

Patni Computer Systems LTD  
Form 6-K  
February 07, 2008

**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 February 7, 2008**

**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):

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**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 year ended 31 December 2007, prepared as per US GAAP****USD in thousands except share data**

|   | Quarter ended 31 December |                     | Year ended 31 December |                   |
|---|---------------------------|---------------------|------------------------|-------------------|
|   | 2007<br>(Unaudited)       | 2006<br>(Unaudited) | 2007<br>(Unaudited)    | 2006<br>(Audited) |
| Revenues  | 174,116                   | 154,271             | 662,912                | 578,851           |
| Cost of revenues  | 121,020                   | 100,453             | 450,085                | 373,966           |
| <b>Gross profit</b>   | <b>53,096</b>             | <b>53,818</b>       | <b>212,827</b>         | <b>204,885</b>    |
| Selling, general and administrative expenses                                  | 30,524                    | 25,594              | 116,260                | 106,472           |
| Provision for doubtful debts and advances                                     | 209                       | 376                 | 1,182                  | 1,191             |
| Foreign exchange (gain) / loss , net  | (4,694)                   | 590                 | (23,351)               | 2,748             |
| <b>Operating income</b>   | <b>27,057</b>             | <b>27,258</b>       | <b>118,736</b>         | <b>94,474</b>     |
| Interest and dividend income  | 3,123                     | 2,865               | 12,540                 | 10,088            |
| Interest (expense)/Income   | (965)                     | 1,502               | (3,592)                | (2,840)           |
| Gain on sale of investments, net  | 435                       | 46                  | 6,370                  | 1,679             |
| Other income, net   | 196                       | 71                  | 1,706                  | 3,541             |
| <b>Income before income taxes</b>   | <b>29,846</b>             | <b>31,742</b>       | <b>135,760</b>         | <b>106,942</b>    |
| Income taxes  | 4,542                     | 6,013               | 21,784                 | 47,692            |
| <b>Net Income</b>   | <b>25,304</b>             | <b>25,729</b>       | <b>113,976</b>         | <b>59,250</b>     |
| <b>Earning per share</b>  |                           |                     |                        |                   |
| - Basic   | \$ <b>0.18</b>            | \$ 0.19             | \$ <b>0.82</b>         | \$ 0.43           |
| - Diluted   | \$ <b>0.18</b>            | \$ 0.18             | \$ <b>0.82</b>         | \$ 0.43           |
| Weighted average number of common shares used in computing earnings per share |                           |                     |                        |                   |
| - Basic   | 138,942,718               | 138,178,492         | 138,660,785            | 137,957,477       |
| - Diluted   | 140,699,403               | 139,357,451         | 139,569,933            | 138,904,860       |
| Total assets  | 841,925                   | 640,341             | 841,925                | 640,341           |
| Cash and cash equivalents   | 32,626                    | 46,510              | 32,626                 | 46,510            |
| Investments   | 301,152                   | 246,016             | 301,152                | 246,016           |

**Notes:**

1 The above summary of consolidated financial results were taken on record by the Board of Directors at its adjourned meeting held on 7 February 2008

2 The Board has recommended a final dividend of 150% for the year 2007 (2006 : 150%) subject to approval

of members.

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

4 The subsidiaries considered in the consolidated financial statements as at 31 December 2007 are wholly owned subsidiaries, namely Patni Americas Inc. (formerly Patni Computer Systems Inc), Patni Computer Systems (UK) Ltd., Patni Computer Systems GmbH, Patni Telecom Solutions Inc., Patni Telecom Solutions Private Limited, Patni Telecom Solutions (UK) Limited, Patni Life Sciences Inc. (formerly Taratec Development Corporation) and Patni Computer Systems Brasil Ltda.

5 In December 2006, the Company received a demand notice from the Indian Income Tax department of approximately Rs 630,166, including an interest demand of approximately Rs 186,850 (\$15,990 including an interest demand of approximately \$4,734) for the assessment year 2004-05. The tax demand was mainly on account of disallowance of deduction claimed by the Company under Section 10A of the Income Tax Act, 1961, in respect of profits earned by its various eligible undertakings. Section 10A of Indian Income Tax Act exempts the profits earned by an undertaking for the export of computer software upon the fulfillment of certain conditions. One of the conditions is that the unit should not have been formed by the splitting up of an existing business. The Company had only expanded its software development business whereas the Income Tax department contends that the business of the new units is comprised of business transferred from existing units by splitting them. The Company, in consultation with its tax advisers, filed an appeal in January 2007 challenging the disallowance.

In December 2007, the Company received another demand, of Rs. 261,703 inclusive of interest ( \$ 6,640) for the assessment year (AY) 2002-03. The new demand concerns the same issue of disallowance of tax benefits under Section 10A. In the opinion of management, and based on advice received, the demand is not tenable against the Company and the company has already filed an appeal with the appellate authority.

6 On 2 July 2007, the Company acquired the business and assets of LOI, a European telecommunications consulting services company. The Company believes that through this acquisition it will strengthen its presence in communication and media practice through consultancy services on IT initiatives. The consolidated financial statements include the operating results of this business combination from the date of acquisition. The purchase price of \$ 8,614 (including direct acquisition related expenses of \$864) was paid in cash.

7 On 1 July 2007, Patni Americas Inc. acquired 100% equity interest in Taratec Development Corporation (subsequently named as Patni Life Sciences Inc.), which is a leading consulting company in the life sciences industry providing integrated business, information technology, and regulatory compliance products and services for a purchase price of \$15,680 (including direct acquisition related expenses of \$ 435).

8 The Company's executive directors, Mr G.K.Patni and Mr A.K.Patni, under contract until 22 October 2010, ceased to be executive directors effective 1 October 2007 to become founder-directors. Termination benefit payments amounting to \$2,220 have been included in salaries and allowances.

9            During the year ended 31 December 2007, Patni has, through its wholly owned subsidiary, Patni Americas Inc. acquired from one of its major customer, the worldwide rights for a software Proprietary Intellectual Property Rights ( IPR ) that enables communication service providers to offer customer management, retail point-of-sale and billing services for a variety of products and services. Cost of acquisition of the IPR amounting to \$20,368 has been capitalized as an intangible asset and is being amortized over a period of ten years. The Company intends to use this intellectual property for the purposes of software licensing, provision of reusable IP-led IT services, managed services and provision of hosted or software-as-a-service solutions. A Royalty of 5% is payable to seller on such sales.

10           Previous period figures have been appropriately reclassified to conform to the current period s presentations.

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

Rs. in thousands except share data

|  | Quarter ended 31 December |                     | Year Ended 31 December |                   |
|--|---------------------------|---------------------|------------------------|-------------------|
|  | 2007<br>(Unaudited)       | 2006<br>(Unaudited) | 2007<br>(Unaudited)    | 2006<br>(Audited) |
| Exchange Rate (Rs.)                          | 39.41                     | 44.11               | 39.41                  | 44.11             |
| Revenues                                     | 6,861,916                 | 6,804,889           | 26,125,349             | 25,533,112        |
| Cost of revenues                             | 4,769,391                 | 4,430,976           | 17,737,855             | 16,495,639        |
| <b>Gross profit</b>                          | 2,092,525                 | 2,373,913           | 8,387,494              | 9,037,473         |
| Selling, general and administrative expenses | 1,202,966                 | 1,128,936           | 4,581,814              | 4,696,477         |
| Provision for doubtful debts and advances    | 8,226                     | 16,606              | 46,573                 | 52,536            |
| Foreign exchange (gain) / loss , net         | (184,973)                 | 26,034              | (920,260)              | 121,211           |
| <b>Operating income</b>                      | 1,066,306                 | 1,202,337           | 4,679,367              | 4,167,249         |
| Interest and dividend income                 | 123,087                   | 126,396             | 494,208                | 444,978           |
| Interest (expense)/Income                    | (38,047)                  | 66,241              | (141,578)              | (125,269)         |
| Gain on sale of investments, net             | 17,138                    | 2,022               | 251,042                | 74,065            |
| Other income, net                            | 7,727                     | 3,143               | 67,242                 | 156,212           |
| <b>Income before income taxes</b>            | 1,176,211                 | 1,400,139           | 5,350,281              | 4,717,235         |
| Income taxes                                 | 179,010                   | 265,212             | 858,506                | 2,103,684         |
| <b>Net Income</b>                            | 997,201                   | 1,134,927           | 4,491,775              | 2,613,551         |
| <b>Earning per share</b>                     |                           |                     |                        |                   |
| - Basic                                      | 7.18                      | 8.21                | 32.39                  | 18.94             |
| - Diluted                                    | 7.09                      | 8.14                | 32.18                  | 18.82             |
| Total assets                                 | 33,180,279                | 28,231,262          | 33,180,279             | 28,245,426        |
| Cash and cash equivalents                    | 1,285,790                 | 2,051,557           | 1,285,790              | 2,051,556         |
| Investments                                  | 11,868,389                | 10,851,772          | 11,868,389             | 10,851,772        |

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 to not rely on such translated amounts.

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

**Narendra K. Patni  
Chairman and Chief Executive Officer**

**Mumbai  
7 February 2008**





**Audited consolidated financial results of Patni Computer Systems Limited and its subsidiaries for the year ended 31 December 2007, as per Indian GAAP.**

|   | Rs. in thousands except share data |                   |
|---|------------------------------------|-------------------|
|   | Year ended 31 December             |                   |
|   | 2007<br>(Audited)                  | 2006<br>(Audited) |
| <b>Income</b>   |                                    |                   |
| Sales and service income  | 26,911,455                         | 26,080,258        |
| Other income  | 1,690,074                          | 556,710           |
|   | <b>28,601,529</b>                  | <b>26,636,968</b> |
| <b>Expenditure</b>  |                                    |                   |
| Personnel costs   | 15,389,630                         | 14,447,266        |
| Selling, general and administration costs                               | 6,235,335                          | 5,920,699         |
| Depreciation (net of transfer from revaluation reserves)                | 984,676                            | 842,693           |
| Interest costs  | 147,225                            | 189,635           |
|   | <b>22,756,866</b>                  | <b>21,400,293</b> |
| <b>Profit for the year before prior period items and taxation</b>       | <b>5,844,663</b>                   | <b>5,236,675</b>  |
| Prior period items  |                                    | 221,172           |
| <b>Profit for the year before taxation</b>                              | <b>5,844,663</b>                   | <b>5,015,503</b>  |
| Provision for taxation  | 1,242,582                          | 2,533,332         |
| MAT credit entitlement  | (278,393)                          | (5,735)           |
| Provision for taxation - Fringe benefits                                | 44,212                             | 40,085            |
| <b>Profit for the year after taxation</b>                               | <b>4,836,262</b>                   | <b>2,447,821</b>  |
| Paid up equity share capital (Face value per equity share of Rs 2 each) | 278,019                            | 276,564           |
| Reserves excluding revaluation reserves                                 | 27,080,306                         | 23,043,469        |
| <b>Earnings per equity share of Rs.2 each</b>                           |                                    |                   |
| - Basic   | 34.88                              | 17.74             |
| - Diluted   | 34.54                              | 17.60             |

**Notes:**

1 The consolidated financial statements of Patni Computer Systems Limited and its subsidiaries are prepared in accordance with the principles and procedures prescribed by AS 21 - "Consolidated Financial Statements " issued by ICAI for the purpose of preparation and presentation of consolidated financial statements. 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 in full. The amounts shown in respect of accumulated reserves comprises 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 financials statements are prepared using uniform accounting policies across the Group.

