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PRESENTATION

Operator

My name is Nicole and I will be your conference moderator for today.

(Operator Instructions)

As a reminder, this call is being recorded for replay purposes. I would now like to turn the call over to Roger Sachs, Head of Investor Relations at Genpact. Please proceed, sir.

Roger Sachs - *Genpact Ltd - Head of IR*

Great. Thank you, Nicole. Good morning, everyone and welcome to Genpact's first-quarter earnings call to discuss our results for the quarter ended March 31, 2016. We hope you had a chance to review our earnings release which was posted to the IR section of our website Genpact.com.

With me today are Tiger Tyagarajan, our President and Chief Executive Officer and Ed Fitzpatrick, our Chief Financial Officer. Both joining from London, which is necessitating the earlier start to this call. Our agenda today is as follows. Tiger will provide a high-level overview of our results as well as update you on some of our strategic initiatives. Ed will then discuss our financial performance in greater detail. Tiger will then come back for some closing comments and after we will take your questions. As Nicole just said earlier, we expect the call to last about one hour.

Some of the matters we will discuss 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. Such risks and uncertainties are set forth in our press release. In addition, during our call today, we will refer to certain non-GAAP financial measures, which we believe provide additional information for investors and better reflect the way management views the operating performance of the business. You can find a reconciliation of these measures to GAAP in our earnings release in the IR section of our website. And with that, let me turn the call over to Tiger.

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

Thank you, Roger. Good morning, everyone from London where we are here for a series of Clients meetings, and thank you for joining us today for our 2016 first-quarter earnings call. We delivered solid first-quarter results driven by 12% constant currency growth in our global-client BPO business including 26% growth from our transformation, consulting and analytics businesses, all now being powered by our Lean Digital approach. We are off to a good start to 2016, as we our overall tracking in line with the full-year financial expectations we set earlier this year.

Specifically during the quarter, total revenues increased 6% on a constant currency basis. Global-client revenues increased 9% on a constant currency basis. GE revenues declined 5%, both on an as-reported and constant currency basis. Adjusted operating income margin was 14% and adjusted EPS was $0.31, up 30% year over year.

Global-client revenue was up 9% on a currency basis against a tough year-over-year comparison led by work related to transformative engagements that bring together our consulting, reengineering and analytics practices with our Lean Digital assets to drive disruptive change for our clients. During the quarter, global-client growth continued to be broad-based across most of our targeted vertical including CPG, banking and financial services, insurance and high-tech. We also saw strong growth across most of our service lines including core industry vertical operations, consulting services, finance & accounting and analytics.

GE revenues declined 5% largely due to work we do for GE Capital Corporate being phased out as GE divests a significant portion of its GE Capital businesses. As we discussed with you at our recent Investor Day, to date, we have signed contracts with four buyers of the divested businesses and we are in discussions with all of the other buyers also various GE capital businesses. For the full-year 2016, we continue to expect our GE revenues to decline 8% to 10%.

Entering 2016, we positioned ourselves around our unique and highly differentiated Lean Digital approach that brings together deep domain and process expertise in specific industries and service lines with digital technologies and design thinking to completely reimagine client's operating models for the future to drive radically better outcomes for them. This positions them to be much more disruptive in their competitive landscapes.

Almost 9 months ago we launched Lean Digital into the marketplace that reimagines our clients middle and back office operations, which we believe is absolutely necessary to leverage all the benefits of digital. This is already allowing us to engage clients at a deeper, broader and higher level than ever before and expands our addressable market. This in turn enables a faster and greater level of client penetration than previously possible allowing us to more quickly achieve scale within our client base.

As this trend continues, the number of client engagements with revenue over $5 million is increasing while the number of engagements with revenues less than $1 million is declining. Importantly, in just the last 100 days, my team and I have had more client CEO meetings than ever in our history and all of them have been about leveraging Lean Digital for disruption, which we believe shows the power of Lean Digital and the fact that it is clearly a CEO focus today.

The traction we are getting is being driven by the investments in our global teams. Our DNA rooted in Lean Six Sigma is being amplified as we invest in specific training for our sales force, consulting teams, data scientists and Lean Solution architects in concepts surrounding design thinking, digital technologies and analytical models in support of our Lean Digital approach. To date, we have more than 300 certified Lean Digital experts and we expect that to grow to about 1,000 team members certified by year end.

Further, we're linking together a set a specific cutting-edge digital technologies creating a set of highly replicable Lean Digital assets that are a key part of our solutions across our targeted verticals. As discussed during our Investor Day, we are on a path to create approximately 100 digital assets by year end. To date, we have deployed and incorporated approximately 40 of these into our solutions and services.

Uncertainty continues to dominate recent global economic and business news including China's slowdown, volatility in oil prices and the continued slow but steady pace of growth of the US economy. In this environment, we are finding a number of our clients in our targeted verticals such as banking, insurance, CPG and life sciences are actively looking at redesigning their business models.

We are creating road maps for our clients to drive change that leverage completely new ways of working with real-time predictive data and analytics. However, as we all know, a few industries, particularly investment banking, are currently facing significant headwinds leading them to cut back on discretionary technology spending.

