

**MindTree Consulting Ltd.**  
**Investors/Analysts Conference Call**  
**(April 30, 2007, 6:30PM IST)**

**Moderator:** Good evening Ladies and Gentlemen. I am Rita, the moderator, for this conference. Welcome to MindTree conference call hosted by JM Morgan Stanley. For the duration of the presentation, all participants lines will be in the listen-only mode. After the presentation the Q&A session will be conducted for the participants connected to the international bridge, which will be followed by the Q&A session for the participants connected to the India bridge. I would like to handover the floor to Mr. Anantha Narayan of JM Morgan Stanley. Thank you and over to you sir.

**Anantha Narayan:** Thanks Rita and warm welcome to all the participants on this call. My name is Anantha and I am from Morgan Stanley research team and on behalf of MindTree Consulting as well as my firm, I would like to welcome all the participants for this call. As all of you may be aware MindTree reported Q4 fiscal 2007 results earlier today and this was the first quarterly report since the company went public. To discuss these results and outlook for the company, we have with us on the call the senior management team of MindTree which includes Mr. Ashok Soota, Chairman and Managing Director, Mr. Subroto Bagchi, Chief Operating Officer, Mr. N. Krishnakumar, President & CEO IT Services, Mr. S. Janakiraman, President & CEO R&D Services, Mr. Rostow Ravanan, CFO and Mr. Puneet Jetli, Vice President and Global Head of People Function. With this introduction I would like to invite Rostow to commence this call on behalf of the management team.

**Rostow Ravanan:** Thank you Anantha. I would like to start off by giving a safe harbour statement. During the during the course of the call we make some statement that would be forward-looking statements. Those statements obviously carry a risk in terms of uncertainty because of which the actual results could be different. We do not undertake to update those statements periodically. With that, I will hand the call over to Ashok to start off his comments.

**Ashok Soota:** Good evening, I would like to welcome all of the participants and thank you for joining us for what as Anantha said is the first time that we have had a quarter closing after our IPO and I must say that we were very pleased with the response we got for IPO and realize that our investors have very expectations of us

As you all know, MindTree delivers business enabling technology solutions. These are IP-led on R&D business and consulting-led on the IT services business. MindTree is committed to the highest standards of governance, ethics, and integrity and these are very key parts of our values. In line with this philosophy, we will strive for very high levels of transparency.

In the results, we have reported we have a year-over-year profit after tax growth of 66.1% in rupee terms as well as a revenue growth of 31.5% leading to an earnings per share growth of 44%. Both of our businesses have shown a good growth and see a very good momentum. During this quarter we have added 17 customers and we do have in our portfolio 36 fortune 500 customers. MindTree focuses very strongly on customer satisfaction, which is a key part of successful long-term business.

We have our survey results showing very strong results on this score, 90% of our customers gave us a score of 4 or higher on a scale of 5, and on the index of willingness to do repeat



business with us -- 93% gave a rating of 4 or higher. We will publish customer satisfaction scores on our forthcoming annual report; which we believe will be an industry first.

In terms of the challenges we see on horizon, I'd say is a significant one certainly overshadows everything else is the sudden sharp appreciation of the rupee. Clearly it is an area of concern and with this view let me request my colleague, Subroto, to give a few highlight.

**Subroto Bagchi:** Thank you Ashok. I would like to make six points.

First of all, our people brand continues to be strong. We had a net addition of 156 people during the quarter and 1,034 people joined us during the year.

The second point I would like to make is that our attrition in quarter 4 was 15%, which we believe is significantly lower than the industry average.

The third point I would like to make is that we continue to maintain consistently high people satisfaction ranking. The most recent ranking showed 90% of our people gave us a rating of 4 or higher on a scale of 5 whereby indicating that they find MindTree a great place to work.

The fourth point I would like to make is we were ranked highly in many of the reputed industry surveys that covered best employers across industries and the most recent ones being Business Today and Business World. These surveys indicate that we remain preferred place to work about.

We continue to do path breaking work on KM front, i.e. Knowledge Management, as they evidenced by our most recent MAKE award (which is Most Admired Knowledge Enterprise Award). We believe that this will be a key differentiator for us both in terms of delivering highly value-added solutions to our customers and also to be seen as a great place for learning opportunities for our people.

