

Genpact LTD
Form 10-Q
September 11, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM

TO

Commission File Number: 333-142875

GENPACT LIMITED

(Exact name of registrant as specified in its charter)

Bermuda

(State or other jurisdiction of
incorporation or organization)

541990

(Primary Standard Industrial
Classification Code Number)

98-0533350

(I.R.S. Employer
Identification Number)

Canon s Court

22 Victoria Street

Hamilton HM

Bermuda

(441) 295-2244

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject

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to such filing requirements for the past 90 days. Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer

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

The number of shares of the registrant's common shares, par value \$0.01 per share, outstanding as of September 10, 2007 was 211,719,365, subsequent to the 2007 Reorganization referred to in Note 1 to the financial statements.

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PART I FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

GENPACT GLOBAL HOLDINGS SICAR S.à.r.l.

Consolidated Balance Sheets

(Unaudited)

(In thousands of U.S. Dollars, except share and per share data)

	As of December 31, 2006	As of June 30, 2007
Assets		
<i>Current assets</i>		
Cash and cash equivalents	\$ 35,430	\$ 49,024
Accounts receivable, net	43,854	78,701
Accounts receivable from a significant shareholder, net	97,397	84,254
Inter-corporate deposits with a significant shareholder	1,010	12,786
Deferred income taxes	1,144	1,156
Due from a significant shareholder	10,236	5,460
Prepaid expenses and other current assets	53,829	129,873
Total current assets	242,900	361,254
Property, plant and equipment, net	157,976	167,231
Deferred income taxes	1,549	1,044
Investment in equity affiliate		375
Customer-related intangible assets, net	119,680	114,170
Other intangible assets, net	11,908	11,291
Goodwill	493,452	570,777
Other assets	53,827	123,089
Total assets	\$ 1,081,292	\$ 1,349,231

See accompanying notes to the Consolidated Financial Statements.

GENPACT GLOBAL HOLDINGS SICAR S.à.r.l.

Consolidated Balance Sheets

(Unaudited)

(In thousands of U.S. Dollars, except share and per share data)

	As of December 31, 2006	As of June 30, 2007	
Liabilities and stockholders' equity			
<i>Current liabilities</i>			
Short-term borrowings	\$ 83,000	\$ 97,675	
Current portion of long-term debt	19,383	19,418	
Current portion of long-term debt from a significant shareholder	1,131	1,937	
Current portion of capital lease obligations	64	21	
Current portion of capital lease obligations payable to a significant shareholder	1,686	1,742	
Accounts payable	9,230	19,064	
Income taxes payable	1,617	9,983	
Deferred income taxes	1,858	2,222	
Due to a significant shareholder	8,928	10,212	
Accrued expenses and other current liabilities	136,949	146,343	
Total current liabilities	\$ 263,846	\$ 308,617	
Long-term debt, less current portion	118,657	108,940	
Long-term debt from a significant shareholder, less current portion	3,865	3,873	
Capital lease obligations, less current portion		231	
Capital lease obligations payable to a significant shareholder, less current portion	3,067	2,873	
Deferred income taxes	20,481	37,653	
Due to a significant shareholder	7,019	8,067	
Other liabilities	39,662	\$ 45,366	
Total liabilities	\$ 456,597	\$ 515,620	
Minority interest		4,048	
			Pro Forma Stock-holders' equity as of June 30, 2007
Stockholders' equity			
2% Cumulative Series A convertible preferred stock, 3,077,868 and 3,077,346 authorized, issued and outstanding, and \$208,577 and \$211,521 aggregate liquidation value as of December 31, 2006 and June 30, 2007, respectively; none pro forma	95,414	95,398	
5% Cumulative Series B convertible preferred stock, 3,017,868 and 3,017,346 authorized, issued and outstanding, and \$216,502 and \$222,938 aggregate liquidation value as of December 31, 2006 and June 30, 2007, respectively; none pro forma	93,554	93,538	
Common stock, \$31 par value, 394,642 and 384,790 shares authorized, issued and outstanding as of December 31, 2006 and June 30, 2007, respectively; 189,962,335 shares pro forma	12,234	11,928	\$ 1,900
Additional paid-in capital	482,805	507,669	706,633
Retained earnings /(accumulated deficit)	5,978	(18,546) (18,546)
Accumulated other comprehensive income (loss)	(15,295) 152,907	152,907

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Treasury stock, 20,056 and 850 common stock and 59,000
2% Cumulative Series A convertible preferred stock as of
December 31, 2006 and June 30, 2007, respectively;

1,276,068 shares pro forma	(49,995) (13,331) (13,331)
Total stockholders equity	624,695	829,563	\$	829,563
Commitments and contingencies				
Total liabilities, minority interest and stockholders equity	\$	1,081,292	\$	1,349,231

See accompanying notes to the Consolidated Financial Statements.

GENPACT GLOBAL HOLDINGS SICAR S.à.r.l.

Consolidated Statements of Income

(Unaudited)

(In thousands of U.S. Dollars, except share and per share data)

	Three months ended		Six months ended	
	June 30, 2006	June 30, 2007	June 30, 2006	June 30, 2007
Net revenues				
Net revenues from services - significant shareholder	\$ 109,662	\$ 124,218	\$ 219,311	\$ 244,990
Net revenues from services - others	31,294	75,847	53,542	130,101
Other revenues		427		1,382
Total net revenues	140,956	200,492	272,853	376,473
Cost of revenue				
Services	85,753	128,248	163,739	237,398
Others		299		1,034
Total cost of revenue	85,753	128,547	163,739	238,432
Gross profit	55,203	71,945	109,114	138,041
<i>Operating expenses:</i>				
Selling, general and administrative expenses	37,025	55,565	73,129	104,120
Amortization of acquired intangible assets	10,569	9,437	21,614	18,629
Foreign exchange (gains) losses, net	826	(11,478)	4,521	(13,137)
Other operating income	(625)	(1,160)	(1,753)	(1,723)
Income from operations	7,408	\$ 19,581	11,603	30,152
Other income (expense), net	(2,630)	(3,498)	(3,185)	(7,078)
Income before share of equity in (earnings)/loss of affiliate, minority interest and income taxes	4,778	16,083	8,418	23,074
Equity in (earnings)/loss of affiliate		7		80
Minority interest		2,788		3,692
Income taxes expense (benefit)	(2,244)	6,195	(3,672)	10,363
Net Income	\$ 7,022	\$ 7,093	\$ 12,090	\$ 8,939
Net loss per common share - basic and diluted	\$ (9.11)	\$ (31.02)	\$ (15.27)	\$ (69.93)
Weighted average number of common shares used in computing net loss per common share basic and diluted	394,000	383,980		