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# Genpact Ltd. (G)

Q1 2025 Earnings Call

## CORPORATE PARTICIPANTS

**Krista Bessinger**  
*Head-Investor Relations, Genpact Ltd.*

**Michael Weiner**  
*Chief Financial Officer, Genpact Ltd.*

**Balkrishan Kalra**  
*President, Chief Executive Officer & Director, Genpact Ltd.*

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## OTHER PARTICIPANTS

**Bryan C. Bergin**  
*Analyst, TD Cowen*

**Sean Kennedy**  
*Analyst, Mizuho Securities USA LLC*

**Maggie Nolan**  
*Analyst, William Blair & Co. LLC*

**Puneet Jain**  
*Analyst, JPMorgan Securities LLC*

**Jacob Haggarty**  
*Analyst, Robert W. Baird & Co., Inc.*

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## MANAGEMENT DISCUSSION SECTION

**Operator:** Good day, ladies and gentlemen, and welcome to the 2025 First Quarter Genpact Limited Earnings Conference Call. My name is Howard and I will be your conference moderator for today. At this time, all participants are in a listen-only mode. We will conduct a question-and-answer session towards the end of this conference call. As a reminder, this call is being recorded for replay purposes. The replay of the call will be archived and made available on the IR section of Genpact's website.

I would now like to turn the call over to Krista Bessinger, Head of Investor Relations at Genpact. Please proceed.

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**Krista Bessinger**  
*Head-Investor Relations, Genpact Ltd.*

Thank you, Howard. Good afternoon, everyone, and welcome to Genpact's Q1 2025 earnings conference call. We hope you've had a chance to read our earnings press release posted on the Investor Relations section of our website, genpact.com. Today, we have with us BK Kalra, President and CEO; and Mike Weiner, Chief Financial Officer. BK will start with a high-level overview of the quarter and then Mike will cover our financial performance in greater detail, before we take your questions.

Please note that during this call, we will make forward-looking statements, including statements about our business outlook, strategies and long term goals. These comments are based on our plans, predictions and expectations as of today, which may change over time. Actual results could differ materially due to a number of important risks and uncertainties, including the risk factors in our 10-K and 10-Q filings with the SEC.

Also, during this call, we will discuss certain non-GAAP financial measures. We have reconciled those to the most directly comparable GAAP financial measures in our earnings press release. These non-GAAP measures are not intended to be a substitute for our GAAP results.

And finally, this call in its entirety is being webcast from our Investor Relations website and an audio replay and transcript will be available on our website in a few hours.

And with that, I'd like to turn it over to BK.

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## **Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

Thanks, Krista. Good afternoon, everyone, and thank you for joining us today. We entered 2025 with strong momentum, building on the execution, innovation and discipline that defined our performance in 2024. We delivered \$1.215 billion in total revenues in quarter one, up 8.3% year-over-year in constant currency, above the high end of our guidance range.

Gross margin and adjusted operating income margin also exceeded expectations, driven by better than expected revenue performance. And adjusted EPS grew 16% year-over-year, reaching \$0.84, \$0.04 above the high end of our range. Our ability to exceed expectations in Q1, despite a softening macro environment, speaks to the strength of our execution and the highly annuitized nature of our business.

We signed two large deals in Q1, with more than 80% of associated revenue accounted for as annuitized Data-Tech-AI revenue. This reflects the strength of our pivot to data, AI and other advanced technologies. That said, a few additional very large deals with higher concentration in Digital Operations were pushed out in the latter part of March and April due to supply chain and tariff-related uncertainty.

As a result, we are taking a conservative approach, widening our guidance range, and lowering the total revenue to reflect slower cycle times. It is important to note that these large deals continue to be very active. Many are sole-sourced or are in final stages of contracting. We are being deliberate and meeting our clients where they are.