All the current indications from the market and this my 6<sup>th</sup> point seemed to show a good demand for a differentiated solution provider like MindTree and given our great service capabilities and our emphasis on Agility, Access, and Attention we do look forward to a continuously successful year ahead. With that, I am handing over to Rostow Ravanan, Chief Finance Officer.

**Rostow Ravanan:** Thank you Subroto. I just like to walk the financial highlights for Q4. The Q4 was sequential growth of 9.1% in dollar terms over Q3 and 6.6% growth in rupee terms over Q3 on revenues.

Profit after tax grew 32.8% in dollar terms and 29.8% in PAT terms. We ended the quarter with 155 active customers; of which we had 31 customers who gave us on more than a million dollars in revenue, 4 customers who gave us more than \$5 million in revenue, and 2 customers who gave us more than \$10 million in revenue.

Coming to the guidance for the next year, our approach is to give annual guidance, so we will guide only towards the full fiscal year 2007-2008. On that basis we are guiding to \$178 to \$180 million in revenue, which would be a 36% year-over-year growth of the higher end. On the bottom line level we are guiding to 25.1 to 25.2 million on profit after tax, which would constitute 26.4% year-over-year growth, and on the EPS front, we are guiding to Rs. 28.9 to Rs. 29.5 for the year. The EPS growth this year is a little low. It has to be seen in the context of two factors. The entire guidance has been given of the basis of a dollar-rupee exchange rate of 42.25, so



that obviously has one large impact on bottom line level. Secondly, at an EPS level, the IPO happened in March of this year and also we had a large ESOP exercised on March 31, 2007. Both of those do not affect the weighted average share calculations for the EPS for this year, but there will be obviously coming for full year next year. So, with both those factors one need to keep in mind when you look at the EPS guidance. With this, we will turn the call over for question and answers.

**Moderator:** Thank you very much sir. At this moment, I would like to hand over the proceedings to the International Moderator, Amina, to conduct the Q&A session for participants connected to the International Bridge. After this, we will have a Q&A session for participants connected to India Bridge. Thank you and over to you Amina.

**Amina:** Thank you Rita. We will now begin the question and answer session for participants connected to the International Bridge. Please press 01 to ask the question. Please press 01 to ask the question. At this moment, there are no questions from participants at International Bridge. I would like to hand over the proceedings to Rita.

**Rita:** Thank you very much Amina. We will now begin the Q&A interactive sessions for participants connected to India Bridge. Participants who wish to ask questions, kindly press \*1 on your telephone keypad. On pressing \*1, participants will get a chance to present your questions on a first in line basis. Participants are requested to use only handsets while asking a question. To ask a question, kindly press \*1 now. First in line, we have Mr. Mehta from HSBC. Over to you sir.

**Mehta:** Yeah. Hi. Good evening gentlemen and congratulations on a great year. Sir I was just wondering if you could tell me what would be total of ESOPs outstanding as of now?

**Rostow Ravanan:** 2.2 million shares options are outstanding as of now.

**Mehta:** 2.2 million shares. Okay and in terms of for tax assumptions are you assuming the you will be paying MAT this year?

**Rostow Ravanan:** We will pay MAT this year, but the implications for us is part of the bottom line level not so much because of MAT.

**Mehta:** Okay.

**Rostow Ravanan:** We will pay income tax in almost all our international geographies this year because we have more or less exhausted or accumulated tax losses in all our international geographies, as you would appreciate, we are a 7-year-old company, so in the earlier part of our life most of our international operations had accumulated losses.

**Mehta:** Okay.

**Rostow Ravanan:** And in India, since we do about 5%-6% of our domestic business in India with the domestic customers on that amount we will pay tax in India as well. And, lastly obviously from an accounting presentation standpoint whatever we pay as fringe benefit tax, would also get accounted in the income tax line in our P&L. Overall, we expect an effective tax rate of about 10% for March 2008.

