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January 24, 2012

The Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai 400 001

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra East,
Mumbai 400 051

Dear Sirs,

Kind Attention - Mr. Gopala Krishna and Mr. Hari

Subject: Transcript of the Earnings Conference Call for Q3 FY 2011-12

Please find enclosed the transcript of the earnings conference call of the Company held for the third quarter ended 31st December 2011 on January 18, 2012 at 6.30 PM IST. The transcripts will also be available on our website www.mindtree.com.

This is for your kind information and records please. Kindly acknowledge receipt.

Yours sincerely,

for **MindTree Limited**

Rajesh S. Narang
Vice President- Legal & Company Secretary

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MINDTREE LIMITED

MindTree Limited Q3 FY 2011-12
Earnings Conference Call

January 18, 2012

Moderator Ladies and gentlemen good evening and welcome to the MindTree's Analysts and Investors conference call to discuss the financial results for the third quarter ended 31st December 2011. As a reminder, all the participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. If you should need assistance during this conference call please signal an operator by pressing "*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Sushanth Pai from MindTree Limited. Thank you and over to you sir.

Sushanth Pai: Thanks, Marina. Welcome to this conference call to discuss the financial results for MindTree Limited for the third quarter ended 31st December, 2011. I am Sushanth from the Investor Relations Team in Bangalore. We have with us the senior management team including N. Krishnakumar – CEO and Managing Director; Janakiraman S – Group President, Product Engineering Services; Ashok Krishnamoorthy– President, Business and Services, Product Engineering Services; Anjan Lahiri – President, IT Services; Rostow Ravanan – CFO; and Babuji Abraham – Global Head, People Function and George Zacharias – Chief Strategy Officer.

Before we start the proceedings, I would like to wish you all a very happy and prosperous new year. The agenda for the session is as follows: Krishnakumar and Rostow will begin with a brief overview of the company's performance, after which we will open the floor for Q&A session. Please note that this call is meant only for the analysts and investors. In case there is anyone from the media, request you to please disconnect as we just concluded the media briefing before this call.

Before I hand over let me begin with the 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 those statements periodically. I now pass it on to Krishnakumar.

N. Krishnakumar: Thanks, Sushanth. Let me also add my good wishes to all of you for a very happy, healthy and successful 2012. Q3 has been a seasonally weak quarter with a revenue growth of 2.3% in dollar terms. Since we had an adverse impact of 0.8% in cross currency, on constant currency terms our growth was 3.1%. However, I am also happy to report we have had an excellent improvement in operating margins and we improved operating margins by 450 basis points to 17.3% which is partly due to the Rupee depreciation. Excluding the currency impact, our margins still have shown a marginal improvement due to our continued focus towards operational excellence initiatives.

Rostow will provide more details on this later.

Now, let me provide you some highlights of our Q3 results. Q3 revenues were $103.7 million representing a Q-o-Q growth of 2.3% and a Y-o-Y growth of 21.6%. Our IT Services business continues its strong momentum with a good 6.7% growth Q-o-Q and 37.1% Y-o-Y. With this our IT Services business has reported a 5% plus growth for the last eight quarters consistently. Our Product Engineering Services business has declined by 5.4% Q-o-Q. Part of the decline was due to customer initiated year-end billing freeze.

We added nine customers during this quarter. We have 258 active customers including 44 Global Fortune 500 companies. $1 million customers increased by 2 to 74 and $20 million customers increased by 1 to 3.

There is a change in the top customer for this quarter. The main reason being that there was a large transition revenue in the area of package implementation that has come in during the quarter from this customer. The customer is a European Telecom company, a large win which we announced a few quarters back.

Some of the significant wins in the quarter are:

- A global hotel chain, MindTree has been chosen as its partner for a transformational eBusiness initiative.
- A global automotive company, MindTree has been empanelled as an additional vendor to provide IT Services.
- A global research-based manufacturing company, MindTree has been empanelled as an additional vendor to provide IT Services.
- A leading provider of technology-based solutions for the ophthalmic industry, MindTree will provide Product Engineering Services.

