

Patni Computer Systems LTD  
Form 6-K  
July 28, 2010

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 6-K**

**REPORT OF FOREIGN ISSUER**

**Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934**

**For July 28, 2010**

**PATNI COMPUTER SYSTEMS LIMITED**

**Akruti Softech Park , MIDC Cross Road No 21,  
Andheri (E) , Mumbai - 400 093, India**

(Exact name of registrant and address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

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Yes  No

If  Yes is marked, indicate below the file under assigned to the registrant in connection with Rule 12g3-2(b):



**Patni Computer Systems Limited**

FAX to SE

Registered Office : S-1A Irani Market Compound, Yerawada , Pune - 411 006, India.

Corporate Office : Akruti , MIDC Cross Road No 21, Andheri (E) , Mumbai - 400 093, India.

**Summary of Consolidated financial results of Patni Computer Systems Limited and its subsidiaries for the quarter and six months ended****30 June 2010, prepared as per US GAAP**

US \$ in lakhs except share data

|  | Quarter ended 30 June |                     | Six months ended 30 June |                     | Year ended 31                 |
|--|-----------------------|---------------------|--------------------------|---------------------|-------------------------------|
|  | 2010<br>(Unaudited)   | 2009<br>(Unaudited) | 2010<br>(Unaudited)      | 2009<br>(Unaudited) | December<br>2009<br>(Audited) |
| Net revenues   | 1,676                 | 1,619               | 3,398                    | 3,186               | 6,559                         |
| Cost of revenues   | 1,089                 | 1,057               | 2,151                    | 2,106               | 4,213                         |
| <b>Gross profit</b>  | <b>587</b>            | 562                 | <b>1,247</b>             | 1,080               | 2,346                         |
| Selling, general and administrative expenses   | 315                   | 278                 | 661                      | 572                 | 1,243                         |
| Foreign exchange (gain)/loss, net  | (43)                  | 41                  | (91)                     | 106                 | 97                            |
| <b>Operating income</b>  | <b>315</b>            | 243                 | <b>677</b>               | 402                 | 1,006                         |
| Interest and dividend income   | 45                    | 26                  | 84                       | 53                  | 112                           |
| Interest expense   | (1)                   | (4)                 | (6)                      | (11)                | (15)                          |
| Interest expense reversed  |                       |                     |                          |                     | 28                            |
| Gain on sale of investments, net   | 21                    | 84                  | 27                       | 86                  | 95                            |
| Other income, net  | 4                     | 6                   | 8                        | 10                  | 19                            |
| <b>Income before income taxes</b>  | <b>384</b>            | 355                 | <b>790</b>               | 540                 | 1,245                         |
| Income taxes   | 67                    | 68                  | 140                      | 104                 | 47                            |
| <b>Net Income</b>  | <b>317</b>            | 287                 | <b>650</b>               | 436                 | 1,198                         |
| <b>Earnings per share</b>  |                       |                     |                          |                     |                               |
| - Basic  | \$ 0.24               | \$ 0.22             | \$ 0.50                  | \$ 0.34             | \$ 0.93                       |
| - Diluted  | \$ 0.24               | \$ 0.22             | \$ 0.49                  | \$ 0.34             | \$ 0.92                       |
| <b>Weighted average number of common shares used in computing earnings per share</b> |                       |                     |                          |                     |                               |
| - Basic  | 129,562,441           | 128,105,795         | 129,407,822              | 128,105,403         | 128,254,916                   |
| - Diluted  | 133,835,341           | 128,704,643         | 133,518,117              | 128,471,603         | 130,241,085                   |
| Total assets   | 9,701                 | 8,084               | 9,701                    | 8,084               | 9,012                         |
| Cash and cash equivalents  | 675                   | 571                 | 675                      | 571                 | 635                           |
| Investments  | 3,991                 | 2,934               | 3,991                    | 2,934               | 3,842                         |

**Notes:**

1 The consolidated financial statements of Patni Computer Systems Limited and its subsidiaries have been prepared in accordance with the accounting principles generally accepted in the United States of America ( US GAAP ). All inter-company transactions have been eliminated on consolidation.

2 Effective 9 June 2010, Patni Americas Inc. acquired 100% equity interest in CHCS Services Inc. from one of its Insurance customer. CHCS Services Inc. is a Third Party Administrator ( TPA ) and providing services to Insurance companies. The primary purpose for the acquisition is to step into the market of TPA in the Insurance and Healthcare Sector, deliver end-to-end platform based solutions and TPA services to insurance providers' back-office transactions. The terms of the

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Stock Purchase Agreement provides for the payment of consideration of \$60 and an amount equal to the working capital to the selling shareholders. This transaction has been accounted using the purchase method of accounting. The purchase price of \$72 has been allocated to the acquired assets and assumed liabilities based on management's estimates.

3 In June 2010, Patni, through its wholly owned subsidiary, Patni UK, acquired from one of its customer, an existing software Intellectual Property Rights ( IPR ) which is used for education sector management in UK and Ireland. Cost of acquisition of the IPR and marketing rights amounting to \$120 has been capitalized as an intangible asset and is being amortized over a period of seven years. The Company intends to increase the revenue by sale of licenses in certain geographies along with significant use in horizontals other than learning domain.

4 In June 2010, Patni Computer Systems Japan Inc. has entered into Joint Venture Agreement ( 49% stake ) with J R Kyushu System Solutions Inc. The Joint Venture Company J R Kyushu Patni Systems Inc. has been incorporated on 1st July 2010.

5 In December 2008, the Company received a demand of approximately Rs. 4,587 for the Assessment Year (A.Y.) 2003-04 including an interest demand of Rs. 2,587 (\$99 including an interest demand of approximately \$56) and another demand in January 2009 of approximately Rs. 11,330 for the A. Y. 2005-06 including an interest demand of approximately Rs. 4,225 (\$244 including an interest demand of approximately \$91). These new demands concerns the same issue of disallowance of tax benefits under Section 10A of the Indian Income Tax Act, 1961( ACT ) as per earlier assessments. Subsequently, in June 2010, the Company has filed an extension for stay of demand.

As per stay of demand order, till June 2010, the Company has paid sum of Rs. 660 (\$14) for the A. Y. 2003-04 and Rs. 2,391 (\$51) for the A.Y. 2005-06 as regards the matter under appeal. Management considers these demands as not tenable against the Company, and, therefore, no provision for this tax contingency has been established.

The tax department had earlier rejected the Company's claim under section 10A of the Act and raised a demand of approximately Rs. 6,302 (\$136 including an interest demand of approximately \$40) for A.Y. 2004-05 and Rs. 2,617 (\$ 56 including an interest demand of approximately \$ 30) for A.Y. 2002-03 in December 2006 and December 2007, respectively. However on appeal, in 2008 the CIT (Appeals) had allowed the claim under section 10A of the Act. The Indian Income tax department has appealed against the CIT (Appeals ) orders in respect of A.Y. 2002-03 and 2004-05 in the tribunal. Management considers these demands as not tenable against the Company, and, therefore, no provision for this tax contingency has been established.

In December 2009 the Income tax department has issued draft assessment order for A.Y.2006-07 disallowing 10A deduction of the Indian Income Tax Act, 1961 as per the earlier assessments, as well as making a Transfer Pricing Adjustment for the Company's BPO operations. The company has filed the objections against the draft order before the Dispute Resolution Panel ( DRP ) newly set up under the Income Tax Act, 1961. Management considers these demands as not tenable against the Company, and, therefore, no provision for this tax contingency has been established.

Certain other income tax related legal proceedings are pending against the Company. Potential liabilities, if any, have been adequately provided for, and the Company does not currently estimate any incremental liability in respect of these proceedings. Additionally, the Company is also involved in lawsuits and claims which arise in ordinary course of business. There are no such matters pending that the Company expects to be material in relation to its business.

6 Previous period's figures have been appropriately reclassified/regrouped to conform to the current period's presentation.

7 The above summary of consolidated financial results was taken on record by the Board of Directors at its adjourned meeting held on 28 July 2010.

## Summary of financial statements prepared as per US GAAP - Convenience translation (Unaudited)

Rs. in lakhs except share data

|  | Quarter ended 30 June |               | Six months ended 30 June |               | Year ended 31  |
|--|-----------------------|---------------|--------------------------|---------------|----------------|
|  | 2010                  | 2009          | 2010                     | 2009          | December 2009  |
| Exchange Rate (Rs.)                          | 46.41                 | 47.74         | 46.41                    | 47.74         | 46.4           |
| Net revenues                                 | 77,763                | 77,291        | 157,733                  | 152,078       | 304,346        |
| Cost of revenues                             | 50,519                | 50,446        | 99,841                   | 100,509       | 195,487        |
| <b>Gross profit</b>                          | <b>27,244</b>         | <b>26,845</b> | <b>57,892</b>            | <b>51,569</b> | <b>108,859</b> |
| Selling, general and administrative expenses | 14,607                | 13,290        | 30,669                   | 27,286        | 57,665         |
| Foreign exchange (gain)/loss, net            | (1,976)               | 1,972         | (4,189)                  | 5,076         | 4,497          |
| <b>Operating income</b>                      | <b>14,613</b>         | <b>11,583</b> | <b>31,412</b>            | <b>19,207</b> | <b>46,697</b>  |
| Interest and dividend income                 | 2,071                 | 1,239         | 3,907                    | 2,539         | 5,208          |
| Interest expense                             | (27)                  | (194)         | (252)                    | (525)         | (693)          |
| Interest expense reversed                    |                       |               |                          |               | 1,303          |
| Gain on sale of investments, net             | 966                   | 4,002         | 1,245                    | 4,071         | 4,393          |
| Other income, net                            | 211                   | 312           | 367                      | 481           | 879            |
| <b>Income before income taxes</b>            | <b>17,834</b>         | <b>16,942</b> | <b>36,679</b>            | <b>25,773</b> | <b>57,787</b>  |
| Income taxes                                 | 3,105                 | 3,258         | 6,492                    | 4,948         | 2,208          |
| <b>Net Income</b>                            | <b>14,729</b>         | <b>13,684</b> | <b>30,187</b>            | <b>20,825</b> | <b>55,579</b>  |
| <b>Earnings per share</b>                    |                       |               |                          |               |                |
| - Basic                                      | 11.37                 | 10.68         | 23.33                    | 16.26         | 43.33          |
| - Diluted                                    | 11.01                 | 10.63         | 22.61                    | 16.21         | 42.67          |
| Total assets                                 | 450,242               | 385,925       | 450,242                  | 385,925       | 418,148        |
| Cash and cash equivalents                    | 31,349                | 27,253        | 31,349                   | 27,253        | 29,445         |
| Investments                                  | 185,203               | 140,077       | 185,203                  | 140,077       | 178,268        |

Disclaimer:

We have translated the financial data derived from our consolidated financial statements prepared in accordance with US GAAP for each period at the noon buying rate in the City of New York on the last business day of such period for cable transfers in Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The translations should not be considered as a representation that such US Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated above, or at all. Investors are cautioned not to rely on such translated amounts.

By Order of the Board  
for Patni Computer Systems Limited

Mumbai  
28 July 2010

Jeya Kumar  
Chief Executive Officer

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Audited consolidated financial results of Patni Computer Systems Limited and its subsidiaries for the quarter and six months ended 30 June 2010, as per Indian GAAP.