**Mehta:** 10%. Okay. When will you complete constructing your SEZ in Chennai?



**Rostow Ravanan:** It is under construction. We expect the builder to handover this facility to us somewhere around November this year. After which it will take for us about one month to complete it, so we should occupy the building early next year.

**Mehta:** Only next year?

**Rostow Ravanan:** Yes.

**Mehta:** I mean fiscal next year or calendar year?

**Rostow Ravanan:** Calendar year next year. Between January and February 2008 we should start occupying that facility.

**Mehta:** Okay and in terms of CAPEX, can you give some sort of outlook on the CAPEX that you will be spending this year?

**Rostow Ravanan:** Based on what we are seeing right now, CAPEX expected to spend is about \$29 million next year. It may go up because currently some of the facilities which we operate in Bangalore are leased facilities and we are contemplating buying out some of those facilities. If those transactions get completed CAPEX could increase, but if those do not get completed our planned CAPEX for year is \$29 million.

**Mehta:** Okay and if you were to buy out what will be cost for the ballpark assumption that you will make for some assessment of the cost?

**Rostow Ravanan:** We are in negotiations with the builders right now.

**Mehta:** Okay.

**Rostow Ravanan:** Just in the next few weeks once these discussions are settled I will inform you or may be could update you on that in the next quarter's call.

**Mehta:** Great. Just in terms of your growth this quarter could you break it up what was because of the pricing and what was because of volumes?

**Rostow Ravanan:** The software fee revenue grew 8.5% this quarter for Q4 over Q3 of which 5.7% was volume growth and 2.8% was price growth.

**Mehta:** Then how does your pricing going forward to fiscal 2008. Is it difficult to get pricing improvements on it because of maturity of accounts or able to get it better.

**Rostow Ravanan:** Sure. I will ask my colleagues, Jani and KK to answer the question for the respective businesses.

**Krishna Kumar:** Mr. Mehta this is Krishna Kumar. On the IT services side certainly, we see a good pricing environment almost all our renewals are onsite pricing is coming with the increases of 2%-3% and an offshore between 4%-6% on renewals. Even the new contracts are coming at similar rates price increases of at least 3%-5% over existing prices. One of the reasons why overall if you look at the IT services pricing, you will have to factor into account that we work in low pricing environments like India and Middle East, but as we see going ahead business in the



Middle East is also coming to become little more offshore centric. So, that will improve the pricing environment in Middle East as well as in India, we see the pricing environment being on the upward trend.

**S. Janakiraman:** Yeah. From the R&D service front many of the contract renewals have happened in the January, February, and March quarter because many of our contracts are annual contracts and comes for renewal during the calendar year, and some of those price increases have been incorporated, but we see that many of the new accounts that we have booked during the last 6-8 months have been with higher prices but had lower volume, and as the volume picks up in those accounts we feel that it will help us in the overall pricing momentum.

**Mehta:** Great in the sense of fiscal 2008 is yet to see full impact over pricing improvement in the R&D side.

**S Janakiraman:** Absolutely.

**Mehta:** Okay. Would it be fair to assume that given any salary hikes and potential rupee pressure, you can potentially improve margins if you have to do some sort of you know miscellaneous SG&A savings and efficiency improvements or we are looking at a flat margin environment?

**Ashok Soota:** I am going to just briefly address this and turn it over to Rostow add a little more detail on it. Overall, we would say that nearly we will expect stable to increasing gross margin and the scope for some reductions in SG&A. However, as you will see from the guidance as compared to say the 15.1% PAT delivered last year a clearly there has been an impact of the rupee appreciation, which we have budgeted and then obviously in terms of the assumption that we have taken a 42.25 that which we are guiding as well as on the impact of the service tax on rented facilities. May be Rostow can give an indication on how these numbers were break out or shaped out had as these two things not happened.

**Rostow Ravanan:** Mehta, had we not had the negative impacts to because of the Rupee appreciation and this goes impact margin should has been on the upper straight. We believe we lost somewhere about 2.5 percentage points on PAT level because of those two points. All that loss we make up through SG&A savings and improved pricing etc., so thus how we expect to year to pan out based on what we are seeing right now.