As we shared with all of you during our March Investor Day, through Lean Digital, we have successfully pivoted Genpact to be a partner of choice for a large number of global corporations to help with their transformational journeys. These clients have engaged with us because, one, we bring to the table a sharp understanding of their business and competitive context steeped in domain. Two, we have deep-domain subject-matter experts, data scientists, digital experts and process redesign engineers who come together to build cutting-edge solutions. Three, we have invested in our front end and have the right level and caliber of people who can effectively articulate our value proposition and engage and excite fee-level executives to help partner in driving change. And finally four, we continue to maintain our strong reputation as one the best execution cultures in the industry and have very high net promoter scores with clients.

Often, these transformative engagements are being led by our consulting, digital, data analytics and process reengineering teams that act as the tip of the spear bringing in design thinking and architecting Lean Digital journeys for our clients. Our patented Smart Enterprise Process, or SEP, frameworks which incorporate a number of our digital assets enable these transformations by providing road maps for enterprise-wide redesign end-to-end processes. All of this helps clients become disruptive in their industries.

Let me share a few exciting examples of transformation engagements using our Lean Digital approach. First, we're working with a leading global bank to completely reimagine the way they run their credit card business. This includes their customer onboarding, fraud management and their multi-channel customer service processes to name a few.

Using design thinking and intense cross-functional lean engagement, we will be implementing a highly digitized and reimagined set of processes to deliver significantly better outcomes leveraging data, both inside and outside the bank, to deliver actionable real-time insights to drive decisions. Once completed, we expect this transformation will completely change the way this part of this bank operates.

In another example, we work with a large global pharmaceutical client to reimagine their operations in a more agile and flexible way. We enable them to manage data collection more efficiently in an environment where regulation and industry dynamics are constantly changing. By installing our Intelligent Process Insights Engine, or IPIE solution, one of our new digital assets. Incorporating deep industry domain and process expertise, IPIE brings together relevant internal and external data providing the client with critical real-time insights to support brand launches and track key performance indicators that were previously unavailable. This is a great example where our digital assets helps us form a critical part of client's data operation without disrupting their existing IT infrastructure.

We continued our momentum of converting and winning big deals. During the first quarter, we signed another large transformational deal where we expanded an existing client relationship with a leading CPG client by doubling our finance & accounting footprint with them both in terms of scope and geographic coverage. Genpact was chosen to facilitate the integration and transformation of their global end-to-end finance processes, including order to cash. Our delivery excellence, together with domain expertise and an innovative digital solution, clearly drove the win.

I also want to discuss a couple of other new deals we recently won that are smaller than our large deals threshold, but represent strategic engagement highlighting our strong competitive position in the marketplace. First, we won an engagement with another leading CPG client to transform and run their North America finance and accounting operations as well as the customer facing order management operations. Our depth of expertise and order management in the CPG vertical, combined with leading-edge digital solutions that will dramatically transform the way the whole order-to-cash process and its integration to supply chain works, helped us win this one.

Next, I want to highlight an exciting new engagement with NFU Mutual, a leading provider of insurance, pensions and investment products in the UK. Utilizing our open valve end-to-end wealth management platform and services, their teams will be able to focus more time on growing and enhancing client relationships. The powerful combination of our strong platform and domain expertise positions us well to support NFU Mutual's growth strategies and we look forward to helping them offer innovative services for their customers and advisors.

Our pipeline continues to be healthy across our targeted industry verticals, service lines and geographies. Inflows are up as our win rates continue be at the steady high-levels they've been in the recent past. All of our investments over the last two years have positioned us extremely well to win larger, complex transformational engagements now with digital and analytics deeply embedded in them.

With that, let me turn the call over to Ed, for a more detailed review of our first-quarter results.

Ed Fitzpatrick - *Genpact Ltd - CFO*

Thank you, Tiger, and good morning, everyone. Today, I will review our first-quarter performance followed by key highlights in our balance sheet and operating cash flow. We generated total revenues of $610 million in the first quarter, an increase of 4% year over year, or 6% on a constant currency basis. First-quarter revenues from global clients, which represents 82% of total revenue, increased 6% year over year, or 9% on a constant currency basis.

Within global clients, core business process outsourcing revenues increased 9%, or 12% on a constant currency basis. Our global-client IT-services revenues declined 5%. GE revenues representing 18% of total revenue decreased 5% during the quarter. I want to highlight a change beginning this quarter and going forward in the way that we report reclassifications of GE-related revenues for divestitures.

As we have previously discussed, GE will be divesting a significant portion of its GE capital businesses this year that we continue to serve. Historically, we reclassified the revenue from divested GE businesses as global-client revenues at the end of each quarter when a transaction occurred. However, we will now reclassify this revenue as global-client revenue at the end of each fiscal year. We believe this change will allow us to provide a more consistent view of the year-over-year growth trends underlying our global-client and GE businesses, especially during years when significant GE divestitures occur.