Rs. in lakhs except share data

|  | Quarter ended 30 June |                | Six months ended 30 June |                | Year ended 31           |
|--|-----------------------|----------------|--------------------------|----------------|-------------------------|
|  | 2010 (Audited)        | 2009 (Audited) | 2010 (Audited)           | 2009 (Audited) | December 2009 (Audited) |
| <b>Income</b>  |                       |                |                          |                |                         |
| Sales and service income   | 76,288                | 77,965         | 154,451                  | 155,609        | 314,615                 |
| Other operating income   | 2,577                 | (1,353)        | 5,853                    | (3,921)        | (2,835)                 |
|  | <b>78,865</b>         | 76,612         | <b>160,304</b>           | 151,688        | 311,780                 |
| <b>Expenditure</b>   |                       |                |                          |                |                         |
| Personnel costs  | 45,389                | 44,403         | 91,009                   | 91,197         | 183,573                 |
| Selling, general and administration costs                                | 16,485                | 15,616         | 32,193                   | 32,438         | 64,435                  |
| Depreciation (net of transfer from revaluation reserves)                 | 2,908                 | 5,408          | 5,771                    | 8,290          | 14,208                  |
|  | <b>64,782</b>         | 65,427         | <b>128,973</b>           | 131,925        | 262,216                 |
| <b>Profit from Operations before Other Income and Interest</b>           |                       |                |                          |                |                         |
| Other income   | 14,083                | 11,185         | 31,331                   | 19,763         | 49,564                  |
| Profit Before Interest   | 2,680                 | 5,381          | 4,650                    | 6,666          | 11,081                  |
|  | <b>16,763</b>         | 16,566         | <b>35,981</b>            | 26,429         | 60,645                  |
| Interest costs   | 28                    | 197            | 247                      | 587            | 772                     |
| <b>Profit from Ordinary Activities before tax</b>                        | <b>16,735</b>         | 16,369         | <b>35,734</b>            | 25,842         | 59,873                  |
| Provision for taxation   | 3,504                 | 2,749          | 8,560                    | 5,081          | 5,445                   |
| MAT credit entitlement   | (1,443)               | 2,061          | (78)                     | 2,671          | (3,204)                 |
| Provision for taxation - Fringe benefits                                 |                       |                |                          |                |                         |
|  |                       | 101            |                          | 241            | 158                     |
| <b>Net profit for the period/year</b>                                    | <b>14,674</b>         | 13,597         | <b>30,378</b>            | 21,249         | 58,661                  |
| Paid up equity share capital (Face value per equity share of Rs. 2 each) | 2,598                 | 2,562          | 2,598                    | 2,562          | 2,583                   |
| Reserves excluding revaluation reserves                                  |                       |                |                          |                | 350,590                 |
| <b>Earnings per equity share of Rs.2 each</b>                            |                       |                |                          |                |                         |
| - Basic  | 11.33                 | 10.61          | 23.47                    | 16.59          | 45.74                   |
| - Diluted  | 10.93                 | 10.49          | 22.68                    | 16.48          | 44.93                   |
| <b>Dividend per share (Face value per equity share of Rs. 2 each)</b>    |                       |                |                          |                | 3.00                    |

Notes:

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1 The consolidated financial statements of Patni Computer Systems Limited and its subsidiaries have been prepared in accordance with the principles and procedures as prescribed by the Accounting Standard on Consolidated Financial Statements, mandated by Rule 3 of the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards ( NACAS ), the provisions of the Companies Act, 1956, and guidelines issued by the Securities and Exchange Board of India ( SEBI ).

2 The financial statements of Patni Computer Systems Limited and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered. The amounts shown in respect of accumulated reserves comprise of the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post acquisition increase/decrease in the relevant reserves/accumulated deficit of its subsidiaries. Consolidated financial statements are prepared using uniform accounting policies across the Group.

3 The subsidiaries considered in the consolidated financial statements as of 30 June 2010 are wholly owned subsidiaries, namely Patni Americas, Inc., Patni Computer Systems (UK) Limited, Patni Computer Systems GmbH, Patni Telecom Solutions Inc., Patni Telecom Solutions Private Limited, Patni Telecom Solutions (UK) Limited, Patni Life Sciences Inc., Patni Computer Systems (Czech) s.r.o, Patni Computer Systems Brasil Ltda, PCS Computer Systems Mexico SA de CV, Patni (Singapore) Pte. Ltd., Patni Computer Systems Japan Inc. and CHCS Services Inc.

#### 4 Statement of Assets and Liabilities as of 30 June 2010

| Particulars                                     | As of 30 June  |                |
|---|----------------|----------------|
|   | 2010           | 2009           |
| <b>Shareholders funds</b>                       |                |                |
| a) Share Capital                                | 6,132          | 2,703          |
| b) Reserves and surplus                         | 381,641        | 312,711        |
| <b>Loan funds</b>                               |                |                |
| Secured loans                                   | 77             | 131            |
| Deferred tax liability, net                     | 884            | 1,543          |
| <b>TOTAL</b>                                    | <b>388,734</b> | <b>317,088</b> |
| <b>Goodwill</b>                                 | <b>49,566</b>  | <b>48,753</b>  |
| <b>Fixed assets, net</b>                        | <b>85,942</b>  | <b>86,663</b>  |
| <b>Investments</b>                              | <b>185,104</b> | <b>139,269</b> |
| <b>Deferred tax asset, net</b>                  | <b>7,974</b>   | <b>10,083</b>  |
| <b>Current assets, loans and advances</b>       |                |                |
| a) Sundry debtors                               | 54,591         | 48,213         |
| b) Cash and bank balances                       | 31,377         | 27,402         |
| c) Unbilled revenue                             | 20,244         | 16,671         |
| d) Loans and advances                           | 30,079         | 22,106         |
| <b>Less: Current liabilities and provisions</b> |                |                |
| a) Liabilities                                  | 46,152         | 50,006         |
| b) Provisions                                   | 29,991         | 32,066         |
| <b>TOTAL</b>                                    | <b>388,734</b> | <b>317,088</b> |

\* Share Capital includes Share application money Rs. 72 (June 2009: Rs. 15) and Stock option outstanding Rs.3,462 (June 2009: Rs. 126)

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5 Investor complaints for the quarter ended 30 June 2010:

|                                   | <b>Received<br/>during the<br/>quarter</b> | <b>Disposed<br/>off during<br/>the quarter</b> | <b>Unresolved<br/>at the end<br/>of the quarter</b> |
|-----------------------------------|--|--|---|
| <b>Pending as of 1 April 2010</b> | 16   | 16   |   |

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6 Statement of Utilisation of ADS Funds as of 30 June 2010:

|  | No of shares | Price | Amount        |
|--|--------------|-------|---------------|
| Amount raised through ADS (6,156,250 ADSs @ \$20.34 per ADS) | 12,312,500   | 466   | 57,393        |
| Share issue expenses   |              |       | 3,694         |
| <b>Net proceeds</b>  |              |       | <b>53,699</b> |
| <b>Deployment :</b>  |              |       |               |
| 1 Held as short term investments                             |              |       | 9,034         |
| 2 Utilised for Capital expenditure for office facilities     |              |       | 43,457        |
| 3 Exchange loss  |              |       | 1,208         |
| <b>Total</b>   |              |       | <b>53,699</b> |

7 Total Public Shareholding\*

|                              | 2010              | As of 30 June 2009 | As of 31 December 2009 |
|------------------------------|-------------------|--------------------|------------------------|
| - Number of Shares           | <b>32,414,978</b> | 30,021,007         | 32,479,658             |
| - Percentage of Shareholding | <b>24.96%</b>     | 23.43%             | 25.15%                 |

\* Total Public Shareholding as defined under Clause 40A of the Listing Agreement (excludes shares held by founders and American Depository Receipt shareholders).

Promoters and Promoter group Shareholding

|   | 2010              | As of 30 June 2009 | As of 31 December 2009 |
|---|-------------------|--------------------|------------------------|
| <b>a) Pledge/Encumbered</b>   |                   |                    |                        |
| Number of shares  | <b>Nil</b>        | Nil                | Nil                    |
| Percentage of shares (as a % of the total shareholding of promoters and promoter group) | <b>Nil</b>        | Nil                | Nil                    |
| Percentage of shares (as a % of the total share capital of the Company)                 | <b>Nil</b>        | Nil                | Nil                    |
| <b>B) Non-encumbered</b>  |                   |                    |                        |
| Number of shares  | <b>60,091,202</b> | 61,974,202         | 60,091,202             |
| Percentage of shares (as a % of the total shareholding of promoters and promoter group) | <b>100.00%</b>    | 100.00%            | 100.00%                |
| Percentage of shares (as a % of the total share capital of the Company)                 | <b>46.26%</b>     | 48.38%             | 46.54%                 |

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- 8 Paid up equity share capital does not include Rs. 72 (2009 : Rs. Nil) which represents share application money received from employees, on exercise of stock options, pending allotment of shares.
- 9 Effective 9 June 2010, Patni Americas Inc. acquired 100% equity interest in CHCS Services Inc. from one of its Insurance customer. CHCS Services Inc. is a Third Party Administrator ( TPA ) and providing services to Insurance companies. The primary purpose for the acquisition is to step into the market of TPA in the Insurance and Healthcare Sector, deliver end-to-end platform based solutions and TPA services to insurance providers back-office transactions. The terms of the Stock Purchase Agreement provides for the payment of consideration of Rs. 2,797 and an amount equal to the working capital to the selling shareholders. This transaction has been accounted using the purchase method of accounting. The excess of purchase price of Rs. 3,334 over the book value of assets and liabilities aggregating Rs. 2,149 has been accounted as goodwill.
- 10 In June 2010, Patni, through its wholly owned subsidiary, Patni UK, acquired from one of its customer, an existing software Intellectual Property Rights ( IPR ) which is used for education sector management in UK and Ireland. Cost of acquisition of the IPR and marketing rights amounting to Rs. 5,580 has been capitalized as an intangible asset and is being amortized over a period of seven years. The Company intends to increase the revenue by sale of licenses in certain geographies along with significant use in horizontals other than learning domain.
- 11 In June 2010, Patni Computer Systems Japan Inc. has entered into Joint Venture Agreement ( 49% stake ) with J R Kyushu System Solutions Inc. The Joint Venture Company J R Kyushu Patni Systems Inc. has been incorporated on 1 July 2010.
- 12 In December 2008, the Company received a demand of approximately Rs. 4,587 for the Assessment Year (A.Y.) 2003-04 including an interest demand of Rs. 2,586 and another demand in January 2009 of approximately Rs. 11,330 for the A.Y. 2005-06 including an interest demand of approximately Rs. 4,225. These new demands concern the same issue of disallowance of tax benefits under Section 10A of the Indian Income Tax Act, 1961 ( ACT ) as per earlier assessments. Subsequently, in June 2010, the Company has filed an extension for stay of demand. As per stay of demand order, till June 2010, the Company has paid a sum of Rs. 660 for the A. Y. 2003-04 and Rs. 2,391 for the A. Y. 2005-06 as regards the matter under appeal. Management considers these demands as not tenable against the Company, and, therefore, no provision for this tax contingency has been established.

The Tax department had earlier rejected the Company's claim under section 10A and raised a demand of Rs. 6,302 for A.Y. 2004-05 and Rs. 2,617 for AY 2002-03 in December 2006 and December 2007 respectively. However on appeal in 2008, the CIT (Appeals) had allowed the claim under section 10A of the Income Tax Act, 1961. The Indian Income tax department has appealed against the CIT (Appeals) orders in respect of A. Y. 2002-03 and 2004-05 in the tribunal. Management considers these demands as not tenable against the Company and, therefore, no provision for this tax contingency has been established.

