

FINAL TRANSCRIPT

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G - Genpact Ltd to Acquire Headstrong for US\$550 Million Conference Call

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PRESENTATION

Operator

Good day, ladies and gentlemen and welcome to the Genpact Acquisition of Headstrong conference call. My name is Erica and I will be your coordinator for today. At this time, all participants are in a listen-only mode. We will be facilitating a question-and-answer session towards the end of this conference. (Operator Instructions). I would now like to turn the presentation over to your host for today's call, Mr. Shishir Verma, Head of Investor Relations. Please proceed.

Shishir Verma - *Genpact - VP, IR*

Thank you, Erica. Welcome, everyone. Welcome to our call to discuss Genpact's acquisition of Headstrong Corporation, a global provider of domain-led and technology services with a specialized focus in capital markets and healthcare verticals. My name

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is Shishir Verma, Head of Investor Relations. With me, I have Pramod Bhasin, our President and Chief Executive Officer; Tiger Tyagarajan, Genpact's Chief Operating Officer; and Sandeep Sahai, CEO of Headstrong.

We hope you have had an opportunity to review the news release. If not, you will find it on our website at Genpact.com.

Our agenda for today is as follows. Pramod will begin with a brief overview of the acquisition and why we believe it is an excellent fit for Genpact. Finally, Pramod, Tiger and Sandeep will be available to take your questions. We expect the call to last about 45 minutes.

Please note that some of the matters we discuss today in today's call are forward-looking. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those in such forward-looking statements. These statements include statements regarding benefits of the acquisition and anticipated future financial and operating performance and results, including estimates for growth, as well as those factors set forth in our news release and discussed under the Risk Factors section of our annual report on Form 10-K and other SEC filings. Genpact assumes no obligation to update the information presented on this conference call.

We will not be discussing Genpact's interim results or annual guidance on today's call. We are currently in our quiet period and expect to report 2011 first-quarter results on or about May 5. With that, please let me turn the call over to Pramod.

Pramod Bhasin - Genpact - President & CEO

Thank you Shishir and good morning, everyone. Thank you for joining us on our call today. I will ask you for one forgiveness right upfront where we have worked very energetically on this deal, we are absolutely delighted and very excited to announce Genpact's acquisition of Headstrong. We are all in different locations around the world, so if we have a technical hiccup, please do forgive us.

Having said that, we are very excited today to announce Genpact's acquisition of Headstrong. We believe this acquisition is a complementary high-growth business that is an excellent fit strategically, financially, operationally and culturally.

Here are the key reasons.

The acquisition is a great strategic fit. Headstrong is a global provider of domain-led and technology services and a market innovator, with significant expertise in vertical markets that are key growth areas for Genpact, capital markets and healthcare. This expertise, combined with our capabilities in business process management and Smart Decision Services that encompass analytics and reengineering, will create a uniquely powerful value proposition for clients.

Headstrong has grown its business by combining its deep domain knowledge with superior technology and platform capabilities, particularly in the complex and dynamic, but highly attractive, financial services market. Its strong client base includes 9 of the top 10 investment banks and 3 of the 5 top asset managers. The Company also has an emerging practice in healthcare administration. This is consistent with Genpact's strategy to focus on growth industry verticals and provide clients with end-to-end solutions such as Smart Enterprise Processes.

This acquisition will further diversify our client base and provide significant cross-selling opportunities. Our companies' combined offerings create a compelling value proposition with significant potential to offer Genpact's extensive experience to Headstrong's existing financial services and healthcare clients.

In addition, Headstrong can also add significantly to the services we offer Genpact clients, will help us expand operations in the US and shift our center of gravity to be even closer to our clients.

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The opportunity to combine and scale this domain process and technology platform expertise with Genpact's existing capabilities globally makes this a great fit strategically.

Secondly, the acquisition makes financial sense. We are acquiring Headstrong for \$550 million. We plan to finance the acquisition with cash and new debt financing. Post-close, we still expect to have a very strong financial position with cash of \$250 million and net debt to EBITDA of 0.4 times.

Headstrong recorded 2010 revenues of approximately \$217 million and we expect forward revenue growth to be in the range -- forward long-term revenue growth to be in the range of 20%. We also expect the transaction to be accretive to EPS in 2011 and to accelerate our revenue growth.

We currently expect to close around May 31 subject to regulatory and other customary approvals. We know that many of you will have more detailed questions on the financial impact of the transaction and we will give you more information in our upcoming earnings call, as well as post-closing. We please ask for your patience in the meantime.

The acquisition is also a great fit operationally and culturally and for that, I will turn the call over to Tiger, our COO, to explain why.

