

Genpact LTD  
Form 10-K  
February 23, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-K**

**Annual Report Pursuant to Section 13 or 15(d)**

**of the Securities Exchange Act of 1934**

For the fiscal year ended: **December 31, 2009**

Commission file number: **001-33626**

**GENPACT LIMITED**

(Exact name of registrant as specified in its charter)

**Bermuda**

(State or other jurisdiction of incorporation or organization)

**98-0533350**

(I.R.S. Employer Identification No.)

**Canon s Court**

**22 Victoria Street**

**Hamilton HM**

**Bermuda**

**(441) 295-2244**

(Address, including zip code, and telephone number, including area code, of registrant s principal executive office)

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Securities registered pursuant to Section 12(b) of the Act:

<b>Title of Each Class</b>	<b>Name of Exchange on Which Registered</b>
Common shares, par value \$0.01 per share	New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

(Do not check if a smaller reporting company)

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

As of June 30, 2009, the aggregate market value of the common stock of the registrant held by non-affiliates of the registrant, was \$1,276,893,110, based on the closing price of the registrant's common shares, par value of \$0.01 per share, reported on the New York Stock Exchange on such date of \$11.75 per share. Directors, executive officers and significant shareholders of Genpact Limited are considered affiliates for purposes of this calculation, but should not necessarily be deemed affiliates for any other purpose.

As of February 19, 2010, there were 217,881,172 common shares of the registrant outstanding.

## Documents incorporated by reference:

The registrant intends to file a definitive proxy statement pursuant to Regulation 14A within 120 days of the end of the fiscal year ended December 31, 2009. Portions of the proxy statement are incorporated herein by reference to the following parts of this Annual Report on Form 10-K:

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

Part III, Item 11, Executive Compensation;

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

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

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

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**Special Note Regarding Forward-Looking Statements**

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

our ability to retain existing clients and contracts;

our ability to win new clients and engagements;

the expected value of the statements of work under our master service agreements;

our beliefs about future trends in our market;

political or economic instability in countries where we have operations;

worldwide political, economic or business conditions;

political, economic or business conditions where our clients operate;

expected spending on business process services by clients;

foreign currency exchange rates;

our rate of employee attrition;

our effective tax rate; and

competition in our industry.

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

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

our relative dependence on GE;

our dependence on revenues derived from clients in the United States;

our ability to hire and retain enough qualified employees to support our operations;

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

increases in wages in locations in which we have operations;

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

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our ability to maintain pricing and asset utilization rates;

fluctuations in exchange rates between U.S. dollars, euros, U.K. pounds sterling, Chinese renminbi, Hungarian forint, Japanese yen, Indian rupees, Australian dollars, Philippines Peso, Guatemala quetzal, Moroccan dirham (DH), Polish zloty, Romanian leu and South African rand;

our ability to retain senior management;

the selling cycle for our client relationships;

our ability to attract and retain clients and our ability to develop and maintain client relationships based on attractive terms;

legislation in the United States or elsewhere that adversely affects the performance of business process services offshore;

increasing competition in our industry;

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

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

further deterioration in the global economic environment and its impact on our clients;

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

the international nature of our business;

technological innovation;

our ability to derive revenues from new service offerings;

unionization of any of our employees; and

our ability to successfully consummate or integrate strategic acquisitions.

Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Achievement of future results is subject to risks, uncertainties, and potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward looking

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statements. We are under no obligation to update any of these forward-looking statements after the date of this filing to conform our prior statements to actual results or revised expectations. You are advised, however, to consult any further disclosures we make on related subjects in our Form 10-Q and Form 8-K reports to the SEC.



