 2020, due to the impact of the COVID-19 pandemic on the Company's current and expected future revenues, the Company focused on reducing in its workforce and recorded a \$2.6M restructuring charge relating to the employee severance charges.

### **Foreign currency risk**

The Company is exposed to foreign currency risk arising from sales or purchases of services in currencies other than its functional currency. The Company manages this risk by maintaining and operating separate bank accounts denominated in various currencies in which it transacts. The Company also has in place arrangements to hedge a substantial portion of Indian rupee-U.S. dollar, euro-U.S. dollar, pound sterling-U.S. dollar, and 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.

### **Liquidity risk**

The Company seeks to manage financial risk, to ensure financial liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short term flexibility is achieved through trade finance arrangements, overdrafts and intra group borrowing facilities.

### **Credit risk**

As the Company does not provide any loan services, credit risk exposure is limited. Our clients are highly regarded, stable and financially robust organisations and present a 'low' risk of default.

### **Employee retention risk**

Our industry relies on large numbers of skilled employees and our success depends on our ability to attract, train and retain a sufficient number of qualified employees. Historically, high employee attrition has been common in our industry.

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

## **Genpact (UK) Limited**

### **Strategic report for the year ended 31 December 2020 (*continued*)**

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#### **Employee retention risk (*continued*)**

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.

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. However, the Board receives quarterly reports from the Company's UK-based human resources department on, among other topics, attrition levels, employee health and well-being, compensation policy and gender pay equality practices. As part of this quarterly engagement process, the Board ensures 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. The Board has also considered and periodically reviews various group practices and programs concerning employee interests, 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.



## Genpact (UK) Limited

Strategic report  
for the year ended 31 December 2020 (*continued*)

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

### 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 all times. In furtherance of this goal, the Board periodically engages with the Company's sales personnel/client relationship managers and others responsible for overseeing supplier relationships. Additionally, in approving an annual statement regarding the Company's efforts against modern slavery in its operations and supply chains, the Board receives updates from time to time on the Company's and group's policy on modern slavery and human trafficking.

The Company's group policies and practices designed to promote the goals of selling its services ethically and sourcing its suppliers responsibly can be found in the group's Code of Conduct, Integrity@Genpact, 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 Board has access to members of the Company's group who are responsible for oversight of the Company's corporate social responsibility initiatives and sustainability & environmental targets and from time to time receives updates from such teams.

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).

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

  
Lester D'souza

Director

Date 30 November 2021

Genpact (UK) Limited  
Registered no.: 04217635

# **Genpact (UK) Limited**

## **Directors' report for the year ended 31 December 2020**

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The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

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.

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

The directors are responsible for preparing the Strategic Report, the Directors' 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; and
- 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 (or ensuring the taking of) reasonable steps for the prevention and detection of fraud and other irregularities.

### **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.

### **Results and dividends**

The Company's profit for the year, after taxation, amounted to \$12.7 million (2019: \$9.9 million). The directors did not recommend the payment of any dividends in 2020 (2019: \$45 million).

## Genpact (UK) Limited

### Directors' report for the year ended 31 December 2020 (*continued*)

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#### Directors

The directors who held office during the fiscal year 2020 and up to the date of Directors' Report were as follows:

Lester D'Souza	(appointed 31 January 2020)
Sharon May Thomas	(resigned 2 April 2021)
Santosh Pushpangadan Kallattu	
Ahmed Jamil Mazhari	(resigned 31 January 2020)
Ishila Bhattacharya	(appointed 20 April 2021)

#### Future developments

There are no future changes anticipated in the business of the Company at this time.

#### 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 2020 (2019: \$Nil).

#### Looking after the interests of employees:

As detailed in the strategic report, the group has started to measure and assess an Employee Net Promoter score, feedback is used to identify areas of potential improvement in the support of employees. With a leadership team aided by an ongoing training plan and the opportunity for UK based employees to become shareholders, the group strives to ensure employees are both fully supported and rewarded.

Whilst communication with employees has always been an area given specific attention, the Covid-19 pandemic changed the method of communication to being much more remote, with the group significantly increasing the use of Zoom and Teams videoconferencing in place of face to face engagements. Through this period, weekly group meetings for all employees were maintained, along with virtual town halls from the Senior leadership team and regular team and business unit meetings. We introduced Watercooler, the world-first, Genpact-wide virtual assistant fully integrated with our Microsoft Office 365 environment, that aims to replicate those fleeting moments of friendly conversations and connections, as well as maintaining access to Headspace for all our employees. The group has also rolled out a new cloud-based HR system to employees.

#### Fostering relationships with suppliers, clients and partners

The principle of focusing on a small number of vendor relationships around propositions where the group has deep technical and operational knowledge remains unchanged, and consistently delivers an excellent quality of service to the group's clients. The business unit structure of client facing account teams ensures close relationships are built and nurtured with our clients across industry verticals.

# Genpact (UK) Limited

## Directors' report for the year ended 31 December 2020 (continued)

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### 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 the Genpact group level for the next 12 months, and the Company and the Genpact group are considered profitable, both before and after considering the impacts of the COVID-19 pandemic.

The Directors recognise that the COVID-19 pandemic continues to pose challenges for the business environment in the UK, the ultimate impact of the continuing COVID-19 pandemic on the Company is being monitored, as is detailed in the Strategic Report.

The Company is not subject to any external debt or covenants but has issued bonds to an affiliate and is party to intercompany loans with its affiliates which have fixed repayment terms. The Directors understand that its ultimate parent company intends to continue to support the Company, among other reasons, because of the Company's strategic location in UK and importance within its affiliated group. On the basis of forecasts and a letter of support (ie legally binding) from the Company's ultimate parent company, Genpact Limited, the Directors have determined that the Company will have adequate resources to continue to operate for a period of at least 12 months from the date of approval of these financial statements.

