FAIRCHILD CORP
Form 8-K
August 05, 2004

UNITED STATESSECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

June 4, 2004

Date of Report (Date of earliest event reported)

Commission File Number 1-6560

THE FAIRCHILD CORPORATION(Exact name of Registrant as specified in its charter)

Delaware(State of incorporation or organization)

34-0728587(I.R.S. Employer Identification No.)

1750 Tysons Boulevard, Suite 1400, McLean, VA 22102(Address of principal executive offices)

(703) 478-5800
(Registrant s telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

FORWARD-LOOKING STATEMENTS:

Certain statements in this filing contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to our financial condition, results of operation and business. These statements relate to analyses and other information, which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. These forward-looking statements are identified by their use of terms and phrases such as anticipate, believe, could, estimate, expect, intend, may, plan, predict, project, will and similar terms and phrases, including references to These forward-looking statements involve risks and uncertainties, including current trend information, projections for deliveries, backlog and other trend estimates that may cause our actual future activities and results of operations to be materially different from those suggested or described in this financial discussion and analysis by management. These risks include: our ability to find, finance, acquire and successfully operate one or more new businesses; product demand; weather conditions in Europe during peak business periods; timely deliveries from vendors; our dependence on the aerospace industry; customer satisfaction and quality issues; labor disputes; competition; our ability to achieve and execute internal business plans; worldwide political instability and economic growth; military conflicts; reduced airline revenues as a result of the September 11, 2001 terrorist attacks on the United States, and their aftermath; reduced airline travel due to infectious diseases; and the impact of any economic downturns and inflation.

If one or more of these and other risks or uncertainties materializes, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Given these uncertainties, users of the information included in this report, including investors and prospective investors are cautioned not to place undue reliance on such forward-looking statements. We do not intend to update the forward-looking statements included in this filing, even if new information, future events or other circumstances have made them incorrect or misleading.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(C) Exhibits.

99 Press Release Dated August 4, 2004, regarding our operating results for the third quarter ended June 30, 2004.

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION:

On August 4, 2004, we issued a press release announcing our operating results for the third quarter ended June 30, 2004. A copy of the press release is attached hereto as Exhibit 99, and is hereby incorporated by reference.

SIGNATURES:

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE FAIRCHILD CORPORATION

Date: August 4, 2004

By: /s/ John L. Flynn

John L. Flynn
Title: Chief Financial Officer and Senior Vice President, Tax

ZE="2"> 17.5%

Operational expenses

110.0 119.0 6.6 6.6

Depreciation and amortization

6.3 6.8 0.4 0.4

Selling, general and administrative expenses

$418.4 $442.7 24.9% 24.4%

SG&A expenses as a percentage of total net revenues decreased to 24.4% from 24.9% in the nine months ended September 30, 2014. SG&A expenses were $442.7 million, up $24.3 million, or 5.8%, from the nine months ended September 30, 2014. Investments in front-end sales and relationship management teams and subject matter experts through the hiring of seasoned personnel in targeted markets such as the United States and Europe and industry verticals including banking and financial services, insurance, consumer product goods, life sciences and infrastructure, manufacturing and services along with the impact of wage inflation contributed to higher SG&A expenses. Additionally, higher personnel costs, fees for professional services and travel expenses contributed to higher SG&A

40

Table of Contents

expenses in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. These increases were partially offset by productivity savings, including the more effective use of support staff, a reduction in stock-based compensation costs and by favorable foreign exchange, primarily the depreciation of the Indian rupee and euro against the U.S. dollar.

Personnel expenses. Personnel expenses as a percentage of total net revenues were 17.5%, down from 18.0% in the nine months ended September 30, 2014. Combined with the impact of wage inflation, our investments in front-end sales and relationship management teams resulted in a $17.8 million, or 29.0%, increase in sales-team personnel expenses. Personnel expenses as a component of SG&A expenses were $316.9 million, up $14.7 million, or 4.9%, from the nine months ended September 30, 2014. Wage inflation contributed to higher personnel costs as a component of SG&A expenses in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. This increase was partially offset by productivity savings, including the more effective use of support staff, a reduction in stock-based compensation costs, and favorable foreign exchange.