**Mehta:** Great. Thank you and wish you all the best.

**Ashok Soota:** Thanks to your questions.

**Moderator:** Thank you very much sir. Participants who wish to ask questions, kindly press \*1 on your telephone keypad. Next in line, we have Mr. Neeraj from Capital Market. Over to you sir.

**Neeraj:** Good evening sir. I had a question on the salary hikes. What is the percentage for onsite/offshore and when do you do it?

**Puneet:** The salary hikes for offshore are planned to be on a weighted average of 16%.

**Neeraj:** Okay.



**Puneet:** And onsite you know since we operate in various countries, they would be between 3% and 5%.

**Neeraj:** And when will these be affected?

**Ashok Soota:** This would be effected over 3 quarters. First would be you know for some people it would be effective this quarter, which is effective April 1, 2007.

**Neeraj:** As a percentage terms if you know.

**Ashok Soota:** Yeah, you know if you were so look at our wage bill, you know 33% of that will see an increase in this quarter, current quarter.

**Neeraj:** Okay.

**Ashok Soota:** Around 46% will see an increase effective July 1, 2007.

**Neeraj:** Okay.

**Ashok Soota:** Around 21% will see an increase effective October 1, 2007.

**Neeraj:** Sir, this is the both offshore and onsite?

**Ashok Soota:** This is weighted average. This is all put together.

**Neeraj:** Okay, right. And what would be the tax rate assumption that you have taken in the sense of what the figure you know?

**Ashok Soota:** The income tax assumption?

**Neeraj:** Yeah.

**Rostow Ravanan:** We have got assumption is that the level effective tax rate next year of 10%.

**Neeraj:** Okay. Right sir. Okay sir. Thank you sir.

**Moderator:** Thank you very much sir. Next in line, we have Mr. Ghosh from DNA. Over to you sir.

**Ghosh:** Good evening sir. Sir, I would like to know what would be expected salary hike for the freshers for a campus visits that would be doing this year, for the people who will join you next year.

**Puneet:** This is Puneet again. I will take it again that question. As you rightly said, you know for people who are joining us this year you know offer letters were given to them last year, so we do not propose to change that, but right now as we are in the process of hiring for next year, which is 2008 right now we have you know increased the compensation on our entry level salaries are roughly around Rs. 3.2 lacs.

**Ghosh:** Sir, what rise it would be against 2007?



**Puneet:** You know the current compensation is 2.75.

**Ghosh:** Sir,

**Puneet:** So, you know it roughly translates to around 16% you know increase.

**Ghosh:** Sir, if you could give a sense how was against previous year in 2006, how much will it would be.

**Puneet:** 2006, it was around 2.5 lacs.

**Ghosh:** Right sir. Thank you.

**Moderator:** Thank you very much sir. Next is the follow up question from Mr. Neeraj from Capital Market. Over to you sir.

**Neeraj:** Sir I want to know what is the addition planned for employees and what is the fresher to lateral mix that you are planning?

**Puneet:** Puneet again.

**Neeraj:** Yeah.

**Puneet:** You know for achieving our plan and the guidance that we have given, we expect net addition of around 1600 people.

**Neeraj:** Okay.

**Puneet:** Of this, around 600 may be laterals and the remaining would be people who we would take from you know various campuses.

**Neeraj:** Okay.

**Puneet:** These include engineering, graduate these include you know fresh MBAs that we hired from business schools. As well as certain non-engineering graduates will typically come with B.Sc and BCA qualification.

**Neeraj:** Okay. And, what is the current fresher/lateral mix?

**Puneet:** You know you will have to look at it year-on-year so for the current year, roughly it was 60% freshers and you know 40% laterals.

**Neeraj:** Right and for FY 2006?

**Puneet:** That would have been around 40% freshers and around 60% laterals.

**Neeraj:** Right. Okay. And, I can get it on e-mail the sequential figures for December 2006 that is missing in your fact sheets sent.

**Rostow Ravanan:** In the fact sheet we did not report sequential quarter Q3 over Q2 because



**Neeraj:** Q3 or Q4 you see financials.

**Rostow Ravanan:** Yeah, since we did not prepare audited numbers for Q3 on a standalone basis, so that is why that number is not available.