### Streamlined Energy and Carbon Reporting

The Company is committed to reducing its ecological footprint and driving efficiency through resource optimization, waste reduction, and other practices. The Company's ultimate parent, Genpact Limited (together with its affiliates, "Genpact"), publishes its environmental impact data in its annual Sustainability Report, which is available on the Genpact website, [www.genpact.com](http://www.genpact.com). Genpact also discloses its carbon emissions under CDP (Carbon Disclosure Report) annually.

In 2020, the Company's total net GHG emissions were 31 tonnes of Carbon dioxide equivalent (tCo2e). The Company's energy footprint primarily comes from the power consumed to run the Company's offices and data centres. Emissions at Genpact are primarily the result of the gas and electricity purchased and consumed in our operations (Scope 2), followed by employee commuting and business travel activities (Scope 3). Details of the Company's 2020 emissions are provided below:

### GHG Emissions (in tCo2)

Scope-1 Emissions: N/A (No fuel is being directly used by the organization as the Company operates from leased facilities).

Scope-2 Emissions: 31 tCo2e.

Scope-3 Emissions: 3.56 (No transport facility is being provided to employees, only air travel has been considered for calculating the scope 3 emission).

Energy intensity Ratio.

tCo2e emissions per employee- 0.39.

tCo2e emissions per Sq ft.- 0.002.

Genpact (UK) Ltd- Total energy used (total kWh used to calculate above emissions)- 131,404 kWh.

### Methodology

The information and data in this report was prepared using Global reporting Initiative (GRI) best practices and is in accordance with the GRI G4 standard. The Company used accepted methodologies and cautious assumptions to compute carbon emissions and adopted conversion factors from the Intergovernmental Panel on Climate Change (IPCC) Guidelines and Covenant of Mayors (CoM reporting guidelines to calculate the amount of energy consumed (GJ) and emissions (tCO2e).

# Genpact (UK) Limited

## Directors' report for the year ended 31 December 2020 (*continued*)

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### Energy Efficiency

Genpact's energy efficiency initiatives include: designing and operating buildings to be more energy efficient, optimizing workspaces to reduce employee resource intensity, and providing Green IT solutions, such as server virtualization, data center consolidation, and cloud-based solutions to reduce energy consumption.

### Assurance

Our emissions data has been assured by a third party, and the certificate is available with Genpact's annual Sustainability Report at <https://www.genpact.com/downloadable-content/genpact-sustainability-report-2020.pdf>.

### Post Balance Sheet Event

There are no events after the reporting date.

### 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 the information required by section 416 (4) of the Companies Act 2006. The directors refer to the section entitled "Statements by the Directors in accordance with their statutory duties under section 172 (1) Companies Act 2006" in this regard.

### Disclosure of information to the auditor

Each person who is a Director at the time of approval of this Directors' Report 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
- each Director has taken (or overseen the taking of) reasonably practicable steps that ought to have been taken as a Director in order to be aware of material information the Company's auditor should have in connection with preparing their report and to establish that the Company's auditor is aware of that information.

### Auditor

BDO LLP was re-appointed as auditor during the year. BDO LLP will be proposed for reappointment as auditor in accordance with section 487 of the Company Act 2006.

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

  
Lester D'Souza

Director

Date 30 November 2021

# Genpact (UK) Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENPACT (UK) LIMITED

#### Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 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.

We have audited the financial statements of Genpact (UK) Limited ("the Company") for the year ended 31 December 2020 which comprise the income statement and the statement of comprehensive income, statement of financial position, 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).

#### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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.

#### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the report 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

# Genpact (UK) Limited

## Independent auditor's report (*continued*)

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### Other Companies Act 2006 reporting

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

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

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 the 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 Directors' 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.

### 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.

### Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

## Genpact (UK) Limited

### Independent auditor's report (*continued*)

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#### Extent to which the audit was capable of detecting irregularities, including fraud (*continued*)

- We have identified and assessed the potential risks related to irregularities, including fraud, by considering the following:
  - Enquiries of management regarding: the compliance with laws and regulations; the detection and response to the risk of fraud and any knowledge of actual, suspected or alleged fraud; and the controls in place to mitigate risks related to fraud or non-compliance with laws and regulations;
  - Obtaining an understanding of the legal and regulatory framework in which the Company operates. The key laws considered are accounting standards and the Companies Act 2006.

We have responded to risks identified by performing procedures including the following:

- Enquiry of in-house management and external legal counsel concerning actual and potential litigation and claims;
- Performing analytical procedures to identify any unusual or unexpected relationships which may indicate risks of misstatement due to fraud; and
- Reading the minutes of meetings of those charged with governance.
- Review of financial statements disclosures and testing to supporting documentation.

We have also considered the risk of fraud through management override of controls by:

- Testing on a sample basis the appropriateness of journal entries and other adjustments;
- Assessing whether the judgements made in making accounting estimates are indicative of potential bias;

We have considered the risk of fraud through revenue recognition by:


- Testing on sample basis for each stream of revenue appropriate supporting documents such customer contracts, acceptances, invoices and bank payments;

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

DocuSigned by:  
  
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Arbindar Chatwal (Senior Statutory Auditor)  
For and on behalf of BDO LLP, statutory auditor  
Southampton, UK

Date 02 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



## Genpact (UK) Limited

### Statement of profit and loss and other comprehensive income for the year ended 31 December 2020

	Note	2020 \$ '000	2019 \$ '000
<b>Revenue</b>	4	<b>2,967,937</b>	2,557,338
Cost of sales		<u>(2,858,387)</u>	<u>(2,462,730)</u>
<b>Gross profit</b>		<b>109,550</b>	94,608
Administrative expenses		<b>(81,944)</b>	(88,296)
Other operating (expense)/income		<u>(4,611)</u>	<u>15,924</u>
<b>Profit before interest and taxation</b>		<b>22,995</b>	22,236
Finance income	9	<b>4,167</b>	5,232
Finance cost	9	<u>(9,772)</u>	<u>(7,392)</u>
<b>Profit before income tax</b>		<b>17,390</b>	20,076
Tax expense	10	<u>(4,707)</u>	<u>(10,205)</u>
<b>Profit for the year</b>		<b>12,683</b>	9,871
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Cash flow hedges (net of tax)		<b>5,504</b>	6,542
Movement on deferred tax relating to cash flow hedges		<u>3</u>	<u>1,883</u>
<b>Total other comprehensive income for the year, net of tax</b>		<b>5,507</b>	8,425
<b>Total comprehensive income for the year</b>		<b>18,190</b>	18,296

The notes on pages 17 to 47 form part of these financial statements.