Operational expenses. Operational expenses as a percentage of total net revenues were 6.6%, unchanged from the nine months ended September 30, 2014. Operational expenses as a component of SG&A expenses were $119.0 million, up $9.0 million, or 8.2%, compared to the nine months ended September 30, 2014. An increase in fees for professional services and travel expenses for subject matter experts working on client engagements resulted in higher operational expenses in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. This increase was partially offset by favorable foreign exchange.

Depreciation and amortization. Depreciation and amortization expenses as a percentage of total net revenues were 0.4%, unchanged from the nine months ended September 30, 2014. Depreciation and amortization expenses as a component of SG&A expenses were $6.8 million, up $0.5 million, or 8.7%, from the nine months ended September 30, 2014. This marginal increase was primarily due to the expansion of certain facilities and the addition of new facilities in India.

Amortization of acquired intangibles. Non-cash charges on account of the amortization of acquired intangibles were $21.9 million, up from $20.6 million in the nine months ended September 30, 2014. A $2.6 million increase in amortization expenses in the nine months ended September 30, 2015 is primarily due to our acquisition in the second quarter of 2014 of Pharmalink Consulting Limited and Pharmalink Consulting Inc., which we refer to as our regulatory affairs acquisition. This increase was partially offset by a decline of $1.5 million in the amortization expense of intangibles arising out of the Company s 2004 reorganization when we began operating as an independent company.

Other operating (income) expense, net. The following table sets forth the components of other operating (income) expense, net:

	Nine months ended September 30, 2014	Nine months ended September 30, 2015	Percentage Change Increase/(Decrease) 2015 vs. 2014
	(dollars in millions)		
Other operating (income) expense	$ (0.9)	$ (1.7)	82.3%
Provision for impairment of intangible assets		10.7	100.0
Change in fair value of earn-out and deferred consideration (relating to business acquisitions)	(2.2)	(9.4)	329.6
Other operating (income) expense, net	**$(3.1)**	**$ (0.4)**	**(86.7)%**
Other operating (income) expense, net as a percentage of total net revenues	**(0.2)%**	**(0.0)%**	

Other operating income, net of expenses, was $0.4 million, down from $3.1 million in the nine months ended September 30, 2014. This decrease was primarily due to a $10.7 million non-recurring charge in the third quarter of 2015 relating to a software intangible asset, which charge is discussed in Note 10 Goodwill and intangible assets under Part I, Item 1 Financial Statements above. We recorded a $9.4 million gain in the nine months ended September 30, 2015 compared to a $2.2 million gain in the nine months ended September 30, 2014 due to changes in the fair value of earn-out consideration payable in connection with certain acquisitions.

Income from operations. As a result of the foregoing factors, income from operations as a percentage of total net revenues increased from 13.3% in the nine months ended September 30, 2014 to 13.8% in the nine months ended September 30, 2015. Income from operations was $250.7 million, up $27.6 million from $223.2 million in the nine months ended September 30, 2014.

Foreign exchange (gains) losses, net. We recorded a net foreign exchange gain of $4.1 million in the nine months ended September 30, 2015 compared to a net foreign exchange loss of $12.1 million in the nine months ended September 30, 2014, primarily

Table of Contents

due to the re-measurement of non-functional currency assets and liabilities and related foreign exchange contracts primarily resulting from the depreciation of the Indian rupee against the U.S. dollar. Our net foreign exchange loss in the nine months ended September 30, 2014 is primarily attributable to the re-measurement of our non-functional currency assets and liabilities and related foreign exchange contracts resulting from the appreciation of the Indian rupee against the U.S. dollar and the depreciation of the euro against the U.S. dollar during that period.