2 Investor complaints for the quarter ended 31 December 2007:

| Pending as on 1 October 2007 | Received during the quarter | Disposed of during the quarter | Unresolved at the end of the quarter |
|------------------------------|-----------------------------|--------------------------------|--------------------------------------|
|                              | 12                          | 12                             |                                      |

3 Statement of Utilisation of ADS Funds as of 31 December 2007

|  | No of shares | Price | Amount           |
|--|--------------|-------|------------------|
| Amount raised through ADS (6,156,250 ADSs @ \$20.34 per ADS) | 12,312,500   | 466   | 5,739,262        |
| Share issue expenses   |              |       | 369,406          |
| <b>Net proceeds</b>  |              |       | <b>5,369,856</b> |

**Deployment :**

|  |  |           |
|--|--|-----------|
| 1 Held as current investments                            |  | 2,528,167 |
| 2 Utilised for Capital expenditure for office facilities |  | 2,720,866 |
| 3 Exchange loss  |  | 120,823   |

**Total** **5,369,856**

4 Total Public Shareholding\*

|                              | Year ended 31 December |            |
|------------------------------|------------------------|------------|
|                              | 2007                   | 2006       |
| - Number of Shares           | 44,797,263             | 41,777,621 |
| - Percentage of Shareholding | 32.23%                 | 30.21%     |

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

5           The subsidiaries considered in the consolidated financial statements as at 31 December 2007 are wholly owned subsidiaries, namely Patni Americas Inc (formerly Patni Computer Systems Inc), Patni Computer Systems (UK) Ltd., Patni Computer Systems GmbH, Patni Telecom Solutions Inc., Patni Telecom Solutions Private Limited, Patni Telecom Solutions (UK) Limited, Patni Life Sciences Inc. (formerly Taratec Development Corporation) and Patni Computer Systems Brasil Ltda.

6           Paid up equity share capital does not include Rs 1,815 (2006 : Rs 2,688 ) which represents share application money received from employees, on exercise of stock options, pending allotment of shares.

7 In December 2006, the Company received a demand from the Indian Income tax department of approximately Rs. 630,166 including interest demand of approximately Rs. 186,850 for the Assessment Year 2004-05. The tax demand is mainly on account of disallowance of deduction claimed by the Company under Section 10A of the Income Tax Act 1961, in respect of profits earned by its various eligible undertakings. Section 10A of Indian Income Tax Act exempts the profits earned by an undertaking for the export of computer software upon fulfilment of certain conditions. One of the condition is that the unit should not have been formed by the splitting of an existing business. The Company had only expanded its software development business whereas the Income Tax department contends that the business of the new units is comprised of business transferred from existing units by splitting them. The Company, in consultation with its tax advisor, filed an appeal in January 2007 challenging the disallowance.

In December 2007, the Company received another demand, of Rs. 261,703 inclusive of interest for the assessment year (AY) 2002-03. The new demand concerns the same issue of disallowance of tax benefits under Section 10A. In the opinion of management, and based on advice received, the demand is not tenable against the Company. The Company, in consultation with its tax advisor, filed an appeal in January 2007 challenging the disallowance.

8 On 2 July 2007, Patni Computer Systems (UK) Limited, a wholly owned subsidiary of the Company, acquired Logan-Orviss International (LOI), a European telecommunications consulting services company for a purchase price of Rs.349,099 (including direct acquisition related expenses of Rs.34,419).

9 On 1 July 2007, Patni Americas Inc. acquired 100% equity interest in Taratec Development Corporation (subsequently named as Patni Life Sciences Inc.), which is a leading consulting company in the life sciences industry providing integrated business, information technology, and regulatory compliance products and services. The purchase price of Rs.638,342 (including direct acquisition related expenses of Rs.17,331), was paid in cash on July 23, 2007.

10 Executive Directors, Mr G.K.Patni and Mr A.K.Patni, under contract until 22 October 2010, ceased to be Executive Directors effective 1 October 2007 to become founder-directors. Termination benefit payments amounting to Rs.77,908 have been included in Salaries and allowances.

11 During the year ended 31 December 2007, Patni has, through its wholly owned subsidiary, Patni Americas Inc., acquired from one of its major customers, the worldwide rights for a software Proprietary Intellectual Property Rights ( IPR ) that enables communication service providers to offer customer management, retail point-of-sale and billing services for a variety of products and services. Cost of acquisition of the IPR amounting to Rs.811,485 has been capitalized as an intangible asset and is being amortized over a period of ten years. The Company intends to use this intellectual property for the purposes of software licensing, provision of reusable IP-led IT services, managed services and provision of hosted or software-as-a-service solutions. A royalty of 5% is payable to the seller on such sales.

12 The Company adopted Accounting standard 15 (revised 2005) Employee benefits ( AS 15 ) from 1 January 2007. Pursuant to the adoption, the transitional obligations of the Company amounted to Rs. 32,606 ( net of tax ). In accordance with AS-15, such liability has been adjusted ( reduction ) from the balance in the Profit & Loss Account as of 1 January, 2007.

13 **Segment Information:**

As on 31 December 2007 and for the year ended

| Particulars                                       | As on 31 December 2007 and for the year ended |                    |               |                                       |                     |           | Total             |
|---|---|--------------------|---------------|---------------------------------------|---------------------|-----------|-------------------|
|   | Financial services                            | Insurance services | Manufacturing | Communications, Media & Entertainment | Product Engineering | Others    |                   |
| Sales and service income                          | 3,843,033                                     | 6,417,048          | 6,353,002     | 3,602,481                             | 4,503,217           | 2,192,674 | <b>26,911,455</b> |
| Sundry debtors                                    | 680,715                                       | 1,072,916          | 1,383,244     | 776,638                               | 848,274             | 554,726   | <b>5,316,513</b>  |
| Cost and estimated earnings in excess of billings | 143,620                                       | 75,188             | 364,287       | 313,123                               | 245,040             | 136,306   | <b>1,277,564</b>  |
| Billings in excess of cost and estimated earnings | (12,706)                                      | (13,293)           | (56,332)      | (16,484)                              | (30,452)            | (10,845)  | <b>(140,112)</b>  |
| Advance from customers                            | (7,474)                                       | (15,798)           | (5,332)       | (3,249)                               | (11,364)            | (5,543)   | <b>(48,760)</b>   |

As on 31 December 2006 and for the year ended

| Particulars                                       | As on 31 December 2006 and for the year ended |                    |               |                                       |                     |           | Total      |
|---|---|--------------------|---------------|---------------------------------------|---------------------|-----------|------------|
|   | Financial services                            | Insurance services | Manufacturing | Communications, Media & Entertainment | Product Engineering | Others    |            |
| Sales and service income                          | 3,990,401                                     | 6,069,215          | 5,654,475     | 4,907,273                             | 3,696,498           | 1,762,396 | 26,080,258 |
| Sundry debtors                                    | 729,738                                       | 943,801            | 1,174,494     | 1,005,557                             | 750,026             | 519,149   | 5,122,765  |
| Cost and estimated earnings in excess of billings | 107,409                                       | 45,076             | 210,680       | 461,246                               | 108,332             | 78,591    | 1,011,334  |
| Billings in excess of cost and estimated earnings | (9,197)                                       | (9,375)            | (32,229)      | (21,696)                              | (36,242)            | (38,507)  | (147,246)  |
| Advance from customers                            | (214)   | (805)              | (5,391)       |                                       | (1,715)             | (112)     | (8,237)    |

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 segments as the underlying resources and services are used interchangeably. Fixed assets used in Group's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments.

Until 31 December 2006, the Company reported Product Engineering (PES) and Independent Software Vendors (ISV) as separate business segments. The PES business is primarily related to embedded technology services for products and the ISV unit provided the user interface for these products. Both these segments form part of technology services. The integration of these business segments would facilitate improved client service. Accordingly, effective 1 January 2007, the Company has integrated these two business segments with the primary focus on the following synergies (i) demand for providing end-to-end solutions from product engineering clients, and (ii) leveraging the domain skills & platform skills to provide end-to-end solutions. Segment data for previous period has been reclassified to conform to current period presentation

Based on the economic characteristics of the telecommunication business segment the company has renamed the segment as communications, media and entertainment.

14 Previous period figures have been appropriately reclassified /regrouped to conform to the current period s presentations.