Tiger Tyagarajan - Genpact - COO

Thank you, Pramod. So the acquisition is a great fit operationally and culturally. Headstrong is a recognized leader with formidable domain expertise in several segments of the capital market's industry vertical such as asset management, derivatives, wealth management, prime brokerage, reference data, compliance and mortgages.

The company has 3,700 employees in seven countries and generates a significant amount of revenue from employees who are onshore with clients in the US, the UK and Asia. This is an excellent fit with our focus on banking financial services and the insurance industry vertical and our stated strategy to expand our operations in the US and shift our center of gravity even closer to our clients.

The company's main offices are in the Washington DC area with a number of other global delivery centers across the globe. I now want to hand it back to Pramod.

Pramod Bhasin - Genpact - President & CEO

We plan to operate Headstrong as a separate business unit reporting directly to me. Integration plans are in the works and we expect to provide more color on our plans in our upcoming earnings call. The Headstrong management team led by Sandeep is strong and entrepreneurial, bringing Genpact terrific talent and capabilities as evidenced by the solid business the team has built and the caliber of its customers.

Both Headstrong and Genpact share a huge focus on client service and operating excellence. We are delighted to have found a business that is such a great fit with us and that provides the opportunity to accelerate our growth.

I would like to introduce Sandeep Sahai, the CEO of Headstrong, who we are delighted to welcome to Genpact along with his team. And I would ask Sandeep to say a few words on what this transaction means for Headstrong's customers and employees. Sandeep?



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Sandeep Sahai - Headstrong Corporation - President & CEO

Yes, thank you, Pramod. I cannot tell you how thrilled we are and how excited we are for this opportunity for both myself and for Headstrong clients and employees across the world. Headstrong is already perceived, I think, as a leader in providing services to our clients in the capital markets. We have done that over the last three to four years and today, we are seen as a leader in the market.

But that has never been enough for us. Our dream was always to emerge as the leader in providing services to the capital markets. However, when we went back to our clients, the one thing which always stood out is if you want to emerge as the leader, you need to add the following capabilities -- one, process excellence; second, analytic skills, KPO skills and reengineering skills; and thirdly, add scalable infrastructure and delivery centers across the world.

Headstrong could have done that organically, but as a part of Genpact, it gives us all of those capabilities immediately. Upon completion of this deal, we believe that we will be the most complete provider of services to the capital markets. We will be unique and I trust our clients will immediately see us as a global leader in providing domain-led services to the capital markets. Very exciting times for us and thank you for this opportunity, Pramod.

Pramod Bhasin - Genpact - President & CEO

It is a pleasure, Sandeep. We love having the Headstrong team with us. In closing, we think this acquisition is a great fit and a potential game-changer for Genpact and of course, for Headstrong. The combination provides us with a competitive advantage and a compelling value proposition. The transaction accelerates our top-line growth and onshore capabilities resulting in EPS accretion going forward.

We gained a significant competitive advantage in seeking new opportunities generated by the increased demand of both IT services and BPM services, especially given Headstrong's large base of top-tier clients to whom we can cross-sell.

This is a unique combination of deep domain and technology expertise in key growth verticals like aftermarket and healthcare with our own capabilities in analytics and process. It allows us to deliver an end-to-end service to our clients in these niche product-focused verticals. The transaction helps diversify our client base even further and provides greater access to a fast-changing vertical.

And lastly, I would say it allows us to get closer to our customer by changing the center of gravity and giving us an even more global reach in Asia, as well as in the US.

In short, we believe this acquisition is a complementary high-growth business that is an excellent fit strategically, financially, operationally and culturally. We look forward to providing you more details on our first-quarter earnings call in just a few weeks and after the deal has closed and now Tiger, Sandeep and I will be pleased to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Tim Fox, Deutsche Bank.

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Tim Fox - Deutsche Bank - Analyst

Hi, thanks for taking my question. Pramod, was wondering if you could talk a little bit about how this Headstrong business will fit strategically within the current IT services offering that you have. You mentioned that integration plans are now being formed, but you also mentioned it is going to be run as a separate entity. So if you could just help us understand how those two businesses will get integrated, if they will, going forward and are there opportunities for cost synergies as you do so?

Pramod Bhasin - Genpact - President & CEO

Right. Tim, one, this is not about cost, it is going to be about growth, really. There are some cost synergies, but they will be small. We are not really looking for those as a key vehicle here. Two, we really want to get increasingly vertically focused across the board. So that is why we are keeping them separate and we will not merge them into that business. There are parts of our current IT business, which make a lot of sense for these clients that Headstrong has. So IT infrastructure, IT helpdesk, things like that are things we can cross-sell into these clients.