During the quarter, overall business process outsourcing revenues, which represent 80% of total revenues, increased 6% year over year. IT-services revenue declined 4%. We continue to expand the relationship with global clients across a range of our targeted industry verticals. In the 12-month period ending March 31, 2016, we grew the number of client relationships with annual revenues over $5 million to 105 from 94. This includes client relationships with more than $15 million in annual revenue increasing to 34 from 30, and client relationships with more than $25 million in annual revenue increasing to 18 from 17. We have four relationships, including GE, with more than $50 million in annual revenue.

Adjusted income from operations for the quarter totaled $85 million, representing a margin of 14% as expected due to investments in sales and marketing as well as capabilities. We expect adjusted operating margin to expand as revenues increase throughout the year at a faster pace than our planned investment ramp. We continue to expect our adjusted operating margins to be higher in the second half of the year relative to the first due to higher revenue growth.

Gross margin for the quarter was 38.8% compared to 39.1% last year. SG&A expenses totaled $160 million, compared to $149 million in the first quarter of last year. Our sales and marketing expense as a percentage of revenue this quarter was approximately 7.3%, flat with the same period last year. Total G&A expense as a percentage of sales increased by approximately 100 basis points year over year, largely driven by investments in domain expertise as well as digital and analytics capabilities.

Our adjusted EPS for the first quarter was $0.31 per share compared to $0.24 per share last year. The year-over-year increase of $0.07 per share was primarily driven by lower net interest expense and lower foreign exchange re-measurement losses, each representing approximately $0.02, as well as benefits from higher operating income, a lower effective tax rate and share repurchases, representing approximately $0.01 each.

In February, we announced an increase to our share repurchase program by $250 million, bringing the total authorization to $500 million. During the first quarter, we repurchased approximately 1.4 million shares at a weighted average price of $24.35 for total purchases of $33 million. Since we launched this program in the first quarter of 2015, we've repurchased 11.2 million shares at a weighted-average price of $23.16 for total repurchases to date of $260 million.

Our effective tax rate for the first quarter was approximately 17%, down from 20% in the first quarter of last year. The decrease in the effective tax rate reflects changes in our jurisdictional mix of income as well as certain reductions in country-specific tax reserves.

I'll now turn to our balance sheet. Our cash and liquid assets totaled approximately $430 million, down from $451 million at the end of the fourth quarter of 2015, largely due to $33 million used during the quarter for share repurchases as well as higher accounts receivable balances. With undrawn debt capacity of $267 million and existing cash balances, we continue to have ample flexibility to pursue growth opportunities. Our net debt-to-EBITDA ratio for the last four rolling quarters was approximately 1.

Our days-sales outstanding was 89 days, up eight days from the first quarter of 2015, primarily due to the impact from the ramp of large deals that resulted in higher transition related deferred revenue and an extended timeline to issued billings related to certain large complex deals. These are purely timing issues and we expect this increase in our DSO this quarter to be recovered through the balance of the year.

Turning to operating cash flows, we utilized $12 million of cash from operations during the quarter, compared to generating $24 million in the first quarter last year. The decline is largely due to the impact of longer receivable days as well as timing impacts associated with certain tax payments. As you've noted in prior years, first-quarter cash flows are typically the lowest during the year due to the payment of annual employee bonuses. Capital expenditures as a percentage of revenue were 3% in the first quarter of 2016.

Finally, our full-year outlook for 2016. We continue to expect total revenues to be between $2.62 billion and $2.66 billion, which includes an assumed adverse foreign exchange impact of approximately $35 million, or 140 basis points at today's exchange rates. We continue to expect our adjusted operating margin to be approximately 15.5% and we'd expect those margins to ramp during the year as our investments are absorbed by higher revenues as we progress throughout 2016. We expect our effective tax rate to be approximately 20% to 21%, similar to 2015.

We continue to expect our cash flow from operations to grow approximately 6% to 8% and adjusted earnings per share to be between $1.40 and $1.42. This now assumes weighted-average shares outstanding of approximately 214.2 million and includes 1.4 million shares bought during the first quarter, as well as the adverse impact of approximately $1 million related to foreign exchange losses on balance sheet related items in the first quarter.

With that, I'll hand it over to Tiger for his closing comments.

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

Thank you, Ed. As discussed in March at our Investor Day, I believe we are better positioned today than we have ever been to serve the needs of our clients, particularly in a world that is changing dramatically driven by the pace of technology change and where disruption is the new normal. The investments we made over the past two years in sales and capabilities are paying off as we position ourselves around our highly differentiated Lean Digital approach to drive disruptive transformations for our clients.

As a result, we are being invited to more and more CXO-lead transformational conversations as the unique combination of deep domain and Lean Digital with our focused choices on our targeted verticals and service lines is resonating deeply in the marketplace. These transformational engagements bring together our consulting and analytics practices with new digital tools and platforms and these generated about 20% of our total revenue. These services represent one of the fastest growing areas of our business and as a driving force behind our industrial leading global-client constant currency growth rates.