In December 2009 the Income tax department has issued draft assessment order for A.Y. 2006-07 disallowing 10A deduction of the Indian Income Tax Act, 1961 as per the earlier assessments, as well as making a Transfer Pricing Adjustment for BPO operations of the Company. The Company has filed the objections against the draft order before the Dispute Resolution Panel ( DRP ) newly set up under the Income Tax Act, 1961. Management considers these demand as not tenable against the Company and in absence of any demand raised at this juncture, no provision is required.

Certain other income tax related legal proceedings are pending against the Company. Potential liabilities, if any, have been adequately provided for, and the Company does not currently estimate any incremental liability in respect of these proceedings. Additionally, the Company is also involved in lawsuits and claims which arise in ordinary course of business. There are no such matters pending that the Company expects to be material in relation to its business.

- 13 The Finance Act, 2009 has extended the availability of the 10-year income tax holiday by a period of one year such that the tax holiday will be available until the earlier of fiscal year ending 31 March 2011 or 10 years after the commencement of a Company's undertaking. The fringe benefit tax has also been abolished w.e.f. 1 April 2009.
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## 14 Segment Information:

| Particulars                                       | Financial services | Insurance | Manufacturing, Retail & Distribution | Communications, Media & Utilities | Product Engineering | Total   |
|---|--------------------|-----------|--------------------------------------|-----------------------------------|---------------------|---------|
| <b>For the three months ended 30 June 2010</b>    |                    |           |                                      |                                   |                     |         |
| Sales and service income                          | 9,336              | 21,397    | 23,492                               | 9,189                             | 12,874              | 76,288  |
| <b>For the six months ended 30 June 2010</b>      |                    |           |                                      |                                   |                     |         |
| Sales and service income                          | 18,522             | 44,192    | 47,503                               | 18,646                            | 25,588              | 154,451 |
| <b>Balances as at 30 June 2010</b>                |                    |           |                                      |                                   |                     |         |
| Sundry debtors                                    | 6,616              | 18,230    | 15,425                               | 7,308                             | 7,012               | 54,591  |
| Unbilled revenue                                  | 2,327              | 3,982     | 6,784                                | 3,124                             | 4,026               | 20,244  |
| Billings in excess of cost and estimated earnings | (161)              | (255)     | (747)                                | (108)                             | (835)               | (2,106) |
| Advance from customers                            | (126)              | (56)      | (224)                                | (115)                             | (146)               | (667)   |

| Particulars                                       | Financial services | Insurance | Manufacturing, Retail & Distribution | Communications, Media & Utilities | Product Engineering | Total   |
|---|--------------------|-----------|--------------------------------------|-----------------------------------|---------------------|---------|
| <b>For the three months ended 30 June 2009</b>    |                    |           |                                      |                                   |                     |         |
| Sales and service income                          | 10,790             | 23,332    | 21,460                               | 10,624                            | 11,759              | 77,965  |
| <b>For the six months ended 30 June 2009</b>      |                    |           |                                      |                                   |                     |         |
| Sales and service income                          | 21,484             | 44,709    | 43,875                               | 21,808                            | 23,733              | 155,609 |
| <b>Balances as at 31 December 2009</b>            |                    |           |                                      |                                   |                     |         |
| Sundry debtors                                    | 6,269              | 11,734    | 18,475                               | 7,924                             | 6,495               | 50,897  |
| Unbilled revenue                                  | 1,047              | 1,199     | 3,245                                | 2,523                             | 1,168               | 9,182   |
| Billings in excess of cost and estimated earnings | (123)              | (140)     | (1,148)                              | (465)                             | (784)               | (2,660) |
| Advance from customers                            | (152)              | (26)      | (216)                                | (115)                             | (37)                | (546)   |

Industry segments of the Group comprise financial services, insurance services, manufacturing, retail and distribution companies, communications, media and utilities, and technology services (comprising product engineering). The Group evaluates segment performance and allocates resources based on revenue growth. Revenue in relation to segments is categorized based on items that are individually identifiable to that segment. Costs are not specifically allocable to individual segment as the underlying resources and services are used interchangeably. Property, plant and equipment used in the Group's business or liabilities contracted have not been identified to any of the reportable segments, as the property, plant and equipment and services are used interchangeably between segments.

15 Previous period's figures have been appropriately reclassified/regrouped to conform to the current period's presentation.

16 The above statement of financial results was reviewed by the Audit Committee and approved by the Board of Directors at its adjourned meeting held on 28 July 2010.

**By Order of the Board  
for Patni Computer Systems Limited**

**Mumbai  
28 July 2010**

**Jeya Kumar**  
*Chief Executive Officer*

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**Reconciliation of significant differences between Consolidated Net Income determined in accordance with Indian Generally Accepted Accounting Principles ( Indian GAAP ) and Consolidated Net Income determined in accordance with US Generally Accepted Accounting Principles ( US GAAP ) (Unaudited)**

|  | Rs. in lakhs          |        |                          |        |                  |
|--|-----------------------|--------|--------------------------|--------|------------------|
|  | Quarter Ended 30 June |        | Six months ended 30 June |        | Year ended 31    |
|  | 2010                  | 2009   | 2010                     | 2009   | December<br>2009 |
| Consolidated net income as per Indian GAAP | <b>14,674</b>         | 13,597 | <b>30,378</b>            | 21,249 | 58,661           |
| Income taxes                               | <b>(950)</b>          | 332    | <b>(952)</b>             | 236    | (318)            |
| Foreign currency differences               | <b>91</b>             | 59     | <b>(114)</b>             | 488    | 509              |
| Employee retirement benefits               | <b>823</b>            | (342)  | <b>977</b>               | (962)  | (419)            |
| ESOP related Compensation Cost             | <b>(87)</b>           | (310)  | <b>(248)</b>             | (58)   | (471)            |
| Impairment of Intangibles                  |                       | 1,396  |                          | 1,396  | 1,396            |
| Business acquisition                       | <b>(321)</b>          | (197)  | <b>(557)</b>             | (389)  | (903)            |
| Others                                     | <b>(3)</b>            | 54     | <b>10</b>                | 63     | (4)              |
| <b>Total</b>                               | <b>(447)</b>          | 992    | <b>(884)</b>             | 774    | (210)            |
| Consolidated net income as per US GAAP     | <b>14,227</b>         | 14,589 | <b>29,494</b>            | 22,023 | 58,451           |

**Note:**

The consolidated net income as per USGAAP shown in the table above differs from the consolidated net income shown under Summary of financial statements prepared as per USGAAP - Convenience Translation for reasons explained below the same table.

**Audited financial results of Patni Computer Systems Limited for the quarter and six months ended 30 June 2010, as per Indian GAAP (Standalone)**

**Rs. in Lakhs except share data**

|  | Quarter ended 30 June |                   | Six months ended 30 June |                   | Year ended 31                 |
|--|-----------------------|-------------------|--------------------------|-------------------|-------------------------------|
|  | 2010<br>(Audited)     | 2009<br>(Audited) | 2010<br>(Audited)        | 2009<br>(Audited) | December<br>2009<br>(Audited) |
| <b>Income</b>  |                       |                   |                          |                   |                               |
| Sales and service income   | 45,671                | 42,749            | 91,440                   | 83,701            | 173,486                       |
| Other operating income   | 2,038                 | (973)             | 5,521                    | (4,359)           | (3,161)                       |
|  | <b>47,709</b>         | 41,776            | <b>96,961</b>            | 79,342            | 170,325                       |
| <b>Expenditure</b>   |                       |                   |                          |                   |                               |
| Personnel costs  | 21,801                | 19,664            | 43,401                   | 38,610            | 81,247                        |
| Selling, general and administration costs                                | 8,982                 | 7,812             | 17,605                   | 14,692            | 31,114                        |
| Depreciation (net of transfer from revaluation reserves)                 | 2,349                 | 2,332             | 4,646                    | 4,530             | 9,198                         |
|  | <b>33,132</b>         | 29,808            | <b>65,652</b>            | 57,832            | 121,559                       |
| <b>Profit from operations before Other Income and Interest</b>           |                       |                   |                          |                   |                               |
| Interest   | 14,577                | 11,968            | 31,309                   | 21,510            | 48,766                        |
| Other income   | 2,625                 | 5,321             | 4,544                    | 6,547             | 10,087                        |
| <b>Profit before interest</b>  | <b>17,202</b>         | 17,289            | <b>35,853</b>            | 28,057            | 58,853                        |
| Interest costs   | 23                    | 118               | 242                      | 403               | 674                           |
| <b>Profit from Ordinary Activities before tax</b>                        | <b>17,179</b>         | <b>17,171</b>     | <b>35,611</b>            | <b>27,654</b>     | <b>58,179</b>                 |
| Provision for taxation   | 3,777                 | 2,491             | 8,133                    | 4,919             | 8,108                         |
| MAT credit entitlement   | (1,898)               | (78)              | (3,659)                  | (680)             | (4,342)                       |
| Net provision for taxation   | 1,879                 | 2,413             | 4,474                    | 4,240             | 3,766                         |
| Provision for taxation - Fringe benefits                                 |                       | 92                |                          | 213               | 140                           |
| <b>Net Profit for the period</b>   | <b>15,300</b>         | 14,666            | <b>31,137</b>            | 23,202            | 54,273                        |
| Paid up equity share capital (Face value per equity share of Rs. 2 each) | 2,598                 | 2,562             | 2,598                    | 2,562             | 2,583                         |
| Reserves excluding revaluation reserves                                  |                       |                   |                          |                   | 316,592                       |
| <b>Earnings per equity share of Rs. 2 each</b>                           |                       |                   |                          |                   |                               |
| - Basic  | 11.81                 | 11.45             | 24.06                    | 18.11             | 42.32                         |
| - Diluted  | 11.39                 | 11.30             | 23.22                    | 17.94             | 41.47                         |
| <b>Dividend per share (Face value per equity share of Rs. 2 each)</b>    |                       |                   |                          |                   | 3.00                          |

**Notes :**

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1 Statement of Assets and Liabilities as of 30 June 2010

| Particulars                                     | As of 30 June     |                   |
|---|-------------------|-------------------|
|   | 2010<br>(Audited) | 2009<br>(Audited) |
| <b>Shareholders funds</b>                       |                   |                   |
| a) Share Capital                                | 5,021             | 2,621             |
| b) Reserves and Surplus                         | 348,915           | 282,871           |
| <b>Loan funds</b>                               | 64                | 131               |
| <b>Deferred tax liability</b>                   | 884               | 1,543             |
| <b>Total</b>                                    | 354,884           | 287,166           |
| <b>Fixed assets (Net)</b>                       | 71,945            | 76,825            |
| <b>Investments</b>                              | 234,125           | 185,935           |
| <b>Deferred tax asset, net</b>                  | 441               | 1,037             |
| <b>Current assets, loans and advances</b>       |                   |                   |
| a) Sundry Debtors                               | 46,640            | 44,773            |
| b) Cash and Bank balances                       | 20,068            | 8,055             |
| c) Unbilled revenue                             | 9,546             | 6,245             |
| d) Loans and Advances                           | 23,843            | 14,530            |
| <b>Less: Current liabilities and provisions</b> |                   |                   |
| a) Liabilities                                  | 31,445            | 31,476            |
| b) Provisions                                   | 20,279            | 18,758            |
| <b>Total</b>                                    | 354,884           | 287,166           |