On the people front, the attrition on a trailing 12-month basis has come down to 19.4% compared with 21.7% at the end of Q2. Quarterly attrition annualized is at the same level as last quarter at 18%. We have 10,934 MindTree Minds reflecting a gross addition of 846 Minds during this quarter.

Let me now provide a few points on how we see the outlook for Q4 and for FY12. In the IT Services space, we are seeing customers getting little more cautious and sales cycles are getting elongated. However, we believe that the budgets will be stable. In the Product Engineering space, there are some segments, where there is a slowdown, and the outlook is uncertain at this stage. We will get more clarity when clients firm up their budget sometime later during the current quarter. Overall, we see Q4 growth being muted but we anticipate to grow at similar levels as Q3.

Now, let me pass on to my colleague, Rostow to share a few other financial highlights.

Rostow Ravanan: Thank you, KK. Good evening to all the participants on this call and let me also add my wishes for a happy, healthy and a prosperous 2012. During the quarter our fee revenue grew by 2.6%. Pricing realization increase was 3.4%. Volume decline was a marginal 0.8%. The volume decline was mainly due to seasonality and not due to any client ramp-downs in the quarter.

Part of the pricing realization improvement was due to the one-time transition revenue which KK explained earlier which had lesser efforts and also due to our fixed monthly contract where realization was higher because of the lower working days in the quarter. Overall, we see pricing as stable. Q3 EBITDA margins increased significantly by 450 basis points mainly because of the Rupee depreciation. There was some negative impact because of cross currency. Operational efficiencies led to a 0.3% improvement in margins for the quarter. Our Forex gain for the quarter is $2.6 million and we had a mark-to-market loss on the old leverage options of $3.1 million leading to a net Forex loss of US$0.5 million. The Rupee depreciated significantly to 53.105 as on 31st December compared to 48.975 as on 30th September. That led to the loss on the leveraged options. PAT for the quarter is almost flat compared to the previous quarter. In spite of the fact that Q2 had a very large Forex gain of $3.8 million whereas Q3 had a small Forex loss of $0.5 million. So in spite of the swing on Forex from a gain to a loss, we have still managed to keep profits flat from Q2 to Q3. PAT has grown significantly; almost by 80% from Q3 this year compared to Q3 last year and 110% compared to the nine months ended December '11 compared to nine months ended December '10. EPS for the quarter increased again almost 100% Y-o-Y between Q3 this year and Q3 last year. Effective Tax Rate for the quarter marginally has gone up to 17.4%. ETR for the Year-to-date December is 16.4%. We expect the full year ETR to be in the 17 to 18% range. DSO for the quarter marginally went up to 72 days compared to 70 days at the end of the previous quarter. Utilization including trainees is now at 68.3% compared to 71.3% in the previous quarter mainly because of the very strong intake of campus graduates of approximately 1,000 in the previous quarter and about 700 to 800 in this quarter. Utilization excluding trainees is 75.8% in this quarter. As on 31st December, we had $160 million worth of hedge, of which $44 million is for the remainder of this financial year at an average rate of 46.3 and the remainder of $116 million is for FY2013, which is at an average rate of 47.7. I now pass it to the moderator for Q&A.

Moderator: Thank you very much sir. Ladies and gentlemen we will now begin the question-and-answer session. The first question is from Anand Bhaskaran from Spark Capital. Please go ahead.

Anand Bhaskaran: I just wanted to get some color specifically in the Product Engineering business, because even this quarter it has been pretty muted. So just wanted to understand which all segments within PES is kind of having a tough time in the broader market, is it more because there is not much of R&D spend from some of these tech majors given some mixed results from some tech firms, just wanted to understand demand environment both from a pipeline and a ramp-up point of view in the PES space?