Our pipeline is at an all-time high. And we believe our ability to drive productivity, optimize costs and accelerate transformation for clients using AI and other advanced technologies is a key differentiator, as is our ability to help clients rethink how their global supply chains are configured and run. We are laser-focused on execution and innovation, while deepening client relationships.

As we operate with consistency for clients, we gain greater market share and build a stronger business. That is exactly what we intend to do in this moment as well. And everything starts with disciplined execution. And at Genpact, our 3+1 Execution Framework introduced in 2024 has strengthened our foundation. It covers partnerships, Data-Tech-AI, simplification and +1 in our 3+1 Framework, which is establishing Genpact as our own best credential for AI-led transformations.

Let me quickly walk you through the key highlights on 3+1 in the first quarter, starting with partnerships. Partner related revenues is off to a very strong start in 2025, up 80% year-over-year and more than 10% quarter-over-quarter, reaching 10% of total revenues in Q1. We believe partnerships represent a significant ongoing opportunity for Genpact, given that technology service and solution companies with mature partner operations typically generate 20% to 50% of revenues from partner channels.

Second, on Data-Tech-AI, our focus on delivering innovative solutions is driving results, with revenue up 12% year-over-year on a constant currency basis in Q1. We now have more than 215 GenAI solutions in production environment with clients, either deployed or going live, up approximately 50% quarter-over-quarter, with GenAI revenues nearly doubling from quarter four.

We are also seeing early traction with our agentic solutions. We launched our first agentic solution for accounts payable in February of this year, delivering strong productivity gains for clients with reduced manual effort and faster processing times. While we are sharing AI-driven productivity gains with clients, with new commercial models, incremental revenue is coming from expanded scope, increased volumes or both, resulting in net revenue growth for Genpact.

We are seeing strong engagement with our AI Gigafactory as well. It is now live across manufacturing, retail and financial services, with additional vertical specific offerings coming in Q2. Since launch in January, we have onboarded more than 30 existing clients looking to scale AI more broadly across their operations.

Third, our simplification efforts continue to deliver results. As an example, we have meaningfully reduced time to bill the average number of days it takes to initiate client billing. This reflects tighter coordination between our sales and delivery teams, and tangible progress in simplifying our internal processes.

And finally, on Client Zero, we made meaningful progress in Q1. And let me talk about two fronts. First, AI-led efficiencies allowed us to reduce head count in IT and HR, protecting margins and creating a leaner, long-term cost structure. Second, Client Zero is becoming an increasingly effective sales tool. We are seeing significant interests from clients who want access to Scout, the family of AI agents we developed internally and deployed across our IT, HR and finance organizations.

Now, turning to our guidance in more detail. Our outlook at the beginning of the year assumed a stable macro environment relative to the second half of 2024. The operating environment has changed significantly since then. As a result, we are taking a measured approach.

There are three key components to our updated guidance. First, we are widening our range to reflect increased uncertainty in certain industries driven by changes in global trade. Second, in spite of our record large deal pipeline, we are reducing our Digital Operations and Data-Tech-AI outlook to reflect the few large deals that were pushed out in the latter part of March and April. Delays in large deals early in the year disproportionately affect digital operations because in-year revenues is more dependent on signing early.

On Data-Tech-AI, although the strong momentum has been built and we have not observed any slowdown year-to-date, with strong demand and conversion rate continuing through the end of April, we are lowering numbers for Data-Tech-AI out of an abundant of caution. As mentioned earlier, our pipeline for large deals is at record levels, up more than 80% year-over-year, reflecting healthy long term demand and increased focus on cost takeout, which often happens during economic downturns. All of these deals are actively in play and we are ensuring we are meeting our clients where they are, matching their pace in this uncertain environment.

Finally, our gross and AOI margin guidance remains unchanged, as we stay disciplined on cost management while continuing to invest in our top priorities to accelerate long term growth, with EPS continuing to grow faster than revenue.