But we want this group to focus on capital markets. So we will, in fact, add capabilities to them, capabilities in the analytics space related to capital markets, reengineering related to capital markets, process and domain expertise that we currently have related to capital markets. So that we build a complete vertical with end-to-end solutions that we can drive. We really believe that that is the way the world is going, that is the way we have been shaping our own organization and delivery centers over the last few years and this fits perfectly into that strategy.

Our strategy on IT always has been not to be one more giant IT guy. That is not who we want to be. But we want to be very focused in a particular niche with very strong domain expertise and end-to-end capabilities of delivering processes to our customers, which, in this case, means you have to have technology, you have to have analytics, you have to have process, you have to bring those three together to be able to provide the services these customers want. It is different in other verticals, but that is the way we are playing it.

Tim Fox - Deutsche Bank - Analyst

Okay, got it. And you mentioned that you are going to give some more details obviously on your first-quarter call, but just from an initial perspective relative to modeling, how should we think about the margin structure of the Headstrong business just so we can take a shot at modeling this out for the next few years?

Pramod Bhasin - Genpact - President & CEO

We will provide -- have to provide you more detail I am afraid. I don't want to get there right now, if you don't mind. I appreciate that you obviously have a lot of questions that not all of which we can answer today.

Broadly, one, I will tell you though that, as we said, it will be EPS accretive and I think it will accelerate our revenue growth beyond what we have. Certainly in the long term, we are hoping to produce 20% plus revenue growth for this vertical, but on the margin side, please give us a little time.

Tim Fox - Deutsche Bank - Analyst

Okay. Lastly, if I might ask, Sandeep --

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Pramod Bhasin - Genpact - President & CEO

Let me just say we think this is a very financially attractive business for us in all aspects.

Tim Fox - Deutsche Bank - Analyst

Understood. And if I might just sneak one in quickly for Sandeep. You mentioned that customers have been asking for increased process excellence, analytics, KPO. Obviously these are things that Genpact can deliver. I wonder if you can just comment on who you are competing with today primarily and who is bringing these other capabilities to bear and how does that competitive environment shape up over the next few years as a combination with Genpact?

Sandeep Sahai - Headstrong Corporation - President & CEO

Yes, if you look at our industry though, I am sure you will agree it is transforming in a big way. A lot of our customers are moving operations. For the first time, they have moved some to the captives, they have set up in global delivery centers, but, increasingly, are looking for vendors to do that. And vendors like Genpact fit wonderfully, except, I think if I may, that the amount of domain skills they have in areas like asset management, in credit derivatives and wealth management sort of have not been there.

On the other side, when you think of Headstrong, I think we are very strong on the front side, but the back-end services, we simply did not have the scale or the capability to deliver it. So we feel that -- that is why we feel that this combination is what is going to be super attractive to customers.

Now I think there are many companies who provide KPO services and somebody might provide great asset management services or such narrow areas, but I think there is no other company frankly on the planet today, which provides an integrated IT operations, the front office and the back office integrated as one service package. It just simply is not there. And I think the clients are increasingly looking for that. They are looking for someone who can do this end-to-end and we are much, much more on-site-centric than Genpact is and frankly, this combination, therefore, I think, can deliver to our customers something no one else quite does.

Tim Fox - Deutsche Bank - Analyst

Thank you.

Operator

Joe Foresi, Janney Montgomery Scott.

Jeff Rossetti - Janney Montgomery Scott - Analyst

Hi, this is Jeff Rossetti for Joe. Thanks for taking my question. Just wanted to see if it would be possible to break out the revenue contribution for Headstrong from capital markets and healthcare administration and maybe how the growth rates have differed for those two verticals.

Pramod Bhasin - Genpact - President & CEO

Without getting into the segment details at this point in time, I would tell you the bulk of the revenues is capital markets. Healthcare is there, but it is quite small, high single digits, low double digits kind of thing. I think their growth rates have been quite similar over the last few years, but, Sandeep, correct me if I'm wrong on that.

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Sandeep Sahai - Headstrong Corporation - President & CEO

That is correct. The growth rate is similar, but it has been purely organic. So our growth was purely organic and like Pramod said, the bulk of it is capital markets. We have very low double digits, very, very low double digit revenue from the healthcare side of the world.

Jeff Rossetti - Janney Montgomery Scott - Analyst

Okay, thank you. And I assume that all offerings are available and similar offerings are available in capital markets and healthcare as well?

Pramod Bhasin - Genpact - President & CEO

I'm sorry, what did you mean by that?

Jeff Rossetti - Janney Montgomery Scott - Analyst

Yes, you have similar offerings for both of the verticals?