**Neeraj:** Okay, right. Thank you.

**Moderator:** Are you done with your question sir.

**Neeraj:** Yeah. Thanks.

**Moderator:** Thank very much. Participants who wish to ask questions, kindly press \*1 on your telephone keypad. I repeat, participants who wish to ask questions, kindly press \*1 on your telephone keypad. Next in line, we have Mr. Gupta from DSP Merrill Lynch. Over to you sir.

**Gupta:** Hi, congratulations on a good set of numbers. I joined a little late, but there was some discussion that the management is planning to buy out some facilities, but after the change in the regulation recently that there will be no tax on the rent, does the management still want to purchase facilities? Comments please.

**Rostow Ravanan:** To the best of our knowledge I am not sure what you are referring to as we have not come across any notification from the government which says that the service tax that was proposed in the budget this get on commercial property is not going to go ahead. If such a regulation comes we will re-evaluate. Even it is then depend on the economics of the situation. If the price put up by the seller makes sense then economically for us even that you have access to more resources right now we would consider buying depending on the economics.

**Ashok Soota:** But, in case, you got any notification that you aware of which I think none of have or really to the best of our knowledge, they remains within the budgets which were put up.

**Rostow Ravanan:** As far as SEZ only locations are exempt from the service tax and commercial rents all other locations have to incur that cost.

**Gupta:** Okay. Fine. I will probably contact you later once I also confirm the same.

**Rostow Ravanan:** Yeah.

**Gupta:** Thank you.

**Moderator:** Thank you very much sir. Next in line, we have Mr. Nitin from ICICI Brokerage. Over to you sir.

**Nitin:** Yeah. Hello hello.

**Ashok Soota:** Yeah Nitin, go ahead.

**Nitin:** yeah, coming to the guidance for the next year, are we planning for any sort of acquisitions or anything? Is there a possibility?

**Ashok Soota:** We certainly as we said even when we were going on the IPO





**Nitin:** okay okay.

**Ashok Soota:** We have said that in the past acquisitions have barely contributed about 8% of our revenue

**Nitin:** Right.

**Ashok Soota:** And we do expect to contribute a larger proportion in the future.

**Nitin:** Right.

**Ashok Soota:** We have an active M&A cell that looks at opportunities, but as you know you know here you need very large pipeline and then it does not always goes through. So I cannot say that there is anything imminent.

**Nitin:** Okay okay.

**Ashok Soota:** Which was likely to have certainly not typical thing which we could announce in the next quarter or so.

**Nitin:** Okay,

**Ashok Soota:** But we are looking at multiple opportunities.

**Nitin:** okay

**Ashok Soota:** And you know if the right fit comes through then they should contribute towards growth even in the current year, but at this stage there is no commitment if it will actually happen.

**Nitin:** But what exactly are we looking forward this stage?

**Ashok Soota:** You know in terms of needs I will not talk with the very very specific opportunities that we have.

**Nitin:** okay

**Ashok Soota:** But I can tell you the philosophy that we have here

**Nitin:** okay

**Ashok Soota:** That you that we would like to get into areas, which could perhaps get us into new verticals.

**Nitin:** Okay.

**Ashok Soota:** The introduction into new geographies where it is perhaps difficult for us to be to penetrate.

**Nitin:** okay



**Ashok Soota:** And, also, in terms of adding critical mass to our practices.

**Nitin:** okay.

**Ashok Soota:** I'd say we look these as basic criteria

**Nitin:** Okay.

**Ashok Soota:** As far as the sort of company that we are looking at and also that the fact that going ahead you know the typically I would say our sweet spots for companies being in a range of 10-20 million dollars, but I would clarify that that guidance that we have given does not include any M&A because if that happens it is a one-off act.

**Nitin:** Right, right. So, is there possibility that there is something that could happen in the quarter or so? No.

**Ashok Soota:** No, I clarified that.

**Nitin:** Thank you.

**Moderator:** Thank very much sir. Next in line, we have Mr. George from Edelweiss Capital. Over to you sir.

**George:** Yeah. Hi men hi, do you hear me?

**Ashok Soota:** Yeah, yeah go ahead.

**George:** Yeah, actually I have got that may be a few questions that are just probably give you three of them. Can you just clarify for me the extent of your receivables and cash flows hedge them?