In summary, we entered 2025 with strong momentum, delivering a first quarter that demonstrates the power of our business, anchored in execution, innovation and trusted client relationships. While the operating environment

has changed, we remain confident in our strategy. Our pipeline remains strong, and we continue to execute with discipline, staying tightly aligned with our clients and helping them succeed in today's rapidly changing environment.

Our focus on execution, innovation, and long term value creation has never been clearer. We have demonstrated our ability to accelerate growth across revenues, margins, EPS and cash flow, and we'll continue our momentum by gaining market share as operating environment improves.

With that, I'll turn the call over to Mike.

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## Michael Weiner

*Chief Financial Officer, Genpact Ltd.*

Good afternoon, everyone, and thank you for joining us today. We're pleased to report a strong first quarter, with results ahead of our expectations. At the same time, as BK mentioned, we're seeing some delayed decision making in select end markets, particularly those impacted by shifting global trade dynamics. As a result, we're taking a conservative approach and updating our full year guidance, which I'll walk you through shortly.

Turning to the quarter, we delivered 16% adjusted EPS growth, well ahead of the 7% net revenue growth to \$1.215 billion. This marks the sixth consecutive quarter with adjusted EPS increasing at a faster pace than revenue. On a constant currency basis, net revenue grew 8%.

Our pipeline was up from the fourth quarter and reached a new high, with a healthy mix across deal sizes. We achieved win rates of 40% in the quarter, with sole-source deals accounting for approximately 54% of total bookings, up from 35% in the prior year. We added 18 new logos and won two large new deals in the quarter. As a reminder, large deals are \$50 million or greater in total contract value.

Data-Tech-AI services represented 48% of total revenue and or \$582 million, driven by demand for our tech services and data modernization. This was an 11% increase than the prior year and 12% in constant currency, exceeding the high end of our guide.

Digital Operations revenue of \$633 million was up 4% year-over-year, 5% on a constant currency basis. This performance was in line with our expectations. Digital Operations accounted for 52% of total revenue. Revenue from priority accounts grew approximately 6% over the prior year and represented 62% of the total. Growth was balanced across our segments, led by high tech and manufacturing at 11%, followed by financial services at 7%, and consumer and healthcare at 4%. Outcome and consumption-based deals, excluding fixed fee contracts, accounted for 22% of first quarter revenue, up from 19% in the prior year.

Turning to profitability, we expanded gross margin by 30 basis points year-over-year to 35.3%, driven by operating leverage and continued cost discipline. SG&A expenses were 19.8% of revenue, down from 20.8% in the prior year. This reflects both revenue growth and operating leverage, even as we continue to invest strategically across the business. Adjusted operating income was \$210 million, up from \$182 million, while adjusted operating income margin expanded 120 basis points to 17.3%.

Our effective tax rate in the first quarter was 25.3%. That compares to 25.2% in the prior year. Net income for the quarter was \$131 million. Diluted EPS was \$0.73. And adjusted diluted EPS came in at \$0.84, representing a notable 16% annual increase. Operating cash flow improved to 40 million from a (\$26) million outflow in the prior year.

Turning to our balance sheet and capital allocation. We ended the first quarter with a solid balance sheet, demonstrated by \$562 million in cash and cash equivalents, up from \$478 million a year ago. Additionally, our DSOs were 88 days, 3 days lower than the prior year. We returned \$93 million to shareholders in the first quarter through \$63 million in share repurchases and \$30 million in dividends.

Our pipeline has grown to record levels across all deal cohorts and continues to progress well. However, in late first quarter and early second quarter, we saw signs of increasing caution in the buying behavior, particularly in end markets sensitive to global trade. A few large deals expected to close in the first quarter have been delayed. This delay has impacted future quarter revenue timing with the impact more visible in Digital Operations.

Given these dynamics, we're taking a more conservative approach to our full year guide specifically. One, widening the range to incorporate changing operating environment from 2024, with a notable increase in uncertainty. Two, we're lowering our expectations for Digital Operations to account for the delayed decision making impacting revenue timing for future quarters.