I'm excited to mention that we recently added Cece Morken to our Board. Cece, who currently serves in a Senior Leadership role at Intuit is a recognized leader in design thinking methodologies for technology products and solutions. She also brings significant experience in finance and accounting, new digital technologies and customer-centric business models, which fits well with our focus on reimagining our client's operating models. We're fortunate to have added someone of Cece's caliber and background to our Board and we're looking forward to her guidance and insights.

With that, I would like to open our call for your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Joseph Foresi, Cantor Fitzgerald.

Mike Reed - *Cantor Fitzgerald - Analyst*

Thanks, this is actually Mike Reed on for Joe. Thanks for taking the call. Just a couple of quick questions. Could you go in further detail about if there will be any trajectory changes in the global client G growth regarding the change of the divestiture methodology?

Ed Fitzpatrick - *Genpact Ltd - CFO*

We don't expect it to be material. As we looked at it, we thought it was a more appropriate way to look at the year-over-year growth effectively having a year to compare the year-over-year comparison. And for the full-year, we'll continue to provide the actual GE revenues so that you know that number so that we can determine the total of the percentage of total revenue. And for the full-year, it's probably 10 basis points or less impacting the growth rate of each. Not really material, but didn't think it was appropriate to keep changing every quarter as the divestitures took place.

Mike Reed - *Cantor Fitzgerald - Analyst*

Certainly. And then one more question on IT. With it being down, is there any change in the way we should look at that or any changes going on there?

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

Let me take that one, Mike. We've always said that our IT business has really three large components to it. One is the capital markets investment banking vertical and the technology work that we do for investment banks. And those, as I said in my remarks, have faced the pressure that investment banks have been facing fourth quarter and the first quarter.

That pressure has led them to cut back on discretionary spend, which obviously impacts a range of providers into that space. What I must tell you is that it also means that long-term, the same investment banks will have to rethink their business models, reimagine their processes, all positioning people like us and other people like us to actually partner with them on changing those business models including infiltrating digital technologies into a number of their solutions and creating platforms and utilities. So, that's one segment.

The second segment is GE. As GE continues its divestiture of the GE Capital businesses and cuts back on new technology spends in the GE Capital businesses that it's divesting, that obviously flows through into our technology business that we've offered GE. However, on the industrial side of GE, I think we are extremely well positioned including some of the conversations and work that we're beginning to do on the new Predix platform that GE is working on for its Internet of Things.

And the third segment I would call out is our global client's IT, particularly the part that focuses on platforms and domain led technology. If I could pick one example, the commercial lending platforms that we work with in order to bring commercial lending origination and servicing platforms and then with all the services that we do for commercial lending and leaving wrapped around it. It's one of the leading offerings in the marketplace from our perspective.

It's hugely differentiated and that's an example where our domain expertise allows us to win on the technology side and that part of the technology business is growing actually faster than our overall Company growth. So, as technology landscape transforms itself from old legacy to new digital, I think our positioning with domain as a lead and Lean Digital as our approach actually positions us very well going into the future on the technology side of the house.

Ed Fitzpatrick - *Genpact Ltd - CFO*

One other clarification for added piece information. When we guided to growth rates for both GE and GC at the beginning of the year, it didn't take into consideration the transitions that would take place from GE to GC because we didn't know the timing of them. So, appropriately so, we didn't guide to it. That's another reason why we thought it was appropriate to make this classification change.

Mike Reed - *Cantor Fitzgerald - Analyst*

Okay. Great. Thanks both of your for the additional color on that.

Operator

Tien-tsin Huang, JPMorgan.

Tien-tsin Huang - *JPMorgan - Analyst*

Just a follow-up Tiger, you talking about the capital markets, the investment banks makes sense. How about pricing on the IT side, just to round out that business line?

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

Interesting Tien-tsin, and I would answer that in two ways. If you look at legacy, again, you know, the old technology run the bank or run the operations kind of work. There is obviously continued competitive pressure including obviously people wanting to spend less on that side of the house. And then you look at that spend going towards digital and our focus is digital technologies that are focused on the middle and back office.

Pricing is not the reason why someone wins or loses. It's actually capability, it's capability around those specific digital technologies. It's bundling those digital technologies with process and domain in that specific space. So, broadly my answer to technology is, legacy technology behaving differently from digital.

And the second part of the answer which is around investment banks, there's clearly pressure around pricing for sure. Pressure around consolidation of work and pressure around cutting back on discretionary spends. All three happening in the investment banking world.

Tien-tsin Huang - *JPMorgan - Analyst*

Makes sense. And then to you Tiger, you're having a lot of C level conversations as you said. It sounds like quite a bit. How about actually the backlog? Still confidence in the signed deals ramping in a timely way?

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

All our ramps are broadly going per plan. The more complex the deal, the more global the deal, the more change oriented at the front end the deal involves. If you think about a broad large deal that includes 70 countries, consolidation, changing the domain and process led change, infiltrating digital technologies and making people and leaders, particularly the mid-management level in our clients change. That means that change requires time. All of those have been the basis on which these ramps have been planned and we're going broadly as per plan. There are always puts and takes in these, but it's going as for plan. Be that slow ramps in many cases.