\* Share Capital includes Share application money Rs. 72 (June 2009 : Rs. 14) and Stock option outstanding Rs. 2351 (June 2009 : Rs. 44)

2 Investor complaints for the quarter ended 30 June 2010:

| Pending as on<br>1 April 2010 | Received during<br>the quarter | Disposed of<br>during the quarter | Unresolved at the<br>end of the quarter |
|-------------------------------|--------------------------------|-----------------------------------|---|
|                               | 16                             | 16                                |   |

**Audited financial results of Patni Computer Systems Limited for the quarter and six months ended 30 June 2010, as per Indian GAAP (Standalone) (Contd.)**

3 Statement of Utilisation of ADS Funds as of 30 June 2010

|   | No of shares | Price | Amount        |
|---|--------------|-------|---------------|
| Amount raised through ADS (6,156,250 ADSs @ \$ 20.34 per ADS) | 12,312,500   | 466   | 57,393        |
| Share issue expenses  |              |       | 3,694         |
| <b>Net proceeds</b>   |              |       | <b>53,699</b> |
| <b>Deployment :</b>   |              |       |               |
| 1 Held as short term investments                              |              |       | 9,034         |
| 2 Utilised for Capital expenditure for office facilities      |              |       | 43,457        |
| 3 Exchange loss   |              |       | 1,208         |
| <b>Total</b>  |              |       | <b>53,699</b> |

4 Total Public Shareholding \*

|                              | 2010       | As of 30 June 2009 | As of 31 December 2009 |
|------------------------------|------------|--------------------|------------------------|
| - Number of Shares           | 32,414,978 | 30,021,007         | 32,479,658             |
| - Percentage of Shareholding | 24.96%     | 23.43%             | 25.15%                 |

\* Total Public Shareholding as defined under Clause 40A of the Listing Agreement ( excludes shares held by founders and American Depository Receipt shareholders ).

5 Promoters and Promoter group Shareholding

|   | 2010       | As of 30 June 2009 | As of 31 December 2009 |
|---|------------|--------------------|------------------------|
| <b>a) Pledge/Encumbered</b>   |            |                    |                        |
| - Number of shares  | Nil        | Nil                | Nil                    |
| - Percentage of shares (as a % of the total shareholding of promoter group)               | Nil        | Nil                | Nil                    |
| - Percentage of shares (as a % of the total share capital of the Company)                 | Nil        | Nil                | Nil                    |
| <b>B) Non-encumbered</b>  |            |                    |                        |
| - Number of shares  | 60,091,202 | 61,974,202         | 60,091,202             |
| - Percentage of shares (as a % of the total shareholding of promoters and promoter group) | 100%       | 100%               | 100%                   |
| - Percentage of shares (as a % of the total share capital of the Company)                 | 46.26%     | 48.38%             | 46.54%                 |



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- 6 Paid up equity share capital does not include Rs. 72 (2009 : Rs. Nil) which represents share application money received from employees, on exercise of stock options, pending allotment of shares.
- 7 In December 2008 the Company received a Demand of approximately Rs. 4,587 for the Assessment Year 2003-04 including an interest demand of Rs. 2,586 and another Demand in January 2009 of approximately Rs. 11,330 for the Assessment Year 2005-06 including an interest demand of approximately Rs. 4,225. These new demands concern the same issue of disallowance of tax benefits under Section 10A of the Indian Income Tax Act, 1961 as per the earlier assessments. The Company has filed an appeal with the tax authorities for stay of demand. As per stay of demand order, till June 2010 the Company has paid sum of Rs. 660 for the Assessment Year 2003-04 and Rs. 2,391 for the Assessment year 2005-06 as such the matter is under appeal. Management considers these demands as not tenable against the Company and, therefore, no provision for this tax contingency has been established.

The Tax department had earlier rejected the Company's claim under section 10A and raised a demand of Rs. 6,302 for AY 2004-05 and Rs. 2,617 for AY 2002-03 in December 2006 and December 2007 respectively. However on appeal in 2008, the CIT (Appeal) had allowed the claim under section 10A of the Income Tax Act, 1961. The Indian Income tax department has appealed against the CIT (Appeals) orders in respect of assessment year 2002-03 and 2004-05 in the tribunal. Management considers these demands as not tenable against the Company and, therefore, no provision for this tax contingency has been established.

In December 2009 the Income tax department has issued draft assessment order for A.Y. 2006-07 disallowing 10A deduction of the Indian Income Tax Act, 1961 as per the earlier assessments, as well as making a Transfer Pricing Adjustment for BPO operations of the Company. The Company has filed the objections against the draft order before the Dispute Resolution Panel (DRP) newly set up under the Income Tax Act, 1961. Management considers these disallowances as not tenable against the Company and in absence of any demand raised at this juncture, no provision is required.

Certain other income tax related legal proceedings are pending against the Company. Potential liabilities, if any, have been adequately provided for, and the Company does not currently estimate any incremental liability in respect of these proceedings. Additionally, the Company is also involved in lawsuits and claims which arise in ordinary course of business. There are no such matters pending that the Company expects to be material in relation to its business.

- 8 The Finance Act, 2009 has extended the availability of the 10-year income tax holiday by a period of one year such that the tax holiday will be available until the earlier of fiscal year ending 31 March 2011 or 10 years after the commencement of a Company's undertaking. The fringe benefit tax has also been abolished w.e.f. 1 April 2009.
- 9 Previous period figures have been appropriately reclassified / regrouped to conform to the current period's presentations.
- 10 The above statement of financial results was reviewed by the Audit Committee and approved by the Board of Directors at the adjourned meeting held on 28 July 2010.

**By Order of the Board  
for Patni Computer Systems Limited**

**Mumbai  
28 July 2010**

**Mr. Jeya Kumar**  
*Chief Executive Officer*

**Press Release**

**Patni s Q2 2010 Net Income up 10.7% YoY**

**Mumbai, India, July 28, 2010:** Patni Computer Systems Limited (**Patni**) today announced its financial results for the second quarter ended 30th June 2010

**Performance Highlights for the quarter ended June 30,2010**

- **Revenues for the quarter at US\$ 167.6 million (Rs.7,776.3 million)**
- Down 2.8% QoQ from US\$ 172.3 million (Rs.7,745.4 million)
- Up 3.5% YoY from US\$ 161.9 million (Rs.7,729.1 million)
- Revenue concentration of Top 10 customers remained flat at 48.6% from 48.7% in previous quarter.
  
- **Operating Income for the quarter at US\$ 31.5 million (Rs.1,461.4 million)**
- Down 13.0% QoQ from US\$ 36.2 million (Rs.1,627.0 million)
- Up 29.8% YoY from US\$ 24.3 million (Rs.1,158.3 million)
  
- **Net Income for the quarter at US\$ 31.7 million (Rs.1,473.0 million)**
- Down 4.7% QoQ from US\$ 33.3 million (Rs. 1,497.1 million)
- Up 10.7% YoY from US\$ 28.7 million (Rs.1,368.5 million)
  
- **EPS for the quarter at US\$ 0.24 per share (US\$ 0.49 per ADS).**

**Future Outlook:**

- Q3 CY2010 Revenues are expected to be at US\$ 176 million to US\$ 177 million and Net Income (Excluding the hedging Gain/Loss) is expected to be in the range of US\$ 22.5 million to US\$ 23.0 million
- *This guidance is based on constant Rupee -USD rate of Rs.46.*
- *Mark to Market foreign exchange gain during Q3 2010 is expected to be in the range of US\$ 1 million based on current estimates. This may change depending on further currency movements during the quarter and will impact our Net Earnings accordingly.*

## Management Comments

*Mr. Jeya Kumar, Chief Executive Officer, said* While there is a general improvement in demand environment predictability and sustainability of growth is still challenging. We experienced the same in current quarter as some of the projects starts were behind expected schedules in our portfolio. We are confident that our strategic investments will pay off in mid to long run with execution of differentiation in micro verticals to gain leadership in our chosen industry market segments. Inorganic efforts are expected to pick pace and will result in higher growth going forward as we remain bullish on our overall prospects to scale the business .

*Speaking on the occasion, Mr. Surjeet Singh, Chief Financial Officer, said,* Focused cost management efforts have resulted in overall improvement of margin profile for the year as we absorbed the wage increases during the quarter in line with expectations besides neutralizing forex changes with superior risk management in an otherwise constant pricing environment. Cash investments continue to be at the operating side in innovation and platform purchases in line with our strategy besides organic investments in geographical diversification

## Corporate Developments

### Acquisitions and Alliances:

- **Acquisition of CHCS services Inc, subsidiary of Universal American Corp**

On June 9 2010, Patni completed the acquisition of CHCS services Inc, fully owned subsidiary of Universal American , for a consideration of USD 6 M. Through this acquisition Patni will enter Third Party Administration business as extension to its Insurance Services portfolio, significantly enhancing its existing BPO capabilities to deliver end-to-end platform based solutions.

- **Strategic partnership with Serco Group Plc, UK**

Patni enhanced its Strategic Partnership with Serco Group Plc by entering into a long term contract including purchase of Intellectual Property to provide services in Education and e learning under managed services model in UK and Ireland markets with right to sell in other select markets.

- **Japan s JR Kyushu and Patni sign JV pact**

Patni recently announced the signing of a joint venture (JV) pact between JR Kyushu System Solutions Inc. (JRQSS), the IT systems arm of Japan s Kyushu Railway Company. The new company christened JR Kyushu Patni Systems, Inc. is a 51:49 partnership between JRQSS and Patni Japan respectively. The JV is aimed at providing high quality, cost effective IT and product engineering services to the Japanese enterprise

market.

**Awards & Recognition:**

- **Patni BPO receives top honors at BPO Excellence Awards 2009-10**

Patni recently announced that it has received the distinguished Stars of the Industry - BPO Excellence Awards in three categories: BPO Organization of the Year, Operational Excellence and Quality, and Social Change Agent. The BPO Excellence Awards are given out each year in India by the business group Stars of the Industry, recognizing outstanding performance and contribution of BPO players to the industry.

**Certifications:**

- **Patni awarded Platinum Partner status in the Oracle® PartnerNetwork**

Patni recently received the Platinum partner status as part of the Oracle PartnerNetwork (OPN) program. This prestigious partner status recognizes Patni for its in-depth expertise and excellence in showcasing capabilities across the entire suite of Oracle solutions in areas of application development, testing and reporting.

**Appointments:**

- **Patni appoints Frank Khoshnoud to head Manufacturing, Retail and Distribution business**

Patni appointed Frank Khoshnoud as Senior Vice-President and Head of Manufacturing, Retail and Distribution (MRD) Industry Vertical. Frank is an industry veteran with 25 years of experience in the technology and consulting industry and joins Patni from Satyam, where he served as Senior Vice-President and Head of Global Automotive Business Group.