15 Text of this advertisement was approved by the Board of Directors at the adjourned meeting held on 7 February 2008.

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

**Mumbai  
7 February 2008**

**Narendra K. Patni  
Chairman and Chief Executive Officer**

**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 thousands       |                |
|--|------------------------|----------------|
|  | Year ended 31 December |                |
|  | 2007                   | 2006           |
| Consolidated net income as per Indian GAAP | 4,836,262              | 2,447,821      |
| Income taxes                               | 65,622                 | (133,791)      |
| Foreign currency differences               | 114,236                | (153,501)      |
| Employee retirement benefits               | (77,409)               | 3,895          |
| ESOP related Compensation Cost             | (192,448)              | (182,732)      |
| Business acquisition                       | (45,925)               | (41,176)       |
| Prior period adjustments                   |                        | 765,595        |
| Others                                     | 10,378                 | (21,878)       |
| <b>Total</b>                               | <b>(125,546)</b>       | <b>236,412</b> |
| Consolidated net income as per US GAAP     | 4,710,716              | 2,684,233      |

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**Note:**

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



**Financial results of Patni Computer Systems Limited for the quarter and year ended 31 December 2007, as per Indian GAAP (Standalone)**

|  | Nine months ended 30<br>September<br>2007<br>(Audited) | Quarter ended 31 December<br>2007<br>(Unaudited) | Quarter ended 31 December<br>2006<br>(Unaudited) | Year ended 31 December<br>2007<br>(Audited) | Year ended 31 December<br>2006<br>(Audited) |
|--|--|--|--|---|---|
| <b>Income</b>  |  |  |  |   |   |
| Sales and service income   | 8,557,635  | <b>3,165,353</b>                                 | 2,679,079  | <b>11,722,988</b>                           | 9,978,301                                   |
| Other income   | 1,442,471  | <b>224,114</b>                                   | 111,195  | <b>1,666,585</b>                            | 477,509                                     |
|  | 10,000,106   | <b>3,389,467</b>                                 | 2,790,274  | <b>13,389,573</b>                           | 10,455,810                                  |
| <b>Expenditure</b>   |  |  |  |   |   |
| Personnel costs  | 4,082,119  | <b>1,519,775</b>                                 | 1,092,211  | <b>5,601,894</b>                            | 4,461,532                                   |
| Selling, general and administration costs                                      | 1,924,528  | <b>675,819</b>                                   | 425,307  | <b>2,600,347</b>                            | 2,120,996                                   |
| Depreciation   | 609,016  | <b>195,750</b>                                   | 208,462  | <b>804,766</b>                              | 725,602                                     |
| Interest costs   | 50,022   | <b>18,914</b>                                    | (952)  | <b>68,936</b>                               | 88,792                                      |
|  | 6,665,685  | <b>2,410,258</b>                                 | 1,725,028  | <b>9,075,943</b>                            | 7,396,922                                   |
| <b>Profit for the year before prior period items and taxation</b>              |  |  |  |   |   |
|  | 3,334,421  | <b>979,209</b>                                   | 1,065,246  | <b>4,313,630</b>                            | 3,058,888                                   |
| Prior period items   |  | <b>(43,351)</b>                                  |  | <b>(43,351)</b>                             |   |
| <b>Profit for the year before taxation</b>                                     | 3,334,421  | <b>1,022,560</b>                                 | 1,065,246  | <b>4,356,981</b>                            | 3,058,888                                   |
| Provision for taxation   | 475,387  | <b>231,537</b>                                   | 45,496   | <b>706,924</b>                              | 971,681                                     |
| MAT credit entitlement   | (185,123)  | <b>(80,138)</b>                                  | (5,735)  | <b>(265,261)</b>                            | (5,735)                                     |
| Provision for taxation-Fringe benefits   | 27,995   | <b>12,139</b>                                    | 3,322  | <b>40,134</b>                               | 35,313                                      |
| <b>Profit for the year after taxation</b>                                      | 3,016,162  | <b>859,022</b>                                   | 1,022,163  | <b>3,875,184</b>                            | 2,057,629                                   |
| <b>Paid up equity share capital (Face value per equity share of Rs 2 each)</b> |  |  |  |   |   |
|  | 277,583  | <b>278,019</b>                                   | 276,564  | <b>278,019</b>                              | 276,564                                     |
| Reserves excluding revaluation reserves  | 24,869,289   | <b>25,300,718</b>                                | 21,801,849                                       | <b>25,300,718</b>                           | 21,801,849                                  |
| <b>Earnings per equity share of Rs 2 each</b>                                  |  |  |  |   |   |
| - Basic  | 21.77  | <b>6.20</b>                                      | 8.13   | <b>27.95</b>                                | 14.91                                       |
| - Diluted  | 21.53  | <b>6.14</b>                                      | 8.02   | <b>27.67</b>                                | 14.80                                       |

**Notes**

1 The above statement of financial results were reviewed by the audit committee and approved by the Board of Directors at its adjourned meeting held on 7 February 2008.

2 The Board of directors at the adjourned meeting held on 7 February 2008, recommended a final dividend of 150% for the year 2007, subject to approval of the members.

|  | Year ended 31 December<br>2007 | Year ended 31 December<br>2006 |
|--|--------------------------------|--------------------------------|
| Dividend per share (Par value of Rs. 2/- each) | 3                              | 3                              |

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Percentage

150%

150%

3 Investor complaints for the quarter ended 31 December 2007:

| Pending as on 1 October 2007 | Received during the quarter | Disposed of during the quarter | Unresolved at the end of the quarter |
|------------------------------|-----------------------------|--------------------------------|--------------------------------------|
|                              | 12                          | 12                             |                                      |

## 4 Statement of Utilisation of ADS Funds as of 31 December 2007

|  | No of shares      | Price | Amount           |
|--|-------------------|-------|------------------|
| Amount raised through ADS (6,156,250 ADSs @ \$20.34 per ADS) | <b>12,312,500</b> | 466   | 5,739,262        |
| Share issue expenses   |                   |       | 369,406          |
| <b>Net proceeds</b>  |                   |       | <b>5,369,856</b> |
| <b>Deployment :</b>  |                   |       |                  |
| 1 Held as current investments                                |                   |       | 2,528,167        |
| 2 Utilised for Capital expenditure for office facilities     |                   |       | 2,720,866        |
| 3 Exchange loss  |                   |       | 120,823          |
| <b>Total</b>   |                   |       | <b>5,369,856</b> |

## 5 Total Public Shareholding\*

|                              | Year ended 31 December |            |
|------------------------------|------------------------|------------|
|                              | 2007                   | 2006       |
| - Number of Shares           | <b>44,797,263</b>      | 41,777,621 |
| - Percentage of Shareholding | <b>32.23%</b>          | 30.21%     |

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

6 Executive Directors, Mr G.K.Patni and Mr A.K.Patni, under contract until October 22, 2010, ceased to be Executive Directors effective October 1, 2007 to become founder-directors. Termination benefit payments amounting to Rs.77,908 have been recorded as Personnel cost in Profit & Loss Account.

7 In December 2006, the Company received a demand from the Indian Income tax department of approximately Rs. 630,166 including interest demand of approximately Rs. 186,850 for the Assessment Year 2004-05. The tax demand is mainly on account of disallowance of deduction claimed by the Company under Section 10A of the Income Tax Act 1961, in respect of profits earned by its various eligible undertakings. Section 10A of Indian Income Tax Act exempts the profits earned by an undertaking for the export of computer software upon fulfilment of certain conditions. One of the condition is that the unit should not have been formed by the splitting of an existing business. The Company had only expanded its software development business whereas the Income Tax department contends that the business of the new units is comprised of business transferred from existing units by splitting them. The Company, in consultation with its tax advisor, filed an appeal in January 2007 challenging the disallowance.

In December 2007, the Company received another demand, of Rs. 261,703 inclusive of interest for the assessment year (AY) 2002-03. The new demand concerns the same issue of disallowance of tax benefits under Section 10A. In the opinion of management, and based on advice

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received, the demand is not tenable against the Company. The Company, in consultation with its tax advisor, filed an appeal in January 2007 challenging the disallowance.

8 The Company adopted Accounting standard 15 (revised 2005) Employee benefits ( AS 15 ) from 1 January 2007. Pursuant to the adoption, the transitional obligations of the Company amounted to Rs. 6,914 ( net of tax ). In accordance with AS-15, such liability has been adjusted ( reduction ) from the balance in the Profit & Loss Account as of 1 January, 2007.

9 Paid up equity share capital does not include Rs 1,815 ( 2006 : Rs. 2,688 ) which represents share application money received from employees, on exercise of stock options, pending allotment of shares.

10 During the year 2006, a provision of Rs. 299,596 was made in the books for fiscal year ended March 2001 and March 2002, as amount reimbursable by the Company to the US subsidiary due to delinquency in the Tax filing by the US branch of the Company.

On assessment of the amount taxable in the hands of the subsidiary, Rs. 43,351 representing interest component in the above provision has now been reversed, as not payable to the subsidiary and has been treated as a prior period item.

11 Previous period figures have been appropriately reclassified to conform to the current period s presentations.

12 Text of this advertisement was approved by the Board of Directors at the adjourned meeting held on 7 February 2008.

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

**Narendra K. Patni  
Chairman and Chief Executive Officer**

**Mumbai  
7 February 2008**

For Press Release

**Patni's 2007 Net Income\* up 44.0% at \$ 114.0 million ( Rs 4,491.8 million)**

**Mumbai, India, February 7<sup>th</sup> 2008:** Patni Computer Systems Limited (**Patni**) today announced its financial results for the fourth quarter and year ended 31<sup>st</sup> December 2007.

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**\*Important note:**

*As stated in our Q2 2006 release for the quarter ended June 30<sup>th</sup> 2006, prior years' tax review by the IRS and a review by the Department of Labor of Patni's US operations had resulted in additional provisions which led to an increase in gross profit and operating income by approximately US\$ 7.0 million and a decrease in net income by US\$ 19.9 million for Q2 2006. EPS for the year was also affected by these provisions. Variations in Patni's Q2 2006 financial performance as a result of these reviews had been referred to as 'additional provisions' in the said press release. We have presented our financial performance including these additional provisions in accordance with US GAAP. In addition, we have separately excluded these additional provisions as a non-GAAP measure solely for comparative purposes with 2007's gross profit, operating income and net income results and these exclusions should be read together with the US GAAP measures.*

**Highlights for the quarter and year ended December 31st 2007**

- **Revenues for the quarter at US\$ 174.1 million (Rs. 6,861.9 million)**
  
- Up 2.8% sequentially as compared to US\$ 169.5 million (Rs. 6,735.7 million) in Q3 CY2007
  
- For the year revenues at US\$ 662.9 million (Rs. 26,125.3 million), 14.5% higher compared to US\$ 578.9 million (Rs 25,533.1 million) for the previous year
  
- **Operating Income for the quarter at US\$ 27.1 million (Rs. 1,066.3 million)**

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- Lower 6.6% sequentially from US\$ 29.0 million (Rs 1,151.4 million) in the quarter ended Sept 30, 2007
- For the year operating income higher by 25.7% at US\$ 118.7 million (Rs 4,679.4 million) against US \$94.5m ( Rs 4,167.2) for 2006, and by 35.9% over 2006 operating income of US\$ 87.4 million (Rs. 3,854.8 million ) excluding additional provisions
- **Net Income for the quarter at US\$ 25.3 million (Rs 997.2 million)**
- Lower 8.4% sequentially from US\$ 27.6 million (Rs 1,097.8 million) in the quarter ended September 30, 2007
- For the year net income at US\$ 114.0 million (Rs. 4,491.8 million),an increase of 92.4% as compared to US\$ 59.3 million (Rs. 2,613.6 million) for 2006 and by 44.0% as compared to US \$ 79.2 million ( Rs 3,491.3 million) excluding additional provisions
- **EPS for the quarter at US\$ 0.18 per share; US\$ 0.36 per ADS**
- **EPS for the year US\$ 0.82per share (US\$ 1.64 per ADS) as compared to US \$ 0.43 per share ( \$0.86 per ADS ) for 2006 and \$ 0. 57 ( \$1.15 per ADS) excluding additional provisions**
- **Stock based expense for the quarter was US\$ 1.3 million for the quarter in line with the previous quarter For the full year stock based expense was US\$ 4.7 million as compared to US\$4.0 million in 2006**

- **The Board of Directors have**

- a) **recommended an annual dividend of 150% ,**

- b) **approved a Share buy back programme in open market purchases on the Indian Stock Exchanges prices upto Rs 325 per share for a total purchase upto USD 60 million,**

- c) **recommended repricing of outstanding Employee Stock Options at Current market price.**

- Top Customer contribution towards revenue continued to decrease and was at 11.8% for the year from 14.6% during previous year. Revenue concentration of Top 10 clients also declined from 53.1% to 47.3% during 2007 and was at 46.5% during the quarter against 48.5% during previous quarter.