Tien-tsin Huang - *JPMorgan - Analyst*

Good to know. Last one for me, maybe for Ed. Just trying to reconcile the guidance. Thematically, no reason to really change guidance so early in the year. That has been the theme this earnings season. But given -- what's changed from an FX standpoint again? Can you run through that one more time? And then I know that you guys have been buying back stock. What's the assumption around buybacks in the guidance? Thank you.

Ed Fitzpatrick - *Genpact Ltd - CFO*

It's on the top line. We had an FX impact last quarter of about $42 million. That's come down to about $35 million. It's moving every day. With that, it effectively gets lost in the rounding in our top line guidance. No change there, $262 million to $266 million is appropriate.

On the share repurchase, we repurchased about 1.4 million of shares, but if you recall, we'll update that each quarter as and when we buy shares back, but there was an offset of that due to balance sheet, FX remeasurement loss of $1 million. So, the effect of that rounds to less than $0.005. No impacts and no change to the overall EPS guidance either.

Tien-tsin Huang - *JPMorgan - Analyst*

Great. Thanks for that.

Operator

George Tong, Piper Jaffrey.

George Tong - *Piper Jaffray - Analyst*

Can you describe the traction you're seeing with your tip of the spear approach in terms of being able to deepen the client relationship after winning an initial new Lean Digital engagement?

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

George, Hi. It obviously has different flavors and colors depending on the situation. Typically, one example would be a client who in the earlier days, would have started by saying yes, I'd like to find a way to engage with Genpact or someone like us to outsource, leverage global delivery, drive continuous improvement, et cetera.

These days, a number of those conversations stand a larger, the more real this is, starts at the top of the house, starts in the C-suite and starts with how do we bring in and leverage a range of digital technologies. In doing that, obviously you have to consolidate. You can't bring in digital technologies unless you consolidate. In doing so, you have to lean out those processes, make them more agile, try and find a way to standardize them and you do all of that in the context of bringing them together and you do all of that in the context often of moving a number of them to our operations and in some cases, moving some of them to our client's captive shared services organizations.

And when you do that, you approach them end-to-end because your objective here is to drive dramatic improvement and outcomes. So the starting point of this is often having a series of design thinking workshops where you start with what are the answer you're going for and the answer may not be the best-in-class. The answer will be such a dramatic improvement that best-in-class actually doesn't matter. And then you work backwards in terms of process change, led by domain, infiltration on new technologies and digital and then starting that journey.

So, it involves multiple stakeholders. It involves the C-suite. It involves big change. Therefore, it becomes a C-suite conversation. And I think for that one reason alone, our C-suite conversations have just gone up just in the last 100 days as I described.

George Tong - *Piper Jaffray - Analyst*

Can you discuss how trends are evolving so far this year in terms of your inflows, win rates and retention rates?

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

I would say all three trending steady versus the previous year. Inflows are higher than last year, but one would expect that to be the case. Win rates steady. And retention rates, as good as we've always had it.

I just want to go back to your earlier question, the one other thing that is different about Lean Digital and the conversations starting at the C-suite, is that it's actually less about cost alone, less about efficiency alone. It's actually often about customer satisfaction, customer delight, market share capture, revenue growth, building insights from the data and in order to do that, you've got to bring in digital and you have got to change the process and then you build insights and analytics and bring those tools as well. It has a significant flavor around top line growth, market share, pricing power for our plans.

George Tong - *Piper Jaffray - Analyst*

Got it. Thank you.

Operator

Edward Caso, Wells Fargo.

Edward Caso - *Wells Fargo Securities, LLC - Analyst*

Good afternoon. My question is on your assets. You indicated you had about 40 digital assets heading towards 100 by year-end. How big an investment is that? Is it something that you have to continuously put money in to keep them up to date and do they potentially help your margins or do they just act to offset margin pressure elsewhere? Thanks.

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

Great question. Let me start by saying that these digital assets are actually a combination of our understanding of a specific domain with a specific item pain point that a number of clients in a specific industry and a specific service what to solve for or an opportunity that they want to leverage.

That pain point solution incorporates our understanding of their process and domain and bringing in digital tools and then leveraging of that data for our plans to build insights, et cetera. And typically, those digital assets would mean very disruptive change in a positive way.

An example, I just want to take one example in order to make the point. One of the digital assets that we've pulled together is third-party risk management for suppliers for our clients. As you can imagine, given the finance & accounting work we do for our clients and the procurement work we do for our clients, we have very good visibility overall, 15 plus years over a range of industries globally over suppliers and their landscape. And we know their behavior, we know their payments, we know how they work, et cetera.

Pulling that together into an asset that you can deploy in one of those solutions which allows our clients to look at their 10,000 suppliers and define how they go from 10,000 to maybe 3,000. Defining which 3,000 they pick. Defining how do you manage the risk of those 3,000 suppliers given the regulatory environment in almost every industry around supply management, the global footprint of those suppliers.