**Financial and Operating Information**

for the quarter ended June 30, 2010

July 28, 2010

(Figures in Million US\$ except EPS and Share Data)

**A1) UNAUDITED CONSOLIDATED STATEMENT OF INCOME - US GAAP (US\$ 000) for the quarter / period ended**

| Particulars  | GAAP        |             |              | GAAP        |               |                | NON GAAP 2009          |                                       |
|--|-------------|-------------|--------------|-------------|---------------|----------------|------------------------|---------------------------------------|
|  | Jun 30 2010 | Jun 30 2009 | YoY change % | Mar 31 2010 | QoQ change %  | 2009 (Audited) | Extra Ordinary Items** | 2009 (Excluding Extra Ordinary Items) |
| Revenue  | 167.6       | 161.9       | 3.5%         | 172.3       | -2.8%         | 655.9          |                        | 655.9                                 |
| Cost of revenues   | 104.6       | 101.6       | 2.9%         | 102.2       | 2.3%          | 405.1          | (1.2)(1)               | 406.2                                 |
| Depreciation   | 4.3         | 4.1         | 4.9%         | 4.0         | 5.3%          | 16.2           |                        | 16.2                                  |
| <b>Gross Profit</b>  | <b>58.7</b> | <b>56.2</b> | <b>4.4%</b>  | <b>66.0</b> | <b>-11.1%</b> | <b>234.6</b>   | <b>1.2</b>             | <b>233.5</b>                          |
| Sales and marketing expenses   | 14.4        | 12.0        | 20.4%        | 15.9        | -8.9%         | 53.8           |                        | 53.8                                  |
| General and administrative expenses  | 17.1        | 15.9        | 8.0%         | 18.2        | -5.7%         | 68.2           |                        | 68.2                                  |
| Provision for doubtful debts and advances  | (0.1)       | (0.0)       | 727.4%       | 0.6         | -116.5%       | 2.3            |                        | 2.3                                   |
| Foreign exchange (gain) / loss, net  | (4.3)       | 4.1         | -203.1%      | (4.8)       | -10.7%        | 9.7            |                        | 9.7                                   |
| <b>Operating income</b>  | <b>31.5</b> | <b>24.3</b> | <b>29.8%</b> | <b>36.2</b> | <b>-13.0%</b> | <b>100.6</b>   | <b>1.2(2)</b>          | <b>99.5</b>                           |
| Other income / (expense), net  | 6.9         | 11.2        | -38.2%       | 4.4         | 57.4%         | 23.9           | 3.0(3)                 | 20.9                                  |
| <b>Income before income taxes</b>  | <b>38.4</b> | <b>35.5</b> | <b>8.3%</b>  | <b>40.6</b> | <b>-5.4%</b>  | <b>124.5</b>   | <b>4.2(4)</b>          | <b>120.3</b>                          |
| Income taxes   | 6.7         | 6.8         | -2.0%        | 7.3         | -8.4%         | 4.8            | (17.8)(5)              | 22.6                                  |
| <b>Net income/(loss)</b>   | <b>31.7</b> | <b>28.7</b> | <b>10.7%</b> | <b>33.3</b> | <b>-4.7%</b>  | <b>119.8</b>   | <b>22.0(6)</b>         | <b>97.8</b>                           |
| <b>Earning per share</b>   |             |             |              |             |               |                |                        |                                       |
| - Basic  | \$ 0.24     | \$ 0.22     | 9.5%         | \$ 0.26     | -4.9%         | \$ 0.93        |                        | \$ 0.76                               |
| - Diluted  | \$ 0.24     | \$ 0.22     | 6.5%         | \$ 0.25     | -5.2%         | \$ 0.92        |                        | \$ 0.75                               |
| <b>Weighted average number of common shares used in computing earnings per share</b> |             |             |              |             |               |                |                        |                                       |
| - Basic  | 129,562,441 | 128,105,795 |              | 129,251,485 |               | 128,254,916    |                        | 128,254,916                           |
| - Diluted  | 133,835,341 | 128,704,643 |              | 133,200,892 |               | 130,241,085    |                        | 130,241,085                           |

\*\* Reviews of certain tax positions for previous years has resulted in net reversal leading to an increase in 2009 Gross Profit, Operating Income and Net Income.

- (1) - Due to write back of provision for payroll taxes of earlier years
- (2) - Impact of 1
- (3) - Due to write back of provision for interest/ penalties of earlier years
- (4) - Impact of 2 and 3

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- (5) - Due to write back of provision for income tax of earlier years
- (6) - Impact of 4 and 5



**Financial Statements Analysis:**

**Revenues**

Revenues during the quarter is lower than guidance at US\$ 167.6 million (Rs.7,776.3 million) sequential decrease of 2.8% as compared to US\$ 172.3 million (Rs.7,745.4 million). Number of active clients were 280 at quarter end as compared to 260 in Q1 2010. New clients acquisitions during the quarter were 11.

**Gross Margin**

Gross Margins were at 35.0% or US\$ 58.7 million (Rs.2,724.4 million) against 38.3% or US\$ 66.0 million (Rs.2,968.4 million) in the previous quarter. Gross Margin is lower due to negative impact of ~2.3% on account of compensation increase and 1.3 % due to planned lower utilization sequentially.

Non cash expenses were US\$ 5.5 million which includes depreciation and amortization expenses of US\$ 4.8 million and stock option charge of US\$ 0.7 million. Corresponding expenses for Q1 were US\$ 4.5 million for depreciation and amortization and US\$ 0.8 million for stock option charge.

**Selling General and Administrative Expenses (SGA Expenses)**

Sales and marketing expenses during the quarter were at US\$ 14.4 million (Rs.670.1 million) at 8.6% as compared to US\$ 15.9 million (Rs.712.7 million) at 9.2% in the previous quarter due to period cost changes.

G&A expenses during the quarter were at US\$ 17.1 million (Rs.795.0 million) or 10.2% as compared to US\$ 18.2 million (Rs.816.9 million) at 10.5% during the previous quarter.

Non cash expenses is US\$ 3.7 million which includes depreciation and amortization expenses at US\$ 2.3 million for the quarter as against US\$ 2.2 million in Q1 2010 and stock option charge at US\$ 1.4 million for the quarter remained unchanged as compared to previous quarter .

**Foreign exchange gain/loss**

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The revaluation and mark to market foreign exchange gain for the quarter were at US\$ 4.3 million (Rs.197.6 million) as compared to foreign exchange gain of US\$ 4.8 million (Rs.214.3 million) during the previous quarter.

The quarter end rate for debtor s revaluation was Rs.46.4. Outstanding contracts at the end of Q2 2010 were about US\$ 398.0 million which were contracted in the range of Rs.41.0 to Rs.48.0.

### **Operating Income**

Operating Income including foreign exchange gain / loss was at US\$ 31.5 million (Rs.1,461.4 million) or at 18.8% during the quarter as compared to US\$ 36.2 million or at 21.0% during previous quarter due to changes in gross margin of (-) 3.3%, SGA of (+) 1.3% as above with marginal change in forex gain loss ( - ) 0.2%

**Other Income**

For Q2 CY2010, other income (including interest and dividend income net of interest expenses, profit/loss on sale of investments and other miscellaneous income) stood at 4.1% or US\$ 6.9 million (Rs.322.1 million) during the quarter as compared to 2.6% or US\$ 4.4 million (Rs.198.2 million) during previous quarter due to better yields and booking of gains before maturity.

**Profit before Tax**

Based on above, Profit before tax for the quarter at 22.9% was US\$ 38.4 million (Rs.1,783.5 million), as compared to US\$ 40.6 million (Rs.1,825.2 million) at 23.6% during previous quarter.

**Income Taxes**

Income tax for the quarter was at US\$ 6.7 million (Rs.310.5 million) at an effective tax rate of 17.4% during the quarter as compared to 18.0 % during previous quarter.

**Net Income**

Consequently, net income for the quarter is at 18.9% at US\$ 31.7 million (Rs.1,473.0 million), as compared to previous quarter net income of US\$ 33.3 million (Rs.1,497.1 million) at 19.3%.

**Balance Sheet and Cash Flow changes**

During the quarter, against net income of US\$ 31.7 million (Rs.1,473.0 million), cash from operating activities was at US\$ 35.5 million (Rs.1,648.8 million), net of changes in current assets and liabilities of US\$ (-)5.7 million (Rs.263.1 million) and non cash charges of US\$ 9.5 million (Rs.438.8 million)

Net cash used in investing activities was US\$ 18.2 million (Rs.842.8 million). This includes routine capital expenditure of US\$ 4.2 million (Rs.193.4 million), inorganic and operating assets purchases of US\$ 19.0 million (Rs.880.4 million) in total, net proceeds from sale of investments of US\$ 5.0 million (Rs.231.0 million).

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Net cash outflow on financing activities was US\$ 4.9 million (Rs.229.5 million) comprising of proceeds from common shares issued under ESOP of US\$ 2.8 million (Rs.128.9 million) and payment of dividend of US\$ 8.4 million (Rs. 390.8 million) and US\$ 0.7 million (Rs.32.4 million) on other financing activities.

Net Revaluation loss on Cash and Cash equivalent was US\$ 17.7 million (Rs. 821.5 million) million due to quarter end change in revaluation rate of Rupee from Rs.44.91 per USD in previous quarter to Rs.46.65 per USD during the current quarter end.

Over all cash and cash equivalents (including short term investments) post revaluation, were therefore at US\$ 466.6 million (Rs.21,655.3 million), as compared to US\$ 470.4 million (Rs.21,144.8 million) at the close of previous quarter.

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Receivables at the end of Q2 2010 were at US\$117.5 million (Rs. 5,454.4 million) as compared to US\$ 114.3 million at the end of Q1 2010. Number of days outstanding (Including Unbilled receivables) for current quarter was 84 days as compared to 80 days in Q1 2010

**Financial and Operating Results**

for the quarter ended June 30, 2010

Figures in Million INR except EPS and Share Data

**D1) UNAUDITED CONSOLIDATED STATEMENT OF INCOME : BASED ON CONVENIENCE TRANSLATION**

For the quarter / period ended

| Particulars  | Jun 30 2010    | Jun 30 2009    | Mar 31 2010    | 2009            |
|--|----------------|----------------|----------------|-----------------|
| <b>Exchange rate\$1 = INR</b>  | 46.41          | 47.74          | 44.95          | 46.40           |
| Revenue  | 7,776.3        | 7,729.1        | 7,745.4        | 30,434.6        |
| Cost of revenues   | 4,854.5        | 4,851.1        | 4,595.5        | 18,795.7        |
| Depreciation   | 197.4          | 193.5          | 181.5          | 753.1           |
| <b>Gross Profit</b>  | <b>2,724.4</b> | <b>2,684.5</b> | <b>2,968.4</b> | <b>10,885.9</b> |
| Sales and marketing expenses   | 670.1          | 572.7          | 712.7          | 2,495.0         |
| General and administrative expenses  | 795.0          | 756.9          | 816.9          | 3,166.3         |
| Provision for doubtful debts and advances  | (4.5)          | (0.6)          | 26.1           | 105.2           |
| Foreign exchange (gain) / loss, net  | (197.6)        | 197.2          | (214.3)        | 449.7           |
| <b>Operating income</b>  | <b>1,461.4</b> | <b>1,158.3</b> | <b>1,627.0</b> | <b>4,669.6</b>  |
| Other income / (expense), net  | 322.1          | 536.0          | 198.2          | 1,109.0         |
| <b>Income before income taxes</b>  | <b>1,783.5</b> | <b>1,694.2</b> | <b>1,825.2</b> | <b>5,778.6</b>  |
| Income taxes   | 310.5          | 325.8          | 328.1          | 220.8           |
| <b>Net income/(loss)</b>   | <b>1,473.0</b> | <b>1,368.5</b> | <b>1,497.1</b> | <b>5,557.8</b>  |
| <b>Earning per share</b>   |                |                |                |                 |
| - Basic  | 11.37          | 10.68          | 11.58          | 43.33           |
| - Diluted  | 11.01          | 10.63          | 11.24          | 42.67           |
| <b>Weighted average number of common shares used in computing earnings per share</b> |                |                |                |                 |
| - Basic  | 129,562,441    | 128,105,795    | 129,251,485    | 128,254,916     |
| - Diluted  | 133,835,341    | 128,704,643    | 133,200,892    | 130,241,085     |

**Important Notes to this release:**

- **Fiscal Year**

Patni follows a January - December fiscal year. The current review covers the financial and operating performance of the Company for the quarter ended June 30, 2010

- **U.S. GAAP**

A Consolidated Statement of Income in US GAAP is available on page 3 of the Fact Sheet attached to this release

- **Percentage analysis**

Any percentage amounts, as set forth in this release, unless otherwise indicated, have been calculated on the basis of the U.S. Dollar amounts derived from our consolidated financial statements prepared in accordance with U.S. GAAP, and not on the basis of any translated Rupee amount. Calculation of percentage amounts on the basis of Rupee amounts may lead to results that are different, in a material way, from those calculated as per U.S. Dollar amounts.