Pramod Bhasin - Genpact - President & CEO

Yes, so capital markets is deeply domain-led in certain areas that we talked about earlier. I think on the healthcare side, it is very much focused on the pharmacy side. And I think it is very specific on the healthcare. Again, focused on a particular niche or a particular area where we can help our healthcare clients.

Jeff Rossetti - Janney Montgomery Scott - Analyst

All right, thank you very much.

Pramod Bhasin - Genpact - President & CEO

And again, an area where we see a great opportunity to be able to take that to our large list of healthcare customers.

Jeff Rossetti - Janney Montgomery Scott - Analyst

Thanks.

Operator

Bryan Keane, Credit Suisse.

Ashish Gupta - Credit Suisse - Analyst

Hello, this is Ashish calling on behalf of Bryan Keane. Thanks for taking my question. I had a quick question -- I was wondering if you could give some color on the cross-selling opportunities. Especially the fact that Headstrong is going to be a separate

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business unit, do you expect to have a combined salesforce, if you can comment on that? And on the cost synergy part, can you also comment on if there are any plans to consolidate the delivery centers and obtain some cost synergies from this acquisition?

Pramod Bhasin - Genpact - President & CEO

Tiger, can I turn that to you?

Tiger Tyagarajan - Genpact - COO

Sure, sure. So let me get the costing off the table very quickly. This is not about cost consolidation and cost synergies, so that is not part of the bigger piece of this acquisition. So let's focus on the cross-sell and the growth side of the story.

Headstrong has very deep relationships, as you said, with 9 of the 10 top investment banks, 3 of the 5 asset managers. Our ability to take analytics and KPO and reengineering and back-office process expertise and those services into those clients where Headstrong's relationships are at the right level in those organizations to be able to then offer those services to them is the first part of the value proposition on driving growth.

We do that very systematically today with a lot of our customers where even though they may be run at individual business units, the client-basic facing team is one global relationship owner who then brings all our other capabilities to the table for that client.

The second part of the value proposition is to take some of the healthcare, for example, capabilities that are there, as well as some of the technology capabilities for capital markets that are similar to other clients we have, other banking clients we have and healthcare clients we have and take those capabilities to them. Those clients are managed today by our global relationship and front-end sales team and they will bring the domain experts who sell these for Headstrong into those clients.

And the last thing that I would talk about is Asia. A number of the client relationships that Headstrong has in Asia allows us to start those conversations with large global corporations headquartered in Asia with our Asian delivery capabilities, for example, in China and Manila and India, I think that is a great opportunity.

Ashish Gupta - Credit Suisse - Analyst

Thanks for that. And if I could sneak in one quick question around revenues by different geographies. I was wondering if you could give some color on the revenues by geography.

Pramod Bhasin - Genpact - President & CEO

I would say that, again, the bulk of the revenues are US-led. We have Asia as revenues coming in, but, again, it would be -- it is really quite small. Again, it will be high single digits, low double digits, that kind of thing, from the rest of the world apart from the US. The rest is really US.

Ashish Gupta - Credit Suisse - Analyst

Okay, thanks. That is it for me.

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Operator

Tien-Tsin Huang, JPMorgan.

Tien-Tsin Huang - JPMorgan - Analyst

Thanks, congrats on the deal. I understand Headstrong is very capable in the capital markets side. I was curious on the customer overlap and customer concentration, as we think about Headstrong coming into Genpact, Pramod, what is sort of your exposure there?

Pramod Bhasin - Genpact - President & CEO

I think we are absolutely delighted. They serve, as we said, 8 to 9 of the top 10 investment banks in the world. Amongst them are many of the big banks that they serve. So our ability to go into those big banks with them is dramatically improved. Through our ability -- through their ability to expand what they do with their current customers also given our -- we can bring on the analytics side and process reengineering and other areas. Now some areas we are going to have to build up expertise with greater domain in capital markets to really make a big difference, but I think the potential for that is really also what attracted us enormously. And these are all companies we all know, you know them, all of us know them and they have enormous room for growth.

And Headstrong, by the way, has done this business in strong competition with all the other players, but what Sandeep was saying earlier, that will be true. There are actually very few people who are real competitors here. Very few people have real expertise built up like this. I don't know why it is, but it is a fact that there aren't that many people with this kind of expertise.

From a client concentration perspective, they have got 5 or 6 big clients, but I think, in every case, we strongly believe in -- increasing the number -- those clients -- from each one of those clients even more. It clearly reduces the percentage of GE revenues that we have overall quite substantially by -- I don't have the math here, but it will be up to maybe 8 to 10 percentage points, I think. And that in itself will also -- makes a difference in how we are perceived by the markets and by shareholders generally.