Janakiraman S: I will respond to this question and then Ashok can add on to that. In the Product Engineering space mainly, we are seeing a little bit of headwind in the embedded space, mainly the areas like semi conductor and certain areas like Consumer Electronics or the areas like Handsets and Communication kind of areas, whereas the software product segment is holding reasonably good but overall decline of the last quarter is due to the number of working days that we are able to bill people have come down because of the year-end, golden week holidays for the

customer as well as our people taking vacation. And in addition to that we have decided to exit a few of the segments which we had discussed earlier, like the Industrial Automation and then core automotive, those kinds of areas. That also led to some of the customers who we had to exit and those are the things that led to the overall decline in Q3. And we feel that Q4 will surely revive but surely it will be a muted growth, it will not be negative but it will not be significantly positive too.

Anand Bhaskaran: It will be great if you could just do something similar for the IT Services business specifically the pockets that we are seeing strengthen and the strength in Europe, you did mention about the big implementation or transition revenues. Just wanted to know outside how are demand environment in Europe?

Anjan Lahiri: The demand environment in Europe and overall as KK mentioned, we are seeing some cautionary delays as far as customers are concerned but we are seeing a strong commitment to budgets, both capital as well as continuing budgets. We are not seeing customers either cutting budgets or being less hopeful about it, although a little bit of caution and delay is that something we are seeing. The Europe overall macro environment is obviously there for everybody to see. It has not had any direct impact on us in terms of any initiative that we are except for a little bit of caution. So we are continuing a fairly strong traction with customers, almost irrespective of anything that shows up on the headlines of the newspapers.

Anand Bhaskaran: Rostow, just a couple of questions on the Forex loss, I am personally a bit surprised, the low amount of MTM losses, just wanted to understand have there been any accounting change in terms of are you removing a part of it towards the AS30 kind of thing, just wanted to understand that how you ended up with this $3 million because my computation are showing something close to $12 million of Forex loss.

Rostow Ravanan: Absolutely no change in our accounting because the mark-to-market instruments were already booked at 48.97 as of 30th September, so the only incremental depreciation had to be booked. Also, during the quarter some of the contracts got used up. So only the portfolio outstanding as on 31st December needed to be revised for mark-to-market accounting and that is why the net loss is only 0.5 million.

Anand Bhaskaran: No, even in this case if you talk about 160 million and take a closing rate of December of 53 bucks, for 3 bucks even if you take 160 million you should have close to 48 crores of mark-to-market losses. So just surprised with a $3 million mark-to-market loss.

Rostow Ravanan: But not the entire 160 million mark-to-market comes to the P&L, right? Only the mark-to-market on the leverage options is booked to the P&L. That led to a loss of 3.1 million like I outlined. The balance is financial instruments that qualify for hedge accounting and therefore the loss on that is booked in the balance sheet.

Anand Bhaskaran: My last question is any outlook for FY13 hiring both laterals and freshers?

Babuji Abraham: We are currently in the plan process. The lateral hiring will come from that. We have already offered 3,000 campus minds. That is the outlook from the campus and the count for the lateral hiring, we will probably know by the end of this quarter.

Moderator: Thank you. The next question is from Kaushik Pal from Kotak Mutual Fund. Please go ahead.

Kaushik Pal: Congrats to management team on a great set of numbers. Firstly, just for clarification if I understood KK's comments correctly, you did mention that next quarter you expect to grow at a similar rate. Were you referring to the whole consolidated business or was this a comment about the IT Services piece?

N Krishnakumar: For the MindTree as a whole we expect to go at similar levels.

Kaushik Pal: Just want to understand this, if I understood again correctly this, the change in the top customer is due to a milestone related to a package implementation deal, is my understanding correct?

Rostow Ravanan: That is right. That was the only reason. One of the new wins of this year has actually ramped up significantly which is a European telecom provider and that overtook the revenues of our previous large customer which is Microsoft. Part of the ramp-up is also because of the large transition that got completed in this quarter.

