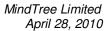


## MindTree Limited Q4 and FY 2009-10 Earnings Conference Call

**April 28, 2010** 





Moderator

Ladies and gentlemen this is Rochelle, the Chorus Call Conference Operator. Welcome to the MindTree Limited Q4 and FY2009-2010 earnings conference call. As a reminder for the duration of this presentation all participant lines are in the listen-only mode and this conference is being recorded. After the presentation there will an opportunity for you to ask questions. Should anyone need assistance during this conference call, they may signal an operator by pressing '\*' and then '0' on their touchtone telephone.

I would now like to hand the proceedings over to Mr. Sushanth Pai of MindTree Limited. Thank you and over to you Mr. Pai.

Sushanth Pai

Thanks, Rochelle. Welcome to this conference call to discuss the financial results for MindTree Limited for the fourth quarter ended and financial year ended 31, March 2010. I am Sushanth from the Investor Relations team in Bangalore.

We have with us senior management team including N. Krishna Kumar, CEO and Managing Director, Janakiraman S, President and Group CEO, Products Engineering Services, Vinod Deshmukh, President and CEO, R&D Services, Anjan Lahiri, President and CEO of IT Services, Rostow Ravanan, CFO, Babuji Abraham, Global Head, People Function, Parthasarathy N.S., President and CEO, IMTS & Testing, Salil Godika, Chief Strategy Officer.

The agenda for the session is as follows: Krishna Kumar and Rostow will begin with a brief overview of the company's performance after which we will open the floor for the Q&A session.

As indicated in the last quarter we have discontinued the practice of providing guidance. This change is a change in philosophy and after taking into account certain best practices in the industry and not because of a shift in our operating environment. In line with our philosophy of high transparency we will provide qualitative information in reasonable detail during this call but we will not provide specific revenue and earnings guidance.

Before I hand over let me begin with a Safe Harbor statement. During the course of the call we could make forward-looking statements. These statements are considering the environment we see as of today, and obviously carry a risk in terms of uncertainty because of which the actual results could be different. We do not undertake to update the statements periodically.

I now pass it on to Krishna Kumar.

Krishnakumar Natarajan

Thank you Sushanth. Q4 has been an encouraging quarter with quarter-on-quarter revenue growth of 5.7% on a consolidated basis and industry leading 6.3% on a standalone basis. Our FY10 results have exceeded the guidance provided to you earlier. Rostow will cover more details on this later.



Most of our businesses have grown this quarter and these are encouraging signs for FY11. Some of our new wins which we announced during the last financial year are showing tractions and they are expected to contribute to revenue in the current year.

I will provide some more details of how we see our businesses going forward a little later. Overall, we see a much more positive demand environment going forward.

On April 22, we signed a definitive agreement to acquire the business of 7Strata, a Chennai-based remote infrastructure management services provider for Rs 7.2 crores. The deal is expected to close shortly and will be effective 1 May 2010. This is an asset purchase deal to acquire the intellectual property, people and customer contracts of 7Strata.

7Strata offers end to end fully integrated remote IT monitoring and management services. The uniqueness of the service model is the proprietary infrastructure management software platform which is an intellectual property developed by 7Strata and it is called RAPID. This ITIL compliance platform aggregates information gathered from various infrastructure elements and has an integrated service desk as well.

The key benefits of the platform are it allows for remote shared pool of minds to scale work across a larger number of customers with full details of each customer standard operating procedure for ticketing, escalation, management and resolution of problems in an ITIL framework.

It also allows for progressive automation of routine service requests and auto remediation of repeat problems thereby significantly enhancing productivity and improving uptime. 7Strata has about 90 people. The core management and the delivery team will form part of MindTree.

Today, the MindTree IMTS teams manage some of the most complicated IT infrastructure of our customers. Having a tool which is our own intellectual property gives us a flexibility and control needed to scale our IMTS business to the next higher level. Hence 7Strata, its people, the RAPID intellectual property and customer based in India are a nice complimentary addition to our IMTS team. This also helps MindTree to broaden its services by offering desktop management services to global customers.

With this acquisition I believe we have the right combination of reference- able customers, ITIL compliant processes, integrated and a flexible tool and most importantly, a committed and passionate team with which we can grow our IMTS business at a much faster pace in the years to come.

Now let me provide a few highlights of our Q4 results. On a consolidated basis Q4 software revenues were \$74.5 million representing an industry leading growth of 5.7% on a consolidated basis and 6.3% on a standalone basis. The year-on-year growth was also 9.7%. In



Rupee terms this represents a quarter-on-quarter growth of 3.8% and year-on-year growth of 1.9%.

MindTree Wireless or NIW contributed to \$4.6 million of this revenue during the current quarter. On a constant currency basis we have grown 6.2% signifying a cross currency impact of 0.5%.

For FY10 our revenues were \$272.3 million signifying a growth of 1.2% in dollar terms and 4.7% in rupee terms. NIW contributed \$9.4 million of revenue in the above 272.3 million.

In terms of our businesses, IT services has shown an industry-leading 10.2% quarter-on-quarter growth, R&D services grew 6.2% quarter-on-quarter and software product engineering had a decline of 0.5% quarter-on-quarter and NIW also had a decline of 2.8%.

We added 27 customers during this quarter. On the people front, the attrition on a trailing 12-month basis is 14.1%. This compares to 10.7% in Q3.

On a consolidated basis we have 8,297 MindTree minds reflecting a head count addition of 170 people in this quarter.

I will now provide some details of how we see our business shaping up for FY11. On the organic side of our business which is the services business, based on current trends, we expect that will attain growth rate higher than the industry growth estimates provided by NASSCOM which is 13% to 15%. The main segments within IT services that will fuel growth are BFSI and travel and transportation. Manufacturing has shown growth in Q4, but will still continue to be soft at least for the first two quarters of FY11. We are starting to see strong growth traction building up in our insurance industry group.

R&D services is picking up and you would have observed that in the last three quarters, R&D services has grown every quarter on a quarter-on-quarter basis. Networking and consumer market will drive the growth in R&D Services.

Software product engineering business is looking strong with traction in the SAAS engineering services market. This will also add significantly to our growth momentum.

We continue to see strong traction for our infrastructure management and independent testing businesses. In IMTS we are in the race for a few large deals and the deal pipeline in independent testing is also strong. Overall, on the demand side of the market, we see discretionary spending starting to happen and this is a good sign for MindTree.

On NIW, we are in two segments. Ready-to-Brand phones and cellular infrastructure. In the phone business we are working towards developing an Android based 3G enabled Smartphone. If progress is as per plan; our first phone is expected to be in the market in Q3 or Q4 of FY11.