We're also modestly reducing our expectations for DTAI, despite continued strength through April. This adjustment reflects caution due to the current environment. Three, we're reaffirming our outlook for gross and adjusted operating income margins. Just to be clear, we are not seeing any deal cancellations, deletions or cannibalization.

For the full year, on an as reported basis, we now expect to deliver net revenue in the range of \$4.862 billion to \$5.005 billion, growth of 2% to 5%, respectively, 3.5% at the midpoint. At the midpoint, Data-Tech-AI and Digital Operations revenue growth is expected to be approximately 5.1% and 2%, respectively. Given that estimated range, our adjusted diluted EPS is expected to be between \$3.41 and \$3.52, representing 5.7% growth year-over-year at the midpoint, again, projected to grow faster than revenue for the fifth straight year.

To provide additional detail, to reach the midpoint of our full year revenue guidance of 3.5%, we need to achieve \$166 million of growth. Of this, \$84 million was delivered in the first quarter and we're estimating \$45 million in the second quarter. This means we would need to achieve \$37 million in the second half of the year to achieve 3.5% of revenue growth target for the year. In constant currency terms, we expect net revenue growth in the range of 1.9% to 4.9%, representing 3.4% at the midpoint, which translates into Data-Tech-AI and Digital Operations revenue growth of approximately 5.1% and 1.9%, respectively.

Moving on, full year gross margin remains at 36%, an increase of 50 basis points year-over-year, supported by our operating leverage. Adjusted operating income margin remains at 17.3%, a 20 basis point increase from the prior year. Operating cash flow is expected to be approximately \$610 million. On capital allocation, we continue to aim to return at least 50% of cash flow to investors through a combination of share repurchases and dividends, while remaining flexible for strategic investments.

Looking at the second quarter, on an as reported basis, we expect to deliver net revenues between \$1.210 billion and \$1.233 billion, growth of 2.8% to 4.8%, representing 3.8% at the midpoint. This translates into Data-Tech-AI and Digital Operations revenue of approximately 7.6% and 0.6%, respectively. In constant currency terms, we expect net revenue growth in the range of 2.5% to 4.5%, representing 3.5% at the midpoint, which translates to the Data-Tech-AI and Digital Operations revenue growth of approximately 7.4% and 0.1%, respectively.

We are anticipating gross margin of 35.5% and adjusted operating income margin of 17.3%, a 40 basis point expansion from the prior period. Lastly, we are guiding to adjusted diluted EPS of \$0.84 to \$0.86, an increase of approximately 8% at the midpoint compared to last year.

With that, let me turn the call over to Krista.

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**Krista Bessinger**

*Head-Investor Relations, Genpact Ltd.*

Great. Thank you, Mike. Howard, I think we're ready to go ahead and queue for questions.

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## QUESTION AND ANSWER SECTION

**Operator:** Thank you. [Operator Instructions] Our first question or comment comes from the line of Bryan Bergin from TD Cowen. Mr. Bergin, your line is now open.

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**Bryan C. Bergin**

*Analyst, TD Cowen*

Q

Hi, guys. Thanks for taking the question here. So, let's start on growth and the revised outlook, particularly just in Digital Ops, the magnitude of the change in a short period of time was a surprise. So, can you just help us with the moving pieces here or dig in a little bit as it relates to those deals that have gotten pushed out, how many are we talking about? And then as we think about as you go through the year, they've been delayed. But are you relying on them to be signed at any point soon to account for the implied second half sequential pickup, or have you basically just removed those out fully and you're guiding to a little bit of growth on the existing base of business?

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**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

Hey, Bryan. It's Mike. Let me start that off, maybe BK can chime in in a moment. So, you're correct in your assertion that Digital Operations, the vast majority of the reduction, if not all of the reduction, is really driven by the delay in these large deals. Just a reminder, large deals are greater than \$50 million and these deals have been pushed out. We're now well in excess of that. So, they had a meaningful impact, particularly in the business for the second half of the year, right.