# Genpact (UK) Limited

## Statement of Financial Position at 31 December 2020

<b>Company number 04217635</b>	<b>Note</b>	<b>2020 \$ '000</b>	<b>2019 \$ '000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	11	29,502	45,268
Property, plant and equipment	12	645	526
Right of use assets	13	13,333	14,437
Investment in subsidiary	14	135,725	135,725
Trade and other receivables	15	144,147	123,279
Derivative financial assets	18	5,879	2,550
Deferred tax asset	16	3,311	3,669
<b>Total non-current assets</b>		<b>332,542</b>	<b>325,454</b>
<b>Current assets</b>			
Trade and other receivables	15	1,533,758	1,254,886
Derivative financial assets	18	22,943	14,207
Cash at bank and in hand		192,758	79,517
<b>Total current assets</b>		<b>1,749,459</b>	<b>1,348,610</b>
<b>Total assets</b>		<b>2,082,001</b>	<b>1,674,064</b>
<b>Current liabilities</b>			
Trade and other payables	17	(1,839,695)	(1,437,930)
Lease liabilities	23	(8,262)	(5,939)
Derivative financial liabilities	18	(17,474)	(4,031)
Provisions	17	(42,541)	(4,321)
<b>Total current liabilities</b>		<b>(1,907,972)</b>	<b>(1,452,221)</b>
<b>Non-current liabilities</b>			
Trade and other payables	17	(134,183)	(189,049)
Lease liabilities	23	(5,993)	(9,256)
Derivative financial liabilities	18	(6,027)	(12,924)
<b>Total non-current liabilities</b>		<b>(146,203)</b>	<b>(211,229)</b>
<b>Total liabilities</b>		<b>(2,054,175)</b>	<b>(1,663,450)</b>
<b>Net assets</b>		<b>27,826</b>	<b>10,614</b>
<b>Capital and reserves</b>			
Share capital	19	-	-
Cash flow hedge reserves	18	2,814	(2,693)
Profit and loss account	20	25,012	13,307
<b>Total shareholder's funds</b>		<b>27,826</b>	<b>10,614</b>

The financial statements were approved by the Board of Directors and authorised for issue on 30 November 2021 and were signed on its behalf by:

*Lester D'Souza*  
Lester D'souza  
Director

The notes on pages 17 to 47 form part of these financial statements.

## Genpact (UK) Limited

### Statement of changes in equity for the year ended 31 December 2020

	Called up share capital (Refer note 19) \$ '000	Profit and loss account \$ '000	Cash flow hedge reserve \$ '000	Total equity \$ '000
<b>At 1 January 2020</b>	-	13,307	(2,693)	10,614
Profit for the year	-	12,683	-	12,683
Tax adjustment	-	(978)	-	(978)
Other comprehensive income for the year	-	-	5,507	5,507
<b>Total comprehensive income for the year</b>	-	11,705	5,507	17,212
<b>At 31 December 2020</b>	-	25,012	2,814	27,826

### Statement of changes in equity for the year ended 31 December 2019

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

The notes on pages 17 to 47 form part of these financial statements.

# Genpact (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2020

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### 1 General information

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

### 2 Accounting policies

#### *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 f the Companies Act 2006 of not to prepare group accounts 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).

There has been a restatement of prior period balance (reclassification) as disclosed in note 17.

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 Financial Statements of the Company. The accounting policies applied and principles followed are:

- the requirements of 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:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
  - (iii) paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

#### 2 Accounting policies (*continued*)

- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - (i) 10(d) (statement of cash flows);
  - (ii) 16 (statement of compliance with all IFRS);
  - (iii) 38A (requirement for minimum of two primary statements, including cash flow statements);
  - (iv) 38B–D (additional comparative information);
  - (v) 111 (cash flow statement information); and
  - (vi) 134–136 (capital management disclosures)
- 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 and 18A 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, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.
- 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.

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

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

Several other amendments and interpretations apply for the first time in 2020, 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.

#### *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.

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

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#### 2 Accounting policies (*continued*)

##### *Going concern (continued)*

As the COVID-19 pandemic evolves, we will continue to assess its impact on the Company and respond accordingly, including taking further actions that alter our business operations as may be required by regulatory authorities or that we determine are in the best interests of our employees, customers, suppliers and shareholders. The ultimate impact of COVID-19 on our business and the industry in which we operate remains unknown and unpredictable. More details are given in strategic report. The Company has used the temporary deferment of VAT payments (for the period Feb-Mar'20) through 31 March 2021 permitted by HMRC in response to the COVID-19 pandemic. The Company has opted to pay the amount of VAT deferred as a COVID-19 relief measure in seven equal instalments beginning in June 2021.

Also due to the impact of the COVID-19 pandemic on the Company's current and expected future revenues, the Company recorded a \$2.6M restructuring charge relating to the employee severance charges as a result of a focused reduction in its workforce.

The Company is not subject to any external debt or covenants but has issued bonds to an affiliate and is party to intercompany loans with its affiliates which have fixed repayment terms. 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 (ie 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.

##### *Foreign currency translation*

##### *Functional and presentation currency*

The Company's functional and presentational currency is the 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 the Statement of Comprehensive Income as qualifying cash flow hedges.

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 *(continued)*

#### 2 Accounting policies *(continued)*

##### *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses 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.

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

Estimated useful lives are as follows:

Computer equipment and servers	-	4 years
Furniture and fixtures	-	4 years
Plant, machinery and equipment	-	4 years
Leasehold improvements	-	10 years or the lease period, whichever is less

The residual values, useful lives and the 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 thereof 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 derecognition of asset (calculated as the difference between net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss.