In the infrastructure business we will be building intellectual property around 4G telecom infrastructure. The target customers in this area will be silicon companies, OEMs and operators. The first intellectual property sale is expected to happen in Q3 or Q4 of FY11.

We are making investments in the range of \$10 million to \$11 million for the first half of the year of FY11 for these businesses. Our internal accruals will take care of these investments. Due to the above investments we expect that there will be a dip in profitability at a consolidated level in Q1 and Q2. As you will appreciate that this is a new initiative and due to the nature of any product business, the financial performance will be known only when the products are launched in the market. If it is successful we are confident that the profitability and return on capital employed of our product business will be good and it will generate a strong growth momentum. We will update you as this business evolves even if it requires a mid-quarter communication.

Rostow will now provide some more highlights on the financial parameters and margins and related information for FY11.

**Rostow Ravanan** 

Thank you, KK. Once again, good evening to everybody on this call. Some of the points that I would like to cover are, on a consolidated basis for financial year 2010 we have exceeded our guidance on all parameters. Our full year revenues are \$272.3 million against the guidance of 269.5 to 270.5.

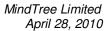
On the PAT front against the guidance of \$40.5 million to \$41.25 million, the actual performance was \$45.1 million. On the EPS front against the guidance of 48.6 to 49.5 the actual EPS was 52.8.

Coming to the current quarter, on a consolidated basis like KK mentioned revenue growth was 5.7%, the growth was largely driven out of increase in the realized rate and volumes were more or less flat in the current quarter.

On a consolidated basis our EBITDA margin in the current quarter was 18.4% compared to 19.9% in the previous quarter, the decline in the margin was mainly because of rupee appreciation, restoration of our leave polices which lead to some increased provision and investments that we have made in the NIW business in the current quarter.

Due to the rupee appreciation we have a reversal of mark-to-market provisions of approximately \$4.6 million in the current quarter. For the full year we have mark-to-market reversals to the extent of \$23.3 million.

On a consolidated basis, PAT for the quarter was \$11.8 million which is 15.8% of revenue, that is a significant growth of 223.5% on a year-over-year basis and 3.2% on a quarter-over-quarter basis. Even on a full year basis PAT increased significantly by 294%.





We ended the quarter with 258 active customers; of these we have 60 \$1 million accounts, 13 \$5 million accounts and 5 \$10 million plus accounts. The DSO at the end of the quarter was 68 days. Our DSO has continuously been less than 70 days for the last three quarters. Utilization including trainees is 71.4%, approximately, the same as the previous quarter.

For the year 2009-2010 the board has recommended a final dividend of Rs. 2 per share which includes a special dividend of Re 1 per share on the occasion of our 10<sup>th</sup> anniversary.

Coming to the outlook on margin for 2010-2011, on our organic businesses i.e. IT services, R&D services and software product engineering services business we expect pricing to pick up in the second half of 2010-2011. Margin for our services business will be stable during the course of the year, even accounting for wage increases in the range of 13% to 15% for offshore based people and 2% to 4% for onsite people. Large section of our people will receive the wage increases in April and the balance would receive their wage increases effective 1<sup>st</sup> July. Our effective tax rate for 2010-11 will be approximately the same as 2010 that is about 15%. Capex on a consolidated level is expected to be \$23 million in FY11. We have assumed a weighted average rate of 45.64 to the dollar for the year 2010-11.

As of today, we have hedges of approximately \$158 million at a weighted average rate of 45.77 for FY2011; in addition, we have \$70 million for FY12 and FY13. The rate at which the hedges for 2010-11 are 45.77. Breakup of our revenue is that 83% of our revenues are dollar denominated followed by Euro and INR at about 5% each. The balance is spread over many currencies.

Like KK mentioned, with the market traction we are seeing at present we believe we will deliver growth rate at a higher than the rest of the industry, maintain margins at least for our organic business, services business and therefore are much more excited about the year 2010-11 than the way 2009-10 started. With that we will turn this over for question and answers. Rochelle, you can start the Q&A session.

Moderator

Sure, sir. Thank you very much, sir. .Ladies and gentlemen, we will now begin the question and answer session. At this time participants who would like to ask questions may please press '\*' followed by '1' on their touchtone telephone. If your questions have been answered and you wish to withdraw your question from the queue please press '\*' followed by '2.' You are requested to please use your handsets while asking a question. Our first question is from the line of Kawaljeet Saluja of Kotak. Please go ahead.

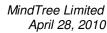
Kawaljeet Saluja

KK., I just heard you say that you are going to invest \$10-11 million in the NIW business. Is that the right number?

Krishnakumar Natarajan Yes, that is the right number.

**Rostow Ravanan** 

That spreads over Q1 and Q2.





Kawaljeet Saluja

But Rostow, last time when we spoke you had indicated a number on investment which is significantly lower and \$10-11 million. If I am not mistaken the number was \$2-3 million. Now what has led to this reassessment and of course spike in the investment amount.

**Rostow Ravanan** 

Sure. Kawaljeet, that time we had said \$7-8 million. When we completed the plan for NIW business which got completed a few days ago, given the sort of potential we have seen in the market place as well as the progress made by the team, we decided to commit a little higher investment than what we have done in the past.

Kawaljeet Saluja

Rostow, I am sorry actually, if I remember correctly, the amount was \$3-4 million and perhaps not \$7-8 million if I am not mistaken?

**Rostow Ravanan** 

Yeah, \$3-4 million per quarter in Q1 and Q2 and KK mentioned \$10-11 million in the first half of the year. So over two quarters.

Kawaljeet Saluja

And all this will be revenue expenses?

Rostow Ravanan

Yes.

Kawaljeet Saluja

I think Rostow we will talk offline in this investment amount. My second question is what happens to your fiscal 2011 margins in case in case there are delays in product launches?

Krishnakumar Natarajan

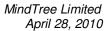
See, which is why, Kawaljeet, what we said was clearly in the services business where we clearly can see what the trend is and what we can forecast, we clearly believe that we will be able to sustain. On the product business we need to wait till we actually are closer to the launch of the product itself. We are very much on schedule on that now. And I think like again I mentioned as we get clarity in terms of how that progresses, we will update you through even a mid quarter update.

Kawaljeet Saluja

Okay. Any specific reason for the margin decline in this quarter? Your billing rate went up at 6% so that should have enabled you to absorb most of the margin pressure. So any specific reasons why the margins went down?