Our range does not incorporate that those deals will happen in a reasonable period of time. Again, a deal that is signed in late in the fourth quarter or in the fourth quarter will just not have the material revenue impact that it would have had based our assumptions in the first quarter of the year, right. So, I think from that perspective, we feel very good about the outlook and where we are. We hope to get those deals consummated as soon as possible. Again, none of them have been canceled. They've just simply been delayed.

And I think what's kind of interesting about it, when you double click on what those deals are, who they are, right, it's interesting. They're all within manufacturing, consumer goods, high tech, hardware, right. And when even look at a deeper level of it and you look at the services underneath those, quite a few of them had to do with supply chain related work that we do, right, which really ties into the macro, which is what we're seeing a greater level of uncertainty really related to tariff-related industries, which unfortunately is impacting us disproportionately this quarter.

I don't know, BK, if you'd like to add on to that.

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**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

Two more points. Thanks, Bryan. And all of these deals that Mike referred, they are few in number, Bryan, continue to be in a very active dialog. A number of them are actually sole-source conversations, but given our clients are also dealing with multitude of issues, it is taking longer than we expected and that is what is reflected in the guide.

And I think I'll also point out that actually the couple of large deals that we signed in the first quarter that we just reported had a higher proportion of Data-Tech-AI, which talks to the strength of the solutions that we have developed. But just from a granularity of guide, it goes more to support Data-Tech-AI. And I think we do want to center more on the total revenue. And because our go to market motions are solving client problems at scale, Digital Ops, Data-Tech-AI is more characterization of the skills that we bring to bear, but we feel really good in the range to deliver total revenues, including Data-Tech-AI and DO.

**Bryan C. Bergin**

*Analyst, TD Cowen*

Q

Okay. And just to be clear, just to follow up on that, the deals that are – you're currently waiting on, do you see any situation where they could be canceled or they are following up along and they're obviously proposing some efficiency measures where you don't see the risk of those ultimately getting canceled?

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

We – I'll tell you, we don't see any risk off, because the dialogue is actually more number of conversations are happening. We had expected them to sign, obviously, by this time, and a number of our team members are in front of boards of these large companies as well. So, they know that these programs, large deals are very meaningful for them. So, I don't see them any chance of getting cancelled. Actually, our pipeline overall for large deals is 80% higher Y-o-Y and this metric hasn't happened over a period of time. So, we feel really good about the demand overall.

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

This is basically a timing related issue for us.

**Bryan C. Bergin**

*Analyst, TD Cowen*

Q

Okay. Okay. And sorry, if I could just touch on margin here. So, as we look here, from the outlook for the gross margin and the op margin, it does imply that second half gross margin steps up pretty notably. Can you just help us gain comfort there on what drives that step up?

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

Yeah. So, it's a little counterintuitive when you think about it from that perspective. Yeah. With the – first of all, we outperformed in the first quarter both on gross margin and an AOI perspective versus our expectations, which is going to carry forward for the remaining part of the year, right. We continue to execute exceptionally well in our +1 in operation – and operations.

And then the interesting thing is, in the absence of these large deals coming in, large deals typically come in early on. These are multi-year, five to seven year deals. They come in at a below average gross margin. So, the absence of some of those deals or the delay in those deals from when we anticipated them, will continue to support that gross margin that we're forecasting.

**Bryan C. Bergin**

*Analyst, TD Cowen*

Q

Okay. Makes sense. Thank you.

**Operator:** Thank you. Our next question or comment comes from the line of Maggie Nolan from William Blair. Your line is open.

**Maggie Nolan**

*Analyst, William Blair & Co. LLC*

Q

Hi. Thank you. I wanted to follow up on the large deals that were delayed. Are they showing any signs of pricing pressure, given the changing environment?

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

No.

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

No. Yeah.

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

Okay. Good ahead.