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**PART I**

**Item 1. Business**

**Overview**

We are a leader in managing business processes, offering a broad portfolio of enterprise and industry-specific services. We manage over 3,000 processes for more than 400 clients worldwide. Putting process in the forefront, we couple our deep process knowledge and insights with focused information technology capabilities, targeted analytics and pragmatic reengineering to deliver comprehensive solutions for clients. Lean and Six Sigma are an integral part of our culture and we view the management of business processes as a science. We have launched Smart Enterprise Processes (SEP<sup>SM</sup>), a groundbreaking, rigorously scientific methodology for managing business processes, which focuses on optimizing process effectiveness in addition to efficiency to deliver superior business outcomes. Services are seamlessly delivered from a global network of centers to meet a client's business objectives, cultural and language needs and cost reduction goals.

We have a unique heritage. We built our business by meeting the demands of the leaders of the General Electric Company, or GE, to increase the productivity of their businesses. We began in 1997 as the India-based captive business process services operation for General Electric Capital Corporation, or GE Capital, GE's financial services business. As the value of offshoring was demonstrated to the management of GE, it became a widespread practice at GE and our business grew in size and scope. We took on a wide range of complex and critical processes and we became a significant provider to many of GE's businesses, including Consumer Finance (GE Money), Commercial Finance, Healthcare, Industrial, NBC Universal and GE's corporate offices.

Our leadership team, our methods and our culture have been deeply influenced by our eight years as a captive operation of GE. Many elements of GE's success—the rigorous use of metrics and analytics, the relentless focus on improvement, a strong emphasis on the client and innovative human resources practices—are the foundations of our business.

As of December 31, 2009 we have more than 38,600 employees with operations in thirteen countries. In 2009, we had net revenues of \$1.12 billion, of which 59.7% was from clients other than GE, which we refer to as Global Clients.

Our registered office is located at Canon's Court, 22 Victoria Street, Hamilton HM, Bermuda.

**The Company**

*The 2004 Reorganization*

Prior to December 30, 2004, our business was conducted through various entities and divisions of GE. On December 30, 2004, in a series of transactions we refer to as the 2004 Reorganization, GE reorganized these operations by placing them all under Genpact Global Holdings SICAR S.à.r.l., or GGH, a newly formed company. GE's affiliate, GE Capital International (Mauritius) also sold an indirect 60% interest in GGH to Genpact Investment Co. (Lux) SICAR S.à.r.l., or GICo, an entity owned in equal portions by General Atlantic LLC, or General Atlantic, and Oak Hill Capital Partners, or Oak Hill. Since the 2004 Reorganization, GE, through its affiliates, sold a portion of its equity in us pursuant to several separate transactions. As of December 31, 2009, GE, through its affiliates, owned 18.37% of our outstanding equity.

Following the 2004 Reorganization, we began operating as an independent company. We separated ourselves operationally from GE and began building the capabilities necessary to be successful as an independent company. Among other things, we expanded our management infrastructure and business development capabilities so that we could secure business from clients other than GE. We substantially expanded administrative functions for which we had previously relied primarily on GE, such as finance, legal, accounting and human resources. We created separate employee benefit and retirement plans, developed our own leadership training capability and enhanced our management information systems.

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### *The 2007 Reorganization and IPO*

On March 29, 2007, we formed Genpact Limited in Bermuda to be the new holding company for our business. It was initially a wholly-owned subsidiary of GGH. On July 13, 2007, we effectuated a transaction that resulted in Genpact Limited owning 100% of the capital stock of GGH. This transaction together with other related transactions is referred to as the 2007 Reorganization. This transaction occurred by the shareholders of GGH exchanging their common shares of GGH for common shares of Genpact Limited and the shareholders of Genpact Global (Lux) S.à.r.l., or GGL, exchanging their common and preferred shares of GGL for common shares of Genpact Limited. In addition, as part of the 2007 Reorganization, GGL, which owned approximately 63% of the outstanding equity of GGH, became a wholly owned subsidiary of Genpact Limited pursuant to a share exchange. GGL had no operations or assets other than its ownership interest in GGH, and had no liabilities other than obligations for accumulated dividends on preferred shares that were eliminated in the 2007 Reorganization and certain tax liabilities of \$2.1 million that were paid on July 27, 2007. GE, through its affiliate GE Capital (International) Mauritius Holdings Ltd., and GICo reimbursed us for such tax liabilities in accordance with their agreement to indemnify us for such liabilities. As part of the 2007 Reorganization, GGH became a Bermuda company and changed its name to Genpact Global Holding (Bermuda) Limited and GGL also became a Bermuda company, in accordance with the laws of Bermuda and Luxembourg and its name was changed to Genpact Global (Bermuda) Limited. We use the terms Genpact , Company , we and us to refer to both GGH and its subsidiaries prior to July 13, 2007 and Genpact Limited and its subsidiaries after such date.