And this is not just risk around credit, it is a risk around payment, it is risk around new technologies, it is a risk around employment practices. It's a whole amount of data that one collects. Data that is available with our client but data is available outside our client as well. And when you pull that data from both inside and outside the company, allow digital platforms to actually pull analytics together, that then offers that to our client. It does mean that those solutions are so disruptive that we do have the ability to drive more value for our clients and therefore, capture more price in that solution for our clients.

Having said that, obviously, it takes out label because a lot of these digital technologies, their intent here is to take out label in order to drive that disruption. So, it's a combination of far more efficient disruptive solution that drives huge value that over the long-term, should allow us to raise margins. Some of that will go back into investing into these same tools because these tools will be constantly refreshed with new technologies that keep coming in. That is the world we're in.

Ed Fitzpatrick - *Genpact Ltd - CFO*

And mathematically, in terms of what we've invested, you know that's where we've been dialing up in the research and development for lack of a better term, the capability ramp was eight quarters ago less than half of what it is today. So that's where we've been ramping it up as a percentage of sales. That's being offset by the G&A leveraging you heard us talk about. That ramp has happened to the extent of where does that investment level stop as a percentage of sales? I don't know that we would expect that level to steep increasing that we've done, we've already seen it continue. But we've definitely ramped level up as a percentage of sales.

Edward Caso - *Wells Fargo Securities, LLC - Analyst*

My other question is on employee attrition, which it's a very good number. It's better than one year ago and I believe, if I remember right, you're more conservative in the way that you present the data. Why are you better? In some cases, 10 points better? Is it geography? Is it more transaction versus voice? What -- everybody loves the CEO. What is it that brings that number down?

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

Thank you for the question. You bring up a great point. It is one of the most important things in our business. Our business is about leveraging intellectual capital. Our business is about leveraging domain and expertise. You bring domain and expertise by having people who have spent time in an industry vertical, in a specific service, in a solution who understand that specific situation.

We have always prided ourselves on our leadership development HR practices. We continue to do an outstanding job in that front and we continue to invest there. We think it's extremely important for us to continue to do that. We provide incredible career opportunities and we know how to progress people through a range of career options. Let me take the Lean Digital example.

The fact that we are able to pick, probably, the brightest 500 people who have incredible expertise and then train them on digital and then add to that another 500 people with great digital expertise from the outside ecosystem and bring them into the Company, that combination is what delivers the power of what we deliver. People see that inside the Company. People see that it makes a difference to their careers. They love the value that they drive for their clients.

And you made a great point around the value of the work we do. As we continue to keep growing up the value chain, the 26% growth in transformative Lean Digital led type services and analytics, consulting, obviously makes a huge difference as people see that, they see the ability to move into those careers. We provide those opportunities, we invest a lot in people and training, all of those allows us to do what to do.

Part of our net promoter score, which has always been one of the hallmarks of what we deliver to our clients, is driven by that attrition number. So we watch it very closely. Is not owned by HR alone. It's owned by our leaders. We feel very proud of that, so thanks for pointing that out. And it's got nothing to do with the CEO.

Edward Caso - *Wells Fargo Securities, LLC - Analyst*

Just a quick follow-up. The dot com business in India is just exploding here. We are hearing other companies losing top talent to that opportunity as they all chase their riches. Are you challenged at all by the phenomena going on in India right now?

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

I think, to say that we are not challenged would probably be wrong because we are in that ecosystem. That ecosystem, in India for example, has always had a war for talent. Various industries have been growing and one of those that's been doing very well in the recent past is the dot com e-commerce space. Having said that, if we look at a broad cross-section of our leadership, we haven't lost talent that we didn't want to lose. As that relates to the earlier point I was making.

The other one is, people find our ecosystem to allow entrepreneurship within the Company to flower. If you think about what we've now created in the valley around our Lean Digital innovation center in Palo Alto, that we just inaugurated at the beginning of last week, we now have people who are working with technology companies, startups in the valley, bringing those digital tools, conducting design workshops at leadership level with our clients. Those are opportunities that are great opportunities for leaders to try in, they enjoy the work we do. So, we haven't lost people at the leadership level. We don't expect to lose people but, the environment is a war for talent so we never should take our eye off that ball.

Edward Caso - *Wells Fargo Securities, LLC - Analyst*

Great. Thank you.

Operator

Frank Atkins, SunTrust.

Frank Atkins - *SunTrust Robinson Humphrey - Analyst*

Thanks for taking my questions. I want to ask where you stand in terms of sales force capacity right now and expectations you may have looking forward around increased productivity on some of those investments you've made.

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

I'd start by saying that our sales force capacity is obviously much bigger than it was a couple of years back. And you know we've been on an investment journey. Our sales productivity for the first quarter is tracking exactly as we had planned, which is higher than last year as you would expect it to be. And, we will continue to drive that agenda as we go through the year.

We will continue to add sales force capacity as we continue to grow the business. We've now reached a level of sales force capacity that we think allows us to add that in a steady-state manner as revenue grows. We took a step function add over the last 2.5 years. That step function is completed. Obviously, we will continue to find the right people to move into the right accounts and the right verticals and the right geographies.