- New client acquisitions during the quarter were 37. On a calendar year basis we have acquired 119 new clients. Number of active clients was 318 at quarter end as compared to 293 in Q3 2007 and 239 at the end of 2006.

- During the year we have fully commercialized our new state of the art Knowledge Park campus at Airoli in Navi Mumbai.

**Future Outlook:**

- Q1 2008 revenues are expected to be at US\$175 to US\$176 million and net income (excluding the foreign exchange gain/loss) is expected to be in the range of US\$ 15.5 to 16.0 million taking the operations at a constant dollar value of Rs 39.40 per US\$.

**Management comments**

Commenting on the quarter and full year performance, **Mr. Narendra K Patni, Chairman and CEO, Patni Computer Systems Ltd.**, said, *In 2007, we have grown profits by managing our operations including forex changes very well. This highlights our ability to deliver sustained growth by focusing on improving internal operations while increasing our reach to customers worldwide. Overall as the market dynamics are changing, including our customer mix, we remain confident about our business momentum and continue to further expand the focus on improving internal efficiencies.*

Commenting on the performance, **Mr. Mrinal Sattawala, Chief Operating Officer, Patni**, said, *During CY 2007 we reduced dependence on our top 10 clients resulting in further diversification of our revenue streams, a key focus area for us. For the quarter under review we have added 37 new clients, bringing our tally of active clients to 318. Going forward, we expect to continue our growth drive through leveraging our operating efficiencies.*

Speaking on the occasion, **Mr. Surjeet Singh, Chief Financial Officer, Patni**, added, *During the quarter ended December 2007 revenues and operating margins were as per expectation, efficiency gains absorbing the Rupee appreciation impact. We shall continue to manage our cost base optimally as we move into 2008, invest further in delivering profitable growth through strategic initiatives in our focus markets, verticals and service lines.*



**Management Discussion & Analysis of Performance***(Figures in Million US\$ except EPS and Share Data)***UNAUDITED CONSOLIDATED STATEMENT OF INCOME****For the quarter / period ended**

| Particulars  | 2007         | 2006         | Annual<br>Change % | Dec 31<br>2007 | Sep 30<br>2007 | QoQ<br>Change % | Dec 31      |              | Additional<br>Provision in<br>2006 | 2006<br>(Excluding<br>additional<br>provisions) |
|--|--------------|--------------|--------------------|----------------|----------------|-----------------|-------------|--------------|------------------------------------|---|
|  |              |              |                    |                |                |                 | 2006        | YoY Change % |                                    |   |
| Revenue  | 662.9        | 578.9        | 14.5%              | 174.1          | 169.5          | 2.8%            | 154.3       | 12.9%        |                                    | 578.9   |
| Cost of revenues   | 432.3        | 359.8        | 20.1%              | 116.6          | 112.5          | 3.6%            | 96.3        | 21.1%        | -7.0(1)                            | 366.9   |
| Depreciation   | 17.8         | 14.1         | 26.1%              | 4.5            | 4.6            | -3.4%           | 4.2         | 6.2%         |                                    | 14.1  |
| <b>Gross Profit</b>  | <b>212.8</b> | <b>204.9</b> | <b>3.9%</b>        | <b>53.1</b>    | <b>52.4</b>    | <b>1.4%</b>     | <b>53.8</b> | <b>-1.3%</b> | <b>7.0(1)</b>                      | <b>197.8</b>                                    |
| Sales and marketing<br>expenses  | 45.8         | 43.1         | 6.4%               | 11.8           | 11.0           | 6.9%            | 11.0        | 6.9%         |                                    | 43.1  |
| General and<br>administrative<br>expenses  | 70.4         | 63.4         | 11.1%              | 18.8           | 20.1           | -6.5%           | 14.6        | 28.6%        |                                    | 63.4  |
| Provision for<br>doubtful debts and<br>advances  | 1.2          | 1.2          | -0.8%              | 0.2            | (0.2)          | -204.1%         | 0.4         | -44.6%       |                                    | 1.2   |
| Foreign exchange<br>(gain) / loss, net   | (23.4)       | 2.7          | -949.8%            | (4.7)          | (7.5)          | -37.0%          | 0.6         | -895.3%      |                                    | 2.7   |
| <b>Operating income</b>  | <b>118.7</b> | <b>94.5</b>  | <b>25.7%</b>       | <b>27.1</b>    | <b>29.0</b>    | <b>-6.6%</b>    | <b>27.3</b> | <b>-0.7%</b> | <b>7.0(1)</b>                      | <b>87.4</b>                                     |
| Other income /<br>(expense), net   | 17.0         | 12.5         | 36.5%              | 2.8            | 3.6            | -23.2%          | 4.5         | -37.8%       | 0.2                                | 12.4  |
| <b>Income before<br/>income taxes</b>  | <b>135.8</b> | <b>106.9</b> | <b>26.9%</b>       | <b>29.8</b>    | <b>32.6</b>    | <b>-8.4%</b>    | <b>25.7</b> | <b>16.0%</b> | <b>7.2(2)</b>                      | <b>99.8</b>                                     |
| Income taxes   | 21.8         | 47.7         | -54.3%             | 4.5            | 5.0            | -8.8%           | 6.0         | -24.5%       | 27.1                               | 20.6  |
| <b>Net income/(loss)</b>   | <b>114.0</b> | <b>59.3</b>  | <b>92.4%</b>       | <b>25.3</b>    | <b>27.6</b>    | <b>-8.4%</b>    | <b>25.7</b> | <b>-1.7%</b> | <b>-19.9(3)</b>                    | <b>79.1</b>                                     |
| <b>Earning per share</b>   |              |              |                    |                |                |                 |             |              |                                    |   |
| - Basic  | \$ 0.82      | \$ 0.43      |                    | \$ 0.18        | \$ 0.20        |                 | \$ 0.19     |              |                                    | \$ 0.57   |
| - Diluted  | \$ 0.82      | \$ 0.43      |                    | \$ 0.18        | \$ 0.20        |                 | \$ 0.18     |              |                                    | \$ 0.57   |
| <b>Weighted average<br/>number of<br/>common shares<br/>used in computing<br/>earnings per share</b> |              |              |                    |                |                |                 |             |              |                                    |   |
| - Basic  | 138,660,783  | 137,957,477  |                    | 138,942,718    | 138,704,702    |                 | 138,178,492 |              |                                    | 137,957,477                                     |
| - Diluted  | 139,569,983  | 138,904,860  |                    | 140,699,403    | 139,958,237    |                 | 139,357,451 |              |                                    | 138,904,860                                     |

\*\* Prior years tax review by IRS and the Department of Labor Review by Patni's US Operations has resulted in the net reversals of additional provisions leading to an increase in Q2 2006 Gross Profit and Operating Income and a decrease in Q2 2006 Net Income.

1 - due to reversal of payroll taxes for earlier years, net of accrual from DOL review

2 - impact of 1, net of write-back of interest/penalty for earlier years

3 - impact of re-assessed corporate taxes for earlier years, net of 2

### Revenues

Revenues during the quarter were marginally ahead of guidance at US\$ 174.1 million (Rs **6,861.9** million) representing a sequential increase of 2.8 % in US dollar terms. For the year ended December 2007 the overall revenues were at US\$ 662.9 (Rs 26,125.3 million) , up 14.5% from 2006. Top Customer contribution towards revenue continued to decrease and stands at 11.8% for the year from 14.6% during the previous year.

- Revenue concentration of Top 10 clients also declined from 53.1% to 47.3% during 2007 and was at 46.5% during the quarter against 48.5% during the previous quarter.
- Number of active clients was 318 at quarter end as compared to 293 in Q3 2007 and 239 at the end of 2006. New client acquisitions during the quarter were 37. On a calendar year basis we have acquired 119 new clients.

### Gross profit

Gross profit for the quarter was marginally higher at US\$ 53.1 million (Rs 2,092.5 million) against US\$ 52.4 million (Rs 2,082.0 million) in the previous quarter due to higher volume. Against 30.9% of Q3 gross margin, Q4 was 30.5%, the movement being mainly on account of rupee appreciation.

Gross profit for 2007 was at US\$ 212.8 million (Rs. 8,387.5 million) as compared to US\$ 204.9 million (Rs. 9,037.5 million) in 2006, an increase of 3.9%. Gross profit (without additional provision in 2006), increased by 7.6% for the year. Overall Gross profit reduced to 32.1% in 2007 as compared to 34.2% (without additional provisions) in the previous year, largely on account of Rupee appreciation during the year

Depreciation cost in Cost of Revenues was US \$4.5 million during the quarter as compared to US \$ 4.6 million in previous quarter and US \$ 17.8 million during 2007 as compared to US \$ 14.1 million in 2006

### Selling and Marketing Expenses

Sales and marketing expenses during the quarter were at US\$ 11.8 million (Rs. 463.1 million) at 6.7% in line with previous quarter

On a full year basis sales and marketing expenses were at US\$ 45.8. million (Rs. 1,806.8 million) from US\$ 43.1 million (Rs. 1,900.7 million). Sales and marketing expenses as a percentage of revenues were marginally lower at 6.9% during 2007 as compared to 7.4% in 2006 as a result

of absorption benefits.