On August 1, 2007, we commenced an initial public offering of our common shares, pursuant to which we and certain of our existing shareholders each sold 17.65 million common shares at a price of \$14 per share. The offering resulted in gross proceeds of \$494.1 million and net proceeds to us and the selling shareholders of approximately \$233.5 million each after deducting underwriting discounts and commissions. Additionally, we incurred offering-related expenses of approximately \$9.0 million. On August 14, 2007, the underwriters exercised their option to purchase 5.29 million additional common shares from us at the initial offering price of \$14 per share to cover over-allotments resulting in additional gross proceeds of \$74.1 million and net proceeds of approximately \$70.0 million to us, after deducting underwriting discounts and commissions.

### **Our Opportunity**

Globalization of the world's economy remains the most powerful economic trend of our lifetime. It is driven by expanding technology capabilities, the relaxation of local laws and regulations that previously impeded cross-border trade, more efficient global telecommunications, demographic factors and the recognition by business leaders that a highly skilled global workforce can be a competitive business advantage. These dynamics are creating an entirely new set of competitive challenges for companies around the world. While the global economic downturn that began at the end of 2008 adversely affected many industries, including our own, we believe that the long-term trends favoring globalization of services will continue.

Globalization has contributed to increased competition for companies around the world, particularly in the established economies of North America and Europe. These dynamics, together with the recent recessionary environment, have forced companies to focus on ways to improve productivity and manage costs more aggressively in order to maintain or enhance their competitive positions and increase shareholder value. As part of their response to the pressures of globalization, business leaders initially began offshoring business processes to captive businesses and outsourcing business processes to third parties, including by sending such processes offshore to workers in countries where wage levels were lower than in North America and Europe.

Outsourcing initially focused on realizing immediate cost savings and involved labor-intensive processes such as call center services and data entry. The frequency with which these processes were outsourced increased as companies recognized that offshore service providers could run these processes more efficiently by recruiting and training skilled labor in larger numbers and at lower cost than was available in a company's home market.

The use of information technology has also been an important catalyst for the growth of outsourcing. Before outsourcing business processes, companies more frequently outsourced IT operations. As companies realized

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benefits from outsourcing IT services, they became more willing to outsource other types of processes. At the same time, growth in the use of IT contributed to greater efficiencies in business processes and other productivity enhancements. As a result, knowledge of IT platforms and technology became increasingly important to effective business process management.

Initially, India became the primary destination for offshore business process outsourcing, due to wage levels that are much lower than in the United States. In addition, India offers a large, growing and highly educated English-speaking workforce, a time zone that offers a 24-hour work cycle from a North American and European perspective and a business and regulatory environment that is increasingly conducive to interacting with North American and European companies. However, as demand and the range of services have grown, other destinations have become increasingly important.

This growth is a function of the increasing acceptance of the globalization of services and the constantly expanding notions of what can be outsourced and the benefits that can be achieved. The services that are being outsourced today are much broader, and involve much higher valued functionality than originally outsourced, and include engineering, design, software programming, accounting, healthcare services, legal services, financial analysis, consulting activities and other services, and cut across all industries.