N. Krishnakumar: Kaushik, the reason why we are saying large transition got completed, that transition revenue would not come in the next quarter. So in the top customer you might see a decline next quarter but it is not due to any other fact except that the transition revenue has accrued this quarter and is not going to continue in the next quarter.

Kaushik Pal: So just on that, just wanted to understand that since it is sort of a non-recurring revenue this quarter, if it is possible for the management team to quantify that?

Rostow Ravanan: No, Kaushik, not at this stage.

Kaushik Pal: Also you did mention that obviously affected your revenue productivity positively and that has reflected in pricing. So from our next quarter outlook, should we expect a decline in pricing accordingly to some extent?

Rostow Ravanan: There maybe a dip in realization next quarter because these one-off events will not recur.

Kaushik Pal: And also if you can just give some color on what has been the operating margin movement excluding the movement in the currency, that would be helpful? That is the last question from my side.

Rostow Ravanan: Of the 450 basis points improvement in margin from the last quarter to this quarter 0.3%, 30 basis points is because of operational improvement and the balance is because of currency.

Moderator: Thank you. The next question is from Nitin Mohta from Macquarie. Please go ahead.

Nitin Mohta: Just wanted to understand since management team expects the overall revenue growth for next quarter to be similar what we have done this quarter and since we would not be having the benefit of large milestone payment, what areas are we going to see better growth to compensate for that?

N. Krishnakumar: You would have heard Jani saying clearly we expect the Product Engineering Services to grow during next quarter and obviously like Anjan Lahiri articulated we are seeing client budgets being stable but there is some level of caution. So to that extent as the Product Engineering Services business gets back to a positive growth as well as we see reasonably a continued stability in the IT Services business, we anticipate the growth for the next quarter will be similar to what we have achieved in Q3.

Nitin Mohta: And if I can squeeze in a second one, I understand bulk of the margin gain is from currency. To that extent do we think that these kind of margin levels are not sustainable as we see currency has already started appreciating, so your thoughts over there?

Rostow Ravanan: The impact of currency is unpredictable because you will have to wait and see how the currency moves to the quarter. However, from an operational perspective there is one lever which we think will give us some benefit in Q4 compared to Q3. Q3 is like I mentioned saw a decline in utilization because the bulk of the campus batches joined us in Q2 and Q3. So as of now they are still under training. As they get released from training and start getting into billability, utilization should pick up in Q4. So our current plan is that operationally there should be an improvement in margins between Q3 and Q4 and then whatever happens to currency is on top of that.

Nitin Mohta: And any target band for utilization?

Rostow Ravanan: I think a few more percentage points, I think at least another 2-3 percentage points improvement is what we are looking at.

Moderator: Thank you. The next question is from Dipesh Mehta from SBI Cap Securities. Please go ahead.

Dipesh Mehta: Continuing our Q4 outlook, I just want to understand because we are expecting now pricing to be relatively lower in Q4. So whether we expect volume to be significantly higher compared to this quarter? Second question is can you provide some color about BFSI demand outlook? Because this quarter it appears to be relatively muted. And last is about Capex guidance.

Because earlier we indicated around $20 million kind of Capex for '12. So any change in that or what should we look for next year? Thanks.

Rostow Ravanan: I will answer the question on volume growth and the Capex and Anjan Lahiri can answer the question on BFSI. On the volume growth like I mentioned since we expect utilization to pick up in Q4 both because campus graduates being available for billability and also Q4 will not have the same impact on customers billing freeze as well as holidays, etc. all of those we are confident should lead to a volume growth in next quarter. On Capex, I think one of our large Capex spend this year that was planned was a new facility in Bengaluru. Some of the regulatory approvals for that building are delayed. And to that extent I think our Capex spend this year will be lower than the anticipated $20 million. But to that extent I think it will get caught up next year when the approvals are received and the construction activity can start, probably a lag of maybe 3-4 months but commitment to the projects will continue. We have approximately spent I think about $6 million so far. Maybe another $2 million to $2.5 million of Capex will be incurred in Q4.