Krishnakumar Natarajan

Just to clarify again that is a realized rate increase, but clearly, even this 150 basis points is partly impacted by currency which is appreciated by 3.5%, then last year with the slowdown we have made a change in the leave policy where we have reduced the leave from 20 to 13 days and this January 1, being the new leave period, we have restored back to the original leave policy because we are certainly seeing the market traction improve. So that has led to some additional provision on the leave. Apart from that in Q4, we had a significant SI deal which had a hardware component in it, which also led to the lower margins. The other key reason is we are seeing increased activity in the market. So that led to additional travel and related presale cost.





Kawaljeet Saluja

What is the pass-through component in this quarter on revenue?

**Rostow Ravanan** 

Approximately \$760,000.

Kawaljeet Saluja

Help me understand this. If the realized rate which you have reported in your quarterly statement if they go up by 7% offshore and 5% onsite, now that is a significant number and that should provide you with a margin comfort of about 300 to 400 basis points. So do you think the margin headwind was so severe that its entire benefit of 350 to 400 basis points was taken away?

**Rostow Ravanan** 

If you add all up the points as KK mentioned the rupee appreciation of approximately 3.5% and all the other components which KK mentioned offset to some extent the gained that we got from the realized rate increase. In the consolidated because we are looking at a 150 basis points drop on a consolidated basis there is about 600K investment in the NIW business which has happened during Q4.

Kawaljeet Saluja

Okay. And you are going to invest \$3-4 million per quarter which I frankly thought that was yearly spending number but I think this has come as a surprise to me. That \$3-4 million quarterly investment in the network infrastructure business on top of that wage increase. So will it to be fair to say that the margin in the next quarter should go down to single digits for you guys?

**Rostow Ravanan** 

As KK mentioned, in Q1 and Q2, on a consolidated basis margins would get impacted because of the investments in the NIW business.

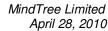
Kawaljeet Saluja

I think Rostow; there is a difference between margins getting impacted in the magnitude of the margin impact. \$3-4 million of investment is roughly close to 5-6% of your margins or basically revenue. On top of that you have wage increase which would hurt your margins by 3-4%, so are you effectively telling us that your margins will be impacted by 8-9% in a single quarter?

Krishnakumar Natarajan See, Kawaljeet, like we mentioned earlier, what we are certainly sort of feeling confident about is to retain our margins for FY11 for the services side of the business and since we have stopped the practice of giving guidance it is very difficult for us to comment on what is -

Kawaljeet Saluja

I appreciate that. That is right. The only reason I am raising this point is that the magnitude of the investment and basically the wage increase is something which is way beyond atleast my expectations. And it looks like your margins would be down quite significantly and this is actually quite a material impact. So from that perspective it will be helpful if you can basically share some thoughts on the near-term margin impact? I understand in making investments in the product business but that is contingent on product launch, and getting product revenues on time and perhaps there could be some questions raised about the prior track record of your





company in the products business. So to that extent if one treats the entire product investment just as sunk cost, what happens to your margins in such a scenario?

Krishnakumar Natarajan That is an extremely sort of pessimistic scenario but actually, yes, if you assume such an

extreme scenario then there will be a huge margin reduction in Q1 and Q2. But our point is -

Kawaljeet Saluja In any case you are not going to get product revenue in the first and the second quarter

presumably?

Krishnakumar Natarajan No, nothing is presumed.

Rostow Ravanan Our point if you look at the year as a whole and the products business deliver as per our

expectations then we believe there should be a reasonably good year for us.

Kawaljeet Saluja Okay. Thank you.

Moderator Thank you, Mr. Saluja. Our next question is from the line of Srivathsan Ramachandran of

Spark Capital. Please go ahead.

Srivathsan Ramachandran The margin assumption you said of being flattish with the rupee at 45.50, is it correct?

**Rostow Ravanan** The rupee assumption at 45.6, this was the spot + forward rate at the 31<sup>st</sup> March. If we assume

that rupee is going to remain at those levels we expect margins to be flat for services business

for the whole year.

Srivathsan Ramachandran Okay, sure. In terms of there has been a substantial increase in a subcontractor costs, is there

any particular reason of the particular project that increase the subcontracting costs?

**Rostow Ravanan** No, this is an anecdotal incident in the current quarter. No long-term trends over there.

Srivathsan Ramachandran Okay. The offshore volume degrowth of 1.5% is it something that we need to be because in an

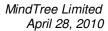
environment where your revenues went up by close to 5.5%, overall positive comments that you are giving last quarter of volume degrowth of 4.5%, is there any particular service or something which is being factored and that caused this kind of volume degrowth?, kind of

surprising

Krishnakumar Natarajan Srivathsan, key element, if you look at the number of working days between Q3 and Q4, Q3 at

63 working days whereas Q4 had 61 days only. So those two days impact certainly leads to a volume degrowth offshore which is why if you really see our onsite there is a sequential growth of 4% on volume. So this degrowth is primarily just relating to the number of working

days and has no impact in terms of how overall we see the growth on the business.



Srivathsan Ramachandran You are saying that the realization is more a realization jump on the billing rates not per se billing rates hike. So if you were to strip off one of component pass-through which is at about \$750,000, is it safe to assume that the billing rates are actually adjusting for cross currency, flat and this is just a realization Improvement?

Rostow Ravanan

The billing rate will not get impacted by the pass-through revenue. Because the billing rates are calculated by taking the fee revenue and divided by the billed hour rate. So the billing rate implies realized rate, rate realization does not get affected by the hardware billing. The improvement in rate realization was mainly driven by the fact that increase in fixed price projects and the operational efficiency like that is what led to realized rate increase.

**Srivathsan Ramachandran** If I were to just go with the fact sheet data, we had about revenues up 5.7% on the fee revenue. And volumes declining by 1%. So it is effectively about 5.5%, 6%, so that all the improvement on the quarter-on-quarter is just because of fixed price and other operational levers. Are we seeing that kind of improvement?

Krishnakumar Natarajan Yeah that is right. The fixed price we have almost on a standalone basis gone up by about 5.5%.

Srivathsan Ramachandran So fixed price productivity is so high.

Krishnakumar Natarajan That is right.

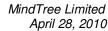
Srivathsan Ramachandran Couple of quarter back, couple of fixed projects did not deliver the way we are looking at, has there been any change in internal controls given that the fixed price projects have improved substantially from 25%-odd to 30%.