Ongoing competitive pressures and the need for further productivity improvements have led companies to consider outsourcing more critical and complex business processes and to focus on continuously improving those processes, rather than simply trying to operate them at a lower cost. As a result, many companies have been forced to redefine their core competencies. For example, companies across many industries have outsourced their accounting and finance functions, which were once considered core corporate activities, to third party providers. Today, companies look to achieve a wider range of objectives from outsourcing as portrayed in the diagram below:

Each step along this continuum provides additional value to enterprises that outsource business processes. Delivering significant cost savings by transitioning business processes offshore allows companies to benefit from a labor cost arbitrage. Converting fixed costs into variable ones through outsourcing can provide additional capacity and ongoing business flexibility. Continuously improving business processes offers ongoing productivity benefits and margin expansion opportunities. Ultimately, companies seek business impact such as increased revenue, expanded margins, improved working capital management, increased customer satisfaction and enhancement in their competitive positions.

Today, the willingness to outsource a broader array of business processes, from the relatively simple to the more critical and complex, and the fact that many business processes can be enhanced through the application of IT, has created an opportunity for service providers that have broad and deep capabilities, as well as expertise in both process operation and IT platforms. Companies that are ready to embrace the outsourcing of complex business processes are seeking service providers with a broad range of capabilities with which they can establish a strategic relationship that will grow over time. Many senior, or C-level, executives today consider the following factors when looking to collaborate with a service provider:

*Process excellence.* A service provider should have accumulated significant experience and insight through having transitioned, managed and improved processes across a number of different service lines and industries.

*Global delivery.* Many companies want a service provider with an extensive global delivery network, so that the provider can leverage a multi-lingual talent base to meet the client's needs across multiple geographies and time zones.

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*Analytical approach.* A service provider should have the ability to apply advanced analytical methods to address its clients' needs and to increase their productivity.

*IT expertise.* A service provider should have knowledge of, and experience with, IT platforms and applications and be able to apply that IT expertise to improve business processes and transitioning.

*Domain expertise.* A service provider should have institutional knowledge of relevant industries and functional processes.

*Stable workforce.* The outsourcing industry has high employee attrition, leading companies often to consider whether the provider can effectively recruit, train and retain employees, as this is critical to delivering consistent high quality services.

*Scale.* Large companies want a service provider that possesses a large employee base with strong middle and senior management as well as a technology and telecommunications infrastructure that can support large scale outsourcing engagements across multiple functions, business units and geographies.

## **Our Solution**

We manage a wide range of business processes that address the transactional, managerial, reporting and planning needs of our clients. We seek to build long-term client relationships with companies that wish to improve the ways in which they do business and where we can offer a full range of services. With our broad and deep capabilities and our global delivery platform, our goal is to deliver comprehensive solutions and continuous process improvement to clients around the world and across multiple industries.

### *Our Broad Expertise*

Our services include finance and accounting, collections and customer services, back office support for banking, financial services and insurance companies, supply chain and procurement, analytics, enterprise application and IT infrastructure. Significant business impact can often best be achieved by redesigning and operating a combination of processes, as well as providing multiple services that combine elements of several of our service offerings. In offering our services, we draw on three core capabilities: process expertise, analytical ability and technology expertise, as well as the operational insight we have acquired from our experience managing thousands of processes in diverse industries.

*Process Expertise.* We have extensive experience in operating a wide range of processes and have used this expertise to launch Smart Enterprise Processes (SEP<sup>SM</sup>). SEP<sup>SM</sup> is a unique, scientific, and highly granular approach to managing business processes. In addition to efficiency, it focuses on maximizing process effectiveness, which can deliver two to five times the end business outcomes, like cash flow and margins, when compared to processes that run at average or below. We also apply the principles of Six Sigma and Lean to eliminate defects and variation and reduce inefficiency and develop and track operational metrics to measure process performance as a means of monitoring service levels and enhancing productivity.