**Rostow Ravanan:** Sure. As of now, we have a \$26 million of hedge of which about \$13 million is for the immediate quarter April, May, and June 2007 quarter and the balance is for rest of the year. Our hedging policy allows us the hedge upto one year in advance.

**Rostow Ravanan:** For the current hedges by all outstanding about 46/\$. The receivables that we run are at 78 days.

**George:** Okay fine. The other one I just wanted to understand in terms of guidance are you seeing growth being comparable both in terms of top line as well as you know margin sustainable equivalent across both the IT services or solutions business as well as R&D segment?

**Ashok Soota:** Sure. Broadly, speaking there is no difference, actually both of them got pretty strong growth momentum and based up on work on somewhat comparable growth rates that we can see or margin movement rates. We are not seeing any significant deviation in any direction.

**George:** Okay. Right and in terms of common customers between the two sides while you manage to will be cross sell in to R&D customers get them into the IT side or vice versa. Are there any traction on that side?



**Janakiraman:** This is Janakiraman R&D Services. Surely, there had been opportunities in the past where R&D services has leveraged IT services clients, one of the large automotive vendors. Similarly we have other clients also they are we have seen similar kind of traction and it has been vice versa too between the IT services and R&D services. But I can say that it has not been phenomenal so far, but we have seen an increasing level of traction, between our customer basis. And in addition to the newer customers that we are targeting, we are several times going together and pitching for both of businesses together.

**George:** Okay. Fine. One last question as well I think a small part of your R&D revenue that may be about 5%, I am not sure the exact number comes from IP related stuff where you have built around IP. I mean I got the sense that you may be emphasis on that as probably not as strong as the overall R&D services portfolio. Just give us a sense of you know how you see that line of business with overall portfolio in terms of IP contributing for them further.

**Ashok Soota:** Yes, you know I would like to just clarify one thing there will be IP licensing for the business as proportion entire business is obviously smaller it 1.2% of grand total business, but in terms of R&D services it would be I suppose closer to about 4.7%. So, which is you got to see the R&D services in itself constitutes approximately 25%. The number 5 was not far out it is 4.7. The leverage we get on the rest of the business the service business that we get through this was in order of magnitude higher. Jani can tell you how you know any key things on the qualitative side of the future investment in that area.

**Janakiraman:** Sure, if you take the R&D services we have the research, which is IP led, and another one is the engineering where we are doing the technology services. Today, at least we have something like 7 customers on the engineering side which started with selling the intellectual property to them, so it always helps us. It is a golden key in terms of enabling us to enter to the engineering market and leverage that will get is tremendously high with the IP led services. So, we will continue to invest in it, and we will continue to explore new markets through new technologies that will be developing.

**George:** Okay. Just one last question. What was average Rupee-Dollar exchange rate in FY 2007?

**Rostow Ravanan:** 45.39.

**George:** Yeah. Okay. Thank you so much. Have great days ahead.

**Moderator:** Thank you very much sir. Participants who wish to ask questions, kindly press \*1 on your telephone keypad. I repeat, participants who wish to ask questions kindly press \*1 on your telephone keypad. Next in line, we have Mr. Ghosh from Wealth Management. Over to you sir.

**Ghosh:** Hello. Congratulations for the results. I wanted to know about what is basis of guidance which you given because I joined late so, excuse me if repeating same question.

**Rostow Ravanan:** The guidance like we mentioned was on the basis of 42.25 to the dollar.

**Ghosh:** Okay, but the profitability expected to improve because of you know you are guiding 26% profitability growth the 36% revenue growth?



**Rostow Ravanan:** Like we mentioned, we have two large external factors, which contributed to the profit margins currently being guided lower. One was, Rupee-Dollar exchange rate. Like I mentioned we were about 45 to dollar last year.

**Ghosh:** Okay.

**Rostow Ravanan:** Now this year we have working on the basis of 42, so that is the about 7% in impact so that obviously contributed to some extent of margin fall. And also this year since the government introduced service tax on commercial rentals and that also contributed to some extent of margin fall. But for these two margins should have been at little higher these two contributed we think business by itself delivering better results. March 2008 as compared to March 2007, but these do help depress our margins the that extent.