Krishnakumar Natarajan No, you did see that we are putting in efforts to see how we came back and effort of all of this is reflecting, but more than just the efficiency of the fixed price we are putting in all the efforts and there is never a situation where you can say we have solved all the things. It is a continuous process of enhancing our controls how we execute on the fixed price. But this volume decrease is largely dictated by the number of working days between 63 and 61 but if you just look at the hours billed per day, if you look at the total hours and if you divide the Q3 numbers by 63 and Q4 numbers by 61, you will find that there is actually a volume increase also and you look at the hours billed per day.

Srivathsan Ramachandran Okay, thanks a lot. I will come back later when I have the questions.

Moderator

Thank you, Mr. Ramachandran. Our next question comes from the line of Hardik Doshi of Voyager Investments. Please go ahead.



Hardik Doshi

I just want to understand the margin impact this quarter a bit more. Your cost of sales was up about 230 basis points. You mentioned the four points, but can you give quantitative breakup of that?

Krishnakumar Natarajan Hardik, the overall at an EBITDA level consolidated we have 150 basis points drop. Q4 is 18.4 and Q3 was 19.9. Are you wanting where it went up in terms of?

Hardik Doshi

The rupee realization rate, if I just look at your revenue in dollar terms and your revenue in rupee, I think the realized rate on average for the quarter was about 46.25 which is roughly a 2% appreciation. I just wanted to see how much of the impact was because of that pass through sales, leave period, and travel expenses, etc.

Krishnakumar Natarajan

See just to give you a context rupee appreciation was about 3.5% where we see those numbers. Clearly there is also an impact like I mentioned of restoration of the leave policy back to 20 days which led to additional provision because the leave year starts from 1st of January. The pass-through revenue like Rostow said which involves the hardware component in SI deal was \$700,000. In terms of SG&A I would not say all the increases if you really see this in rupee terms almost...

**Rostow Ravanan** 

An SG&A increase between Q3 and Q4 was 0.5%. So broadly the math was rupee appreciation of 3.5% should have impacted margins by approximately 1.75%. Some of the other aspects that KK mentioned change in the leave provisioning policy, impact of the hardware deals, impact on the investment in the product business etc offset the benefit of the increase rate realization. All of those put together we had the net impact of 1.5% reduction in EBITDA from Q3 to Q4.

Hardik Doshi

Got it. Okay last quarter you had some transition work that was going on that was coming off this quarter, did you get a benefit of that this quarter or is it going to come through in future?

Krishnakumar Natrajan

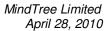
I did talk about IT services growing 10.2% quarter-on-quarter so the benefit has come and probably I will ask Anjan to give more details in terms of how those accounts have transitioned more into revenue.

Anjan Lahiri

Yeah thanks KK. Even we have been talking about that, transitions were going on and they have translated into revenue but it is a continuous process. There was a lot of bulk of transition without any revenues which was creating a bubble which now is translated in revenue and we have a very good 10% quarter-on-quarter growth. But there are still some transitions which are continuing but overall the traction is quite strong in a fairly short period of time.

Hardik Doshi

Okay. And here it is related to the spend for the mobile products business; there is no way to capitalize this. It is actually software development right so I am imagining why we are not capitalizing?



Rostow Ravanan

Sure from an accounting policy perspective we prefer to be on a more conservative basis, given that for us also this is the first time we are on this journey so currently the thought process is to expense whatever we incur as we incur and therefore we are choosing not to capitalize it. But you are right, they are IP creation expenses but it is just that conservative accounting treatment we are expensing it off as we incur it.

Hardik Doshi

Are we in talk with the specific customers, just want to get some sense as what could be general demand environment is for the price. I realize the new product you are developing. Can you give some more color like what kind of market are we targeting, how advanced are the discussions with potential customers, etc.?

**Rostow Ravanan** 

Sure we had discussions at a conceptual level in terms of explaining our thought process, our design, philosophy, etc., with several leading telecom companies both OEMs and operators in India and the US. So far we have received very encouraging response. However, I must qualify that is purely on the basis of our explanation of the product to them, as and when the products evolve a little further, prototypes ready, we show the prototypes to them we need to qualify that market feedback but so far market feedback has been quite encouraging and very positive.

Hardik Doshi

We increased on our spending from 7-8 million to 10 to 11 million so obviously we have got more conviction on like this product being probably more successful. So I just wanted to get more color on that. What is the reason or what is the general feedback which will increase the conviction on these products.

Rostow Ravanan

See our increases were actually spread over 2 products. One is the cellular handset as well as the creation of intellectual property in cellular infrastructure business, putting both together we believe that it was our own team's updated assessments, readiness of the market for these products, etc., and the requirement is one that has high probability of success under these products. When the plans have been finally drawn up the investments are taken at between 10 and 11 million dollars in the H1 of the year.

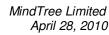
Hardik Doshi

On the software product engineering side we are expecting a pickup, just wanted to understand is this across the board, are we seeing increased spending also from the small independent software vendors or is it mainly larger clients that are driving this growth?

Krishnakumar Natarajan I think I will ask Jani, who is the group CEO for products engineering business to give you a feel of how the software product engineering business is panning out.

S. Janakiraman

This is Jani. As far as the software product engineering services is concerned there are two segments especially the Cloud and then the SAAS area are seeing tremendous momentum. Many of the packaged softwares are getting posted today onto this environment and there are lot more engineering investments that are happening. Since we have made our early investments in terms of understanding the space of Cloud today we have seen significant traction and we are able to book many new customers and in addition to that we are able to see





enhanced business from the current customers also and that is going to give surely a tailwind in terms of higher level of opportunities and then the projects in this space, software product engineering related.

**Hardik Doshi** What is the wage hike that we are planning for next year, the amount?

Krishnakumar Natarajan I will ask Babuji who is our new head of people function to give this answer.

**Babuji Abraham** Hardik it will be about 13-15% for offshore and 2-4% onsite.

Hardik Doshi Okay thank you.

Moderator Thank you Mr. Doshi. Our next question is from the line of Yogesh Agarwal of HSBC, please

go ahead.

Yogesh Agarwal Few quick ones, Firstly on the realization for whatever reasons it was improved this quarter, is

it going to be sustained at these levels and volumes will be billed on these rates?

Krishnakumar Natarajan See Yogesh like we mentioned earlier it is certainly in terms of significant improvement which

is one off and it is not something which can be sustained at the same level. It is purely realized rates and to that extent this is certainly a sort of unique scenario. Obviously we cannot sustain

the same levels quarter after quarter.

**Rostow Ravanan** Going forward we expect those to be a mix of both volume and rate realization increases.

Yogesh Agarwal Okay so in this quarter there were short term projects which were at fixed price which will not

continue going forward? Is that how I should see?