Anjan Lahiri: On BFSI, I mentioned earlier about some caution and delays, while customers are firmly committed to the budgets and in fact, mentioned budgets will continue and might even increase marginally. But all the sectors we see the delays in BFSI possibly leading in other sectors, particularly over the last six to eight weeks, we went into the holidays and January started. We are hoping that it will continue to open up, but right now, BFSI is something that we do need to watch a little closely. We do not see any current cause for concern except for continuing prevarication and delays in terms of commitments.

Dipesh Mehta: And just to get one data point. You mentioned some campus hiring offers made, can you repeat that number?

Babuji Abraham: We have already offered 3,000 people who will join us in the coming financial year.

Moderator: Thank you. The next question is from Ravindra Agarwal from Capital Market Pvt. Ltd. Please go ahead.

Ravindra Agarwal: I have a question on data point. Sir, what is the hiring that you are looking for in the current quarter and also if you could throw some light on the hiring guidance for FY13?

Babuji Abraham: In Q4 we expect about 300 campus Minds to join. Laterals will be only replacement. That is currently the plan.

Moderator: Thank you. The next question is from the line of Abhiram Eleswarapu from BNP Paribas. Please go ahead.

Abhiram Eleswarapu: Could you please tell us how many of the hedges that you have currently are the leveraged options from the roughly 160 million that is booked for?

Rostow Ravanan: Out of the 160 million overall hedges, leverage options are 42 million.

Abhiram Eleswarapu: And this is until what period? I think you said that some of the 160 were for the fourth quarter and rest would be FY13, right? This 42 million is for which period?

Rostow Ravanan: Of that 42 million, 13 million is for Q4 and 29 million is for FY13. So they go all the way till March 2013.

Abhiram Eleswarapu: And could you also please tell us what would be the OCI balance at this stage?

Rostow Ravanan: $20 million.

Abhiram Eleswarapu: So Rostow, can you help us a little bit ,I think somebody also has asked the question earlier – we have been struggling to project your MTM losses and basically, the other income is the place where we seem to be struggling to get a handle on. So the OCI balance is 20 million and you are saying that if I have to project for the next quarter then I basically look into the 30 million that you have of leveraged options and the 44 million that you have for the fourth quarter, is that the way to go about it, right?

Sushanth Pai: In the balance sheet on the leveraged options, there is the balance sheet item even for the forwards. The qualified hedges, the loss passed in the balance sheet is a hedge reserve and that is about $11 million. So the OCI which you are talking about is only $11 million.

Rostow Ravanan: Coming back to the point that you raised, Abhiram, on Forex our sensitivity is approximately 0.4% to 0.5%, 1% change in the Rupee is approximately 0.4% to 0.5% change. So by and large we are still maintaining, we are still tracking into that.

Abhiram Eleswarapu: I think this detail was very helpful. So, just one final clarification on this, the OCI balance you said was 11 million, right? You also said a 20 million number, how should I understand the two?

Sushanth Pai:; 20 million number is the liability on the balance sheet for the leveraged options.

Rostow Ravanan: But that has already passed to the P&L, that is the mark-to-market of the leveraged options.

Moderator: Thank you. The next question is from Dipesh Mehta from SBI Cap Securities. Please go ahead.

Dipesh Mehta: Just to understand about Consulting and IP Licensing is also showing some kind of good traction this quarter on the back of last quarter. Just want your comment about what we are

seeing there? And second is about our realization. If I compare with other peers our realized rupee rate appears to be on the lower side.

S Janakiraman: IP Licensing is a little volatile business. From quarter-to-quarter, it changes. But if you take on the overall revenue, it is an insignificant portion and we do not expect any major changes in this in the coming quarters actually. Some of them are royalties revenues which come every quarter. Some of them are licensing revenues which changes from quarter-to-quarter.