Other income (expense), net. The following table sets forth the components of other income (expense), net:

	Nine months ended September 30,		Percentage Change Increase/(Decrease)
	2014	**2015**	**2015 vs. 2014**
Interest income	$ 3.6	$ 5.5	54.7%
Interest expense	(24.4)	(24.7)	1.1
Loss on extinguishment of debt		(10.1)	100.0
Other income	1.3	2.3	69.8
Other income (expense), net	**$ (19.5)**	**$ (27.0)**	**38.5%**
Other income (expense), net as a percentage of total net revenues	**(1.2)%**	**(1.5)%**	

Our net other expenses increased by $7.5 million in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014, primarily due to the accelerated amortization of $10.1 million in debt issuance costs in the nine months ended September 30, 2015 in connection with the refinancing of our credit facility in June 2015, as discussed below in the section titled Liquidity and Capital Resources Financial Condition. The increase in our interest expense is primarily due to (i) $1.3 million in debt issuance costs and interest expense on the two short-term loans we obtained and repaid in the first quarter of 2015 in the amounts of $672.5 million and $737.5 million, respectively, in connection with certain internal reorganization transactions, and (ii) a $1.4 million increase in the fair value of earn-out consideration payable in connection with certain acquisitions. This increase was partially offset by a decrease in interest expense as a result of a reduced interest rate on our term loan in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014. Our interest income increased by $2.0 million in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014, primarily due to higher account balances in jurisdictions in which we earn higher interest rates during the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 and to the non-recurring receipt of interest income on an income tax refund in the second quarter of 2015. The weighted average rate of interest on our debt decreased from 3.4% in the nine months ended September 30, 2014 to 2.8% in the nine months ended September 30, 2015.

Income before equity-method investment, activity, net and income tax expense. As a result of the foregoing factors, in particular higher net revenues, improved efficiencies and favorable foreign exchange, income before equity-method investment activity, net and income tax expense as a percentage of total net revenues increased from 11.4% in the nine months ended September 30, 2014 to 12.6% in the nine months ended September 30, 2015. Income before equity-method investment activity, net and income tax expense increased by $36.3 million in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014.

Equity-method investment activity, net. Equity-method investment activity, net in the nine months ended September 30, 2015 primarily represents our $8.0 million share of loss from our non-consolidated affiliate, Markit Genpact KYC Services Limited, a U.K.-based joint venture with Markit Group Limited formed in 2014. Equity-method investment activity, net in the nine months ended September 30, 2014 represents our $0.1 million share of gain from NIIT Uniqua, a joint venture with NIIT Limited.

Income before income tax expense. As a net result of the foregoing factors, income before income tax expense as a percentage of net revenues increased from 11.4% in the nine months ended September 30, 2014 to 12.1% in the nine months ended September 30, 2015. Our income before income tax expense increased by $28.2 million from $191.7 million in the nine months ended September 30, 2014 to $219.9 million in the nine months ended September 30, 2015.

Income tax expense. Our income tax expense decreased from $45.3 million in the nine months ended September 30, 2014 to $44.5 million in the nine months ended September 30, 2015, representing an effective tax rate of 20.2% in the nine months ended September 30, 2015, down from 23.6% in the nine months ended September 30, 2014. The decrease in effective tax rate reflects changes in the jurisdictional mix of our income and growth in lower tax jurisdictions.

Table of Contents

Net income. As a result of the foregoing factors, our net income as a percentage of net revenues increased from 8.7% in the nine months ended September 30, 2014 to 9.7% in the nine months ended September 30, 2015. Our net income increased by $29.0 million from $146.4 million in the nine months ended September 30, 2014 to $175.4 million in the nine months ended September 30, 2015.

Net income attributable to non-controlling interest. Non-controlling interest primarily refers to the profit or loss associated with the non-controlling partners interest in the operations of Genpact Netherlands B.V. and the non-controlling shareholders interest in the operations of Hello Communications (Shanghai) Co., Ltd. As a result of our purchase of the non-controlling interests in Genpact Netherlands B.V. in the third quarter of 2014 we now have 100% control of the entity. Accordingly, no income or loss was attributable to non-controlling interest in respect of Genpact Netherlands B.V. in the nine months ended September 30, 2015.