Krishnakumar Natarajan See it is more in terms of the execution efficiency of the fixed price projects which has got

impacted. Some of them may have been short term. Some of them would also be continuing

projects.

Yogesh Agarwal Okay because continuing projects should at least then bill at the same rate whatever

efficiencies you have billed should continue, isn't it?

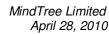
Krishnakumar Natarajan That is right.

Yogesh Agarwal Sorry to come back again in NIW investments but can you break it in terms of the spending on

people on headcount in R&D and Fab Labs, etc.

**Rostow Ravanan** The Capex investments is relatively small because in any case the impact to the P&L which is

the depreciation of that Capex, bulk of the investment we are incurring would be in terms of people cost both in terms of the development people, like testing people so on and so forth as





well as all the related expenses, qualifying these products for world market, certification cost, marketing cost, etc., and the broad breakup would be people cost, some tooling, depreciation that kind of component, some SG&A to bring the products in the market.

**Yogesh Agarwal** So you still need to get a lot of people on board in the R&D?

**Rostow Ravanan** People are already on board but people need to spend a little more efforts to get the products

ready for market.

Yogesh Agarwal And attrition is up 14% on trailing basis which means this quarter must be really higher than

14% so how do you think after the wage increment, do you think it should subside?

Krishnakumar Natarajan Yes, certainly apart from wage increase what we do believe is there is a sudden spurt in the

market and obviously everybody has been caught on the sudden spurt. We certainly believe that with the wage increase, with our performance management system and a lot of other initiatives which are rolled out we expect attrition to sort of slow down. Obviously, I think for the next two or three quarters the sort of demand for talent continues to be high. The demand is going to be far higher than what the supply is and consequently we do believe that even at 14.1% on a trailing 12-month basis we believe that attrition is probably on the lower side of

what the industry is facing.

Yogesh Agarwal How is it in the NIW division or are there special incentives to retain people there?

Krishnakumar Natarajan See obviously because it is a very important business we have put together specific plans

which sort of help to retain people. We would not like to sort of discuss details of it but we are very focused in terms of ensuring that key talent is retained and as of now the track record on

that has been very good.

Yogesh Agarwal Just a quick one, Hedging you said is 158 million in FY11, right?

**Rostow Ravanan** Yes, outstanding hedges for \$158 million at an average rate of 45.77.

Yogesh Agarwal ok, perfect, And my last question is on the subjective guidance which you have given it seems

really conservative because even if I just extrapolate your 4Q run rate even then you will achieve 10% year-on-year growth so is it just a broader indication that you will grow 13 to 15

above that it seems really way off the target?

Krishnakumar Natarajan We are clearly saying we will grow higher than what NASSCOM has estimated as the industry

growth rate of 13 to 15% because we have discontinued the process of giving guidance we

certainly believe that it will be higher than the NASSCOM projected industry growth number.

Yogesh Agarwal Right. Thanks for that, that's it from me



Moderator Thank you Mr. Agarwal. Our next question is from the line of Sagar Rastogi of Credit Suisse,

please go ahead.

Sunil Thirumalai Hi this is Sunil Thirumalai from Credit Suisse. Most of my questions have been answered, just

a question, What are the investments that went in this quarter into NIW business?

Rostow Ravanan Approximately \$600,000

Sunil Thirumalai Was it something that you started towards the end or last month or was it spread through out?

**Rostow Ravanan** It was spread little bit throughout the quarter. As the teams were ramping up so on and so forth

through the course of the quarter.

Sunil Thirumalai And coming back to the pricing, you mentioned about expecting an increase in pricing from

your customers, is any one of that already built into the numbers we saw in the previous

quarter?

Rostow Ravanan Not in the previous quarters. Many of our customer conversations are giving us the confidence

that there will be pricing increase in 2010/11 but no impact of that has flown into fourth

quarter results.

Sunil Thirumalai What quantum are you looking at?

Rostow Ravanan Difficult to tell right now, we will update in every quarter based on what performance we are

actually able to generate.

Sunil Thirumalai Going back to an earlier question again on the realization you mentioned that it is one-off

increase that we saw in the March quarter, is there a chance that the realization could drop off

into the June quarter?

Krishnakumar Natarajan Unlikely.

Ollikely.

Sunil Thirumalai Sure thanks, thank you very much.

Moderator Thank you Mr. Rastogi. Our next question is from the line of Kunal Sangoi of Edelweiss,

please go ahead.

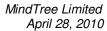
Kunal Sangoi Recently in the media there has been reports that MindTree may bag the first UID IT project,

could you give us some update on whether that is true and where we are placed in terms of

these projects?

Krishnakumar Natarajan Kunal I am going to ask Anjan who is the president and CEO of our IT services to give you a

response to that.



Anjan Lahiri

Hi Kunal. I think there has been a lot of speculation obviously we are in contention, we do believe and every time we are in contention we do believe that we are well-placed but we have no definitive information and we are waiting for the final decision.

Kunal Sangoi

Alright, because at least the indications that we get that one vendor is already short-listed, it is just that they have not announced it. Second is with regards to the attrition, actually if I were to annualize the quarterly attrition it would be like 24.5%. So which segment is facing such high attrition?

Krishnakumar Natarajan

See clearly if you look at the quarter number you are right, it is about 21.2%. Here again one has to analyze the sub-elements of it and the way in which we look at our businesses broadly the IT services and products engineering services business. There is certainly probably more pressure on the product engineering services, because of the fairly aggressive ramp up by captives. So that is really just one broad trend which we see, but by and large since even if we look at our product engineering business, the leading edge work we do and the challenge which we provide, our quantum of attrition there I believe would be far lower than similar players in the market.

Kunal Sangoi

Did you earlier say that within the product engineering, basically, the networking side is doing quite well, networking and storage?

Krishnakumar Natarajan Yeah I will ask Vinod who is the President and CEO of the R&D services business to give you more color on this.

Vinod Deshmukh

Yeah this is Vinod here and as KK earlier talked about the R&D growth over the last three quarters, we have grown well, and it was over the last three quarters. We see a traction which is KK mentioned in terms of the networking as well as the consumer, but in addition to that I would like to say that industrial automation is also showing good growth for us and larger market traction. So networking certainly, last four-five years of drought in the investment in the networking segment is now showing the positive sign in terms of the customers coming up with a new program and new investment.

Kunal Sangoi

Sure, Okay thank you and good luck.

Moderator

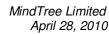
Thank you. Our next question is from the line of Sandeep Shah of ICICI Securities. Please go ahead.