So we think the opportunity within clients is fantastic and it is actually one of the prime motivators behind doing the transaction.

Tien-Tsin Huang - JPMorgan - Analyst

Okay. So 5 or 6 larger ones is what you would qualify for Headstrong?

Pramod Bhasin - Genpact - President & CEO

Yes, I would say 5 or 6 larger ones, but in the remaining 20, they have another 10 that could be equally large and that is why I think this is fantastic. I think over and above that, I would say that there are clients -- there are clients of ours who they would never reach out to on their own in the UK, in Europe, in Australia, in Asia, in India. There are tons of clients who they haven't reached out to because of their size and scale.

So apart from the 15, 20 we talked about here, there are many more that we are very excited to be able to take them to because now we can make the investments that they needed. And one of the things they needed clearly was the ability to make these investments for growth, which is something we think we can provide.

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Tien-Tsin Huang - JPMorgan - Analyst

Understood, understood. I hope you appreciate why I asked. I guess on the employee retention side, obviously, a deal like this, it is pretty critical that you lock in the key employees, as well as the producers, etc. What has been done to sort of lock some people in to get certainty around that?

Pramod Bhasin - Genpact - President & CEO

Sure. Tiger, can I turn that to you?

Tiger Tyagarajan - Genpact - COO

Sure. So a couple of things. One, clearly we have put together retention packages that start from the top and cut across not just the leadership team of the company, but get further down into the domain experts, both on the capital market side, as well as our healthcare side. And that retention package is a retention package that is also a multiyear retention package.

And number two, a lot of these people will become part of Genpact's overall ongoing retention package as we go into the future. That has been put together upfront. As we speak, it is being communicated down and we believe that just the excitement apart from that of being able to serve customers while preserving the domain expertise and the culture that the company has created with customers reacting back saying -- we like what this is doing to our business and the value it can add -- we think is probably the best part of the integration.

Tien-Tsin Huang - JPMorgan - Analyst

Okay. All right, good to know. Just last one, I promise. Just thinking about the capital and obviously, using a lot of capital here, it looks like a good valuation, but using a lot of capital to get bigger in the IT services side or IT consulting side rather than business process, so I am just trying to interpret that. Should we expect Genpact to get bigger on the IT services side going forward? Any kind of color you can shed on that, Pramod, that would be helpful.

Pramod Bhasin - Genpact - President & CEO

Sure. Of course, I think a very important strategic question. Not really. I think what we are looking for is domain expertise and focused capabilities on niche verticals. In this case, it took IT. In another case, it may be analytics. In a third case, it may be real process expertise. That is what we are after. We are not really targeting and saying -- I want to be much bigger in IT overall. That wasn't the strategy.

The strategy was how do we serve niche verticals the best. And in this case, we thought this is the best way to serve them because, with the regulatory changes these investment banks and capital markets are going through, with the combination of the product and services that keep changing, which requires huge technology backbone, technology changes along with process expertise, IT and business process management come together far more closely in this area. They don't in other areas. They won't in pharmaceuticals for instance where frankly we should be building a business process as a service analytics engine. Somewhere else, we should be building a salesforce effectiveness engine.

So I think that is the way we are going to play it out vertical by vertical to attack key issues that these verticals face. So no we wouldn't have a strategy where we would say let's get bigger in IT because we want to be bigger in IT. We may get bigger in IT, but it will be because a particular vertical we are serving demands it. I hope that makes some sense.



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Tien-Tsin Huang - JPMorgan - Analyst

No, it does make sense. Thanks so much. I appreciate it.

Pramod Bhasin - Genpact - President & CEO

Thank you.

Operator

Vincent Lin, Goldman Sachs.

Vincent Lin - Goldman Sachs - Analyst

Thanks. Just to follow up on the presence and also the headcount mix, Pramod, you mentioned that Headstrong is a lot higher in terms of their on-site presence. Can you give a sense in terms of percentage terms what is the employee mix in the US versus the rest of the world?

Pramod Bhasin - Genpact - President & CEO

Sandeep, do you want to take that?

Sandeep Sahai - Headstrong Corporation - President & CEO

Yes, roughly, I think two-thirds of our revenue comes from on-site employees, so we are -- like I said in my comments, it is a much more on-site-centric company. A lot of our domain expertise is obviously in areas like wealth management credit derivatives, which really comes only from centers in Tokyo or in London or New York. So by definition, we have to build strong expertise on-site and therefore, we have roughly like two-thirds of our revenue coming from on-site work versus offshore work.

Vincent Lin - Goldman Sachs - Analyst

That's helpful. And then just in terms of the competitive landscape because what you do sounds like it is very specialized, higher end in the food chain. Can you comment on the kind of competitors that you are seeing? Are they more the typical offshore like your competitors or are they the bigger multinationals or are they more kind of in-house and niche type of providers?