Net income attributable to Genpact Limited common shareholders. As a result of the foregoing factors, net income attributable to Genpact Limited common shareholders as a percentage of net revenues increased from 8.7% in the nine months ended September 30, 2014 to 9.7% in the nine months ended September 30, 2015. Net income attributable to our common shareholders increased by $29.2 million from $146.3 million in the nine months ended September 30, 2014 to $175.4 million in the nine months ended September 30, 2015.

Liquidity and Capital Resources

Overview

Information about our financial position as of December 31, 2014 and September 30, 2015 is presented below:

	As of December 31, 2014	As of September 30, 2015	Percentage Change Increase/(Decrease) 2015 vs. 2014
	(dollars in millions)		
Cash and cash equivalents	$ 461.8	$ 467.5	1.2%
Short-term borrowings	135.0	21.5	(84.1)
Long-term debt due within one year	4.3	39.1	812.4
Long-term debt other than the current portion	649.3	747.1	15.1
Genpact Limited total shareholders equity	$ 1,285.1	$ 1,281.4	(0.3)%

Financial Condition

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

Our cash and cash equivalents were $467.5 million as of September 30, 2015, up from $461.8 million as of December 31, 2014. Our cash and cash equivalents are comprised of (a) $217.4 million in cash in current accounts across all operating locations to be used for working capital and immediate capital requirements and (b) $250.1 million in deposits with banks to be used for medium-term planned expenditures and capital requirements.

As of September 30, 2015, $458.9 million of the $467.5 million in cash and cash equivalents was held by our foreign (non-Bermuda) subsidiaries. $8.7 million of this cash is held by a foreign subsidiary for which we expect to incur a tax liability and have accordingly accrued a deferred tax liability on the repatriation of $8.0 million of retained earnings. $72.8 million of the cash and cash equivalents held by our foreign subsidiaries is held in jurisdictions where no tax is expected to be imposed upon repatriation.

Pursuant to our share repurchase program, we repurchased 999,416 of our common shares between October 1, 2015 and November 6, 2015 at a weighted average price of $23.73 per share for an aggregate cash amount of $23.7 million.

During the nine and three months ended September 30, 2015, we purchased 7,110,153 and 3,481,704 of our common shares, respectively, at a weighted average price of $22.37 and $22.30 per share, respectively, for an aggregate cash amount of approximately $159.0 million and $77.6 million, respectively.

We expect that in the future our cash from operations, cash reserves and debt capacity will be sufficient to finance our operations, our growth and expansion plans, and additional share repurchases we expect to make under our share repurchase program. Our working capital needs are primarily to finance payroll and other administrative and information technology expenses in addition to accounts receivable balances. Our capital requirements include opening new service delivery centers and financing acquisitions.

Table of Contents

Cash flows from operating, investing and financing activities, as reflected in our Consolidated Statements of Cash Flows, are summarized in the following table:

	Nine months ended September 30, 2014	2015	Percentage Change Increase/(Decrease) 2015 vs. 2014
	(dollars in millions)		
Net cash provided by (used for)			
Operating activities	$ 178.8	$ 253.6	41.8%
Investing activities	(196.3)	(78.4)	(60.1)
Financing activities	(152.6)	(152.8)	0.1%
Net increase (decrease) in cash and cash equivalents	**$ (170.2)**	**$ 22.4**	**(113.1)%**

Cash flows from operating activities. We generated net cash from operating activities of $253.6 million in the nine months ended September 30, 2015, up $74.8 million from the nine months ended September 30, 2014. The increase in cash inflows is primarily attributable to a $36.7 million increase in net income adjusted for amortization, depreciation and other non-cash items. A net change in our operating assets and liabilities of $38.1 million in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 also contributed to the increase in cash generated from operating activities, primarily due to (i) a $25.4 million decrease in net income tax payments resulting from a lower ETR in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 and the timing of certain tax payments, including the payment of a one-time intercompany dividend tax of $5.0 million in the nine months ended September 30, 2014, and (ii) improved management of working capital. These items were partially offset by a $10.0 million increase in investments in trade receivables in the nine months ended September 30, 2015 compared to the nine months ended September 30, 2014 and by larger upfront investments in certain client engagements in the nine months ended September 30, 2014 compared to the nine months ended September 30, 2015.