Sandeep Shah

In terms of the 3G based Android phone which we are looking at, can you give us some color in terms of what would be the market and how we will compete with the giants who are already being present?

**Rostow Ravanan** 

Sure, our main proposition is that, we will differentiate the phones based on a user experience that's completely differentiated from all the products available in the marketplace in terms of





the features and functionality as well as user experience of the phone, but the differentiation will be build on that platform. The prospective customers like I mentioned before will be both the telecom operators, the service provider segment as well the existing OEM manufacturer who also has a portion of that portfolio and that's the segment that we target with this one.

Sandeep Shah And geographically, which market will you target?

Krishnakumar Natarajan Currently, we are anticipating that the launch happens simultaneously in India and US first and

thereafter we will go behind other markets like Europe in other parts of Asia etc.

Sandeep Shah Okay. How will this actually compete with the Kyocera Wireless who will also be selling some

kind of IPs or the phone?

Rostow Ravanan The segment is completely different, erstwhile Kyocera Company, would work with only

CDMA segment, whereas our phone works with 3G GSM phones, So we are not in

competition with the Kyocera business.

**Moderator** Excuse me this is the operator, sorry to interrupt. Mr. Shah, could you mute your line after you

have asked your question, there is a lot disturbance from your line.

Sandeep Shah Yeah.

**Moderator** Go ahead please sir.

Sandeep Shah Yeah If you can once again give us sense on how we will compete with Kyocera business, so

which will be...

Rostow Ravanan There is no competition with the Kyocera business, because the Kyocera concentrates on the

CDMA technology ours is 3G GSM technology, so we are not competing with them.

**Sandeep Shah** Okay. And most of this 10-11 million dollars expense would be towards sales and marketing?

Rostow Ravanan No, it is towards product development, testing, compliance certifications, and sales and

marketing.

Sandeep Shah Can you give us some sense in terms of the Seven Stratas revenue margins?

Rostow Ravanan It will be relatively small about a million dollars in revenue, so that is why we are not breaking

that up separately, because the company itself was just 2-3 years old. The main excitement for

us to do that acquisition was the intellectual property that they had.

Sandeep Shah And this revenue run rate of Kyocera Wireless of roughly on 4-5 million dollars per quarter,

you expect this to continue into FY 2011?



**Rostow Ravanan** As of now yes.

Sandeep Shah Okay. Thanks.

**Moderator** Thank you. Our next question is from the line of Sandeep Muthangi of IIFL. Please go ahead.

Sandeep Muthangi I just wanted to check if there is any reclassification in the way you report your fixed price

projects, because the increase seems very stark to me?

**Krishnakumar Natarajan** There is no reclassification at all,

**Rostow Ravanan** Some of the new wins in the current quarter were relatively more fixed price, more of the

anecdotal event, we have not pushed it this way or that way, it's just that some of the nature of

the work that we got in the current quarter was more fixed price type engagements.

Sandeep Muthangi And the very fact that it increased so sharply also means that you also moved a lot of the

existing clients onto monthly billing or maybe a fixed price, is that a right takeaway?

Krishnakumar Natarajan No, none of our old contracts have changed billing.

**Sandeep Muthangi** So this is entirely from new contracts, is it?

Krishnakumar Natarajan Yeah ramp up of some of our fixed price projects, sort of good ramp up in fixed price projects

in the current quarter.

Sandeep Muthangi Just a few questions on the investments that you are making, I understand the bulk of the

investments would be IP creation which primarily is development work and employee related,

right?

**Rostow Ravanan** Yes investments in the product segment would be largely employee costs but it would cover

product development, design, testing, marketing, many aspects.

Sandeep Muthangi See even if I take that 50% of your 5 million dollar investment for the next quarter is employee

cost that means about 700 employees at fairly high salary levels also, so I am just wondering if this is the kind of recruitment that you are doing say 700-1000 employees who will be

involved in developing these products.

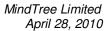
Rostow Ravanan No, by and large, the team for doing that development is largely in place, so we have been

ramping up over the course of the quarter, but it's not looking at that sort of hiring for that

business in the next quarter.

Sandeep Muthangi Okay. I still have some doubts on how the salaries or how the cost will be there, but I will

probably take it offline. The other question and the bigger worry for me is that, see if you look





at companies like HTC and all the other companies which are playing in the Android market, they have huge Capex and typically their product development cycle is much more than six months and this is on fairly reliable platforms and things like that. Now you are developing your platform and by the way I read it, one of the key differentiators is you are trying to make the platform completely different. So I assume you will have skins etc., built on Android, and testing and all these things. Do you think six months will be sufficient for that? Development, testing, marketing, there are lots of things.

Krishnakumar Natarajan Sandeep, Jani who is our group CEO for product engineering business that NIW also reports,

he will give you a feel on this.

S. Janakiraman Sandeep, we have started conceptualizing the product right at the start as soon as we bought

we have significant sizeable team which has a deep expertise in the phone development and we understand in and out of how to go about building a smart phone. And here we are talking about Android kind of a platform where the platform itself comes with a lot of features and what we are creating is the differentiated features on that and with those approaches, you know

the Kyocera units India arm and we started active development from December onwards. And

we are very confident that you will be able to shrink the cycle. So we are talking about something like nine months in terms of development and another three months in terms of

taking it to the market. So effectively we are talking of a 9 to 12 month cycle.

**Rostow Ravanan** Yeah the phone itself will be launched in Q3 or Q4 of this current financial year 2010 like we

announced and work started a few months back already.

**Sandeep Muthangi** Okay. It would be primarily in the US, is it?

Krishnakumar Natarajan Both, currently we are targeting to launch a product simultaneously in India and US and

thereafter in other geographies.

Sandeep Muthangi Okay, thanks, that's it.

Moderator Thank you Mr. Muthangi. Our next question is from the line of Kaushik Pal of Kotak Mutual

Funds. Please go ahead.

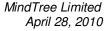
Kaushik Pal Most questions have been answered. One data point, you said excess leave provision was

made in this quarter, can you share what is that quantum including the salaries?

Krishnakumar Natarajan See one thing, it's clear we have additional provision on leave which is done, because last year

in the context of the overall market, slow down we changed for a temporary period the leave policy, reducing the number of days and from 1<sup>st</sup> of Jan since there is uptick in the business, we have restored back to the original policy of 20 days, so that has necessitated an additional

provision on the leave.





Rostow Ravanan

In absolute term, this amount was approximately \$700 k.

Kaushik Pal

And secondly, on Kyocera most of the questions have been answered, just to clarify your point to the earlier questions, most of the investments that we are making are, if I understand correctly, mostly development expenses and not technology licensing expenses.