**G&A expenses**

G&A Cost at US \$ 18.8 million ( Rs 739.8 million ) at 10.8 % was lower than 11.8% during previous quarter. For the year 2007 the total cost of US \$70.4 million at 10.6% was marginally rationalized against the previous year cost of US \$ 63.4 million or 10.9% during 2006. Depreciation cost in G&A was at US \$1.3 million for the quarter and US \$ 5.1 million for the year 2007 as compared to US \$ 4.5 million in 2006.

**Foreign exchange gain/loss**

The quarter end rate for debtors revaluation was Rs 39.41. Mark to market impact of forex contracts taken earlier and revaluation of debtors at the quarter end, resulted in foreign exchange gain of US\$ 4.7 million (Rs 185.0 million) for the quarter as compared to a similar foreign exchange gain of US\$ 7.5 million(Rs 296.3 million) in Q3 2007. For the full year 2007 the total foreign exchange gain stood at approximately US \$23.4 million ( Rs 920.3 million) contributing to 3.5% to operating margins during the year as against a loss of US \$ 2.7 million (Rs 121.2 million) in 2006.

At the end of Q4 CY 2007 we have overall forex hedges for US\$ 249.2 million .

**Operating income**

Operating income including foreign exchange gains for the quarter at 15.5% at US \$ 27.1 million (Rs 1066.3 million) was lower sequentially by 6.6% due to lower forex gains during the quarter.

Overall operating income of 17.9% for 2007 at US\$ 118.7 million (Rs. 4,679.4 million) grew by 25.7 % against reported operating income of US\$ 94.5 million in 2006. However the operating income excluding additional provisions in 2006 grew by 35.9% in 2007 over operating income of US\$ 87.4 million (Rs.3,854.8 million) in 2006.

**Other income**

For Q4 2007, other income (including interest and dividend income net of interest expenses, profit/loss on sale of investments and other miscellaneous income) stood at US\$2.8 million (Rs 109.9 million) as compared to US \$3.6 million in previous quarter.

For the year total other income was higher at US\$ 17 million (Rs 670.9 million) as compared to US\$ 12.5 million (Rs 550.0 million) in 2006 due to increased interest and dividend income on investments.

**Profit before tax**

Profit before tax at 17.1 % for the quarter was sequentially lower by 8.4% at US\$ 29.8 million (Rs. 1,176.2 million) as compared to US\$ 32.6 million (Rs. 1,295.8 million) during previous quarter.

On a full year basis PBT at 20.5% was US\$ 135.8 million (Rs. 5,350.3 million) compared to reported Profit before Tax of 18.5 % in 2006 ( 17.2% excluding additional provisions)

**Income taxes**

Income tax for the quarter was at US\$ 4.5 million (Rs 179.0 million) at a 15.2% effective tax rate on profit before tax . For the full year overall tax was at US\$ 21.8 million (Rs. 858.5 million) at effective tax rate of 16.0%

**Net income**

Consequently, net income for the quarter at 14.5% was US\$ 25.3 million (Rs 997.2 million), lower by 8.4% as compared to previous quarter net Income of US \$ 27.6 million (Rs 1,097.8 million)

For the full year net income is US\$ 114.0 million (Rs 4,491.8 million) at 17.2 %, a growth of 92.4% on reported net income of US \$ 59.3 million in 2006. However, net income for the year grew by 44.0 % (excluding additional provisions in 2006)

#### **Balance Sheet and Cash Flow changes**

During the quarter, against net income of US\$ 25.3 million ,cash from operating activities was at US\$ 21.1 million (Rs 832.3 million) net of changes in current assets and liabilities of US\$(-) 5.4 million and non cash charges of US\$ 1.2 million. These non cash charges comprise of depreciation and amortization of US\$ 6.8 million, deferred taxes of US\$ (-) 6.6 million, and other charges including stock option cost of US\$ 1.0 million.

Net Cash used in investing activities was US\$ 36.6 million (Rs 1,442.4 million) including capital expenditure of US\$ 9.8 million (Rs 387.8 million),investment in securities of US\$ 14.5 million (Rs. 569.6 million) and payment of acquisition related liabilities of US\$ 12.3 million (Rs. 485.0 million)

Net cash inflow on financing activities was US\$ 1.5 million (Rs 57.8 million) comprising proceeds from common shares issued. With these changes and including revaluation of investments overall cash and cash equivalents (including short term investments) were at US\$ 330.4 million (Rs 13,019.2 million), compared to US\$ 322.9 million (Rs 12,833.4 million) at close of Q3 2007.

Receivables at the end of the Q4 2007 were at US\$ 136.4 million as compared to previous quarter at US\$140.1 million representing a decrease in number of days outstanding to 73 days from 77 days.

Figures in Million INR except EPS and Share Data

**CONSOLIDATED STATEMENT OF INCOME (RS. 000): BASED ON CONVENIENCE TRANSLATION**  
**For the quarter / period ended**

| Particulars  | 2007           | 2006           | Dec 31<br>2007 | Sept 30<br>2007 | Dec 31<br>2006 | Additional<br>Provision in<br>2006 | 2006 (Excluding<br>additional<br>provisions) |
|--|----------------|----------------|----------------|-----------------|----------------|------------------------------------|--|
| <b>Exchange rate \$1 = INR</b>   | <b>39.41</b>   | <b>44.11</b>   | <b>39.41</b>   | <b>39.75</b>    | <b>44.11</b>   | <b>44.11</b>                       | <b>44.11</b>                                 |
| Revenues;  | 26,125.3       | 25,533.1       | 6,861.9        | 6,735.7         | 6,804.9        |                                    | 25,533.1                                     |
| Cost of revenues;  | 17,035.3       | 15,872.2       | 4,593.6        | 4,470.1         | 4,245.6        | (312.3)                            | 16,184.5                                     |
| Depreciation   | 702.5          | 623.5          | 175.8          | 183.6           | 185.4          |                                    | 623.5  |
| <b>Gross Profit</b>  | <b>8,387.5</b> | <b>9,037.5</b> | <b>2,092.5</b> | <b>2,082.0</b>  | <b>2,373.9</b> | <b>312.3(1)</b>                    | <b>8,725.2</b>                               |
| Sales and marketing expenses   | 1,806.8        | 1,900.7        | 463.1          | 436.8           | 485.0          |                                    | 1,900.7                                      |
| General and administrative expenses  | 2,775.0        | 2,795.8        | 739.8          | 798.1           | 643.9          | (0.1)                              | 2,795.9                                      |
| Provision for doubtful debts and advances  | 46.6           | 52.5           | 8.2            | (8.0)           | 16.6           |                                    | 52.5   |
| Foreign exchange (gain) / loss, net  | (920.3)        | 121.2          | (185.0)        | (296.3)         | 26.0           |                                    | 121.2  |
| <b>Operating income</b>  | <b>4,679.4</b> | <b>4,167.2</b> | <b>1,066.3</b> | <b>1,151.4</b>  | <b>1,202.3</b> | <b>312.4</b>                       | <b>3,854.8</b>                               |
| Other income / (expense), net  | 670.9          | 550.0          | 109.9          | 144.3           | 197.8          | 4.6                                | 545.4  |
| <b>Income before income taxes</b>  | <b>5,350.3</b> | <b>4,717.2</b> | <b>1,176.2</b> | <b>1,295.8</b>  | <b>1,400.1</b> | <b>317.0(2)</b>                    | <b>4,400.2(2)</b>                            |
| Income taxes   | 858.5          | 2,103.7        | 179.0          | 198.0           | 265.2          | 1,194.8                            | 908.9  |
| <b>Net income/(loss)</b>   | <b>4,491.8</b> | <b>2,613.6</b> | <b>997.2</b>   | <b>1,097.8</b>  | <b>1,134.9</b> | <b>(877.8)(3)</b>                  | <b>3,491.3(3)</b>                            |
| <b>Earning per share</b>   |                |                |                |                 |                |                                    |  |
| - Basic  | 32.39          | 18.94          | 7.18           | 7.91            | 8.21           |                                    | 25.31  |
| - Diluted  | 32.18          | 18.82          | 7.08           | 7.84            | 8.14           |                                    | 25.13  |
| <b>Weighted average number of common shares used in computing earnings per share</b> |                |                |                |                 |                |                                    |  |
| - Basic  | 138,660,785    | 137,957,477    | 138,942,718    | 138,704,702     | 138,178,492    |                                    | 137,957,477                                  |
| - Diluted  | 139,569,933    | 138,904,860    | 140,699,403    | 139,958,237     | 139,357,451    |                                    | 138,904,860                                  |

\*\* Prior years tax review by IRS and the Department of Labor Review by Patni's US Operations has resulted in the net reversals of additional provisions leading to an increase in Q2 2006 Gross Profit and Operating Income and a decrease in Q2 2006 Net Income.

1 - due to reversal of payroll taxes for earlier years, net of accrual from DOL review

2 - impact of 1, net of write-back of interest/penalty for earlier years

3 - impact of re-assessed corporate taxes for earlier years, net of 2



**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 fourth quarter ended 31<sup>st</sup> December 2007

- **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 8 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:**

**About Patni**

Patni Computer Systems Limited (**BSE: PATNI COMPUT, NSE: PATNI, NYSE: PTI**) is a global provider of IT Services and business solutions, servicing Global 2000 clients. Patni caters to its clients through its industry-focused practices, including insurance, financial services, manufacturing, life sciences, telecommunications and media & entertainment, and its technology-focused practices.

With an employee strength of over 14,000; multiple global delivery centres spread across 12 cities worldwide; 21 international offices across the Americas, Europe and Asia-Pacific; Patni has registered revenues of US\$ 579 million for the year 2006.

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: 2000 certified and SEI-CMMI Level 5 organization, assessed enterprise wide at P-CMM Level 3. In keeping with its focus on continuous process improvements, Patni adopts Six Sigma practices as an integral part of its quality and process frameworks.