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

I'm sorry. Absolutely not, really it has nothing to do with the composition of the deal, the scoping of the deal by any stretch like that or the competitive pressure associated with it. It's literally a timing effect on – we anticipated these deals closing in the early part of the year, right. We still are looking forward to them closing towards the latter part of the year. But unfortunately, because of the revenue cadence pattern of it, it's disproportionately impacting our business growth rates for the year, and notably, that's in Digital Operations.

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

Yeah. Yeah. You are exactly right. And also, Maggie, we don't need to close these deals to land in our guidance range. We are obviously becoming more conservative relative to the macro environment that we been – we find ourselves since beginning of this quarter, but we are not seeing any pricing pressure and our solutions are actually taking hold more strongly.

**Maggie Nolan**

*Analyst, William Blair & Co. LLC*

Q

Okay. Thank you. And then you mentioned that it was largely in like manufacturing end markets. Is there a particular concentration of end markets into segments that you split out, the DTAI versus Digital Ops, both manufacturing and then any others as we think about what might be impacted by the changing environment?

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

I won't say there is concentration, Maggie. Actually we have – we gain from a very diversified set of industries that we work with, but there are – then we need to deal with some of these variations that come in. And yes, we have strong client base in manufacturing, in CPG, in retail and all of these end markets are a little bit in times of more uncertainty than other end markets.

**Maggie Nolan**

*Analyst, William Blair & Co. LLC*

Q

Thank you.

**Operator:** Thank you. Our next question or comment comes from the line of Jacob Haggarty from R.W. Baird. Mr. Haggarty, your line is open.

**Jacob Haggarty**

*Analyst, Robert W. Baird & Co., Inc.*

Q

Hey, guys. Thanks for taking my question. I just wanted to touch on what kind of deals are like being affected here, the deals that are getting pushed off. So, you guys mentioned that these are longer term in nature. Just kind of curious if these are more cost takeout deals and they're still getting delayed or are these more discretionary, more transformational? Thanks.

**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

So, a lot of these deals, Jacob, are in supply chain. So, for a large consumer goods company, there's a big program that we've been running. And now, this is a large transaction in supply chain. And this is much bigger than \$50 million. And these are – I won't say that they are just cost takeouts. They're – obviously any of these solutions have a significant productivity that comes in over a period of time, over a five, seven year period.

But they are also – they always improve the outcomes, too. So, there's always an efficiency and effectiveness lever that gets deployed with all of these solutions of, be it agentic or GenAI or any of the other solutions. But it is – a number of these deals are in the – are in these end markets that we referred to. And most of the deals that actually came in contention are in those markets and those deals continue to be in very active dialogue. It is just taking a little bit longer than our expectations to close.

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*

A

Yeah. One thing just quickly add on, as BK talked about, these are very large deals, are in excess of \$50 million, which is our definition of large deals. And yes, they are over a long period of time. These deals are contracted for five to seven years, wouldn't be an unusual component of it. And just for – just additional point of clarity on that,

people don't come in and buy Digital Operations or Data-Tech-AI from us. These are solutions. And in many of these large deals, if not all of them, it is a component of both, right. So, I just want to make that bifurcation clear.

**Jacob Haggarty**

*Analyst, Robert W. Baird & Co., Inc.*



Thanks, guys.

**Operator:** Thank you. [Operator Instructions] Our next question or comment comes from the line of Sean Kennedy from Mizuho. Mr. Kennedy, your line is open.

**Sean Kennedy**

*Analyst, Mizuho Securities USA LLC*



Hi, everyone. Thanks for taking my question. Nice to hear that there were no deal cancellations and that Data-Tech-AI has remained strong year-to-date. So, for Data-Tech-AI, can you provide more detail on the outlook for different customer end markets?

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*



So, yeah, I mean, the way – we don't always think about it from that perspective, right. We think about it when we talk about our Data-Tech-AI revenue disaggregation, we really split it between the deals that are greater than 12 months and less than 12 months, right. So, the larger deals that are greater than 12 months are really associated with these multi-year transformational deals, right, which performed exceptionally well, particularly in the first quarter, as BK alluded to.