##### *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 losses, if any.

All intangible assets are considered to have a finite useful life of 4-5 year, amortized over the expected useful life.

##### *Valuation of investments*

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

##### *Impairment of non financial assets*

At each reporting date the company 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 Profit & Loss under the expense categories consistent with the function of the impaired asset.

# Genpact (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

### 2 Accounting policies (*continued*)

#### *Impairment of non financial assets (continued)*

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.

#### *Provisions for liabilities*

Provision 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.

#### *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*

##### *i) 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

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.

##### *ii) 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.

##### *iii) Financial liabilities*

Financial liabilities are subsequently carried at amortized cost using the effective interest rate method. For trade and other payables due within one year from the reporting date, the carrying amounts approximate fair value due to the short maturity of these instruments.



# Genpact (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 2 Accounting policies (continued)

#### *Derivative financial instruments*

The Company uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operating 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.

The Company recognizes derivative instruments and hedging activities as either assets or liabilities in its balance sheets and measures them at fair value. Gains and losses resulting from changes in fair value are accounted for depending on the use of the derivative and whether it is designated and qualifies for hedge accounting. Changes in the fair values of derivatives designated as cash flow hedges are deferred and recorded as a component of other comprehensive income (loss) reported under accumulated other comprehensive income (loss) until the hedged transactions occur and are then recognized in the statements of profit & loss along with the underlying hedged item and disclosed as part of "Turnover," "Cost of sales," "Administrative expenses" and "Interest receivable/payable and similar income/expense," as applicable. Changes in the fair value of derivatives not designated as hedging instruments and the ineffective portion of derivatives designated as cash flow hedges are recognized in the statements of profit & loss and are included in other operating (expense)/income.

#### *iv) 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 the statement of profit and loss. 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 reporting date.

#### *v) 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.

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

#### 2 Accounting policies (continued)

##### v) Cash flow hedges (continued)

###### *Derecognition 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.

###### *Impairment*

The Company recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss.

For trade receivables and unbilled receivables, the Company applies a simplified approach in calculating ECL. The Company has determined unbilled work in progress to have substantially the same risk characteristics as trade receivables. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for unbilled receivables. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the trade receivables and the economic environment. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

For all other financial assets, ECL is recognised using general approach in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

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#### 2 Accounting policies (continued)

##### *Impairment (continued)*

##### *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. In the current year, the Company is exposed to credit risk from its operating activities (primarily debtors and unbilled receivables), including deposits with banks and other financial instruments. Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management.

As per Company's policy and transfer pricing arrangement, till last year all the risk and rewards were borne by the sub-contracting delivery centres, including credit and delivery risk. The Company was earning a cost-plus fixed margin, and all the gains and losses were remitted to/recovered from respective delivery centres. Since all the risk were with the sub-contracting delivery centres, all allowances relating to credit and delivery risk were recorded in the books of sub-contracting entity only. Effective January 1, 2020, the Company modified its transfer pricing policy from fixed cost plus margin to profit split methodology, wherein profits are split between the Company; the billing entity, Genpact USA; the entity owning all the IPs and significant leadership personnel and the delivery centres.

Accordingly, to align the transfer pricing arrangement, the Company modified the approach for recording such allowances from delivery centres to billing entity effective January 1, 2020. Any new exposure will be borne by the Company, while risk till previous years will continue with the respective delivery centres. This change has no impact on the statement of profit or loss as any additional accrual/short accrual would get adjusted with corresponding sub-contracting costs to delivery centres/Genpact USA.

##### *Cash at bank and in hand*

Cash is represented by cash in hand and deposits with financial institutions repayable on demand. 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.

##### *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. The Company's ordinary shares are classified as equity instruments.

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

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#### 2 Accounting policies (*continued*)

##### *Leases*

##### The Company as a lessee

The Company leases various buildings and leased lines. Lease contracts are typically made for fixed periods with the option to renew or terminate. 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. Leased assets may not be used as security for borrowing purposes. The lease liability is initially measured at the present value of the unpaid lease payments 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 or Non current liability" in the Statement of financial position. 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 plus 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 the lease term and the useful life of the underlying asset. If a 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.

When the Company revises its estimate of the term of any lease (it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised Interest Borrowing rate (IBR) on date of modification/re-assessment. In this case an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortized over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

The right-of-use assets are shown as a separate line item, in the Statement of financial position. As a practical expedient, IFRS 16 permits a lessee not to separate lease and 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. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and has to account for any identified impairment loss.

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

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#### 2 Accounting policies (*continued*)

##### *Taxation*

##### *Current tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively. The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income. Tax provisions are recognized for uncertain tax positions where risk of an additional tax liability has been identified and the company may 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.

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.

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

#### 2 Accounting policies (*continued*)

##### *Taxation (continued)*

##### *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.

Tax benefit on the difference between the fair value and grant price of the stock options, restricted share units and performance units exercised/vested is treated through retained earnings.

##### *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. The Company accrues for revenue and unbilled receivables for services rendered between the last billing date and the reporting date.

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

The Company records deferred revenue attributable to certain process transition activities where such activities do not represent separate performance obligations. Revenues relating to such transition activities are classified under contract liabilities and subsequently recognized 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 indirect taxes and applicable discounts and allowances. Reimbursements of out-of-pocket expenses received from customers have been included as part of revenues.

Revenue for performance obligations that are satisfied over time is recognized in accordance with the methods prescribed for measuring progress. The input (cost expended) method has been used to measure progress towards completion as there is a direct relationship between input and 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 customer may purchase a combination of products or services. The Company determines whether each product or service promised to a customer is capable of being distinct, and is distinct in the context of the contract. If not, the promised products or services are combined and accounted for as a single performance obligation. In the event of a multiple-element revenue arrangement, the Company allocates the arrangement consideration to separately identifiable performance obligations based on their relative stand-alone selling prices.

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 *(continued)*

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#### 2 Accounting policies *(continued)*

##### *Revenue (continued)*

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 administrative expenses.