Rostow Ravanan

Correct. The technology licensing expense is relatively small, some component of that right now as well, but the main technology licensing component would start only when the product hits the markets, because many of them are licensing kind of contracts which should be linked as percentage of revenue or dollar per unit kind of a model, so the bulk of the technology cost will start only after the product is launched.

Kaushik Pal

Are we also booking whatever royalty expenses we have to pay for the software on these two quarters, is that included in this \$10 - 11 million?

**Rostow Ravanan** 

Correct, whatever cost we are incurring in the next two quarters in terms of you know development, testing, certification, etc., are being expensed as they are incurred.

Kaushik Pal

I wanted to understand since we are not hiring many there, there would be a significant component of subcontracting on that account, we heard in the market that subcontracting costs have really shot recently, so the increased investment would be on that account or is that a wrong conclusion?

**Rostow Ravanan** 

No, I don't think that's a correct way to look at it. For the products business, we are not using that kind of sub-contractors given that it's extremely IP sensitive etc., there are not many subcontractors used in that segment. The subcontracting expenses seen in this current quarter, was more on a regular services business but that was anecdotal. The hiring which we are doing is also by and large more for the service business.

Kaushik Pal

One last question on the target prices realization the handset, earlier you had mentioned 300 USD, your realization your selling price in that range to the manufacturer. Where is your breakeven likely to be given normalized cost structures?

Rostow Ravanan

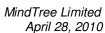
We are not sharing the data at this point of time, as soon as the product is launched and get a little more sense in terms of what are the market reactions to the product etc we will probably update the data at that time.

Kaushik Pal

Okay thanks sir.

Moderator

Thank you Mr. Pal. Our next question is from the line of Ritesh Rathod of UTI Mutual Fund. Please go ahead.





Ritesh Rathod Was there any kind of requirement to take a board approval for doing such kind of Capex

which is equivalent to IT services Capex?

Rostow Ravanan Yes, board today approved the plan for the full year along with that Capex is also approved. I

don't think there is a statutory requirement or anything like that for the process, but it's that our governance process is a comprehensive process to get the approval for the plan, as part of the

plan the capex is also put up with the board and the board approves the Capex.

Ritesh Rathod And was there any sort of cap which the board has approved in terms of investment in this

business like you won't go beyond this much amount or is it, if the first two models get

success, you will go for the second launch or the third model or fourth model?

**Rostow Ravanan** No, that's not the way it works, we are currently working on one model, but after a while there

will be multiple products on the development at any point of time, so as of now board has

approved the plan for this year.

**Ritesh Rathod** What is the total Capex for this year, you said first half is 10-11 million dollars?

**Rostow Ravanan** No that is the investment in the products business, overall Capex for the full year is 23 million

dollars.

**Ritesh Rathod** So this includes \$10-11 million?

**Rostow Ravanan** No, \$10-11 million is not capital expenditures; \$10-11 million is...

Ritesh Rathod Yeah I presumed it as a capital expenditure which may turn out to be sunk cost or it would be

big revenue aggregate for you.

Rostow Ravanan No, the two are completely different, I have 23 million dollars of Capex that does not include

the 10-11 million dollars of product expenditure.

**Ritesh Rathod** You mentioned your long term vision maybe one and half years back that you want to be one

billion dollar by 2014 and you want to be globally top 20 IT services company in terms of profitability. So how does this equation and this high amount of Capex sync with that vision or

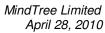
are you going to change your vision with this new strategy in place?

Rostow Ravanan No, we are not going to change our vision, we believe that, like KK mentioned in his remarks,

the products business when it reaches a steady state will deliver the profitability and the ROCE expectations that we have of our business, so we don't believe that these investments would dilute that vision so no change in our vision and nothing of what we are doing right now gives

us an indication to believe that vision is at risk because of what we are doing.

**Ritesh Rathod** Okay. Thanks from side.





Moderator Thank you Mr. Rathod. Our next question is from the line of Sheetal Agarwal of DBS

Cholamandalm. Please go ahead.

**Sheetal Agarwal** My question is in a broader sense the growth we are talking about 13%-15%, so if we break it

in terms of volume and realization growth, so what kind of a mix should we see going forward? And also breaking into quarter on quarter and the first two quarters you are talking about more of investment going into NIW division so can we see the later half of the year is

more profitable in terms of revenue as well the bottom line?

Krishnakumar Natarajan Sheetal, what we talked about growth is we will be ahead of what the industry growth

projected by NASSCOM is and since you would have seen our announcement that we stopped the practice of giving guidance, obviously we can't give you what we see as specific numbers in terms of either revenue or how the margins will look like on a quarter on quarter basis. But overall for the year we believe growth will be ahead of the industry projected growth rate of 13%-15%. And the growth will be a combination of both volume and pricing. And the other way to answer the question is yes we expect the second half of the year to be more profitable

than the first half of the year.

Sheetal Agarwal Okay. And just one recap, you said 7 Strata's revenues are around 1 million dollar that's the

yearly revenue that you talked about?

Anjan Lahiri Correct.

**Sheetal Agarwal** Okay thanks, that's it from my side.

Moderator Thank you Ms. Agarwal. Our next question is from the line of Sangam Iyer of Alfa Advisors.

Please go ahead.

Sangam Iyer Just to clarify the guidance of the outlook that we were given of around you know 15% plus

for the full year, which is like more than industry average, is it for the full consolidated

business or is it for the IT services and NIW is separate?

**Rostow Ravanan** It's for the consolidated business.

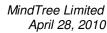
Sangam Iyer Okay. And the EBITDA margins for Q4 at 18.4% that is post 600,000 investment that we did?

**Krishnakumar Natarajan** Yes that's right after the investment of \$600,000 in the wireless product business.

Sangam Iyer Okay. Could you give some outlook regarding the kind of pre-product launch for these

handsets that you are planning to launch, pre-marketing costs etc., some flavor on that as how much would that be post 10 million initial investment for development, etc., so in Q3 and Q4 what's the kind of cost that one should be aware of looking at the time of launch of the

product?





**Rostow Ravanan** We believe that whatever we anticipate in terms of incurring to get the product into the market

is covered by the \$10-11 million cost estimated in H1

**Sangam Iyer** So the incremental cost would be very minimal As compared to...?

Krishnakumar Natarajan Yes, absolutely.

Sangam Iyer Okay. Thanks a lot sir.

Moderator Thank you Mr. Iyer. Our next question is from the line of Ravi Aranke of Tactical Capital.