- **Convenience translation**

A Consolidated Statement of Income as per Convenience Translation prepared in accordance with US GAAP is available on page 6 of the Fact Sheet attached to this release. We have translated the financial data derived from our consolidated financial statements prepared in accordance with U.S. GAAP for each period at the noon buying rate in the City of New York on the last business day of such period for cable transfers in Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The translations should not be considered as a representation that such US Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated elsewhere in this document, or at all. Investors are cautioned to not rely on such translated amounts.

- **Attached Fact Sheet** (results & analysis tables)

**About Patni Computer Systems Ltd:**

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Patni Computer Systems Limited (Patni) (**BSE: 532517, NSE: PATNI, NYSE: PTI**) is a global provider of IT Services and business solutions, servicing Global 2000 clients. Patni services its clients through its industry-focused practices, including banking, financial services (BFS) and insurance (I); manufacturing, retail and distribution (MRD); life sciences; communications, media and utilities (CMU), and its technology-focused practices.

With an employee strength of around 14,000; multiple global delivery centers spread across 14 cities worldwide; 28 international offices across the Americas, Europe and Asia-Pacific; Patni has registered revenues of US\$ 656 million for the year 2009.



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Patni's service offerings include application development and maintenance, enterprise application solutions, business and technology consulting, product engineering services, infrastructure management services, customer interaction services & business process outsourcing, quality assurance and engineering services.

Committed to quality, Patni adds value to its clients' businesses through well-established and structured methodologies, tools and techniques. Patni is an ISO 9001: 2008 certified and SEI-CMMI-Dev Level 5 (V 1.2) organization. In keeping with its focus on continuous process improvements, Patni adopts Six Sigma practices as an integral part of its quality and process frameworks.

Patni leverages its vast experience spanning three decades; deep domain expertise; full-spectrum services; and suites of IP-led solutions, methodologies and frameworks; in being an effective business transformation partner to its clients.

For more information on Patni, visit [www.patni.com](http://www.patni.com).

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#### **IMPORTANT NOTE:**

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties

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relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, liability for damages on our service contracts, the success of the companies in which Patni has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

*-Ends-*

***Financial and Operating Information***

*for the quarter ended June 30, 2010*

*July 28, 2010*

**NOTES:**

• **Fiscal Year**

Patni follows a January - December fiscal year. The current review covers the financial and operating performance of the Company for the quarter ended June 30, 2010.

• **U.S. GAAP**

All figures in this release pertain to accounts presented as per U.S. GAAP unless stated otherwise.

• **Percentage analysis**

Any percentage amounts, as set forth in this release, unless otherwise indicated, have been calculated on the basis of the U.S. Dollar amounts derived from our consolidated financial statements prepared in accordance with U.S. GAAP, and not on the basis of any translated Rupee amount. Calculation of percentage amounts on the basis of Rupee amounts may lead to results that are different, in a material way, from those calculated as per U.S. Dollar amounts.

• **Convenience translation**

We have translated the financial data derived from our consolidated financial statements prepared in accordance with U.S. GAAP for each period at the noon buying rate in the City of New York on the last business day of such period for cable transfers in Rupees as certified for customs purposes by the Federal Reserve Bank of New York. The translations should not be considered as a representation that such US Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rate stated elsewhere, or at all. Investors are cautioned to not rely on such translated amounts.

• **Reclassification**

Certain reclassifications have been made in the financial statements of prior years to conform to classifications used in the current year.



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**Financial and Operating Information**

for the quarter ended June 30, 2010

July 28, 2010

**A1) UNAUDITED CONSOLIDATED STATEMENT OF INCOME - US GAAP (US\$ 000) for the quarter / period ended**

| Particulars  | GAAP          |               |              | GAAP          |               |                | NON GAAP 2009          |                                       |
|--|---------------|---------------|--------------|---------------|---------------|----------------|------------------------|---------------------------------------|
|  | Jun 30 2010   | Jun 30 2009   | YoY change % | Mar 31 2010   | QoQ change %  | 2009 (Audited) | Extra Ordinary Items** | 2009 (Excluding Extra Ordinary Items) |
| Revenue  | 167,557       | 161,899       | 3.5%         | 172,312       | -2.8%         | 655,918        |                        | 655,918                               |
| Cost of revenues   | 104,601       | 101,615       | 2.9%         | 102,236       | 2.3%          | 405,079        | (1,158)(1)             | 406,237                               |
| Depreciation   | 4,253         | 4,053         | 4.9%         | 4,038         | 5.3%          | 16,230         |                        | 16,230                                |
| <b>Gross Profit</b>  | <b>58,703</b> | <b>56,231</b> | <b>4.4%</b>  | <b>66,038</b> | <b>-11.1%</b> | <b>234,609</b> | <b>1,158</b>           | <b>233,451</b>                        |
| Sales and marketing expenses   | 14,440        | 11,995        | 20.4%        | 15,856        | -8.9%         | 53,770         |                        | 53,770                                |
| General and administrative expenses  | 17,130        | 15,855        | 8.0%         | 18,173        | -5.7%         | 68,240         |                        | 68,240                                |
| Provision for doubtful debts and advances  | (96)          | (12)          | 727.4%       | 581           | -116.5%       | 2,267          |                        | 2,267                                 |
| Foreign exchange (gain) / loss, net  | (4,259)       | 4,130         | -203.1%      | (4,767)       | -10.7%        | 9,693          |                        | 9,693                                 |
| <b>Operating income</b>  | <b>31,489</b> | <b>24,262</b> | <b>29.8%</b> | <b>36,196</b> | <b>-13.0%</b> | <b>100,639</b> | <b>1,158(2)</b>        | <b>99,481</b>                         |
| Other income / (expense), net  | 6,940         | 11,227        | -38.2%       | 4,409         | 57.4%         | 23,900         | 3,039(3)               | 20,861                                |
| <b>Income before income taxes</b>  | <b>38,429</b> | <b>35,489</b> | <b>8.3%</b>  | <b>40,605</b> | <b>-5.4%</b>  | <b>124,539</b> | <b>4,197(4)</b>        | <b>120,342</b>                        |
| Income taxes   | 6,689         | 6,824         | -2.0%        | 7,299         | -8.4%         | 4,759          | (17,814)(5)            | 22,573                                |
| <b>Net income/(loss)</b>   | <b>31,740</b> | <b>28,665</b> | <b>10.7%</b> | <b>33,306</b> | <b>-4.7%</b>  | <b>119,780</b> | <b>22,011(6)</b>       | <b>97,769</b>                         |
| <b>Earning per share</b>   |               |               |              |               |               |                |                        |                                       |
| - Basic  | \$ 0.24       | \$ 0.22       | 9.5%         | \$ 0.26       | -4.9%         | \$ 0.93        |                        | \$ 0.76                               |
| - Diluted  | \$ 0.24       | \$ 0.22       | 6.5%         | \$ 0.25       | -5.2%         | \$ 0.92        |                        | \$ 0.75                               |
| <b>Weighted average number of common shares used in computing earnings per share</b> |               |               |              |               |               |                |                        |                                       |
| - Basic  | 129,562,441   | 128,105,795   |              | 129,251,485   |               | 128,254,916    |                        | 128,254,916                           |
| - Diluted  | 133,835,341   | 128,704,643   |              | 133,200,892   |               | 130,241,085    |                        | 130,241,085                           |

\*\* Reviews of certain tax positions for previous years has resulted in net reversal leading to an increase in 2009 Gross Profit, Operating Income and Net Income.

(1) - Due to write back of provision for payroll taxes of earlier years

(2) - Impact of 1

(3) - Due to write back of provision for interest/ penalties of earlier years

(4) - Impact of 2 and 3

(5) - Due to write back of provision for income tax of earlier years

(6) - Impact of 4 and 5

**Financial and Operating Information**

for the quarter ended June 30, 2010

July 28, 2010

**A2) CONSOLIDATED BALANCE SHEET USGAAP (US\$ '000)**

| Particulars  | 30-Jun-10<br>(Unaudited) | 31-Mar-10<br>(Unaudited) | 30-Jun-09<br>(Unaudited) |
|--|--------------------------|--------------------------|--------------------------|
| <b>Assets</b>  |                          |                          |                          |
| Total current assets                                     | 660,398                  | 666,470                  | 516,292                  |
| Goodwill   | 69,331                   | 65,504                   | 65,966                   |
| Intangible assets, net                                   | 34,317                   | 21,840                   | 25,043                   |
| Property, plant, and equipment, net                      | 137,873                  | 144,403                  | 151,006                  |
| Other assets   | 68,221                   | 73,211                   | 50,081                   |
| <b>Total assets</b>                                      | <b>970,139</b>           | <b>971,428</b>           | <b>808,389</b>           |
| <b>Liabilities</b>                                       |                          |                          |                          |
| Total current liabilities                                | 112,111                  | 109,641                  | 134,731                  |
| Capital lease obligations excluding current installments | 58                       | 79                       | 133                      |
| Other liabilities  | 53,014                   | 49,041                   | 39,586                   |
| <b>Total liabilities</b>                                 | <b>165,183</b>           | <b>158,761</b>           | <b>174,450</b>           |
| Total shareholders' equity                               | 804,957                  | 812,667                  | 633,939                  |
| <b>Total liabilities &amp; shareholders' equity</b>      | <b>970,139</b>           | <b>971,428</b>           | <b>808,389</b>           |

**A3) CONSOLIDATED CASH FLOW STATEMENT USGAAP (US\$ '000)**

| Particulars   | Jun 30 2010<br>(Unaudited) | Mar 31 2010<br>(Unaudited) | Jun 30 2009<br>(Unaudited) | 2009 (Audited)   |
|---|----------------------------|----------------------------|----------------------------|------------------|
| <b>Net cash provided by operating activities</b>          | <b>35,526</b>              | <b>13,275</b>              | <b>43,799</b>              | <b>137,206</b>   |
| <b>Net cash used in investing activities</b>              | <b>(18,159)</b>            | <b>(21,317)</b>            | <b>(29,857)</b>            | <b>(132,699)</b> |
| Capital expenditure, net                                  | (4,167)                    | (2,469)                    | (6,686)                    | (18,711)         |
| Investment in securities, net                             | 4,977                      | (18,848)                   | (23,171)                   | (113,987)        |
| Payment for acquisition/intangibles                       | (18,969)                   |                            |                            |                  |
| <b>Net cash provided / (used) in financing activities</b> | <b>(4,945)</b>             | <b>1,410</b>               | <b>(7,927)</b>             | <b>(3,150)</b>   |
| Others  | 699                        | (50)                       | (63)                       | (225)            |
| Common shares issued / (Buy Back)                         | 2,776                      | 1,459                      | 5                          | 6,332            |
| Dividend on common shares                                 | (8,420)                    | 0                          | (7,869)                    | (9,257)          |
| <b>Net increase / (decrease) in cash and equivalents</b>  | <b>12,422</b>              | <b>(6,633)</b>             | <b>6,015</b>               | <b>1,358</b>     |
| Effect of exchange rate changes on cash and equivalents   | (3,591)                    | 1,892                      | 4,446                      | 1,963            |
| Cash and equivalents at the beginning of the period       | 58,718                     | 63,459                     | 46,625                     | 60,138           |
| <b>Cash and equivalents at the end of the period</b>      | <b>67,549</b>              | <b>58,718</b>              | <b>57,087</b>              | <b>63,459</b>    |