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

##### *Share based payments*

The employees of the Company have been granted stock option, restricted share units and performance units by Genpact Limited, the ultimate holding company (parent company).

The Company recognises and measures compensation expense for all stock-based awards based on the grant date fair value. For option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton) and for awards other than option awards, grant date fair value is determined on the basis of fair market value of a Company's share on the date of grant of such awards. The Company recognises compensation expense for stock based awards net of estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Share based compensation Genpact Limited had granted stock based awards under the 2007 Omnibus Incentive Compensation Plan ("2007 Omnibus Plan") and 2017 Omnibus Incentive Compensation Plan ("2017 Omnibus Plan") to the employees of the Company. The shares covered by the forfeited, expired, terminated or cancelled award under these plan will be added to the number of shares otherwise available for grant. The company has entered into an agreement with Genpact Limited, whereby the Company will reimburse Genpact Limited for the share based compensation cost computed on the basis of grant date fair value method in respect of awards exercised by the employees of the company. Accordingly, the company has set up liability in respect of Employee stock based Awards payable to Genpact Limited computed on the basis of grant date fair value method in respect of all stock awards vested as well as outstanding as on 31 December 2020.

##### *Restricted Share Units*

The parent Company has granted restricted share units, or RSUs, under the 2007 and 2017 Omnibus Plans. Each RSU represents the right to receive one common share of parent Company. The fair value of each RSU is the market price of one common share of the parent Company on the date of grant. The RSUs granted to date have graded vesting schedules of three months to four years. The compensation expense is recognized on a straight-line basis over the vesting term.

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 *(continued)*

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#### 2 Accounting policies *(continued)*

##### *Performance Units*

The parent company also granted stock awards in the form of performance units, or PUs, and has granted PUs under both the 2007 and 2017 Omnibus Plans.

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

##### *Stock options*

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

##### *Pension and other post-employment benefits*

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

##### *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.

##### *Interest received*

Finance income is recognized 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.



## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

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

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates and assumptions are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any changes in estimates are adjusted prospectively in the Company's financial statements. Management believes that the estimates used in the preparation of the financial statements are reasonable, and management has made assumptions about the possible effects of the novel coronavirus ("COVID-19") pandemic on critical and significant accounting estimates.

*Management considers the following to be significant judgements:*

##### *Revenue recognition*

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

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

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

##### *Leases*

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

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

##### *Significant estimates and assumptions*

##### *Revenue driving from project related activities:*

Determining the amount of revenue to recognise in respect of project work ongoing at the year end. Factors taken into account in assessing the percentage completion of a project include hours worked and third party costs incurred versus budget, project phases, milestones completed or deliverables issued to the client.

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

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#### **3 Judgements in applying accounting policies and key sources of estimation uncertainty (*continued*)**

##### *Useful life of intangible assets*

Intangible assets are amortised over their useful lives. Useful lives are based on the management's estimates of the period that the assets will generate revenue. These estimates are reviewed at least annually and changes to these estimates can result in significant variations in the carrying value and amounts charged to profit or loss. The carrying amount of intangible assets by each class is included in note 11 and details of the useful lives are included within the accounting policy.

##### *Evaluation of indicators for impairment of assets:*

Determine whether there are indicators of impairment of the company's tangible and intangible assets, including investments. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

##### *Incremental borrowing rate used the measure lease liabilities*

The Company has applied an incremental borrowing rate for the purpose of computing lease liabilities. This is the rate of interest that the lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. This involves assumptions and estimates, which would affect the carrying value of the lease liabilities (note 23) and the corresponding right-of-use assets (note 13).

##### *Allowance for expected credit losses*

The Company uses a provision matrix to calculate allowance for expected credit losses (ECL) on trade receivables and unbilled receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is based on historical observed default rates. The Company calibrates the provision matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are adjusted to reflect current and forward-looking information on macroeconomic factors. The Company believes the most relevant forward-looking macroeconomic factors are gross domestic product, inflation rates and unemployment rates for each of the countries in which the Company or its customers operate, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and unbilled receivables is disclosed in Note 15.

## Genpact (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (continued)

### 4 Revenue from operations

	2020 \$ '000	2019 \$ '000
Analysis of revenue by customer group		
Revenue from external customers	2,967,937	2,550,483
Revenue from group companies	-	6,855
	<u>2,967,937</u>	<u>2,557,338</u>
Analysis of revenue by service type		
Business process management (BPM) services	2,685,332	2,171,400
Information technology (IT) services	282,605	385,938
	<u>2,967,937</u>	<u>2,557,338</u>
Analysis of revenue by geography		
United States of America	2,109,798	1,719,736
United Kingdom	202,946	190,629
Rest of the world	655,193	646,973
	<u>2,967,937</u>	<u>2,557,338</u>

### 5 Customer contracts

	Contract assets 2020 \$ '000	Contract assets 2019 \$ '000	Contract liabilities 2020 \$ '000	Contract liabilities 2019 \$ '000
Balance as at 1 January	36,573	20,694	141,183	49,480
Addition during the year	15,918	31,296	125,240	115,350
Deletion during the year	(36,639)	(15,417)	(76,120)	(23,647)
Foreign exchange loss/(gain)	-	-	1,038	-
	<u>15,852</u>	<u>36,573</u>	<u>191,341</u>	<u>141,183</u>
Balance as at 31 December	15,852	36,573	191,341	141,183

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 "Trade and other payables" respectively on the face of the statement of financial position. 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.

# Genpact (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 5 Customer contracts (continued)

The amount of incremental costs to obtain a contract which has been recognized as an asset during the year is \$93,990,196 (2019: \$145,598,653) and the amount of costs recognized as an expense during the year is \$62,908,989 (2019: \$44,366,271). No amount has been impaired in the current or previous period.