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 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-**

**PATNI COMPUTER SYSTEMS LIMITED**

FINANCIAL AND OPERATIONS INFORMATION FOR THE  
FISCAL YEAR AND FOURTH QUARTER ENDED DEC 31, 2007

February 7, 2008

**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 Dec 31, 2007.

• **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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## A1) UNAUDITED CONSOLIDATED STATEMENT OF INCOME US GAAP (US\$ 000)

For the quarter / period ended

| Particulars  |                |                |              | Dec 31        | Dec 31        |              |                |              |
|--|----------------|----------------|--------------|---------------|---------------|--------------|----------------|--------------|
|  | 2007           | 2006           | YoY Change % | 2007          | 2006          | YoY Change % | Sep 30<br>2007 | QoQ Change % |
| Revenue  | 662,912        | 578,851        | 14.5%        | 174,116       | 154,271       | 12.9%        | 169,452        | 2.8%         |
| Cost of revenues   | 432,259        | 359,832        | 20.1%        | 116,559       | 96,250        | 21.1%        | 112,456        | 3.6%         |
| Depreciation   | 17,826         | 14,134         | 26.1%        | 4,461         | 4,202         | 6.2%         | 4,618          | -3.4%        |
| <b>Gross Profit</b>  | <b>212,827</b> | <b>204,885</b> | <b>3.9%</b>  | <b>53,096</b> | <b>53,818</b> | <b>-1.3%</b> | <b>52,377</b>  | <b>1.4%</b>  |
| Sales and marketing expenses   | 45,846         | 43,090         | 6.4%         | 11,752        | 10,996        | 6.9%         | 10,989         | 6.9%         |
| General and administrative expenses  | 70,414         | 63,382         | 11.1%        | 18,772        | 14,598        | 28.6%        | 20,078         | -6.5%        |
| Provision for doubtful debts and advances  | 1,182          | 1,191          | -0.8%        | 209           | 376           | -44.6%       | (201)          | -204.1%      |
| Foreign exchange (gain) / loss, net  | (23,351)       | 2,748          | -949.8%      | (4,694)       | 590           | -895.3%      | (7,455)        | -37.0%       |
| <b>Operating income</b>  | <b>118,736</b> | <b>94,474</b>  | <b>25.7%</b> | <b>27,057</b> | <b>27,258</b> | <b>-0.7%</b> | <b>28,967</b>  | <b>-6.6%</b> |
| Other income / (expense), net  | 17,024         | 12,468         | 36.5%        | 2,789         | 4,484         | -37.8%       | 3,631          | -23.2%       |
| <b>Income before income taxes</b>  | <b>135,760</b> | <b>106,942</b> | <b>26.9%</b> | <b>29,846</b> | <b>31,742</b> | <b>-6.0%</b> | <b>32,598</b>  | <b>-8.4%</b> |
| Income taxes   | 21,784         | 47,692         | -54.3%       | 4,542         | 6,013         | -24.5%       | 4,981          | -8.8%        |
| <b>Net income/(loss)</b>   | <b>113,976</b> | <b>59,250</b>  | <b>92.4%</b> | <b>25,304</b> | <b>25,729</b> | <b>-1.7%</b> | <b>27,617</b>  | <b>-8.4%</b> |
| <b>Earning per share</b>   |                |                |              |               |               |              |                |              |
| - Basic  | \$ 0.82        | \$ 0.43        | 91.4%        | \$ 0.18       | \$ 0.19       | -2.2%        | \$ 0.20        | -8.5%        |
| - Diluted  | \$ 0.82        | \$ 0.43        | 91.4%        | \$ 0.18       | \$ 0.18       | -2.7%        | \$ 0.20        | -9.0%        |
| <b>Weighted average number of common shares used in computing earnings per share</b> |                |                |              |               |               |              |                |              |
| - Basic  | 138,660,785    | 137,957,477    |              | 138,942,718   | 138,178,492   |              | 138,704,702    |              |
| - Diluted  | 139,569,933    | 138,904,860    |              | 140,699,403   | 139,357,451   |              | 139,958,237    |              |

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

| <b>Particulars</b>                                       | <b>As on<br/>31-Dec-07</b> | <b>As on<br/>30-Sep-07</b> | <b>As on<br/>31-Dec-06</b> |
|--|----------------------------|----------------------------|----------------------------|
| <b>Assets</b>  |                            |                            |                            |
| Total current assets                                     | 531,924                    | 537,987                    | 450,188                    |
| Goodwill   | 66,713                     | 67,053                     | 39,832                     |
| Intangible assets, net                                   | 31,881                     | 32,946                     | 9,687                      |
| Property, plant, and equipment, net                      | 171,027                    | 166,871                    | 125,758                    |
| Other assets   | 40,381                     | 27,869                     | 14,876                     |
| <b>Total assets</b>                                      | <b>841,925</b>             | <b>832,726</b>             | <b>640,341</b>             |
| <b>Liabilities</b>                                       |                            |                            |                            |
| Total current liabilities                                | 110,892                    | 172,459                    | 119,488                    |
| Capital lease obligations excluding current installments | 326                        | 273                        | 391                        |
| Other liabilities  | 49,743                     | 10,330                     | 11,869                     |
| <b>Total liabilities</b>                                 | <b>160,961</b>             | <b>183,063</b>             | <b>131,747</b>             |
| Total shareholders equity                                | 680,964                    | 649,663                    | 508,593                    |
| <b>Total liabilities &amp; shareholders equity</b>       | <b>841,925</b>             | <b>832,726</b>             | <b>640,341</b>             |

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

| <b>Particulars</b>  | <b>2007</b>      | <b>2006</b>      | <b>Dec 31<br/>2007</b> | <b>Sep 30<br/>2007</b> | <b>Dec 31<br/>2006</b> |
|---|------------------|------------------|------------------------|------------------------|------------------------|
| <b>Net cash provided by operating activities</b>  | <b>111,272</b>   | <b>59,091</b>    | <b>21,119</b>          | <b>39,839</b>          | <b>31,905</b>          |
| <b>Net cash used in investing activities</b>  | <b>(130,036)</b> | <b>(155,426)</b> | <b>(36,600)</b>        | <b>(57,906)</b>        | <b>(34,857)</b>        |
| Capital expenditure, net  | (61,333)         | (48,537)         | (9,839)                | (34,985)               | (12,440)               |
| Investment in securities, net   | (14,774)         | (94,547)         | (14,454)               | (1,668)                | (10,573)               |
| Investment in subsidiary incl tax benefit on incentive stock option of Patni Telecom        | (53,929)         | (12,342)         | (12,307)               | (21,253)               | (11,844)               |
| <b>Net cash provided / (used) in financing activities</b>                                   | <b>(8,682)</b>   | <b>(7,106)</b>   | <b>1,467</b>           | <b>(1,222)</b>         | <b>1,133</b>           |
| Others  | (430)            | (391)            | (88)                   | (107)                  | (89)                   |
| Common shares issued, net of expenses incl tax benefit arising on exercise of stock options | 3,681            | 1,848            | 1,556                  | 643                    | 1,223                  |
| Dividend on common shares   | (11,933)         | (8,563)          | (1)                    | (1,758)                | (1)                    |
| <b>Net increase / (decrease) in cash and equivalents</b>                                    | <b>(27,446)</b>  | <b>(103,441)</b> | <b>(14,014)</b>        | <b>(19,289)</b>        | <b>(1,819)</b>         |
| Effect of exchange rate changes on cash and equivalents                                     | 13,562           | 1,132            | 1,828                  | 2,280                  | 2,980                  |
| Cash and equivalents at the beginning of the period   | 46,510           | 148,820          | 44,812                 | 61,822                 | 45,350                 |
| <b>Cash and equivalents at the end of the period</b>  | <b>32,626</b>    | <b>46,511</b>    | <b>32,626</b>          | <b>44,813</b>          | <b>46,511</b>          |



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

For the quarter / period ended

| Particulars  | 2007              | 2006              | Y_Y Change   |  | Dec 31 2007       | Dec 31 2006       | Y_Y Change    |  | Sep 30 2007       | Q_Q Change   |  |
|--|-------------------|-------------------|--------------|--|-------------------|-------------------|---------------|--|-------------------|--------------|--|
|  |                   |                   | %            |  |                   |                   | %             |  |                   | %            |  |
| Sales and service income   | 26,911,455        | 26,080,258        | 3.2%         |  | 6,780,072         | 6,840,396         | -0.9%         |  | 6,747,357         | 0.5%         |  |
| Other income   | 1,690,074         | 556,710           | 203.6%       |  | 232,436           | 158,739           | 46.4%         |  | 343,078           | -32.2%       |  |
| <b>Total income</b>  | <b>28,601,529</b> | <b>26,636,968</b> | <b>7.4%</b>  |  | <b>7,012,508</b>  | <b>6,999,135</b>  | <b>0.2%</b>   |  | <b>7,090,435</b>  | <b>-1.1%</b> |  |
| Staff costs  | 15,389,630        | 14,447,266        | 6.5%         |  | 3,794,067         | 3,708,821         | 2.3%          |  | 4,017,333         | -5.6%        |  |
| Selling, general and administration expenses   | 7,220,011         | 6,763,392         | 6.8%         |  | 1,923,433         | 1,657,606         | 16.0%         |  | 1,802,935         | 6.7%         |  |
| Interest   | 147,225           | 189,635           | -22.4%       |  | 38,122            | (6,113)           | -723.6%       |  | 39,851            | -4.3%        |  |
| <b>Total expenditure</b>   | <b>22,756,866</b> | <b>21,400,293</b> | <b>6.3%</b>  |  | <b>5,755,622</b>  | <b>5,360,314</b>  | <b>7.4%</b>   |  | <b>5,860,119</b>  | <b>-1.8%</b> |  |
| <b>Net profit before tax and adjustments</b>   | <b>5,844,663</b>  | <b>5,236,675</b>  | <b>11.6%</b> |  | <b>1,256,886</b>  | <b>1,638,821</b>  | <b>-23.3%</b> |  | <b>1,230,316</b>  | <b>2.2%</b>  |  |
| Provision for taxation   | 1,008,401         | 2,567,682         | -60.7%       |  | 233,029           | 203,660           | 14.4%         |  | 236,752           | -1.6%        |  |
| Prior period adjustment  |                   | 221,172           | -100.0%      |  |                   | (60,222)          | -100.0%       |  |                   |              |  |
| <b>Profit/(loss) for the year after taxation</b>                                     | <b>4,836,262</b>  | <b>2,447,821</b>  | <b>97.6%</b> |  | <b>1,023,857</b>  | <b>1,495,383</b>  | <b>-31.5%</b> |  | <b>993,564</b>    | <b>3.0%</b>  |  |
| Profit and loss account, brought forward   | 10,646,309        | 8,877,279         | 19.9%        |  | 14,395,492        | 9,829,388         | 46.5%         |  | 13,459,475        | 7.0%         |  |
| Add: Adjustment on account of Employee Benefits                                      | (32,606)          |                   |              |  | 16,956            |                   |               |  | (57,547)          |              |  |
| <b>Amount available for appropriation</b>  | <b>15,449,964</b> | <b>11,325,100</b> | <b>36.4%</b> |  | <b>15,436,305</b> | <b>11,324,771</b> | <b>36.3%</b>  |  | <b>14,395,492</b> | <b>7.2%</b>  |  |
| Proposed dividend on equity shares   | 418,173           | 414,846           |              |  | 417,028           | 414,557           |               |  |                   |              |  |
| Dividend on equity shares of subsidiary  |                   |                   |              |  |                   |                   |               |  |                   |              |  |
| Dividend tax   | 83,389            | 58,182            |              |  | 70,874            | 58,142            |               |  |                   |              |  |
| Transfer to general reserve  | 387,518           | 205,763           |              |  |                   | 205,763           |               |  |                   |              |  |
| <b>Profit and loss account, carried forward</b>                                      | <b>14,560,884</b> | <b>10,646,309</b> | <b>36.8%</b> |  | <b>14,948,403</b> | <b>10,646,309</b> | <b>40.4%</b>  |  | <b>14,395,492</b> | <b>3.8%</b>  |  |
| <b>Earning per share (Rs. per equity share of Rs. 2 each)</b>                        |                   |                   |              |  |                   |                   |               |  |                   |              |  |
| - Basic  | 34.88             | 17.74             |              |  | 7.38              | 10.82             |               |  | 7.16              |              |  |
| - Diluted  | 34.54             | 17.60             |              |  | 7.32              | 10.71             |               |  | 7.09              |              |  |
| <b>Weighted average number of common shares used in computing earnings per share</b> |                   |                   |              |  |                   |                   |               |  |                   |              |  |
| - Basic  | 138,660,785       | 137,957,477       |              |  | 138,942,718       | 138,178,492       |               |  | 138,704,702       |              |  |
| - Diluted  | 139,569,933       | 138,904,860       |              |  | 140,699,403       | 139,357,451       |               |  | 140,220,477       |              |  |