Please go ahead.

Ravi Aranke I had a question regarding the 3G hand phone that you are trying to bring to the market, since

this is a consumer electronics item and it's a winner take all kind of volume driven industry, is it we are targeting broad launch or is there some specific niche that we have identified where we have unique capability. That was my first question. And the second question was, if I look at the industry, this is a long term game where lot of success is also driven by facts and fashion, so you have to be in that game for long term. So given that you are only looking at making investment for first two quarters, what is the long term plan around this, because you

have to be lucky also in this game?

Krishnakumar Natarajan I think very good question, we will have Jani who is the Group CEO of the Product

Engineering Business to give the answer.

S. Janakiraman Yeah we are here surely for the long term on this and you know we are looking at making

because we are going for the product launch in the Q3 or Q4 and we will be able to see the trend and acceptance in the market and then make much more investment in it. We are very confident that the product that we are launching is going to be trendy, something which is capturing the market attention and we will be able to continuously deliver innovation through our phone product line. So one, it's not a niche product for specific market, it is a broader

product of the smart phone and initially we will start with the India, US geography and then

more investment as we go along and what we have projected is first two quarters investment

down the line we will expand to other markets.

**Rostow Ravanan** I just also wanted to add that the subsequent investments will be met out of the performance of

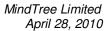
the earlier products, so it's not as though it will be continuous investment that is, we need to get funded by the rest of the Mind Tree business. NIW business itself will reach steady state, very soon and we will be able to fund its R&D cost going forward for subsequent models. But

absolutely yes we are in this for the long term.

Krishnakumar Natarajan Ravi, just to give a different perspective also, you are right that it's a consumer electronic

business, but in the R&D services business, we have been working in the consumer electronics

space over last 6-7 years, we had an industry group focus on consumer electronics. We





understand what is required to make the consumer electronic product successful. The second big difference is we have clearly positioned this as a ready to brand phone, so we are not in the game of building a brand, whereas we would go to target customers who take it, brand it, and then sell it. So to that extent, the value which we will bring to the product is really our engineering capability, the capability of user design and all the experience that having shipped almost close to 43 million phones earlier in developed markets. So there is a significant ability, knowledge, competence and market knowledge which we are bringing into it. The other data point which I would like to give you is just to substantiate Jani's point on being long term. If you look at the whole area of short range wireless particularly Bluetooth related technologies. Today MindTree is one of the top two or three players in the world for licensing Bluetooth related technology and we have reached this position of leadership after having being patient investors building in it for the last nine years. Even as a young company when we just had limited resources, we saw vision in building Bluetooth technology, we continue to invest, today we are world leaders in that. So our passion is to build technology in India and take it globally and make it successful.

Ravi Aranke

That answers my question, Thanks for the clarification. I just wanted to make a comment that making the investment for two quarters and then evaluating the results, if we are profitable we will invest more, I don't think that kind of gels with the product thinking, you have to be committed for long term

Janakiraman S

We did not say that we look for that profit and then start investing. What we are saying, we are confident that the product will be successful, it will create profit and we will be able to reinvest and the business will sustain on it's own. We are very confident of that.

Ravi Aranke

Okay thank you.

Janakiraman S

We will continually invest.

Moderator

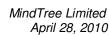
Thank you Mr. Ranke. Our next question is from the line of Pinku Pappan of Nomura Securities. Please go ahead.

Pinku Pappan

I have a question on your phone, you said you are going to position it as a ready to brand phone, so if you can take the pain of developing it testing it then why can't you just go the last mile and just brand it yourself, why would you give it to somebody else and probably lose out in margin there?

Krishnakumar Natarajan

See what we do believe is at this point in time, that is not an organizational core competence branding, looking at consumer channels and doing it is not our core competence. We do believe as an organization, we realize what are our strengths and how do we leverage it across the value chain of a consumer product like this is what has prompted us to really look at the business as a ready to brand handset.





Pinku Pappan Do you already have tie ups or rather agreements with these branded players or you are going

to see as it comes?

Rostow Ravanan Not yet, there are conversations we have already had with prospective customers, those

conversations are very encouraging, but no signed contract available as yet

Pinku Pappan And how soon would a product line be available, you said, launch is probably 3Q or 4Q but

when do you see first product coming out?

**Rostow Ravanan** Typically the cycles are that if you have to sell it to the customer in Q3 or Q4, product usually

shown to the customer or 3-4 months before that date, because product acceptance cycle in

customer premises is usually three or four months sort of a time period.

Pinku Pappan Okay. And just to go back on the target customer you are looking at, so is it going to be a mass

kind of thing or is it going to be more of, in terms of comparable phones, would it be like a premium kind of phone like an iPhone or would it be more of smart phones for the masses,

what exactly is the product in the customer positioning there?

**Rostow Ravanan** The positioning would be somewhat of a premium phone.

Pinku Pappan Okay. Yeah that's it thanks a lot.

Moderator Thank you. Mr. Pappan.

**Rostow Ravanan** Rochelle, we will take one more question and wind up for today, Rochelle, because it's quite

late and we have got other things to attend to

Moderator Sure, sir. Our last next question is from the line of Hardik Doshi of Voyager Investments.

Please go ahead.

Hardik Doshi Thanks for taking my question. I just want to clarify you spent \$600,000 on this quarter, how

much was it last quarter?

Krishnakumar Natarajan Sorry.

**Hardik Doshi** The quarter before this, did we spend anything on developing the new product?

Rostow Ravanan Previous quarter was very small

**Rostow Ravanan** Because the acquisition itself was done only 1<sup>st</sup> of October, thoughts on what kind of phone we

want to launch, the choice of platform, so relatively more preliminary work only happened in

the previous quarters, some more momentum actually happened in this quarter.



MindTree Limited April 28, 2010

Hardik Doshi Okay. And sir second question was this \$10-11 million, would you give a rough breakup of

how much would be licensing, how much would be development work, how much would

be...?

**Rostow Ravanan** No, unfortunately we will not be able to share this at this point of time.

Hardik Doshi Okay. No problem. Thanks a lot.

Moderator Thank you Mr. Doshi. That was the last question, due to time constraint, I now hand the

conference over to the management for their closing comments. Please go ahead.

Sushanth Pai Thanks Rochelle. Thank you everyone for joining this call. We look forward to speaking with

you in coming quarters. Thank you.

Moderator Thank you gentlemen of the management. Ladies and gentlemen on behalf of MindTree

Limited that concludes this conference call. Thank you for joining us on the Chorus Call

Conferencing Service and you may now disconnect your lines.