Cash flows from investing activities. Our net cash used for investing activities was $78.4 million in the nine months ended September 30, 2015, down $117.9 million from the nine months ended September 30, 2014. This decrease was primarily due to the payment of $123.7 million, net of cash acquired, for our regulatory affairs acquisition in the nine months ended September 30, 2014 compared to payments in the nine months ended September 30, 2015 of (i) $15.1 million for our acquisitions of wealth management operations platforms in the U.S. and U.K. and (ii) $6.1 million for our acquisition of a delivery center in Slovakia. We also made a $13.5 million investment in our non-consolidated affiliate, Markit Genpact KYC Services Limited, in the nine months ended September 30, 2015. The balance of the decrease in net cash used for investing activities was primarily due to lower payments for purchases of property, plant and equipment (net of sales proceeds) of $43.5 million in the nine months ended September 30, 2015 compared to $47.6 million in the nine months ended September 30, 2014.

Cash flows from financing activities. Our net cash used for financing activities was $152.8 million in the nine months ended September 30, 2015, compared to $152.6 million in the nine months ended September 30, 2014. In June 2015, we refinanced our 2012 credit facility through a new credit facility comprised of an $800.0 million term loan and a $350.0 million revolving facility. As a result, we extinguished the outstanding term loan, amounting to $663.2 million, under the previous facility and obtained $800.0 million in new funding, resulting in a net inflow of $136.8 million. In the third quarter of 2015, we repaid $10.0 million of the term loan under our new facility. In connection with our entry into the new facility in the second quarter of 2015, we paid $5.5 million in expenses and repaid $135.0 million, representing the amount we had drawn down under the 2012 revolving credit facility as of the date of the June 2015 refinancing. Additionally, in the nine months ended September 30, 2015, we obtained and repaid two short-term loans in the amounts of $672.5 million and $737.5 million, in connection with which we paid debt issuance costs of $1.0 million. We also had lower proceeds from short-term borrowings (net of repayments) of $21.5 million in the nine months ended September 30, 2015 compared to $165.0 million in the nine months ended September 30, 2014. The impact of the foregoing items on cash flows was offset by lower share repurchase payments of $159.0 million in the nine months ended September 30, 2015 compared to $302.6 million and related expenses of $2.5 million in the nine months ended September 30, 2014. Additionally, we made payments for the net settlement of stock-based awards (net of proceeds) of $3.3 million in the nine months ended September 30, 2014 compared to the receipt of proceeds from the issuance of common shares under stock-based compensation plans (net of payments) of $3.2 million in the nine months ended September 30, 2015.

Financing Arrangements (Credit Facility)

In August 2012, we entered into a credit agreement, which was amended in June 2013 to reduce interest payments thereunder, providing for a term loan of $675.0 million and a revolving credit facility of $250 million. In June 2015, we refinanced the 2012

44

facility through a new credit facility comprised of an $800 million term loan and a $350 million revolving facility. Borrowings under the new facility bear interest at a rate equal to, at our election, either LIBOR plus an applicable margin of 1.50% per annum or a base rate plus an applicable margin of 0.50% per annum, in each case subject to adjustment based on our debt ratings provided by Standard & Poor s Rating Services and Moody s Investors Service, Inc. Based on our election and current credit rating, the applicable interest rate is equal to LIBOR plus 1.50% per annum. There is no LIBOR floor under the new term loan whereas the prior facility provided for a LIBOR floor of 0.75%. As a result of the June 2015 refinancing, the gross outstanding term loan under the previous facility, which amounted to $663.2 million as of June 30, 2015, was extinguished. In connection with the termination of the prior facility, we expensed $10.1 million, representing accelerated amortization of the existing unamortized debt issuance costs related to the prior facility. Total long-term debt, net of debt issuance costs, was $786.2 million as of September 30, 2015, compared to $653.6 million as of December 31, 2014.