*Analytical Capabilities.* Our analytical capabilities are central to our improving business processes. They enable us to work with our clients and identify weaknesses in business processes and redesign and re-engineer them to create additional business value and provide the data analysis and insights for supporting decision support processes for clients. We also rigorously apply analytical methodologies, which we use to measure and enhance performance of our client services. We also apply these methodologies to measure and improve our own internal functions, including recruitment and retention of personnel.

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*Technology Expertise.* Our information technology expertise includes extensive knowledge of third-party hardware, network and computing infrastructure, and enterprise resource planning and other software applications. We also use technology to better manage the transition of processes, to automate and operate processes more efficiently and to replace or redesign processes so as to enhance productivity. Our ability to combine our business process and IT expertise along with our Six Sigma and Lean skills allow us, for example, to perform enterprise resource planning, or ERP, implementations on budget and on time, as well as to ensure our clients achieve the full potential of business intelligence platforms and web based software platforms.

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

### *Our Strategic Client Model*

We seek to create long-term relationships with our clients where they view us as an integral part of their organization and not just as a service provider. These relationships often begin with the outsourcing of discrete processes and, over time, expand to encompass multiple business processes across a broader set of functions and geographic areas. No matter how large or small the engagement, we strive to be a seamless extension of our client's operations. To achieve this goal, we developed the Genpact Virtual Captive<sup>SM</sup> model for service delivery, and we may implement all or some of its features in any given client relationship, depending on the client's needs. Under this approach, we provide a client with dedicated employees and management as well as dedicated infrastructure at our Delivery Centers to create a virtual extension of the client's own team and environment. We train our people in the client's culture so that they are familiar not only with the process but with the business environment in which it is being executed.

### *Our Global Delivery Platform*

We have a global network of 39 Delivery Centers in thirteen countries. Our Delivery Centers are located in India, China, Guatemala, Hungary, Mexico, Morocco, the Philippines, Poland, the Netherlands, Romania, South Africa, Spain and the United States. Our presence in locations around the world provides us with multi-lingual capabilities, access to a larger talent pool, near-shoring capabilities to take advantage of time zones as well as the ability to provide services from the United States. With this network, we can manage complex processes in multiple geographic regions. We use different locations for different types of services depending on the specific client needs and the mix of skills and cost of employees available in each location. We have been a pioneer in our industry in opening centers in several cities in India as well as in some of the other countries in which we operate and becoming an employer of choice in those locations. We expect to continue to expand our global footprint in order to better serve our clients.

### *Our People and Culture*

We have an experienced and cohesive leadership team. Many members of our leadership team developed their management skills working within GE and many of them were involved in the founding of our business. They have built our business based on the experience gained in helping GE meet a wide range of challenges. As a result, we are an institutional embodiment of much of the wisdom and experience GE developed in improving and managing its own business processes. We have created, and constantly reinforce, a culture that emphasizes teamwork, constant improvement of our processes and, most importantly, dedication to the client. A key determinant of our success, especially as we continue to increase the scale of our business, is our ability to attract, hire, train and retain employees in highly competitive labor markets. We manage this challenge through innovative human resources practices. These include broadening the employee pool by opening Delivery Centers

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in diverse locations, using innovative recruiting techniques to attract the best employees, emphasizing ongoing training, instilling a vibrant and distinctive culture and providing well-defined long term career paths. We also have programs modeled on GE management training programs to develop the next generation of leaders and managers of our business.

As of December 31, 2009, we had more than 38,600 employees including over 10,700 employees with Six Sigma green-belt training and 530 employees with Six Sigma black-belt training, as well as more than 23,500 Lean trained employees. This large number of employees with Six Sigma and Lean training helps infuse our organization with a disciplined, analytical approach to everything we do. In addition, more than 9,000 of our employees hold post-graduate degrees and more than 23,800 are university graduates. We monitor and manage our attrition rate very closely, and believe our attrition rate is one of the lowest in the industry. We attribute this to our reputation, our ability to attract high quality applicants, our emphasis on maintaining our culture and the breadth of exposure, experience and opportunity for advancement that we provide to our employees.