### 6 Operating profit

	2020 \$ '000	2019 \$ '000
The operating profit is stated after charging:		
Staff costs (see note 8)	100,561	97,898
Depreciation of property, plant and equipment (see note 12)	491	179
Depreciation of Right of use assets (see note 13)	7,772	1,343
Amortization of Softwares (see note 11)	9,242	8,838
Amortization of customer relationships (see note 11)	2,932	2,780
Impairment of customer relationships (see note 11)	-	16,833
Expenses related to short term leases	-	14
Foreign exchange loss/(gain)	4,751	(15,861)
	<hr/>	<hr/>

### 7 Auditor's remuneration

	2020 \$ '000	2019 \$ '000
Audit fees	250	230
Non audit fees	3	3
	<hr/>	<hr/>

## Genpact (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 *(continued)*

### 8 Employees

	2020 \$ '000	2019 \$ '000
Staff costs consist of:		
Wages and salaries	80,052	78,146
Social security costs	9,680	10,021
Cost of defined contribution scheme	3,637	3,492
Share based payments	7,192	6,239
	<u>100,561</u>	<u>97,898</u>
Average monthly number of employees, including directors, during the year were as follows	Number	Number
Directors	3	3
IT and accounting	331	322
Administrative	177	180
	<u>511</u>	<u>505</u>
	\$ '000	\$ '000
Directors' emoluments	<u>7,438</u>	<u>1,764</u>

There were 4 directors in the Company's defined contribution plan during the year. (2019: 3).

#### *Highest paid director*

The total emoluments paid to the highest paid director in respect of emoluments was \$5,865,023 (2019: \$841,859). Company pension contributions of \$2,488 (2019: \$14,177) were paid to a defined contribution scheme on their behalf.

# Genpact (UK) Limited

## Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

### 9 Interest receivable and interest payable

	2020 \$ '000	2019 \$ '000
<b>Interest receivable</b>		
Interest receivable from group undertakings	4,167	5,209
Interest income earned from third parties	-	23
	<u>4,167</u>	<u>5,232</u>
<b>Interest payable</b>		
Interest cost on deep discount bonds (see note 17)	(5,591)	(5,150)
Unwinding of interest on lease liability	(633)	(115)
Interest expense for third party discount factoring	(1,228)	-
Interest payable to group undertakings	(2,283)	(2,127)
Others	(37)	-
	<u>(9,772)</u>	<u>(7,392)</u>

### 10 Taxation on profit

	2020 \$ '000	2019 \$ '000
<b>a) Tax charged in the Income Statement</b>		
<i>Current tax</i>		
UK corporation tax	4,617	9,112
Tax reserve on MTM gain	1,218	3,038
Adjustment in respect of prior years	(30)	126
	<u>5,805</u>	<u>12,276</u>
<i>Deferred tax</i>		
Origination and reversal of temporary differences	(702)	(2,156)
Adjustment in respect of prior years	(19)	(37)
Adjustment in respect of rates	(377)	122
	<u>(1,098)</u>	<u>(2,071)</u>
<b>Taxation on profit from ordinary activities</b>	<u>4,707</u>	<u>10,205</u>

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

#### 10 Taxation on profit (*continued*)

	2020 \$ '000	2019 \$ '000
b) Tax (credited) in other comprehensive income		
<i>Deferred tax</i>		
Fair value movement on derivatives	(3)	(1,883)
	<u>(3)</u>	<u>(1,883)</u>
Total deferred tax	(3)	(1,883)
	<u>(3)</u>	<u>(1,883)</u>
Tax (credit) to other comprehensive income	(3)	(1,883)
	<u>(3)</u>	<u>(1,883)</u>
c) Tax charged/(credited) in retained earnings		
<i>Current tax</i>		
UK corporation tax	(481)	(122)
	<u>(481)</u>	<u>(122)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	1,459	(2,914)
	<u>1,459</u>	<u>(2,914)</u>
Tax charge/(credit) in retained earnings	978	(3,036)
	<u>978</u>	<u>(3,036)</u>
<b>Factors affecting tax charge for the year</b>		
(d) Reconciliation of the total tax charge/(credit) in the income statement		
Profit on ordinary activities before tax	17,390	20,076
	<u>17,390</u>	<u>20,076</u>
Profit on ordinary activities multiplied by standard rate of corporation tax of 19% (2019: 19%)	3,304	3,814
	<u>3,304</u>	<u>3,814</u>
Effects of:		
Expenses not deductible for tax purposes	610	3,141
Adjustment in respect of previous periods	(48)	90
Tax reserve on MTM gains	1,218	3,038
Tax rate adjustments	(377)	122
	<u>1,403</u>	<u>6,391</u>
Total tax charge for the year	4,707	10,205
	<u>4,707</u>	<u>10,205</u>

#### Factors that may affect future tax charges

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction to 17% the rate will now not occur and will be held at 19%. As substantial enactment was prior to the balance sheet date, deferred tax balances as at December 2020 are now measured at 19%, rather than 17%. In the March 2021 Budget it was announced that legislation will be introduced in Finance Bill 2021 to increase the main rate of UK corporation tax from 19% to 25%, effective 1 April 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2020 continue to be measured at a rate of 19%.

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 *(continued)*

#### 11 Intangible assets

	Customer relationships \$ '000	Software \$ '000	Total \$ '000
<i>Cost</i>			
As at 1 January 2020	28,564	45,811	74,375
Additions	-	-	-
Adjustments*	-	(3,592)	(3,592)
	<u>28,564</u>	<u>42,219</u>	<u>70,783</u>
As at 31 December 2020			
<i>Accumulated amortization</i>			
As at 1 January 2020	(3,422)	(8,852)	(12,274)
Charge for the year	(2,932)	(9,242)	(12,174)
	<u>(6,354)</u>	<u>(18,094)</u>	<u>(24,448)</u>
At 31 December 2020			
<i>Impairment loss</i>			
Charge for the year 2019	(16,833)	-	(16,833)
Charge for the year 2020	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net book value</i>			
As at 31 December 2020	<u>5,377</u>	<u>24,125</u>	<u>29,502</u>
As at 31 December 2019	<u>8,309</u>	<u>36,959</u>	<u>45,268</u>

The intangible assets includes fair value of customer contracts acquired as a part of internal restructuring from Genpact International Inc. and software acquired from GE as a part of process acquisition. The asset is carried at \$29,501,961 (2019: \$45,267,801) and will be amortized over the period of 4-5 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, there were reduction in scope of services with certain GE businesses. This resulted, as per the contractual terms, in the recovery of the net book value (NBV) amounting to \$3,591,747 of the intangible assets which were used by the Company for provision of services to these businesses. These recoveries towards NBV is included in 'other assets' and the same has been reduced from the gross block.