Dipesh Mehta: The last two quarters or three quarters what is the increase you have seen, that is largely because of IP Licensing or Consulting-led?

Rostow Ravanan: Correct. It is IP Licensing. Like we explained a few quarters back, one of our new initiatives is to increase non-linear revenues where we pick up full ownership of products for customers and then charge them as a percentage of revenue that they have. So some of those initial investments have proved out well and so that is why the IP based Licensing revenues have gone up.

Dipesh Mehta: So largely it is IP led. And second is about currency. Our realized rate is around Rs. 50?

Rostow Ravanan: Yes, if you see the fact sheet the realized rate for the quarter, period closing rate is 53.11 and the average rate for the quarter for us is 50.15.

Dipesh Mehta: If I see the average it was around 51, I just want to understand why it is on the lower side?

Rostow Ravanan: Because our accounting it takes the month end rate of this month for the accounting of next month. So this will be an average of 30th September, 30th October, 30th November.

Dipesh Mehta: So billing happens on that day and that is how we arrive at this number?

Rostow Ravanan: Exactly.

Moderator: Thank you. The next question is from Dinesh Kumar from Aditya Birla Money. Please go ahead.

Dinesh Kumar: Congrats on a good set of numbers. I have one query. Regarding geographical wise, Europe performed well not only for MindTree but for almost the entire sector. And US is slightly subdued. So, is it predominantly because of the holiday season over there or is it anything else compared to, because the data point which is coming from US, it is a bit encouraging right now. So can we see a ramp-up from the US segment?

N. Krishnakumar: If you see our Product Engineering business, Dinesh, is largely focused on the North American market and like we talked earlier in the call that does go through a seasonality due to shutdown of customers as well as the increased holidays. That has led to a decline in the US.

Moderator: Thank you. The next question is from Kaushik Pal from Kotak Mutual Fund. Please go ahead.

Kaushik Pal: I missed the average rate of the hedges outstanding for FY13. If you can repeat that?

Rostow Ravanan: Like I said overall we have $160 million of hedges, of which $44 million is for the remainder of this financial year, which is at an average of 46.3 and for next year it is 116 million at an average of 47.7.

Kaushik Pal: Also wanted to understand that due to the floods in Thailand, Intel also cut their outlook. In your customer segments have you seen apart from the seasonal slowdown, have you seen any effect of that because it seems to have affected the IT hardware supply chain, is there any effect of that, and if yes, then what is the visibility, will it be sort of getting normalized in Q1 or Q2?

Rostow Ravanan: Like we explained, especially Engineering Services customers, Semiconductor, R&D kind of segments are seeing uncertainty. I think they have to wait for two, three months to see how customers react to the environment, what sort of budgets they come back with, etc. So that is the outlook we have on that sector.

Moderator: Thank you. The next question is from Ankit Pandey from SBI Cap Securities. Please go ahead.

Ankit Pandey: I just wanted to understand one thing. On the PES front, decline may have been due to Microsoft, welcome any comments there. I just wanted to understand if the $5 million to $10 million clients, if that has decreased by 1 and moved from $1 million to $5 million, so does that belong to the PES side?

Rostow Ravanan: Yes, decline in the $5 million to $10 million was a PES customer. A Japanese telecom company that they came to us out of an acquisition in 2009-10 and like we explained a few quarters back that customer has been ramping down. So a decline in the $5 million to $10 million customer because of that. Microsoft has not had a degrowth. Microsoft has maintained a run rate that used to be in the last few quarters, it is just that one of our IT Services customers, European telecom company has actually overtaken Microsoft in this quarter.

Moderator: Thank you. The next question is from Dipesh Mehta from SBI Cap Securities. Please go ahead.