### **Our Strategy**

The specific elements of our strategy include the following:

#### *Expand Relationships with Existing Clients*

We continuously strive to deepen and expand relationships with our existing clients, including GE, and as of December 31, 2009 had more than 400 clients. Many of these relationships are at an early stage and we believe they offer significant opportunities for growth. As we demonstrate the value that we can provide, often with a discrete process, we are frequently able to expand the scope of our work in a variety of ways.

#### *Develop New Client Relationships*

In addition to expanding our current client relationships, we seek to develop new long-term client relationships, especially with those clients where we have an opportunity to deliver a broad range of our capabilities and can have a meaningful impact on their businesses.

#### *Continue To Promote Process Excellence*

The ability to deliver continuous process improvement is an important part of the value that we offer to our clients. We have built a significant repository of process expertise across a wide range of processes such as finance and accounting, supply chain, collections; order-to-cash; industry specific processes for banking, financial service and insurance companies; analytics and client service, and our process expertise is complemented by our ability to implement services and work across multiple technology platforms in diverse industries.

#### *Continue To Deepen Our Expertise and Global Capabilities*

We will continue to expand our capabilities globally as well as across industries and service offerings. While we expect this will occur primarily through organic growth, we also plan to evaluate strategic partnerships, alliances and acquisitions to expand into new services offerings as well as into new industries. For example, we acquired an analytics business in 2010, a SAP services provider and a risk assurance company in 2007, a mortgage fulfillment services business in 2006 and an accounts receivable management business in 2005.

We believe we were also one of the first companies in our industry to establish a presence in several cities in India, such as Gurgaon, Jaipur and Kolkata, as well as in Dalian, China; Budapest, Hungary; and Bucharest, Romania, and to create a global service delivery capability. We intend to continue to expand our global delivery capabilities to ensure that we can meet the rapidly evolving needs of our clients, including processes requiring multi-jurisdictional and multi-lingual capabilities.

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### *Maintain Our Culture and Enhance Our Human Capital*

Our ability to grow our business will depend on our ability to continue to attract, train and retain large numbers of talented individuals. We will continue to develop innovative recruiting techniques and to emphasize learning throughout the tenure of an employee's career. We also believe that maintaining our vibrant and distinctive culture, in which we emphasize teamwork, continuous process improvement and dedication to the client, is critical to growing our business.

### **Our Services**

We provide a wide range of services to our clients. We group our services into the following categories:

finance and accounting;

collections and customer service;

banking, financial services and insurance;

supply chain and procurement;

analytics;

re-engineering;

enterprise application;

software tools and automation; and

IT infrastructure.

The services we provide any particular client often draw on processes and platforms in several of these categories. We understand that senior management of our clients are focused on achieving business objectives, rather than on transferring particular processes or employing particular platforms. Therefore, we focus on understanding the business needs of our clients and the business context of existing processes in order to design appropriate and comprehensive solutions for our clients, which may involve processes and platforms that fall into several categories.

### *Finance and Accounting*

We are one of the world's premier providers of finance and accounting, or F&A, services. This is currently one of our largest service offerings. Our finance and accounting services include end-to-end transaction services, such as accounts payable processing and receivables management; core accounting services, including preparation of International Financial Reporting Standards, U.S. GAAP and SEC-compliant financial statements; core operations services, including cash management, preparation of tax returns as well as decision support services, which include cash flow analysis. Our services combine our process expertise with strong technology capabilities, including decision support tools such as Hyperion, SAS and Cognos, and platform support for ERP systems such as Oracle and SAP and new technology bundling such as OCR and invoice exchange.





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The chart below highlights our F&A service offerings:

*Collections and Customer Services*

Our collections and customer services are provided primarily in the areas of consumer finance, commercial finance and mortgage services. Our collections services include a full range of accounts receivable management services, such as early to late stage collections, skip-tracing, refunds, account reconciliation and other specialized services. In our collections services, we act as an agent; we do not acquire debts for our own account. Our customer services include account servicing and customer care services such as handling customer queries, general servicing and dispute resolution. We provide voice and non-voice services. We also provide origination and order management services.