As of December 31, 2014, the 2012 term loan bore interest at a rate equal to LIBOR (subject to a LIBOR floor of 0.75%) plus an applicable margin of 2.75% per annum. As of September 30, 2015, the new term loan bore interest at a rate equal to LIBOR plus a margin of 1.50% per annum. The amount outstanding on the term loan as of September 30, 2015 will be repaid through quarterly payments of $10.0 million, and the balance will be repaid upon the maturity of the term loan on June 30, 2020.

We finance our short-term working capital requirements through cash flows from operations and credit facilities from banks and financial institutions. As of December 31, 2014, short-term credit facilities available to us aggregated $250.0 million and were governed by the same agreement as our long-term credit facility. In June 2015, as described above, we obtained a new revolving facility, increasing the amount available to us on a revolving basis from $250.0 million to $350.0 million. This revolving facility will expire on June 30, 2020. As of December 31, 2014, under our prior revolving facility, the funded drawdown amount bore interest at a rate equal to LIBOR plus a margin of 2.50%. As of September 30, 2015, the new revolving facility bore interest at a rate equal to LIBOR plus a margin of 1.50% per annum. The unutilized amount on the prior facility bore a commitment fee of 0.50% as of December 31, 2014 and 0.25% as of June 30, 2015. Indebtedness under our 2012 facility as of December 31, 2014 was secured by certain assets, and the credit agreement contained certain covenants, including a maximum leverage ratio that became effective only if the revolving facility was drawn for $50.0 million or more. The credit agreement governing our new facility contains certain customary covenants, including a maximum leverage ratio and a minimum interest coverage ratio.

As of both December 31, 2014 and September 30, 2015, a total of $137.2 million and $26.2 million, respectively, in short-term facilities was utilized, of which $135.0 million and $21.5 million, respectively, constituted funded drawdown and $2.2 million and $4.7 million, respectively, constituted non-funded drawdown.

In addition, we have fund-based and non-fund-based credit facilities with banks that are available for operational requirements in the form of overdrafts, letters of credit, guarantees and short-term loans. As of December 31, 2014 and September 30, 2015, the limits available were $14.3 million and $16.0 million, respectively, of which $8.1 million and $10.1 million was utilized, constituting non-funded drawdown.

On January 27, 2015 and March 23, 2015, we obtained short-term loans in the amount of $672.5 million and $737.5 million, respectively, to finance certain internal reorganization transactions. These loans bore interest at a rate of 2.00% per annum and were fully repaid on January 30, 2015 and March 26, 2015, respectively. We recorded $1.0 million in debt issuance expenses and $0.2 million in interest expense with respect to these loans.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist of foreign exchange contracts and certain operating leases. For additional information, see Part I, Item 1A Risk Factors Currency exchange rate fluctuations in various currencies in which we do business, especially the Indian rupee and the U.S. dollar, could have a material adverse effect on our business, results of operations and financial condition in our Annual Report on Form 10-K for the year ended December 31, 2014, the section titled Contractual Obligations below, and Note 7 in Part I, Item 1 Financial Statements above.