Dipesh Mehta: Just want to understand our top 10 customers. Because now this quarter we have seen a sizeable ramp-up from now top client. I just want to understand for rest of nine, what kind of demand traction we are seeing for Q4 as well as going forward in FY13?

N. Krishnakumar: Like we said with our top 30 customers ,we are in active dialogue. We are not hearing negative messages and the indications are their budgets are going to be stable. But clearly, like we explained earlier there is a bit of cautious outlook from even the top 30 customers. So, I think by the time they freeze the budget, it is going to be probably end of this quarter and from a visibility perspective, I think they are going to start planning from more a perspective of every quarter, so we need to wait and watch till this quarter on how the visibility is going to improve.

Dipesh Mehta: So any early indications or whether we are seeing, any pressure on the discretionary side or we are seeing pressure across?

N. Krishnakumar: Wherever discretionary spending has already been funded, they continue to fund those initiatives. They are doing more due diligence on any new discretionary spending. So the sales cycle for discretionary spending is probably getting a little more elongated.

Dipesh Mehta: Now just to extrapolate because now you said that the budget is likely to be finalized by end of this month or mid-Feb.

N. Krishnakumar: End of the quarter, I would think probably late February-March.

Dipesh Mehta: But early indication would be that out of the top 30, more would be reducing their budgets or you expect it to be broadly stable across?

N. Krishnakumar: Broadly stable.

Dipesh Mehta: And that break-up would be evenly for IT Services and PES in terms of budget finalization?

N. Krishnakumar: Yes.

Dipesh Mehta: So we expect PES to be relatively stable going into FY13?

N. Krishnakumar: The visibility in terms of most customers right now if you take a view point now, it is certainly getting shorter. So to that extent if you ask for an outlook for Q4 which is where what we shared earlier in the call, clearly PES will get back to growth mode in Q4 and by then hopefully we will have better visibility in terms of how the outlook is going to be both for IT Services and Product Engineering Services. What we are assessing now is clearly the budgets are likely to be stable.

Dipesh Mehta: And any additional color you can provide in terms of strength of demand into vertical side or you see across quarter?

Anjan Lahiri: As I said earlier, we are seeing continued commitment to budgets but within the delays we see BFSI being a little ahead in the cautionary life cycle. We are seeing a little bit of continuing

growth in some of the other segments; Manufacturing is possibly next to BFSI, whereas others are sort of together. If I were to categorize the various segments it would be like that. But we are not seeing any budget cancellations or even any fear that there will be less budgets in the future than people have today.

Janakiraman S: In the PES side we see stability when it comes to ISVs, when it comes to Communication and it comes to Enterprise Products, but surely, the Semiconductor and Consumer markets are still not stable and they are in the path of possibly recovery. You need to assess it by end of the quarter. Other segments seem to be promising.

Dipesh Mehta: Just to understand you said manufacturing is relatively to be stronger or it is in line with BFSI?

Anjan Lahiri: No, in the BFSI sector we are seeing the most caution in terms of commitments to new budgets. Manufacturing would be slightly better than BFSI but BFSI sort of leading in terms of caution.

Moderator: Thank you. The next question is from Kunal Sangoi of Edelweiss. Please go ahead.

Kunal Sangoi: My question is to Anjan. Anjan, how do you see purely as a whole portfolio of IT Services is growing over the next couple of quarters given that you are indicating softness in BFSI and probably after that Manufacturing and that itself constitutes a large portion of your portfolio?

Anjan Lahiri: I will answer that from two angles: one is the overall industry and how that is growing and secondly, what pie of that industry can we win. From an industry standpoint as people feel that budgets need to be stretched more, they obviously look at innovative ways to reduce cost and offshoring sort of increases. From our standpoint of where we stand today, 10,000 MindTree Minds, 258 customers offices all across the world, Fortune 500, stable relationships, we are extremely well positioned to have discussions with customers on large transformational initiatives which actually reduces cost. I do not think we were in that position six years ago, five years ago or even during the Lehman days. So I see ourselves in a very, very strong situation even as customers get into a little bit of toughness. Now, question is how much of that can we win? I think that is for us to win out there in the market, we have continued to invest in doing fewer things with more customers. As you can see that our revenues have increased but the number of customers has dropped. I am very frank and I am very hopeful that we will continue to outwin competitors in the market given the state of the industry.