## Genpact (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 *(continued)*

### 12 Property, plant and equipment

	Computer equipment \$ '000	Furniture and fixtures \$ '000	Leasehold improvements \$ '000	Plant, machinery and equipment \$ '000	Total \$ '000
<i>Cost</i>					
As at 1 January 2020	1,276	57	120	489	1,942
Additions	261	164	132	53	610
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2020	<b>1,537</b>	<b>221</b>	<b>252</b>	<b>542</b>	<b>2,552</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>					
As at 1 January 2020	(750)	(57)	(120)	(489)	(1,416)
Depreciation for the year	(183)	(164)	(132)	(12)	(491)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2020	<b>(933)</b>	<b>(221)</b>	<b>(252)</b>	<b>(501)</b>	<b>(1,907)</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
As at 31 December 2020	<b>604</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>645</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
As at 31 December 2019	526	-	-	-	526
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

## Genpact (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 *(continued)*

### 13 Right of use assets

	Leased lines	Office buildings	Total \$ '000
<i>Cost</i>			
As at 1 January 2020	9,305	6,475	15,780
Additions	8,097	-	8,097
Effect of modification to lease terms	(1,569)	-	(1,569)
Exchange differences	-	140	140
	<hr/>	<hr/>	<hr/>
As at 31 December 2020	15,833	6,615	22,448
	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>			
As at 1 January 2020	383	960	1,343
Depreciation for the year	4,392	3,380	7,772
	<hr/>	<hr/>	<hr/>
As at 31 December 2020	4,775	4,340	9,115
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
As at 31 December 2020	11,058	2,275	13,333
	<hr/>	<hr/>	<hr/>
As at 31 December 2019	8,922	5,515	14,437
	<hr/>	<hr/>	<hr/>

## Genpact (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (*continued*)

### 14 Investments in subsidiary

	Investment in subsidiary \$ '000
<i>Cost and net book value</i>	
As at 1 January 2020	135,725
Additions	-
	<hr/>
As at 31 December 2020	<b>135,725</b>
	<hr/>

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

Name of company		Proportion of voting rights and ordinary shares held	Nature of business
<i>Subsidiary undertakings</i>	Country of Incorporation/ Principal place of business		
Genpact International LLC	United States of America	100%	Business Process management

#### Registration address

1155 Avenue Of The Americas,  
4th Floor, New York, New York,  
United States, 10036

## Genpact (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 (*continued*)

### 15 Trade and other receivables

	2020 \$ '000	2019 \$ '000
<b>Current portion</b>		
Trade debtors ^ (net of provisions +\$2,655,184 (2019: \$172,021))	486,733	458,439
Amounts owed by group undertakings! ^	652,482	451,630
Prepayments and accrued income ^	297,339	271,383
Corporation tax	941	-
Deferred costs	74,144	58,628
Contract assets	10,017	14,315
Advances	12,102	491
	<b>1,533,758</b>	<b>1,254,886</b>
<b>Non-current portion</b>		
Long term accrued income ^	26,525	7,311
Deferred costs	111,787	93,710
Contract assets	5,835	22,258
	<b>144,147</b>	<b>123,279</b>

! Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are recoverable on demand.

+ Absolute numbers

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

The Company uses simplified approach to recognize credit losses on trade and unbilled receivables. Unbilled receivables have similar characteristics to the trade receivables for similar types of contracts and are grouped together to compute credit losses. The provision is based on historical rate adjusted for forward-looking information. Trade receivables are assumed to be credit-impaired if it is unlikely that the customer will fulfill its obligation. To measure the expected credit losses on these receivables historical defaults are considered, while taking into account predicted future economic conditions.

## Genpact (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 *(continued)*

### 16 Deferred tax asset

	2020 \$ '000	2019 \$ '000
Asset/(liabilities) as at 1 January	3,669	(3,199)
Credit to statement of Income	1,098	2,071
Credit/(charge) to equity	(1,459)	2,914
Charge to other comprehensive income	3	1,883
	<hr/>	<hr/>
Asset as at 31 December	3,311	3,669
	<hr/>	<hr/>
The deferred tax balance is made up as follows:		
Accelerated capital allowance	(99)	1,141
Temporary timing difference	5,850	4,971
Fair value movement on derivatives	(2,440)	(2,443)
	<hr/>	<hr/>
	3,311	3,669
	<hr/>	<hr/>

### 17 Trade and other payables

	2020 \$ '000	2019 \$ '000
<b>Current portion</b>		
Unsecured deep discount bonds (see footnote (i))	55,425	-
Amounts owed to group undertakings	1,589,889	1,306,488
Other taxes and social security	21,181	14,368
Corporation tax	-	6,678
Accruals	41,651	31,059
Deferred income	130,937	75,747
Other creditors	612	3,590
	<hr/>	<hr/>
	1,839,695	1,437,930
	<hr/>	<hr/>

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

	2020 \$ '000	2019 \$ '000
<b>Non-current portion</b>		
Unsecured deep discount bonds (see footnote (i))	73,779	123,613
Deferred income	60,404	65,436
	<hr/>	<hr/>
	134,183	189,049
	<hr/>	<hr/>

## Genpact (UK) Limited

Notes forming part of the financial statements  
for the year ended 31 December 2020 *(continued)*

### 17 Trade and other payables *(continued)*

#### Provisions

Provisions made during 2020 and  
closing balances#

Particulars	Employee related provisions	Client related provisions*	Total
As at 1 January 2020	1,556	2,765	4,321
Charged to Statement of Comprehensive Income	2,221	49,660	51,881
Utilised during the year	(1,556)	(11,325)	(12,881)
Released during the year	-	(980)	(980)
Foreign exchange differences	-	200	200
	<hr/>	<hr/>	<hr/>
As at 31 December 2020	<b>2,221</b>	<b>40,320</b>	<b>42,541</b>
	<hr/>	<hr/>	<hr/>
Due within one year or less	2,221	40,320	42,541

\* Client related provisions includes provisions for warranty, productivity, and volume discounts.