The chart below highlights some of our collections and customer service offerings:

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*Banking, Financial and Insurance Services*

We provide analytic, process and technology services to companies within the banking and financial services market designed to increase revenue, enhance customer satisfaction and reduce risk.

The chart below highlights some of our banking and financial services offerings:

We provide what we refer to as a virtual insurance company for our clients in the insurance industry. We cover many phases of insurance business processes including product development, sales and marketing, policy administration and claims management. We use our analytics capabilities to help our clients devise new models for underwriting, risk management and actuarial analysis. We also handle corporate functions for insurance companies, including reporting and monitoring services for regulatory compliance, portfolio and performance review services and financial planning and tax services. We offer services across the following three key insurance market segments:

life and annuities;

property and casualty; and

health.

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The chart below highlights some of our insurance service offerings:

### *Supply Chain and Procurement*

Our supply chain and procurement services include sourcing services, sales, inventory and operations planning services, logistics services and after market services. This often includes designing sourcing and procurement processes to control maverick buying, overhauling inventory planning systems to optimize inventory levels, designing and implementing logistics services that integrate disparate technology systems and provide dynamic digital dashboard reporting, or designing after-market service systems that ensure fulfillment of contractual obligations and enhance database integrity. We commonly utilize our technology expertise in delivering our services in this area particularly in automating order management processes and monitoring and optimizing supply chain logistics. We have competency in many of the custom platforms used by our clients (e.g., i2, Manugistics and Xelus) and are not tied to any one platform. This enables us to utilize and design the best processes for our clients based on available systems.

The chart below highlights some of our supply chain and procurement service offerings:

### *Analytics*

In addition to incorporating analytics into our other service offerings, at Genpact analytics is its own service offering and we believe we are a leader in this area. Our clients frequently have data that can be used to assess business opportunities, mitigate risks, improve performance or otherwise help their businesses. However, they do not always recognize the potential in such data or do not have the capability to apply the rigorous analytical models that might reveal opportunities. Drawing on considerable domain expertise and sophisticated research

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science, we help clients make fact-based decisions for superior results. By quantitatively and qualitatively scrutinizing data we can deliver the insight necessary to assess a new business opportunity, mitigate market risks, or retain and build market share. In our view, almost any data, properly broken down and interpreted, can improve performance.

The chart below describes some of the most common applications of our analytics capabilities:

### *Re-engineering*

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

### *Enterprise Application Services*

With our enterprise application services, we plan, design, build, test, implement, run and support software solutions for our clients. We leverage our functional and domain knowledge in industries such as banking & financial services, insurance, manufacturing, automotive and healthcare and use Six Sigma and Lean principles to reduce the cycle time of software implementations. This can include enterprise resource planning, or ERP, supply chain management, financial management and customer relationship management solutions as well as testing, database administration and architecture services. We also have significant expertise in Hyperion, SAS and Cognos, and platform support for ERP systems such as Oracle , SAP and Microsoft.

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(1) Examples of these business intelligence platforms include Hyperion and Cognos.

(2) Examples of these webstack software programs include Java and net.

*Software Tools and Automation*

Our software tools and automation services consist of both transformational and efficiency enabling capabilities. We help clients maximize their existing, installed investments in key software platforms by providing the needed tools for incremental functionality and automation. We use best-of-breed software tools available in the market as well as our own software tools. Examples of Genpact's software tools include GenPro<sup>SM</sup> Invoice Exchange, which lowers invoice processing costs by eliminating the need for any manual intervention in data entry and contributes to increased cash flow by identifying un-captured discount opportunities. ProFlow<sup>SM</sup> AP is Genpact's accounts payable workflow tool, which automates work allocation for increased productivity and ensures a standardized way of working on a process. And the GenPower<sup>SM</sup> Cforia Credit Collection Chargeback Management software increases profitability by decreasing charge backs through recovery and avoidance. By combining our process domain expertise with leading ERP applications, wrappers and tools, we are able to create solutions for maximum business impact.