**B1) CONSOLIDATED STATEMENT OF INCOME - INDIAN GAAP (RS. '000)**

For the quarter / period ended

| Particulars              | Jun 30 2010<br>(Audited) | Jun 30 2009<br>(Audited) | YoY Change<br>% | Mar 31 2010<br>(Audited) | QoQ Change % | 2009 (Audited) |
|--------------------------|--------------------------|--------------------------|-----------------|--------------------------|--------------|----------------|
| Sales and service income | 7,628,843                | 7,796,456                | -2.1%           | 7,816,300                | -2.4%        | 31,461,457     |



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|  |                   |                   |              |                   |               |                   |
|--|-------------------|-------------------|--------------|-------------------|---------------|-------------------|
| Other income   | 525,711           | 402,853           | 30.5%        | 501,629           | 4.8%          | 719,061           |
| <b>Total income</b>  | <b>8,154,554</b>  | <b>8,199,309</b>  | <b>-0.5%</b> | <b>8,317,929</b>  | <b>-2.0%</b>  | <b>32,180,518</b> |
| Staff costs  | 4,538,925         | 4,440,280         | 2.2%         | 4,562,003         | -0.5%         | 18,357,288        |
| Selling, general and administration expenses   | 1,939,276         | 2,102,422         | -7.8%        | 1,834,087         | 5.7%          | 7,758,693         |
| Interest   | 2,841             | 19,697            | -85.6%       | 21,906            | -87.0%        | 77,200            |
| <b>Total expenditure</b>   | <b>6,481,042</b>  | <b>6,562,399</b>  | <b>-1.2%</b> | <b>6,417,996</b>  | <b>1.0%</b>   | <b>26,193,181</b> |
| <b>Net profit before tax and adjustments</b>   | <b>1,673,512</b>  | <b>1,636,910</b>  | <b>2.2%</b>  | <b>1,899,933</b>  | <b>-11.9%</b> | <b>5,987,338</b>  |
| Provision for taxation   | 206,089           | 277,232           | -25.7%       | 329,575           | -37.5%        | 121,195           |
| <b>Profit/(loss) for the period after taxation</b>                                   | <b>1,467,423</b>  | <b>1,359,678</b>  | <b>7.9%</b>  | <b>1,570,358</b>  | <b>-6.6%</b>  | <b>5,866,142</b>  |
| Profit and loss account, brought forward   | 24,542,607        | 18,867,237        | 30.1%        | 22,972,249        | 6.8%          | 18,102,057        |
| <b>Amount available for appropriation</b>  | <b>26,010,030</b> | <b>20,226,915</b> | <b>28.6%</b> | <b>24,542,607</b> | <b>6.0%</b>   | <b>23,968,199</b> |
| Dividend on equity shares  | 2,221             | 5                 | 44320.0%     |                   | 0.0%          | 387,383           |
| Dividend tax   | 377               | 1                 | 37600.0%     |                   | 0.0%          | 65,836            |
| Transfer to general reserve  |                   |                   | 0.0%         |                   | 0.0%          | 542,731           |
| <b>Profit and loss account, carried forward</b>                                      | <b>26,007,432</b> | <b>20,226,909</b> | <b>28.6%</b> | <b>24,542,607</b> | <b>6.0%</b>   | <b>22,972,249</b> |
| <b>Earning per share (Rs. per equity share of Rs. 2 each)</b>                        |                   |                   |              |                   |               |                   |
| - Basic  | 11.33             | 10.61             | <b>6.7%</b>  | 12.15             | <b>-6.8%</b>  | 45.74             |
| - Diluted  | 10.93             | 10.49             | <b>4.1%</b>  | 11.75             | <b>-7.0%</b>  | 44.93             |
| <b>Weighted average number of common shares used in computing earnings per share</b> |                   |                   |              |                   |               |                   |
| - Basic  | 129,562,441       | 128,105,795       |              | 129,251,485       |               | 128,254,916       |
| - Diluted  | 134,297,615       | 129,577,769       |              | 133,642,520       |               | 130,560,132       |

**B2) AUDITED CONSOLIDATED BALANCE SHEET - INDIAN GAAP (RS. 000)**

| Particulars  | 30-Jun-10         | 31-Mar-10         | 30-Jun-09         |
|--|-------------------|-------------------|-------------------|
| <b>Assets</b>                                      |                   |                   |                   |
| Current assets, loans and advances                 | 13,629,017        | 12,786,771        | 11,439,194        |
| Goodwill   | 4,956,587         | 4,629,076         | 4,875,305         |
| Fixed assets(Net of Depreciation)                  | 8,594,237         | 8,103,057         | 8,666,260         |
| Investments  | 18,510,382        | 18,644,419        | 13,926,908        |
| Deferred tax asset, net                            | 797,441           | 778,338           | 1,008,307         |
| <b>Total assets</b>                                | <b>46,487,664</b> | <b>44,941,661</b> | <b>39,915,974</b> |
| <b>Liabilities</b>                                 |                   |                   |                   |
| Current liabilities and provisions                 | 7,614,301         | 7,593,076         | 8,207,205         |
| Secured loans                                      | 7,684             | 7,599             | 13,122            |
| Deferred tax liability, net                        | 88,359            | 65,820            | 154,303           |
| <b>Total liabilities</b>                           | <b>7,710,344</b>  | <b>7,666,495</b>  | <b>8,374,630</b>  |
| Total shareholders equity                          | 38,777,320        | 37,275,166        | 31,541,344        |
| <b>Total liabilities &amp; shareholders equity</b> | <b>46,487,664</b> | <b>44,941,661</b> | <b>39,915,974</b> |

**B3)CONSOLIDATED CASH FLOW STATEMENT - INDIAN GAAP (RS 000)**

| Particulars   | Jun 30 2010<br>(Audited) | Mar 31 2010<br>(Audited) | Jun 30 2009<br>(Audited) | 2009 (Audited)   |
|---|--------------------------|--------------------------|--------------------------|------------------|
| Cash flows from / (used in) operating activities (A)                                      | 1,421,123                | 449,134                  | 2,048,669                | 6,124,977        |
| Cash flows used in investing activities (B)   | (648,186)                | (802,967)                | (1,332,200)              | (5,895,967)      |
| Cash flows from / (used in) from financing activities (C)                                 | (263,901)                | 64,892                   | (383,269)                | (199,718)        |
| Effect of changes in exchange rates (D)   | (8,333)                  | (26,651)                 | 43,095                   | (8,420)          |
| <b>Net increase / (decrease) in cash and cash equivalents during the period (A+B+C+D)</b> | <b>500,703</b>           | <b>(315,592)</b>         | <b>376,295</b>           | <b>20,872</b>    |
| <b>Cash and cash equivalents at the beginning of the period</b>                           | <b>2,637,030</b>         | <b>2,952,622</b>         | <b>2,363,912</b>         | <b>2,931,750</b> |
| <b>Cash and cash equivalents at the end of the period</b>                                 | <b>3,137,732</b>         | <b>2,637,030</b>         | <b>2,740,207</b>         | <b>2,952,622</b> |

**C) Reconciliation of Income as per Indian GAAP and US GAAP(RS. 000)**

| Particulars   | Jun 30 2010      | Jun 30 2009      | Mar 31 2010      | 2009             |
|---|------------------|------------------|------------------|------------------|
| <b>Consolidated net income as per Indian GAAP</b>             | <b>1,467,400</b> | <b>1,359,678</b> | <b>1,570,400</b> | <b>5,866,100</b> |
| Income taxes  | (95,000)         | 33,244           | (200)            | (31,800)         |
| Foreign currency differences                                  | 9,100            | 5,876            | (20,500)         | 50,900           |
| Employee retirement benefits                                  | 82,300           | (34,239)         | 15,400           | (41,900)         |
| ESOP related Compensation Cost                                | (8,700)          | (31,040)         | (16,100)         | (47,100)         |
| Impairment of Intangible                                      |                  | 139,568          |                  | 139,600          |
| Amortisation of Intangibles , arising on Business acquisition | (32,100)         | (19,667)         | (23,600)         | (90,300)         |

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|   |                  |                  |                  |                  |
|---|------------------|------------------|------------------|------------------|
| Others  | (300)            | 5,436            | 1,300            | (400)            |
| <b>Total</b>                                  | <b>(44,700)</b>  | <b>99,178</b>    | <b>(43,700)</b>  | <b>(21,000)</b>  |
| <b>Consolidated net income as per US GAAP</b> | <b>1,422,700</b> | <b>1,458,856</b> | <b>1,526,700</b> | <b>5,845,100</b> |

**D1) UNAUDITED CONSOLIDATED STATEMENT OF INCOME (RS. 000): BASED ON CONVENIENCE TRANSLATION**

For the quarter / period ended

| Particulars  | Jun 30 2010      | Jun 30 2009      | Mar 31 2010      | 2009              |
|--|------------------|------------------|------------------|-------------------|
| <b>Exchange rate\$1 = INR</b>  | <b>46.41</b>     | <b>47.74</b>     | <b>44.95</b>     | <b>46.40</b>      |
| Revenues   | 7,776,338        | 7,729,054        | 7,745,434        | 30,434,601        |
| Cost of revenues   | 4,854,533        | 4,851,101        | 4,595,495        | 18,795,688        |
| Depreciation   | 197,376          | 193,494          | 181,529          | 753,060           |
| <b>Gross Profit</b>  | <b>2,724,429</b> | <b>2,684,459</b> | <b>2,968,411</b> | <b>10,885,852</b> |
| Sales and marketing expenses   | 670,149          | 572,660          | 712,705          | 2,494,951         |
| General and administrative expenses  | 794,981          | 756,928          | 816,881          | 3,166,329         |
| Provision for doubtful debts and advances  | (4,459)          | (554)            | 26,095           | 105,188           |
| Foreign exchange (gain) / loss, net  | (197,649)        | 197,170          | (214,278)        | 449,749           |
| <b>Operating income</b>  | <b>1,461,407</b> | <b>1,158,256</b> | <b>1,627,008</b> | <b>4,669,636</b>  |
| Other income / (expense), net  | 322,095          | 535,991          | 198,191          | 1,108,958         |
| <b>Income before income taxes</b>  | <b>1,783,502</b> | <b>1,694,246</b> | <b>1,825,199</b> | <b>5,778,593</b>  |
| Income taxes   | 310,453          | 325,765          | 328,094          | 220,812           |
| <b>Net income/(loss)</b>   | <b>1,473,049</b> | <b>1,368,481</b> | <b>1,497,105</b> | <b>5,557,781</b>  |
| <b>Earning per share</b>   |                  |                  |                  |                   |
| - Basic  | 11.37            | 10.68            | 11.58            | 43.33             |
| - Diluted  | 11.01            | 10.63            | 11.24            | 42.67             |
| <b>Weighted average number of common shares used in computing earnings per share</b> |                  |                  |                  |                   |
| - Basic  | 129,562,441      | 128,105,795      | 129,251,485      | 128,254,916       |
| - Diluted  | 133,835,341      | 128,704,643      | 133,200,892      | 130,241,085       |