#### *Footnote (i)*

\$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.

#### *#Restatement of prior period balance (reclassification)*

The statement of financial position for the previous year has been restated to disaggregate current and non-current liabilities in order to align with the requirements of IAS 1 by presenting separate line items for trade and other payables, lease liabilities, provisions and derivative financial liabilities. Further employee related and client related provisions were incorrectly classified as non-current liabilities, as a result the directors have rectified the position in 2019. These have no impact on the net asset position of the company.

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 *(continued)*

#### 18 Derivative financial instruments

The Company is exposed to the risk of rate fluctuations on foreign currency assets and liabilities and on foreign currency denominated forecasted cash flows. The Company has established risk management policies, including the use of derivative financial instruments to hedge foreign currency assets and liabilities and foreign currency denominated forecasted cash flows. These derivative financial instruments are deliverable and non-deliverable forward foreign exchange contracts. The Company enters into these contracts with counterparties that are banks or other financial institutions, and the Company considers the risk of non-performance by such counterparties not to be material.

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies. The forward foreign exchange contracts mature over periods of up to 48 months and the forecasted transactions are expected to occur during the same periods.

	2020 \$ '000	2019 \$ '000
Derivative financial assets		
Derivative designated as hedging instruments		
Forward foreign exchange contracts – cash flow hedges	28,822	16,757
	<hr/>	<hr/>
Total derivative financial assets	28,822	16,757
	<hr/>	<hr/>
Current and non-current		
Current	22,943	14,207
Non-current	5,879	2,550
Derivative financial liabilities		
Derivative designated as hedging instruments		
Forward foreign exchange contracts	23,501	16,955
	<hr/>	<hr/>
Total derivative financial liabilities	23,501	16,955
Less non-current portion	6,027	12,924
Current portion	17,474	4,031
	<hr/>	<hr/>

#### *Cash flow hedges*

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

## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

#### 18 Derivative financial instruments (continued)

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

	Before tax amounts	Tax (expense) or benefit	Net of tax amount
Opening balance	250	2,443	2,693
Net (gains) reclassified into statement of income on completion of hedged transactions	(1,498)	(934)	(2,432)
Changes in fair value of effective portion of outstanding derivatives, net	<u>(4,005)</u>	<u>930</u>	<u>(3,075)</u>
Unrealised (gain) on cash flow hedging derivatives, net	<u>(5,503)</u>	<u>(4)</u>	<u>(5,507)</u>
Closing balance	<u>(5,253)</u>	<u>2,439</u>	<u>(2,814)</u>

As a part of the original novation of contracts, the deferred tax on derivatives liability/assets is calculated on the net outstanding value of the contracts transferred.

#### 19 Share capital

	2020 Number	Allotted, called up and fully paid 2020 \$	2019 Number	2019 \$
Ordinary shares of £1 each (authorized share capital is £100)	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.

The shares have attached to them full voting, dividend, and capital distribution rights.

#### 20 Reserves

The composition of Company's reserves are:

Reserve	Description and Purpose
Share capital	Nominal value of share capital subscribed
Profit and loss account	Cumulative undistributed profits earned to date.
Cash flow hedge reserve	The cumulative recognized effective portion of the fair value movement on derivative instruments

#### 21 Pension commitments

The company contributes to a defined contribution pension scheme. The pension cost charges represent contributions payable by the company to the HMRC (Her Majesty's Revenue and Customs) and amounted to \$ 5,918,881 (2019: \$ 5,842,315). Contributions totalling \$ 558,297 (2019: \$ 532,940) were payable to the HMRC at the balance sheet date.



## Genpact (UK) Limited

### Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

#### 22 Share based payments

##### Stock options

The weighted average share price of Genpact Limited during the year ended 31 December 2020 was \$33.12 (2019 – \$42.17).

The weighted average remaining contractual lives of the options was 2.38 years (2019 – 3.74 years).

At the end of the year there was one option outstanding, with the ranges of exercise price of \$30.30 (2019 – \$14.32-\$31.50).

The Black-Scholes option pricing model was used to value the equity-settled share-based payment awards as it was considered that this approach would result in materially accurate estimate of the fair value of options granted.

#### 23 Commitments under leases

The Company has lease contracts for various items of bandwidth lines, 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. The company leases out the investment properties under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

Lease liabilities are due as follows:

	2020 \$ '000	2019 \$ '000
0-1 years	8,262	5,939
1-2 years	5,344	4,981
2-5 years	649	4,275
	<hr/> 14,255 <hr/>	<hr/> 15,195 <hr/>
		\$ '000
Lease liabilities recognized at 1 January 2020		15,195
Add: Additions during the year		8,097
Less: Effect of modifications to lease terms		(1,580)
Add: interest		633
Less: Payments during the year		(8,215)
Add: Exchange differences		125
		<hr/> 14,255 <hr/>
Lease liability as at 31 December 2020		<hr/> 14,255 <hr/>

The total cash outflow for leases in 2020 was split as follows:

cash payments of \$ 7,583,618 for the principal portion of the lease liabilities  
cash payments \$ 633,341 for the interest portion of the lease liabilities

## **Genpact (UK) Limited**

**Notes forming part of the financial statements  
for the year ended 31 December 2020 (continued)**

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### **24 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.

### **25 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 largest and smallest group in which the results of the Company are consolidated is that headed by the company's ultimate parent undertaking, Genpact Limited. 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>.