*IT Infrastructure Services*

Our IT infrastructure services consist of the onsite and remote management of IT functions of our clients. This includes management of a client's data centers, networks services, network security, malware protection, identity management, encryption services, databases and end-user Help Desk support. Along with ITIL (ISO 20000), we use Six Sigma and Lean principles to address technology problems and to enable our clients to align their IT to business needs and at the same time reducing technology costs. We use secure, global state of the art Remote Operations Centre (ROC) and our IPs like Lean Desk to sustain our differentiation.

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The chart below highlights some of the IT infrastructure services we provide:

### **Smart Enterprise Processes (SEP<sup>SM</sup>)**

SEP<sup>SM</sup> is a unique, scientific, and highly granular approach to managing business processes. In addition to efficiency, it focuses on maximizing process effectiveness, which can deliver two to five times the end business outcomes, like cash flow and margins, when compared to processes that run at average or below.

SEP<sup>SM</sup> is based on work done in the Genpact Process Innovation Lab, where we have leveraged our database of over 200 million transactions to map and analyze end-to-end processes at a granular level. This enables us to test the effectiveness of a client's processes by measuring points of leakage and applying best-in-class benchmarks from within and across industries. The result is a client specific road map for maximizing process effectiveness. Benefits are delivered by combining Genpact's deep domain knowledge of process, key insights and best practices with execution support including, focused IT applications and technology, targeted analytics, reengineering and global delivery services.

Unlike other approaches, SEP<sup>SM</sup> focuses on measuring business outcomes like cash flow and margins, which make visible the effectiveness of a process in driving business results. The approach also takes an end-to-end, enterprise-wide view, working beyond traditional organizational silos.

### **Six Sigma and Lean Methodologies**

Our GE heritage taught us the importance of the principles of Six Sigma and Lean in refining business processes. Six Sigma is a method for improving quality by removing variation, defects and their causes in business process activities. Applying Six Sigma principles involves the application of a number of sub-methodologies, including DMAIC (define, measure, analyze, improve and control), which is a system for incremental improvement in existing processes, and DMADV (define, measure, analyze, design and verify), which is a system used to develop new processes at Six Sigma quality levels.

We have Six Sigma programs that train, test and grade employees in Six Sigma principles and award them Six Sigma qualifications. The rankings of Six Sigma qualifications from lowest to highest are green-belt, black-belt and master black-belt. As of December 31, 2009, we had more than 10,700 employees with Six Sigma green-belt training and 530 employees with Six Sigma black-belt training, as well as more than 23,500 Lean

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trained employees. Unlike many of our competitors who have a relatively small number of Six Sigma trained employees, we have a large number of Six Sigma green-belts and black-belts and therefore we can provide certain of our clients with dedicated Six Sigma trained personnel who can help the clients achieve continuous process improvement on a full-time basis.

Lean is a methodology for measuring and reducing waste or inefficiency in a process. Among other things, it is designed to measure and eliminate overproduction, over-processing and waiting, and to improve the flow of a process. Lean tools and methods are easy to learn and simple to implement and lend themselves to being implemented by associates on the production floor, thus making it valuable across the company.

We constantly measure the performance of each process we manage for our clients and we work with our clients to develop customized reporting systems so that they have real time access to key metrics. We also apply these principles to our own internal processes in order to deliver efficient operations for our clients. Our expertise in applying Six Sigma and Lean methodologies is one of the key factors that distinguishes us from our competitors.

## **Industries**

We provide our services across a wide range of industries including banking and financial services, insurance, manufacturing, transportation and healthcare. We set forth below a table showing our net revenues in 2009 attributable to the various industry groups that we serve.