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

| Particulars  | As on<br>31-Dec-07 | As on<br>30-Sep-07 | As on<br>31-Dec-06 |
|--|--------------------|--------------------|--------------------|
| <b>Assets</b>                                      |                    |                    |                    |
| Current assets, loans and advances                 | 9,528,814          | 10,294,568         | 9,040,880          |
| Goodwill   | 4,278,413          | 4,324,856          | 3,400,664          |
| Fixed assets(Net of Depreciation)                  | 8,317,387          | 8,261,362          | 5,869,140          |
| Investments  | 11,516,778         | 10,946,327         | 10,697,832         |
| Deferred tax asset, net                            | 584,036            | 476,737            | 550,455            |
| <b>Total assets</b>                                | <b>34,225,428</b>  | <b>34,303,850</b>  | <b>29,558,971</b>  |
| <b>Liabilities</b>                                 |                    |                    |                    |
| Current liabilities and provisions                 | 6,827,396          | 7,379,662          | 6,168,547          |
| Secured loans                                      | 23,785             | 21,432             | 30,639             |
| Deferred tax liability, net                        | 12,754             | 59,863             | 35,630             |
| <b>Total liabilities</b>                           | <b>6,863,935</b>   | <b>7,460,957</b>   | <b>6,234,816</b>   |
| Total shareholders equity                          | 27,361,493         | 26,842,893         | 23,324,155         |
| <b>Total liabilities &amp; shareholders equity</b> | <b>34,225,428</b>  | <b>34,303,850</b>  | <b>29,558,971</b>  |

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

| Particulars  | 2007             | 2006               | Dec 31<br>2007   | Sep 30<br>2007   | Dec 31<br>2006   |
|--|------------------|--------------------|------------------|------------------|------------------|
| Cash flows from / (used in) operating activities (A)                         | 4,119,867        | 2,292,436          | 796,307          | 1,454,579        | 1,444,943        |
| Cash flows used in investing activities (B)                                  | (4,821,650)      | (6,631,107)        | (1,330,515)      | (2,213,583)      | (1,329,151)      |
| Cash flows from / (used in) from financing activities (C)                    | (363,378)        | (310,356)          | 34,969           | (42,205)         | 38,055           |
| Effect of changes in exchange rates (D)                                      | 290,421          | 2,296              | (1,113)          | 69,784           | (814,163)        |
| <b>Net decrease in cash and cash equivalents during the period (A+B+C+D)</b> | <b>(774,741)</b> | <b>(4,646,731)</b> | <b>(500,351)</b> | <b>(731,424)</b> | <b>(660,315)</b> |
| <b>Cash and cash equivalents at the beginning of the period</b>              | <b>2,060,598</b> | <b>6,707,329</b>   | <b>1,786,208</b> | <b>2,517,632</b> | <b>2,720,913</b> |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>1,285,857</b> | <b>2,060,598</b>   | <b>1,285,857</b> | <b>1,786,208</b> | <b>2,060,598</b> |

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

| Particulars  | 2007             | 2006             | Dec 31<br>2007   | Sep 30<br>2007   | Dec 31<br>2006   |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Consolidated net income as per Indian GAAP</b>                          | <b>4,836,262</b> | <b>2,447,821</b> | <b>1,023,857</b> | <b>993,564</b>   | <b>1,495,383</b> |
| Acquisition of entity under common control                                 |                  |                  |                  |                  |                  |
| Income taxes   | 65,622           | (133,791)        | 43,978           | 23,351           | (68,311)         |
| Fixed assets and depreciation  |                  |                  |                  |                  |                  |
| Amortisation of miscellaneous expenditure                                  |                  |                  |                  |                  |                  |
| Foreign currency differences   | 114,236          | (153,501)        | 102,542          | 161,403          | (184,397)        |
| Employee retirement benefits   | (77,409)         | 3,895            | (115,216)        | 14,191           | (159)            |
| ESOP related Compensation Cost   | (192,448)        | (182,732)        | (50,308)         | (51,897)         | (50,825)         |
| Short provision for branch profit taxes in earlier years under Indian GAAP |                  |                  |                  |                  |                  |
| Provision for decline in fair value of investment                          |                  |                  |                  |                  |                  |
| Amortisation of Intangibles , arising on Business acquisition              | (45,925)         | (41,176)         | (5,456)          | (20,200)         | (10,673)         |
| Prior period adjustment - Impact of prior period tax estimate              |                  | 765,595          |                  |                  |                  |
| Others   | 10,378           | (21,878)         | (5,952)          | (1,277)          | (24,623)         |
| <b>Total</b>   | <b>(125,546)</b> | <b>236,412</b>   | <b>(30,412)</b>  | <b>125,571</b>   | <b>(338,988)</b> |
| <b>Consolidated net income as per US GAAP</b>                              | <b>4,710,716</b> | <b>2,684,233</b> | <b>993,444</b>   | <b>1,119,135</b> | <b>1,156,395</b> |

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

For the quarter / period ended

| Particulars  | 2007             | 2006             | Dec 31<br>2007   | Dec 31<br>2006   | Sep 30<br>2007   |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Exchange rate \$1 = INR</b>   | <b>39.41</b>     | <b>44.11</b>     | <b>39.41</b>     | <b>44.11</b>     | <b>39.75</b>     |
| Revenues   | 26,125,349       | 25,533,112       | 6,861,916        | 6,804,889        | 6,735,698        |
| Cost of revenues   | 17,035,344       | 15,872,183       | 4,593,579        | 4,245,604        | 4,470,127        |
| Depreciation   | 702,511          | 623,456          | 175,813          | 185,371          | 183,572          |
| <b>Gross Profit</b>  | <b>8,387,494</b> | <b>9,037,473</b> | <b>2,092,525</b> | <b>2,373,913</b> | <b>2,081,999</b> |
| Sales and marketing expenses   | 1,806,810        | 1,900,704        | 463,145          | 485,012          | 436,807          |
| General and administrative expenses  | 2,775,004        | 2,795,773        | 739,821          | 643,936          | 798,084          |
| Provision for doubtful debts and advances  | 46,573           | 52,536           | 8,226            | 16,606           | (7,971)          |
| Foreign exchange (gain) / loss, net  | (920,260)        | 121,211          | (184,973)        | 26,034           | (296,350)        |
| <b>Operating income</b>  | <b>4,679,367</b> | <b>4,167,249</b> | <b>1,066,306</b> | <b>1,202,324</b> | <b>1,151,429</b> |
| Other income / (expense), net  | 670,913          | 549,986          | 109,905          | 197,802          | 144,335          |
| <b>Income before income taxes</b>  | <b>5,350,281</b> | <b>4,717,235</b> | <b>1,176,211</b> | <b>1,400,126</b> | <b>1,295,764</b> |
| Income taxes   | 858,506          | 2,103,684        | 179,010          | 265,212          | 198,012          |
| <b>Net income/(loss)</b>   | <b>4,491,775</b> | <b>2,613,551</b> | <b>997,201</b>   | <b>1,134,914</b> | <b>1,097,752</b> |
| <b>Earning per share</b>   |                  |                  |                  |                  |                  |
| - Basic  | 32.39            | 18.94            | 7.18             | 8.21             | 7.91             |
| - Diluted  | 32.18            | 18.82            | 7.09             | 8.14             | 7.84             |
| <b>Weighted average number of common shares used in computing earnings per share</b> |                  |                  |                  |                  |                  |
| - Basic  | 138,660,785      | 137,957,477      | 138,942,718      | 138,178,492      | 138,704,702      |
| - Diluted  | 139,569,933      | 138,904,860      | 140,699,403      | 139,357,451      | 139,958,237      |