The two large deals that we closed had a larger proponent of Data-Tech-AI on there. We are sitting on a record pipeline, which we're working aggressively on closing them down. And so, we've just taken a very conservative, prudent approach on our forecasting on the shorter cycle retail type deals that we do that are sometimes more, more susceptible to discretionary buying behavior of our clients, and that's really what's reflected in our guide.

**Sean Kennedy**

*Analyst, Mizuho Securities USA LLC*



Okay. Great. Thank you.

**Operator:** Thank you. Our next question or comment comes from the line of Puneet Jain from JPMorgan. Your line is open.

**Puneet Jain**

*Analyst, JPMorgan Securities LLC*



Hey. Thanks for taking my question. I wanted to follow up on like all these questions on large deals, especially around 2Q guidance, like the only issue is around large deals that are in pipeline like that shouldn't have much impact on second quarter growth. So, are you also seeing like headwinds or some weakness in your existing customers or the deals that have already ramped up that will impact in the second quarter?

**Michael Weiner**

*Chief Financial Officer, Genpact Ltd.*



No. I think we feel really good about our second quarter, right, in terms of where those numbers are irrelevant of those large deals, as BK alluded to, from that perspective. Again, what we've – that we've talked about, not just for large deals, but for also different size deals across both the revenue categorizations of DO and Data-Tech-AI are just much more prudent, conservative view, right, and a greater level of uncertainty. And that's really what's reflected in our outlook.

Now, that said, we are sitting here, into the quarter, so we feel really good about that, right. So, way that I talked about it in my prepared remarks is to kind of think about our business and think about our 3.5% growth that we're forecasting for the year. 3.5% growth is arguably about \$166 million for us. We took down 50% of that growth in the first quarter alone. We're anticipating taking down \$45 million, which is about 27% of that in the second quarter, which we feel really good about. So, if you think about it from that perspective, the second half of the year really has us projected to grow about \$35 million or about 22%. So, it does give you some sense of how we're thinking about the year and how we're approaching just our pretty conservative guide really driven by a lot of the uncertainty out there.

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**Puneet Jain**

*Analyst, JPMorgan Securities LLC*

Q

Got it. Got it. And then second, like as you like compete for some of these large deals, like what do you bake in for AI-driven productivity savings? I'm assuming like these deals are multi-year, three years, five years. Like, what do you typically promise to your customers have AI-driven benefits that you can generate over the term of the deal?

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**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

A

So, overall, especially in these large deals, Puneet, there is a holistic solution that walks in, traditionally, obviously, we will bake in many solutions like lean and then predictive analytics came in, including machine learning and then generative AI came in and now agentic AI has come in. It's always a holistic solution that we bring in that drives – we've been driving productivity for over a decade and sharing that productivity with clients. This time is no different.

Yes, tools are far more visible, tools are different and tools are better. And therefore, in a five to seven-year large deal, the productivities are anywhere from 30% to 40% to 45% and spread over five to seven years. And that's how – and it stays in a very competitive zone in our markets and number of these are sole-source deals as well. But we are always comparing to the best in the industry.

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**Puneet Jain**

*Analyst, JPMorgan Securities LLC*

Q

Got it. Thank you.

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**Operator:** Thank you. [Operator Instructions] I show no additional questions in the queue at this time. I'd like to turn the conference back over to management for any closing remarks.

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**Balkrishan Kalra**

*President, Chief Executive Officer & Director, Genpact Ltd.*

Thank you, Howard. Before we wrap, I want to thank our entire team and clients, I am proud of what we have accomplished together and I am confident in what we will continue to build one quarter at a time. We look forward to sharing more about our strategy, priorities and long term outlook at our Investor Day in June. Thank you.

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**Operator:** Ladies and gentlemen, thank you for participating in today's conference. This concludes the program. You may now disconnect. Everyone, have a wonderful day.

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