**D2) UNAUDITED CONSOLIDATED BALANCE SHEET USGAAP (RS. 000): BASED ON CONVENIENCE TRANSLATION**

| Particulars  | As on<br>30-Jun-10 | As on<br>31-Mar-10 | As on<br>30-Jun-09 |
|--|--------------------|--------------------|--------------------|
| <b>Exchange rate\$1 = INR</b>                      | <b>46.41</b>       | <b>44.95</b>       | <b>47.74</b>       |
| <b>Assets</b>                                      |                    |                    |                    |
| Total current assets                               | 30,649,056         | 29,957,845         | 24,647,786         |
| Goodwill   | 3,217,644          | 2,944,383          | 3,149,239          |
| Intangible assets, net                             | 1,592,637          | 981,689            | 1,195,538          |
| Property, plant, and equipment, net                | 6,398,678          | 6,490,917          | 7,209,016          |
| Other assets                                       | 3,166,155          | 3,290,839          | 2,390,889          |
| <b>Total assets</b>                                | <b>45,024,171</b>  | <b>43,665,673</b>  | <b>38,592,467</b>  |
| <b>Liabilities</b>                                 |                    |                    |                    |
| Total current liabilities                          | 5,203,056          | 4,928,376          | 6,432,046          |
| Capital lease obligations excl. installments       | 2,693              | 3,555              | 6,366              |
| Other liabilities                                  | 2,460,388          | 2,204,371          | 1,889,824          |
| <b>Total liabilities</b>                           | <b>7,666,136</b>   | <b>7,136,302</b>   | <b>8,328,236</b>   |
| Total shareholders equity                          | 37,358,034         | 36,529,370         | 30,264,231         |
| <b>Total liabilities &amp; shareholders equity</b> | <b>45,024,171</b>  | <b>43,665,673</b>  | <b>38,592,467</b>  |

**D3) UNAUDITED CONSOLIDATED CASH FLOW STATEMENT USGAAP (RS 000): BASED ON CONVENIENCE TRANSLATION**

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| Particulars   | Jun 30 2010      | Mar 31 2010      | Jun 30 2009        | 2009               |
|---|------------------|------------------|--------------------|--------------------|
| <b>Exchange rate \$1 = INR</b>                            | <b>46.41</b>     | <b>44.95</b>     | <b>47.74</b>       | <b>46.40</b>       |
| <b>Net cash provided by operating activities</b>          | <b>1,648,773</b> | <b>596,725</b>   | <b>2,090,951</b>   | <b>6,366,367</b>   |
| <b>Net cash used in investing activities</b>              | <b>(842,763)</b> | <b>(958,219)</b> | <b>(1,425,354)</b> | <b>(6,157,214)</b> |
| Capital expenditure, net                                  | (193,392)        | (110,999)        | (319,179)          | (868,202)          |
| Investment in securities, net                             | 230,995          | (847,220)        | (1,106,174)        | (5,289,012)        |
| Investment in subsidiary, net of cash acquired            | (880,365)        |                  |                    |                    |
| <b>Net cash provided / (used) in financing activities</b> | <b>(229,493)</b> | <b>63,360</b>    | <b>(378,424)</b>   | <b>(146,155)</b>   |
| Others  | 32,435           | (2,246)          | (3,020)            | (10,448)           |
| Common shares issued, net of expenses                     | 128,854          | 65,604           | 256                | 293,800            |
| Dividend on common shares                                 | (390,783)        | 2                | (375,660)          | (429,507)          |
| <b>Net increase / (decrease) in cash and equivalents</b>  | <b>576,517</b>   | <b>(298,134)</b> | <b>287,173</b>     | <b>62,998</b>      |
| Effect of exchange rate changes on cash and equivalents   | (166,681)        | 85,026           | 212,249            | 91,080             |
| Cash and equivalents at the beginning of the period       | 2,725,107        | 2,852,487        | 2,225,901          | 2,790,424          |
| <b>Cash and equivalents at the end of the period</b>      | <b>3,134,943</b> | <b>2,639,379</b> | <b>2,725,323</b>   | <b>2,944,503</b>   |

**E1 ) REVENUE ANALYSIS**

| Revenue By Geographical Segments | Jun 30 2010   | Mar 31 2010   | Jun 30 2009   | 2009          |
|----------------------------------|---------------|---------------|---------------|---------------|
| Americas                         | 81.0%         | 79.7%         | 80.0%         | 80.1%         |
| EMEA                             | 12.0%         | 13.4%         | 14.2%         | 14.2%         |
| APAC                             | 7.0%          | 6.8%          | 5.8%          | 5.7%          |
| <b>Total</b>                     | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

| Revenue by Industry Verticals          | Jun 30 2010   | Mar 31 2010   | Jun 30 2009   | 2009          |
|--|---------------|---------------|---------------|---------------|
| Insurance                              | 30.1%         | 29.0%         | 29.7%         | 29.7%         |
| Manufacturing, Retail and Distribution | 29.9%         | 30.8%         | 27.7%         | 29.0%         |
| Financial Services                     | 11.9%         | 11.7%         | 13.8%         | 12.8%         |
| Communications,Media & Utilities       | 11.7%         | 12.2%         | 13.7%         | 13.5%         |
| Product Engineering Services           | 16.4%         | 16.3%         | 15.1%         | 15.0%         |
| <b>Total</b>                           | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

| Revenue by Service Offerings          | Jun 30 2010   | Mar 31 2010   | Jun 30 2009   | 2009          |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Application Development & Maintenance | 62.5%         | 64.6%         | 64.9%         | 65.2%         |
| Package software implementation       | 13.2%         | 13.4%         | 13.8%         | 13.3%         |
| Product Engineering Services          | 12.2%         | 12.1%         | 11.3%         | 11.2%         |
| Infrastructure Management Services    | 5.4%          | 5.0%          | 4.7%          | 4.9%          |
| Business Process Outsourcing          | 6.7%          | 4.9%          | 5.3%          | 5.4%          |
| <b>Total</b>                          | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

| Revenue by Project Type                 | Jun 30 2010   | Mar 31 2010   | Jun 30 2009   | 2009          |
|---|---------------|---------------|---------------|---------------|
| Time and Material                       | 56.9%         | 56.4%         | 60.2%         | 59.4%         |
| Fixed Price (including Fixed Price SLA) | 43.1%         | 43.6%         | 39.8%         | 40.6%         |
| <b>Total</b>                            | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |

**E2) CLIENT- REVENUE METRICS**

| Particulars                | Jun 30 2010 | Mar 31 2010 | Jun 30 2009 | 2009  |
|----------------------------|-------------|-------------|-------------|-------|
| Top client                 | 11.2%       | 11.7%       | 12.3%       | 11.9% |
| Top 5 Clients              | 35.5%       | 36.4%       | 37.2%       | 36.5% |
| Top 10 Clients             | 48.6%       | 48.7%       | 50.1%       | 49.7% |
| <b>Client data</b>         |             |             |             |       |
| No of \$1 million clients  | 92          | 92          | 90          | 92    |
| No of \$5 million clients  | 26          | 27          | 26          | 26    |
| No of \$10 million clients | 14          | 16          | 17          | 15    |
| No of \$50 million clients | 3           | 3           | 2           | 2     |
| No of new clients          | 11          | 9           | 7           | 56    |
| No. of active Clients      | 280         | 260         | 294         | 272   |
| % of Repeat Business       | 94.5%       | 92.5%       | 94.5%       | 94.0% |

**E3) REVENUE MIX AND UTILIZATION**

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|                    | Jun 30 2010 | Mar 31 2010 | Jun 30 2009 | 2009  |
|--------------------|-------------|-------------|-------------|-------|
| <b>Efforts</b>     |             |             |             |       |
| Onsite             | 27.4%       | 25.2%       | 27.6%       | 27.4% |
| Offshore           | 72.6%       | 74.8%       | 72.4%       | 72.6% |
| <b>Revenue</b>     |             |             |             |       |
| Onsite             | 54.4%       | 53.2%       | 55.5%       | 55.8% |
| Offshore           | 45.6%       | 46.8%       | 44.5%       | 44.2% |
| <b>Utilization</b> | 75.0%       | 79.9%       | 74.4%       | 74.9% |

**E4) EMPLOYEE METRICS**

|                               | Jun 30 2010   | Mar 31 2010   | Jun 30 2009   | 2009          |
|-------------------------------|---------------|---------------|---------------|---------------|
| <b>Total Employees</b>        | <b>14,893</b> | <b>13,959</b> | <b>13,780</b> | <b>13,995</b> |
| Offshore                      | 11,774        | 11,118        | 11,022        | 11,264        |
| Onsite                        | 3,119         | 2,841         | 2,758         | 2,731         |
| <b>Total</b>                  | <b>14,893</b> | <b>13,959</b> | <b>13,780</b> | <b>13,995</b> |
| <b>Total Employees</b>        |               |               |               |               |
| Sales & Support Staff         | 1,484         | 1,415         | 1,495         | 1,484         |
| Net Additions                 | 934           | (36)          | (760)         | (899)         |
| Attrition (LTM) excluding BPO | 21.5%         | 17.7%         | 13.2%         | 13.7%         |

**E5) FACILITIES - INDIA INFRASTRUCTURE (as on Jun 30, 2010)**

| Location    | Operational**            |               | Under Construction/<br>Furnishing |              |
|-------------|--------------------------|---------------|-----------------------------------|--------------|
|             | Built Up Area<br>(Sq ft) | No. of Seats  | Built Up Area<br>(Sq ft)          | No. of Seats |
| Mumbai      | 183,648                  | 1,782         |                                   |              |
| Navi Mumbai | 206,239                  | 2,452         |                                   |              |
| Airoli      | 462,845                  | 4,458         |                                   |              |
| Pune        | 306,020                  | 3,276         |                                   |              |
| Gandhinagar | 37,014                   | 389           |                                   |              |
| Noida       | 501,100                  | 3,751         |                                   |              |
| Hyderabad   | 97,497                   | 757           |                                   |              |
| Bangalore   | 78,343                   | 873           |                                   |              |
| Chennai     | 148,000                  | 1,192         |                                   |              |
|             | <b>2,020,706</b>         | <b>18,930</b> |                                   |              |

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\*\* Owned plus leased

**E6) RUPEE - CURRENCY RATES AGAINST US DOLLAR**

|  | Jun 30 2010 | Mar 31 2010 | Jun 30 2009 |
|--|-------------|-------------|-------------|
| <b>Rupee</b>                           |             |             |             |
| Period end rate                        | 46.45       | 44.91       | 47.90       |
| Period average rate                    | 45.61       | 45.89       | 48.74       |
| <b>Other Currencies (Average Rate)</b> |             |             |             |
| AUD                                    | 0.88        | 0.90        | 0.76        |
| EURO                                   | 1.27        | 1.38        | 1.36        |
| GBP                                    | 1.49        | 1.56        | 1.55        |
| YEN                                    | 0.01        | 0.01        | 0.01        |





**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PATNI COMPUTER SYSTEMS LIMITED

Dated: July 28, 2010

By: /s/ ARUN KANAKAL  
Arun Kanakal  
*Company Secretary*

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