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

| Particulars  | As on<br>31-Dec-07 | As on<br>30-Sep-07 | As on<br>31-Dec-06 |
|--|--------------------|--------------------|--------------------|
| <b>Exchange rate \$1 = INR</b>                     | <b>39.41</b>       | <b>39.75</b>       | <b>44.11</b>       |
| <b>Assets</b>                                      |                    |                    |                    |
| Total current assets                               | 20,963,113         | 21,384,977         | 19,857,787         |
| Goodwill   | 2,629,166          | 2,665,368          | 1,756,975          |
| Intangible assets, net                             | 1,256,436          | 1,309,587          | 427,313            |
| Property, plant, and equipment, net                | 6,740,165          | 6,633,132          | 5,547,178          |
| Other assets                                       | 1,591,399          | 1,107,802          | 656,174            |
| <b>Total assets</b>                                | <b>33,180,279</b>  | <b>33,100,866</b>  | <b>28,245,426</b>  |
| <b>Liabilities</b>                                 |                    |                    |                    |
| Total current liabilities                          | 4,370,261          | 6,855,263          | 5,270,619          |
| Capital lease obligations excl. installments       | 12,842             | 10,847             | 17,232             |
| Other liabilities                                  | 1,960,380          | 410,633            | 523,528            |
| <b>Total liabilities</b>                           | <b>6,343,484</b>   | <b>7,276,744</b>   | <b>5,811,379</b>   |
| Total shareholders equity                          | 26,836,795         | 25,824,123         | 22,434,047         |
| <b>Total liabilities &amp; shareholders equity</b> | <b>33,180,279</b>  | <b>33,100,866</b>  | <b>28,245,426</b>  |

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

| Particulars   | 2007               | 2006               | Dec 31<br>2007     | Sep 30<br>2007     | Dec 31<br>2006     |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Exchange rate \$1 = INR</b>                            | <b>39.41</b>       | <b>44.11</b>       | <b>39.41</b>       | <b>39.75</b>       | <b>44.11</b>       |
| <b>Net cash provided by operating activities</b>          | <b>4,385,238</b>   | <b>2,606,508</b>   | <b>832,301</b>     | <b>1,583,618</b>   | <b>1,407,336</b>   |
| <b>Net cash used in investing activities</b>              | <b>(5,124,701)</b> | <b>(6,855,856)</b> | <b>(1,442,400)</b> | <b>(2,301,768)</b> | <b>(1,537,560)</b> |
| Capital expenditure, net                                  | (2,417,143)        | (2,140,979)        | (387,759)          | (1,390,643)        | (548,726)          |
| Investment in securities, net                             | (582,226)          | (4,170,457)        | (569,639)          | (66,312)           | (466,374)          |
| Investment in subsidiary, net of cash acquired            | (2,125,332)        | (544,421)          | (485,002)          | (844,813)          | (522,459)          |
| <b>Net cash provided / (used) in financing activities</b> | <b>(342,167)</b>   | <b>(313,441)</b>   | <b>57,795</b>      | <b>(48,591)</b>    | <b>49,977</b>      |
| Others  | (16,946)           | (17,242)           | (3,469)            | (4,249)            | (3,905)            |
| Common shares issued, net of expenses                     | 145,074            | 81,500             | 61,304             | 25,553             | 53,929             |
| Dividend on common shares                                 | (470,295)          | (377,699)          | (40)               | (69,895)           | (47)               |
| <b>Net increase / (decrease) in cash and equivalents</b>  | <b>(1,081,630)</b> | <b>(4,562,790)</b> | <b>(552,304)</b>   | <b>(766,741)</b>   | <b>(80,247)</b>    |
| Effect of exchange rate changes on cash and equivalents   | 534,461            | 49,931             | 72,040             | 90,621             | 131,426            |
| Cash and equivalents at the beginning of the period       | 1,832,959          | 6,564,446          | 1,766,054          | 2,457,427          | 2,000,409          |
| <b>Cash and equivalents at the end of the period</b>      | <b>1,285,790</b>   | <b>2,051,587</b>   | <b>1,285,790</b>   | <b>1,781,306</b>   | <b>2,051,587</b>   |

## E1) REVENUE ANALYSIS

| Revenue By Geographical Segments | 2007          | 2006          | Dec 31<br>2007 | Sep 30<br>2007 | Dec 31<br>2006 |
|----------------------------------|---------------|---------------|----------------|----------------|----------------|
| United States                    | 77.9%         | 80.8%         | 77.5%          | 78.0%          | 77.7%          |
| Europe                           | 14.7%         | 11.6%         | 15.4%          | 15.1%          | 15.1%          |
| Japan                            | 3.0%          | 3.8%          | 3.1%           | 3.1%           | 3.0%           |
| Asia-Pacific (excluding Japan)   | 2.7%          | 2.3%          | 2.3%           | 2.2%           | 2.8%           |
| Rest of the world                | 1.7%          | 1.5%          | 1.7%           | 1.6%           | 1.4%           |
| <b>Total</b>                     | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  |

| Revenue by Industry Verticals | 2007          | 2006          | Dec 31<br>2007 | Sep 30<br>2007 | Dec 31<br>2006 |
|-------------------------------|---------------|---------------|----------------|----------------|----------------|
| Insurance                     | 23.6%         | 23.2%         | 23.6%          | 22.9%          | 22.5%          |
| Manufacturing                 | 23.7%         | 21.7%         | 24.9%          | 25.9%          | 22.2%          |
| Financial Services            | 14.1%         | 15.3%         | 13.8%          | 14.2%          | 14.3%          |
| Telecommunications            | 13.5%         | 18.9%         | 12.9%          | 12.1%          | 19.4%          |
| Growth Industries             | 8.3%          | 6.7%          | 8.3%           | 8.4%           | 7.3%           |
| Product Engineering Services  | 16.8%         | 14.2%         | 16.4%          | 16.5%          | 14.3%          |
| <b>Total</b>                  | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  |

| Revenue by Service Offerings          | 2007          | 2006          | Dec 31<br>2007 | Sep 30<br>2007 | Dec 31<br>2006 |
|---------------------------------------|---------------|---------------|----------------|----------------|----------------|
| Application Development & Maintenance | 64.9%         | 70.8%         | 64.8%          | 65.0%          | 70.1%          |
| Enterprise Application Systems        | 13.7%         | 13.2%         | 13.6%          | 13.5%          | 13.2%          |
| Embedded Technology Services          | 11.5%         | 9.5%          | 11.7%          | 11.1%          | 9.1%           |
| Enterprise Systems Management         | 5.4%          | 4.6%          | 4.9%           | 5.4%           | 4.7%           |
| Others                                | 4.5%          | 1.9%          | 5.0%           | 5.0%           | 2.8%           |
| <b>Total</b>                          | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  |

| Revenue by Project Type                 | 2007          | 2006          | Dec 31<br>2007 | Sep 30<br>2007 | Dec 31<br>2006 |
|---|---------------|---------------|----------------|----------------|----------------|
| Time and Material                       | 67.6%         | 64.8%         | 66.0%          | 68.6%          | 67.0%          |
| Fixed Price (including Fixed Price SLA) | 32.4%         | 35.2%         | 34.0%          | 31.4%          | 33.0%          |
| <b>Total</b>                            | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>  | <b>100.0%</b>  | <b>100.0%</b>  |

**E2) CLIENT- REVENUE METRICS**

| <b>Particulates</b>        | <b>2007</b> | <b>2006</b> | <b>Dec 31<br/>2007</b> | <b>Sep 30<br/>2007</b> | <b>Dec 31<br/>2006</b> |
|----------------------------|-------------|-------------|------------------------|------------------------|------------------------|
| Top client                 | 11.8%       | 14.6%       | 12.5%                  | 12.8%                  | 13.5%                  |
| Top 5 Clients              | 34.8%       | 37.1%       | 34.2%                  | 35.6%                  | 38.0%                  |
| Top 10 Clients             | 47.3%       | 53.1%       | 46.5%                  | 48.5%                  | 52.2%                  |
| <b>Client data</b>         |             |             |                        |                        |                        |
| No of \$1 million clients  | 84          | 74          | 84                     | 83                     | 74                     |
| No of \$5 million clients  | 31          | 26          | 31                     | 32                     | 26                     |
| No of \$10 million clients | 14          | 13          | 14                     | 13                     | 13                     |
| No of \$50 million clients | 2           | 2           | 2                      | 2                      | 2                      |
| No of new clients          | 119         | 92          | 37                     | 31                     | 22                     |
| No. of active Clients      | 318         | 239         | 318                    | 293                    | 239                    |
| % of Repeat Business       | 92.4%       | 91.5%       | 90.7%                  | 92.4%                  | 91.8%                  |

**E3) EFFORTS AND UTILISATION**

| <b>Efforts Mix</b> | <b>2007</b>   | <b>2006</b>   | <b>Dec 31<br/>2007</b> | <b>Sep 30<br/>2007</b> | <b>Dec 31<br/>2006</b> |
|--------------------|---------------|---------------|------------------------|------------------------|------------------------|
| Onsite efforts     | 30.4%         | 33.3%         | 29.7%                  | 29.7%                  | 32.1%                  |
| Offshore efforts   | 69.6%         | 66.7%         | 70.3%                  | 70.3%                  | 67.9%                  |
| <b>Total</b>       | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b>          | <b>100.0%</b>          | <b>100.0%</b>          |

| <b>Utilisation</b> | <b>2007</b> | <b>2006</b> | <b>Dec 31<br/>2007</b> | <b>Sep 30<br/>2007</b> | <b>Dec 31<br/>2006</b> |
|--------------------|-------------|-------------|------------------------|------------------------|------------------------|
| Utilisation        | 72.4%       | 71.4%       | 73.4%                  | 72.5%                  | 73.7%                  |

**E4) EMPLOYEE METRICS**

|                               | 2007          | 2006          | Dec 31<br>2007 | Sep 30<br>2007 | Dec 31<br>2006 |
|-------------------------------|---------------|---------------|----------------|----------------|----------------|
| <b>Total Employees</b>        | <b>14,945</b> | <b>12,804</b> | <b>14,945</b>  | <b>14,290</b>  | <b>12,804</b>  |
| Offshore                      | 12,011        | 10,009        | 12,011         | 11,323         | 10,009         |
| Onsite                        | 2,934         | 2,795         | 2,934          | 2,967          | 2,795          |
| <b>Total</b>                  | <b>14,945</b> | <b>12,804</b> | <b>14,945</b>  | <b>14,290</b>  | <b>12,804</b>  |
| Sales & Support Staff         | 1,447         | 1,251         | 1,447          | 1,422          | 1,251          |
| Net Additions                 | 2,141         | 1,002         | 655            | 567            | 196            |
| Attrition (LTM) excluding BPO | 25.1%         | 27.4%         | 25.1%          | 27.6%          | 27.4%          |

**E5) RUPEE - US DOLLAR RATE**

|                     | Dec 31 2007 | Sep 30 2007 | Dec 31 2006 |
|---------------------|-------------|-------------|-------------|
| Period end rate     | 39.41       | 39.84       | 44.29       |
| Period average rate | 39.53       | 40.39       | 44.81       |



**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: February 7, 2008

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

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