We obviously watch performance and we know exactly how to watch performance both leading indicators as well as final performance of our sales force and we churnsales force, as you would expect, based on performance. We feel very good about that whole sales force journey so far as well as the opportunity we're driving through that sales force.

Frank Atkins - *SunTrust Robinson Humphrey - Analyst*

And as my follow-up, on the GE partnership or relationship, as we see the Company allocate more resources to GE digital which is Predix as well as some other capabilities, can you talk about the opportunities that relationship there may have with GE digital as that continues to grow?

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

It's a great question and that's where we see opportunities as we go through actually, we've seen so far and as we go into the future with GE. As GE becomes less of a financial services business and predominantly more of an industrial business, as that industrial business gets driven more by digital and digital technologies and software with the pivot on Internet of Things, with Predix being the platform around which that pivot and investment is happening, we are a very significant partner in that journey.

We are one of the chosen partners working with the GE digital team, with the Predix team. In fact, in the last few months, we've actually built new solutions on that platform for GE as well as for other industrial clients. That is where we see the opportunity. It fits in very nicely with our infrastructure manufacturing services business, which is a very significant vertical for us.

We are deeply embedded in the GE service lines and specific verticals. We understand the domain really well. As GE continues to undertake that journey, our belief and in all our conversations with the GE stakeholders, the belief clearly is that understanding the domain positions us really well to actually build those solutions out, make them successful, drive the learning, improve the solution, not just for GE, but for a number of other large industrial companies in the world.

Frank Atkins - *SunTrust Robinson Humphrey - Analyst*

Great. Thank you very much.

Operator

Dave Koning, Baird.

Dave Koning - *Robert W. Baird & Company, Inc. - Analyst*

Hello, guys. Nice job. I have a two-part question. On the one hand, the revenue this quarter, GE was a little better than we expected. We thought it was going to be a little tough quarter, but GE was a little better and the core was a little slower. It was actually one of the slower growth quarters in the last several years.

But on the other hand, you've got growth expected the rest of the year. I think sequential growth, you're expecting 5% or 6% on average through the rest of the year, which would be one of the best years of the last seven or eight years to be able to do that. So I'm wondering, we've had tougher quarter in the core BPM business in Q1 but we're set up for some of the best growth, best sequential growth you've had in years. Just trying to put that all into context. I'm wondering if you can kind of do that?

Ed Fitzpatrick - *Genpact Ltd - CFO*

It really largely it is timing and it largely aligns with the way we planned it at the beginning of the year when we initially gave you the guidance. It's not going to be a straightforward or linear type of year. As I mentioned on the last call, growth is going to look more like 2014 growth rates, largely because of the year-over-year compares. First half growth rates for Q1 and Q2, effectively half of what they were in the second year, or less than half, of what they are in the second part of the year.

That's kind of the way we planned it this year as well. That first half will be somewhat muted growth rates and the second half, we are expecting larger growth. So, not even really seeing step up Q2, Q2 largely in line with what we're seeing in Q1 in terms of growth rates in the second half is where we expect to see the increase in revenues as you saw in 2014. So that's the way we're seeing it largely in line and we need to get after it and execute.

Dave Koning - *Robert W. Baird & Company, Inc. - Analyst*

Is that because of the change in seasonal patterns of buying and how maybe clients have changed? Or is it just that the timing of when you signed a lot of deals over the course of the last few quarters just lined up so that there's a huge ramp period? Q3, you end up starting to get a lot of that coming on.

Ed Fitzpatrick - *Genpact Ltd - CFO*

It's a combination of timing of deals that we signed and are signing recently and expect to sign as we go throughout the year as well as the way that revenues flowed in the prior year as well. If you remember last year growth rate, we talked about a tough compare in Q1. Last year's growth rates were high in the first half and low in the second half. I think as a result of that year-over-year comparison that's why you're seeing that coupled with the timing of deals we are expected to sign.

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

The last point I would make, Dave, our business as I've always said is not a quarter by quarter business. It's much more of a long cycle business. Barring some technology projects that we do, obviously and consulting work that we do and analytics projects, to the extent that they are projects, that's where we don't have long-term annuity contracts. But otherwise, these are long cycle businesses. To some extent I would also add the flavor that quarter by quarter is not the way we think about the business. And, as we look at the balance of the year and the full-year, we feel good about the range that we've given.

Dave Koning - *Robert W. Baird & Company, Inc. - Analyst*

That's helpful. And then, the second thing, just looking at the cash flow statement in the press release, there was about a $5 million intangible asset write-down. Was that just one of the acquisitions that you've done and maybe, what was that from?

Ed Fitzpatrick - *Genpact Ltd - CFO*

That was related to -- it was a similar item that we had in the third quarter related to the mortgage platform. We are seeing success in the mortgage business. But very specifically related to this platform looking at the net future value, that present value of those cash flows of that particular platform, we took a write-down. It was related to a prior acquisition. So that write-down was largely offset by the reduction in the earn out related to that acquisition. That effectively was a net of zero for the quarter.

Dave Koning - *Robert W. Baird & Company, Inc. - Analyst*

Got you. Obviously, it's immaterial. It didn't move your guidance or anything like -- it sounds like a pretty small thing.