Table of Contents

Contractual Obligations

The following table sets forth our total future contractual obligations as of September 30, 2015:

	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
			(dollars in millions)		
Long-term debt	$ 846.9	$ 53.3	$ 104.5	$ 689.1	$
Principal payments	*786.2*	*39.1*	*78.4*	*668.7*	
*Interest payments**	*60.7*	*14.2*	*26.1*	*20.4*	
Short-term borrowings	21.7	21.7			
Principal payments	*21.5*	*21.5*			
*Interest payments***	*0.2*	*0.2*			
Capital leases	4.4	1.7	2.1	0.6	
Principal payments	*3.6*	*1.3*	*1.8*	*0.5*	
Interest payments	*0.8*	*0.4*	*0.3*	*0.1*	
Operating leases	99.8	25.7	38.5	24.0	11.6
Purchase obligations	41.5	28.4	11.4	1.7	
Capital commitments net of advances	5.0	5.0			
Earn-out consideration	29.4	18.8	7.6	3.0	
Reporting date fair value	*25.3*	*17.4*	*6.0*	*1.9*	
Interest	*4.1*	*1.4*	*1.6*	*1.1*	
Other liabilities	98.9	55.6	28.2	15.1	
Total contractual obligations	**$ 1,147.6**	**$ 210.2**	**$ 192.3**	**$ 733.5**	**$ 11.6**

* Our interest payments on long-term debt are calculated at a rate equal to LIBOR plus a margin of 1.50% per annum based on our debt rating as of September 30, 2015.

** Our interest payments on short-term debt represent estimated payments at a rate equal to LIBOR plus a margin of 1.50% per annum based on our debt rating as of September 30, 2015 and our expectation for the repayment of such debt.

Table of Contents

Recent Accounting Pronouncements

Recently adopted accounting pronouncements

For a description of recently adopted accounting pronouncements, see Note 2 Recently adopted accounting pronouncements under Item 1 Financial Statements above and Part II, Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates in our Annual Report on Form 10-K for the year ended December 31, 2014.

Recently issued accounting pronouncements

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers, which will replace most existing revenue recognition guidance in U.S. GAAP. The core principle of the ASU is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. The ASU requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. The ASU will be effective for us beginning January 1, 2018, including interim periods in our fiscal year 2018, and allows for both retrospective and prospective adoption. We are in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated results of operations, cash flows, financial position or disclosures.

In January 2015, the FASB issued ASU No. 2015-01, Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. Such items are defined as transactions or events that are both unusual in nature and infrequent in occurrence, and, currently, are required to be presented separately in an entity s income statement, net of income tax, after income from continuing operations. The changes eliminate the concept of an extraordinary item and, therefore, the presentation of such items will no longer be required. Notwithstanding this change, an entity will still be required to present and disclose a transaction or event that is both unusual in nature and infrequent in occurrence in the notes to the financial statements. These changes become effective for us on January 1, 2016. We do not expect the adoption of this update to have a material impact on our consolidated results of operations, cash flows, financial position or disclosures.

In February 2015, the FASB issued ASU No. 2015-02, Amendment to the Consolidation Analysis, which specifies changes to the analysis that an entity must perform to determine whether it should consolidate certain types of legal entities. These changes (i) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities, (ii) eliminate the presumption that a general partner should consolidate a limited partnership, (iii) affect the consolidation analysis of reporting entities that are involved with variable interest entities, particularly those that have fee arrangements and related party relationships, and (iv) provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. These changes become effective for us on January 1, 2016. We do not expect the adoption of this update to have a material impact on our consolidated results of operations, cash flows, financial position or disclosures.

In May 2015, the FASB issued ASU No. 2015-05, Customer s Accounting for Fees Paid in a Cloud Computing Arrangement, which provides explicit guidance to evaluate the accounting for fees paid by a customer in a cloud computing arrangement. The new guidance clarifies that if a cloud computing arrangement includes a software license, the customer should account for the license consistent with its accounting for other software licenses. If the arrangement does not include a software license, the customer should account for the arrangement as a service contract. The ASU will be effective for us beginning January 1, 2016, including interim periods in our fiscal year 2016, and allows for both retrospective and prospective adoption. We are in the process of determining the method of adoption and assessing the impact of this ASU on our consolidated results of operations, cash flows, financial position or disclosures.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

During the nine months ended September 30, 2015, there were no material changes in our market risk exposure. For a discussion of our market risk associated with foreign currency risk, interest rate risk and credit risk, see Part II, item 7A Quantitative and Qualitative Disclosures about Market Risk in our Annual Report on Form 10-K for the year ended December 31, 2014.