Sandeep Sahai - Headstrong Corporation - President & CEO

Pramod, do you want me to take that?

Pramod Bhasin - Genpact - President & CEO

Yes, please, absolutely.

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Sandeep Sahai - Headstrong Corporation - President & CEO

So I must say that the competitors vary by definition. So when we are doing some work around architecture, those tend to be more niche providers, small niche providers in New York, Tokyo and London. As you get more into application development, then you may come across more of the mainstream players. And as you get into managed services, there the competition is very much the larger Indian offshore IT companies.

So I think our competition sort of varies as you move from the higher end architectural services and domain expertise to the application development, to the managed services and somewhat that is why I felt that, with the combination here, what we provide end-to-end starting with the high-end architecture and domain expertise all the way through KPO and BPO is frankly completely unique, especially with relevance to one industry. And I don't want to make an overly broad statement. I am just talking about capital markets. In the capital markets, this would be absolutely unique I believe.

Vincent Lin - Goldman Sachs - Analyst

And if I may just sneak in a last one? On the margin side, Pramod, understood that you can't provide too much detail right now, but in terms of margins, as a standalone business, is the Headstrong margin profile relatively in line or higher, below Genpact's current margin profile? Any color would be great. Thanks.

Pramod Bhasin - Genpact - President & CEO

I am trying to stay away from that, if I may. It's very hard. I know how badly, why it is such an important question for you in your model. If you would please allow me, one, to get back to you in more detail later on. Two, broadly, I would just reiterate what I said earlier. For us, this is financially attractive in every way. I apologize, please have some patience with us because we just want to throw all the pieces here, but I would just say it is financially attractive for us in every way.

Vincent Lin - Goldman Sachs - Analyst

Understood. Thanks.

Operator

Arvind Ramnani, UBS.

Arvind Ramnani - UBS - Analyst

Hi, Pramod. Hi, Sandeep. Congratulations on the transaction.

Pramod Bhasin - Genpact - President & CEO

Thank you.

Arvind Ramnani - UBS - Analyst

Most of my questions have already been answered, but I wanted to find -- with this acquisition, do you expect to compete with a different group of competitors and who would those really be?

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Pramod Bhasin - Genpact - President & CEO

Yes, we would. I think on one side, the number of people who have real expertise here and who can play in this area is surprisingly limited. So yes, there are people you can play with. You can play against the Wipros, you can play against the Accentures. I am going to turn this to Sandeep also to give a little more color on specifics, but none of them bring as much expertise, nor do they bring an end-to-end capability. But I think we do play against many of them. They are obviously there.

I do think that in terms of absolute offerings that we deliver, there aren't that many people out there who have it. And I think that is a very interesting position to be in now that we have done the acquisition. We ourselves were quite surprised quite honestly, pleasantly surprised, when we thought this through and realized that actually there aren't that many people offering the end-to-end proposition. But Sandeep, would you like to add a couple of thoughts to that?

Sandeep Sahai - Headstrong Corporation - President & CEO

Yes, I think the data speaks for itself, right? I mean if you think about us, we are meaningfully smaller compared to all of these large giants, whether it is Wipro and TCS and Infosys or Accenture. So the question is obviously why was Headstrong able to grow organically at this continued pace over the last so many years, right? And frankly, that is a testimony to the fact that our value proposition sells and our value proposition is quite simple. We have deep domain expertise on-site combined with very high quality domain expertise offshore. We have a capability to do architecture services, industry domain solutionizing, if you will and also application development and managed service.

But if we did not have that domain expertise to differentiate us very starkly, we would not have been able to grow against the giants. I think what Pramod said was that 9 of the top 10 customers are our customers today and those are obviously competitive arenas, all of these 9, 10 customers, right? So the only way we have done and thrived, if you will, is because of this domain expertise.

Arvind Ramnani - UBS - Analyst

Great.

Pramod Bhasin - Genpact - President & CEO

I think if I may add one other thing, what we liked about it was where their people come from, very often from within the industry itself that they serve -- capital markets, people who understand how capital markets work, who speak the same language as the customer. This is where we go also. This is where we want to go as a company.

We want to build real expertise in the verticals in which we serve and that takes you out of the game of providing generic, commoditized IT services or BPO services for that matter. It takes you into a game where you are delivering real expertise and you are delivering brains. One of the things we love that a client said about Headstrong was -- they said they don't provide brawn, they provide us brains. And I think when we think about what we are trying to do in Genpact with SEP and Smart Decision Services and think about our reengineering expertise and think about our domain expertise in analytics, that is exactly where we are going and that is where we are leading.