Kunal Sangoi: What would it imply in terms of growth rate for IT Services, particularly that you would target for say fiscal '13?

Anjan Lahiri: Obviously, cannot give a forward-looking guidance but I can just say that we feel confident, we feel hopeful and we feel that we will continue to outshine and be proud of our performance relative to the industry.

Kunal Sangoi: And going into next quarter, March quarter given that as IT Services plus PES, earlier KK indicated that the overall growth will be similar to this quarter and PES is going to grow. So do you see IT Services particularly in 2% kind of range or it could be lower than that as well?

Anjan Lahiri: Although we cannot comment on that, but I think using the portfolio of growth in the company we hope to maintain our growth, everybody is reading the newspapers, what could get a little tougher also we do not see any immediate indications of that.

Kunal Sangoi: And how many of this quarter's client wins would have come from IT Services? I note that this quarter's client wins have been one of the lowest over the last many quarters, so if you can break that down?

Anjan Lahiri: In terms of overall philosophy, you say customer additions have been the lowest, about three quarters ago, we said that we are embarking on a focus strategy it is not only important to win customers but it is important to win customers that we choose to win because we feel that we are stronger in certain segments. IT Services added eight customers.

Rostow Ravanan: The new customer addition has dropped mainly because of a change of strategy and to some extent also because Q3, October-November-December is usually not the best quarter for adding customers because new accounts do not get into that much of new vendor additions more in the quarter so that is also a reason why the new customer addition was slower in this quarter.

Moderator: Thank you. The next question is from Ankit Pandey from SBI Cap Securities. Please go ahead.

Ankit Pandey: Hi, I just wanted to understand some slowdown in independent testing although it is just $1.5 million quarter-on -quarter. How much can we correlate this to the PES slow down and to the top five exiting customers or like anything?

N. Krishnakumar: I think, Ankit, it is a factor of both clearly with the seasonality in terms of shutdowns in the PES business that has reflected in terms of independent testing losing some volumes and decline. We do anticipate that will get reversed during the current quarter. So, there is no inherent sort of limitations there.

Ankit Pandey: But can we sort of breakdown the PES decline in terms of the impact due to volume roughly?

N. Krishnakumar: Primarily, like I explained earlier of the 5% decline, due to shutdowns and customer initiatives sort of freeze, I think we lost close to about 2.4, 2.5%. Also, we are certainly doing a fairly conscious specific change and services rationalization there, due to which we have exited out of about nine customers which led to another decline of about 2%.

Ankit Pandey: So nine customers is a cut in the PES side?

N. Krishnakumar: That is right.

Ankit Pandey: And also, last couple of quarters we have seen the development breakdown sort of or rather outstrip the maintenance part of the revenues. So there is something to read into in terms of maybe discretionary spends picking up or anything like that?

N. Krishnakumar: Like Anjan talked about earlier I think clearly early in the year we saw customers committing to discretionary projects which were important in the context of enhancing their business competitiveness. So we continue to see funding happen in that. To that extent that has led to the development part of increase being there.

Moderator: Thank you. Ladies and gentlemen that was the last question. I would now like to hand over the conference back to Mr. Sushanth Pai for closing comments.

Sushanth Pai: Thanks, Marina, thank you everyone for joining this call. We look forward to speaking with you in the coming months.

Moderator: Thank you. On behalf of MindTree Limited that concludes this conference call. Thank you for joining us and you may now disconnect your lines.

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For MindTree Limited

Rajesh S

Vice President Legal & Company Secretary

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