Table of Contents

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are the Company s controls and other procedures which are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 (Exchange Act) is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company s management, including the Company s Chief Executive Officer along with the Company s Chief Financial Officer, of the effectiveness of the design and operation of the Company s disclosure controls and procedures pursuant to the Exchange Act Rule 13a-15(b). Based upon that evaluation, the Company s Chief Executive Officer along with the Company s Chief Financial Officer concluded that the Company s disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company s periodic SEC filings.

Changes in Internal Control over Financial Reporting

There were no changes in the Company s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarterly period ended September 30, 2015 that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

In making its assessment of the changes in internal controls over financial reporting during the quarterly period ended September 30, 2015, management excluded an evaluation of the internal controls over financial reporting in respect of acquisitions made in the nine months ended September 30, 2015. See Note 3 to the Unaudited Consolidated Financial Statements for a discussion of these acquisitions.

PART II

Item 1. Legal Proceedings

There are no legal proceedings pending against us that we believe are likely to have a material adverse effect on our business, results of operations and financial condition.

Item 1A. Risk Factors

We have disclosed under the heading Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014 the risk factors that materially affect our business, financial condition or results of operations. You should carefully consider the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2014, the risk factors set forth in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2015 and the other information that appears elsewhere in this Quarterly Report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us also may materially adversely affect our business, financial condition and/or results of operations.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Use of Proceeds

None.

Purchase of Equity Securities by the Issuer and Affiliated Purchasers

As we previously disclosed, in February 2015 our Board of Directors authorized a plan to repurchase up to $250.0 million in value of our common shares. This share repurchase plan does not obligate us to acquire any specific number of shares and does not specify an expiration date. All shares repurchased under the plan will be cancelled.

Table of Contents

Share repurchase activity during the three months ended September 30, 2015 was as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share ($)	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan or Program ($)
July 1-July 31, 2015	1,424,809	21.67	1,424,809	137,730,006
August 1-August 31, 2015	815,038	22.36	815,038	119,507,284
September 1-September 30, 2015	1,241,857	22.98	1,241,857	90,965,368

Item 3. Defaults Upon Senior Securities

None.

Item 5. Other Information

None.

Item 6. Exhibits

3.1	Memorandum of Association of the Registrant (incorporated by reference to Exhibit 3.1 to Amendment No. 2 of the Registrant s Registration Statement on Form S-1 (File No. 333-142875) filed with the SEC on July 16, 2007).
3.3	Bye-laws of the Registrant (incorporated by reference to Exhibit 3.3 to Amendment No. 4 of the Registrant s Registration Statement on Form S-1 (File No. 333-142875) filed with the SEC on August 1, 2007).
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document (1)
101.SCH	XBRL Taxonomy Extension Schema Document (1)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (1)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document (1)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (1)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (1)

* Filed with this Quarterly Report on Form 10-Q.

(1) Filed as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Balance Sheets as of December 31, 2014 and September 30, 2015, (ii) Consolidated Statements of Income for the three months and nine months ended September 30, 2014 and September 30, 2015, (iii) Consolidated Statements of Comprehensive Income (Loss) for the three months and nine months ended September 30, 2014 and September 30, 2015, (iv) Consolidated Statements of Equity for the nine months ended September 30, 2014 and 2015, (v) Consolidated Statements of Cash Flows for the nine months ended September 30, 2014 and September 30, 2015, and (vi) Notes to the Consolidated Financial Statements.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 6, 2015

GENPACT LIMITED

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

By: /s/ Edward J. Fitzpatrick
Edward J. Fitzpatrick
Chief Financial Officer

Table of Contents

EXHIBIT INDEX

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