I think it is a differentiator. I think it gets you margin, I think it gets you revenue growth and I think it is hard to compete with once you have set it up because it is very difficult to change a much larger commoditized business to behave and touch and act and feel the way Headstrong feels and the way parts of our business feel in Genpact.

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Arvind Ramnani - UBS - Analyst

I agree with that and I believe this rifle shot approach is a really smart approach. And now that you guys have kind of cracked it for the capital markets and that is going to unfold in the next couple of years, kind of looking forward, are there other areas where you think you will take this rifle shot approach to other markets, acquisitions you may look at?

Pramod Bhasin - Genpact - President & CEO

We have thought about it a lot, obviously. I don't know what we will be able to close or not close, but there are some obvious areas, which are very interesting. So there are obvious areas in pharmaceuticals where perhaps -- sorry -- in healthcare where looking at revenue cycles, looking at those areas, building some very strong capabilities there could help us. There are obvious areas in pharmaceuticals and analytics capabilities that could help us.

Asset management, broadening what we do within asset managers and how we do that, that could be an area. Finance and accounting we do for a lot of companies, but looking at retailers and seeing how we serve them. So there are so many areas -- I mean just given our size, obviously, we have a lot we can still cover. But focusing, as you said, rifle shot niche areas where you have unique capabilities, which are differentiated, I think is a strategy we are building up and that is the way we are going to go. And that is where our future acquisitions will come from.

Arvind Ramnani - UBS - Analyst

Great. Thank you. Just one last one. What is the rationale for not paying partially with stock?

Pramod Bhasin - Genpact - President & CEO

We have cash. We like the cash we have. We have been able to borrow debt. We think -- we use stock where we needed to, which is with the employees as a retention tool. And I think that is where we should use our stock. Otherwise, at this point in time, leverage, the debt markets and we have got a lot of cash earning all of 1% or 2% on our balance sheet. So I think it is a far better use of our balance sheet than using stock.

Arvind Ramnani - UBS - Analyst

Great. That is all. Good luck, guys.

Pramod Bhasin - Genpact - President & CEO

Thank you.

Operator

Tim Wojs, Baird.

Tim Wojs - Robert W. Baird - Analyst

Yes, hi, guys. Congrats on the acquisition. Just one quick clarification on EPS guidance, just want to make sure that the EPS accretion is expected to be GAAP and that would include any intangible amortization and one-time costs?

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Pramod Bhasin - Genpact - President & CEO

Mohit, are you there?

Mohit Bhatia - Genpact - CFO

Yes, Pramod and your assertion is correct. It does include deal expenses and amortization and it is GAAP EPS that we are referring to.

Tim Wojs - Robert W. Baird - Analyst

And then I know it is difficult now, but any sense of how big that amortization could be?

Mohit Bhatia - Genpact - CFO

We are still working on --

Pramod Bhasin - Genpact - President & CEO

As you all know, you have got to get assets valued, you have got to get auditors to sign off, etc. We would much rather not hazard a guess. We have some ideas, obviously, because that is how we did our own modeling, but we would much prefer to be able to give you those numbers when we have got them good and ready.

Tim Wojs - Robert W. Baird - Analyst

All right. That's it for me. Thanks.

Operator

Mitali Ghosh, Bank of America-Merrill Lynch.

Kunal Tayal - Bank of America-Merrill Lynch - Analyst

Hi, this is Kunal Tayal for Mitali. Firstly, just want to understand if any of the \$550 million of consideration, is any part of that linked to future performance?

Pramod Bhasin - Genpact - President & CEO

No, that consideration has been paid in cash.

Kunal Tayal - Bank of America-Merrill Lynch - Analyst

Right, sure. And secondly, Sandeep mentioned that the company derives almost two-thirds of its revenues from on-site employees. Will it be Genpact's endeavor to change this mix in favor of offshore locations?

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Pramod Bhasin - Genpact - President & CEO

Somewhat. I don't think -- I think it will happen because I think as we provide greater capabilities offshore, some of that will change naturally. It isn't a huge driver of what we are trying to do. We think being more onshore is a good thing generally because it is closer to your customers. It is greater expertise on the ground in their offices. I think it is a competitive differentiator. But clearly, wherever there are opportunities and I think there will be some limited opportunities to actually move some of that work more offshore, but it isn't an objective on its own. The objective is how do we grow with our clients and how best do we grow and expand our growth with them.

Kunal Tayal - Bank of America-Merrill Lynch - Analyst

Sure, thanks. Just one final one from my side, if you can give any sense as to how should we think about billing rates for Headstrong services? How does that compare to in general the competition or the offshore-centric players?