**Ashok Soota:** As a gross margin there will be a stable to increasing with some scope for reduction in SG&A, which is factored in and it is really these two factors, which are leading to variation you see on the PAT level together with the fact that there is income tax in the year 2007-08 as compared to 2006-07.

**Ghosh:** And may I assume that 1% of change in Dollar-Rupee rate would impact you on 0.5% on the profitability?

**Rostow Ravanan:** Absolutely.

**Ghosh:** Okay, one other thing is that what kind of you know returns you are having much smaller base this, so could we have expected superior growth rates or is this because you are being conservative?

**Ashok Soota:** Overall, if you look at it clearly that this the sort of growth rate that we liked to project and I think it is a fair assumption. We have taken all our overall pipeline confidence levels, past thumb rules how you know the run rate of quarter 4 translates into a final number, even all of that we say that this is a balanced forecast and a balanced guidance we have given.

**Ghosh:** Okay. Thank you sir.

**Moderator:** Thank you very much sir. Participants who wish to ask questions, kindly press \*1 on your telephone keypad. Next is the follow up question from Mr. George from Edelweiss Capital. Over to you sir.

**George:** Yeah. Hi. Just one question. The average entry-level salaries contemplating paying out of 3.2 lacs, hello?

**Ashok Soota:** Yes, yes.

**George:** 3.2 lacs seem to be a tat higher than the industry average at that level? Isn't it? At least from my knowledge at least 10 to 12% higher.

**Puneet:** George, this is Puneet here. You know the 3.2 lacs is for people who will join us in 2008. Typically, you know we start going to engineering campuses and start hiring from there, 12-15 months ahead of time, so we started at campus recruitment season in March and at that point in time we actually look for you know how the salaries are likely to move. If we thought that they would be stable then we won't have a gone ahead or adjust it, so we do anticipate that you



know there would be a higher salary at entry level we are already seen that in some of the campuses, which we have visited and you know adjustment that we have done is essentially in line with that.

**George:** Okay. Fine. The other thing I had another question follow up was on the attrition. Are attrition comparable are almost the same across both your major business line that is IT and R&D?

**Subroto Bagchi:** Yes.

**George:** Okay, fine. Thank you so much.

**Moderator:** Thank you very much sir. Participants who wish to ask questions, kindly press \*1 on your telephone keypad. Next in line, we have Mr. Shreyas from SSKI. Over to you sir. Mr. Shreyas.

**Shreyas:** Hello.

**Moderator:** You could go ahead with your question sir.

**Shreyas:** Yeah. This is regarding the pricing improvement in the quarter. If you see that your which fixed price are quite high at 25% of the revenues and during the quarter of your utilization has declined significantly, so what is the pricing improvement because of actual price increase or productivity improvement?

**Rostow Ravanan:** The price increase was actual price increase both on existing customers and new customers who came in through quarter.

**Shreyas:** Okay. So, productivity improvement was not there?

**Rostow Ravanan:** Volumes grew out of the software fee revenue grew is 8.5% quarter of which 5.7% came from volume increase and 2.8% came from price increases.

**Shreyas:** Okay. And, this price increase here will witnessing in both R&D as well as IT services, or especially in which side of business?

**Krishnakumar:** No in fact in both the businesses we see stable and increasing price trend.

**Shreyas:** Okay. Thank you.

**Moderator:** Thank you very much sir. At this moment, there are no further questions from participants. I would like to hand over the flow back to Mr. Anantha Narayan of JM Morgan Stanley for the final remarks. Over to you sir.

**Anantha:** Thanks Rita and let me the MindTree Management for taking time of on what I am sure a busy day for them. Thanks once again.

**Ashok Soota:** Thank you also, and thank you to all the other participants also.



**Moderator:** Thank you very much sir. Ladies and Gentlemen, thank you for choosing WebEx Conferencing service. That concludes this conference call. Thank you for your participation. You may now disconnect your lines. Thank you and have a nice evening.