Ed Fitzpatrick - *Genpact Ltd - CFO*

That's right.

Dave Koning - *Robert W. Baird & Company, Inc. - Analyst*

Got you. Great. Thank you.

Operator

(Operator Instructions)

Keith Bachman, BMO.

Keith Bachman - *BMO Capital Markets - Analyst*

I wanted to come back to the DSO. It obviously was up a decent amount. I know you said it was timing, but could you elaborate a little bit on what were some of the timing issues and more importantly, how does that cascade lower as you get through the year? Where should we be thinking about that ends up through the year?

Ed Fitzpatrick - *Genpact Ltd - CFO*

There were a couple items that I mentioned in the prepared remarks. One of them relates to the ramp-up of large deals that we've signed recently where we ramp up and we incur some upfront costs that get amortized, the revenue gets recognized over the period of the contract. So, although the costs are incurred upfront, the cash flow, you don't get the revenue benefit of that in the same period, so it gets deferred. That was close to two days related to that ramp.

Another couple days roughly associated with other large complex deals that took longer, that take longer to prepare the build. As an example, a very large -- one of the examples is a very large Cost Plus deal where a very significant amount of detail is required to be able to build that amount. That takes longer to bill and that caused a time issue. Those two both, we expect, to effectively get mitigated as we go throughout the rest of the year.

Keith Bachman - *BMO Capital Markets - Analyst*

My follow-up question is on the ramp. Your guidance is consistent with what you said. I think in Analyst Day, a little bit of FX, maybe noise in there and also in the last call. I still think investors are struggling with the ramp. If you think about exit run rates, particularly for the global clients revenue, the current quarter you did 9% year-over-year growth in constant currency, which was I think a little bit lower than investors were assuming, even given that ramp. As you exit the year, you're presumably going to be in double-digits. Is that the way investors should be thinking about the sustainable growth rate of the global client business is well in the double-digits as we look out over the next couple years?

Ed Fitzpatrick - *Genpact Ltd - CFO*

That's certainly our expectation. The timing can be interesting with the year over year comparisons, as you know Keith, that our expectation is that we guide at 12.5% to 14% on a constant currency basis. Our expectation is we should be in that range so we can continue to execute and drive the bookings that you've heard us talk about.

We've got to continue to drive increased bookings to drive that and sustain that double-digit plus type of growth rate. That's certainly our expectation. Nothing has changed. You heard Tiger talk about feeling good about our positioning, feeling good about the inflows, win rates and the sustained level of customers. There's no change there.

Keith Bachman - *BMO Capital Markets - Analyst*

And GE was mentioned in one of the previous questions. It seems a little bitbetter, negative 5%. At Analyst Day, it seemed like you guys were feeling a little bit better about the opportunities associated with GE. I know it's probably even hard to define what GE revenues are these days, but as you exit the year, where are you thinking that the GE business will be in terms of growth rates?

Ed Fitzpatrick - *Genpact Ltd - CFO*

Let me answer a piece of it and Tiger will chime in as well. Remember on the GE piece, we said it all wouldn't happen, every piece of revenue wouldn't drop off in the beginning of the year. The year-over-year down is expected to get worse as we go throughout the year, but I did say that a piece of it, a big chunk of it would happen this quarter, starting with this quarter, and that's why we were down I think it was roughly 5%, which is higher than what you've historically seen. I think that piece will get worse as we get throughout the rest of the year. Tiger, you wanted to say something as well?

Tiger Tyagarajan - *Genpact Ltd - President and CEO*

The way I would think about the GE business is, as we go through the year, we are actually in the first quarter, a few extra projects that came through actually, related a little bit to the divestiture itself, that allowed us to deliver slightly better than the plan. As we go through the year, I think it will come back to the 8% to 10% range, negative, that we talked about.

The best way to talk about the GE business would be, when all the divestitures are complete, when we have basically started reporting those GE businesses because they've been sold to other global clients as part of global clients, then what's left with GE would be predominantly the industrial businesses and what is called as the GE finance operations and business that is connected to those industrial businesses. Those businesses will have three drivers of growth.

As the industrial businesses of GE continue to grow, I think it automatically positions us well to be part of that growth. As GE continues to integrate an acquisition like Alstom or other acquisitions that they may do in the future, that positions us well. And then to the question on the digital and Internet of Things and software and Predix, I think we're very well-positioned to be part of that growth. So, as we look at the future, I think their industrial business of GE puts us in a good position of getting back to, low single-digit growth in the GE world.

Keith Bachman - *BMO Capital Markets - Analyst*

Great. That's it for me. Thanks, gentlemen.

Operator

Thank you. We have no questions at this time. I will now turn the call back over to Mr. Sachs for closing remarks.

Roger Sachs - *Genpact Ltd - Head of IR*

Great. Thank you, Nicole, and thanks, everybody for joining us today. We look forward to speaking with you again next quarter.

Operator

Ladies and gentlemen, that concludes today's conference. Thank you so much for your participation. You may now disconnect. Have a great day.