Pramod Bhasin - Genpact - President & CEO

It is much higher. Again, if you will allow us, please let us provide you the numbers later. It is going to be much higher. Their billing rates are much higher, their onshore presence is higher, the quality of the work they do, the value of what they do from a reengineering or consulting or a domain expertise perspective is much higher. And by much higher I mean in some cases 30%, 40% higher than what other companies may provide onshore themselves, for instance.

So it reflects in the capability of the people they have who are working with clients. So I am saying the same company doing onshore work versus Headstrong doing onshore work, the gap in revenue per employee there can be 30% to 40% higher for Headstrong. Sandeep, correct me if I am wrong. While we don't want to get into all the details here, but just directionally correct me if my numbers are wrong there.

Sandeep Sahai - Headstrong Corporation - President & CEO

That is correct, Pramod.

Kunal Tayal Thanks, Pramod. That's useful.

Operator

Edward Caso, Wells Fargo.

Edward Caso - Wells Fargo Securities - Analyst

Good morning or evening. I was curious if there is a change in strategy here towards a more aggressive outlook towards acquisitions. You've talked about it since you went public, but this is really the first meaningful one you have done. And also if you are going to get more aggressive, what sort of financial leverage are you willing to go up to?

Pramod Bhasin - Genpact - President & CEO

Yes, Ed, I think, as you know, we have been waiting to deploy cash that we have on our balance sheet. We are also willing to take on some leverage here. It is minimal, it is 0.4, it is not a lot. We have been looking for acquisitions for a while. Frankly, we haven't found anything close, which we felt was doable at a price, reasonable price and generally accretive. We don't want to

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necessarily do stuff for scale. We are much more interested in doing things where we get real true expertise added to what we do.

I think we will continue to look for more acquisitions. Could we do another one of this size very quickly? I don't know; I am not sure. I am not sure. The leverage we are willing to take on will always be conservative. It is never -- clients don't like high leverage. They are very concerned about it. When we go through due diligence with clients, they always ask us -- what is your leverage, where are you going, what are you going to do with this, etc.

So we are not going to go to 5 times, 6 times leverage. It is not going to happen ever. But we still have \$250 million of cash or \$200 million of cash on our balance sheet. We generate a lot of cash every year, every month and I think we will continue to look for niche, high-quality acquisitions with great domain expertise and I think that is where we'll go. We haven't done anything sizable since we went public, but it quite honestly hasn't been for want of looking, I will tell you that. We have done Symphony Marketing Solutions, which we are delighted with. We are absolutely delighted to do this. And perhaps we will do smaller niches in future. We are not going to go to very high leverage.

Edward Caso - Wells Fargo Securities - Analyst

If I heard you earlier correctly, you see 20% growth for the Headstrong business, but you didn't make a comment about the legacy Genpact business on what their potential growth rate is. Does this acquisition signal your sort of more -- I will do -- less positive view towards the BPO market and sort of a shift in strategy?

Pramod Bhasin - Genpact - President & CEO

No, not at all. I mean I don't want to comment on Genpact guidance, if I may. We are just in a quiet period, so I can't do that. Not at all. I think it marks our continued progress to focusing on specific verticals with deep domain expertise. That is the key. Since we serve the pharmaceutical market, we need people onboard who understand that market and that industry upside down, inside out. That is what Headstrong brings to us in capital markets.

When we serve banks, commercial banks, we need people who understand that really well and we need to have capabilities. In that case, it may not be IT capabilities. It may be real operating banking platform type capabilities, banking processing center type capability.

So the shift isn't as much in terms of IT versus BPO, but it is a continuation of what we have been doing organizationally also the way we are structured is by vertical of saying if we are going to address a vertical, we are going to address it deeply and with enormous expertise and knowledge, which is a huge competitive differentiator.

Edward Caso - Wells Fargo Securities - Analyst

Finally, is there a breakup fee? And thank you.

Pramod Bhasin - Genpact - President & CEO

No, don't expect it. Actually I shouldn't answer that. I won't get into that right now. I think you heard my answer, so --.

Edward Caso - Wells Fargo Securities - Analyst

Okay. Thank you.

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Operator

I will now turn the call back over to Shishir Verma for any closing remarks.

Shishir Verma - *Genpact - VP, IR*

Thank you, everyone, for joining us today and we are very excited about the future. If you have any questions, please do not hesitate to reach out to me. Thank you.

Operator

Thank you for your participation --

Pramod Bhasin - *Genpact - President & CEO*

Thank you, everyone.

Operator

-- in today's conference. This concludes the presentation. Everyone may now disconnect and have a great day.

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