

Patni Computer Systems LTD  
Form 6-K  
October 23, 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 October 23, 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):



**Patni Computer Systems Limited**

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 nine months ended 30 September 2008, prepared as per US GAAP**

USD in lakhs except share data

	Quarter ended 30 September		Nine months ended 30 September		Year ended 31
	2008	2007	2008	2007	December
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2007
					(Audited)
Revenues	1,835	1,695	5,425	4,888	6,629
Cost of revenues	1,220	1,171	3,750	3,291	4,501
<b>Gross profit</b>	<b>615</b>	<b>524</b>	<b>1,675</b>	<b>1,597</b>	<b>2,128</b>
Selling, general and administrative expenses	351	309	1,000	867	1,175
Foreign exchange (gain) / loss, net	(12)	(75)	57	(187)	(234)
<b>Operating income</b>	<b>276</b>	<b>290</b>	<b>618</b>	<b>917</b>	<b>1,187</b>
Interest and dividend income	34	35	96	94	126
Interest expense	(6)	(10)	(13)	(26)	(36)
Interest expense reversal	74		65		
Gain/(loss) on sale of investments, net	(1)	9	95	59	64
Other income, net	13	2	21	15	17
<b>Income before income taxes</b>	<b>390</b>	<b>326</b>	<b>882</b>	<b>1,059</b>	<b>1,358</b>
Income taxes	(41)	50	28	172	218
<b>Net Income</b>	<b>431</b>	<b>276</b>	<b>854</b>	<b>887</b>	<b>1,140</b>
<b>Earning per share</b>					
- Basic	\$ 0.32	\$ 0.20	\$ 0.62	\$ 0.64	\$ 0.82
- Diluted	\$ 0.32	\$ 0.20	\$ 0.62	\$ 0.63	\$ 0.82
Weighted average number of common shares used in computing earnings per share					
- Basic	135,925,454	138,704,702	137,997,950	138,565,775	138,660,785
- Diluted	135,925,454	139,958,237	138,166,712	139,783,336	139,569,933
Total assets	7,663	8,327	7,663	8,327	8,488
Cash and cash equivalents	387	448	387	448	326
Investments	2,427	2,814	2,427	2,814	3,012

**Notes:**

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

2 The subsidiaries considered in the consolidated financial statements as at 30 September 2008 are wholly owned subsidiaries, namely Patni Americas, Inc., Patni Computer Systems (UK) Limited, Patni Computer Systems GmbH, Patni Telecom Solutions Inc., Patni Telecom Solutions Private Limited, Patni Telecom Solutions (UK) Limited, Patni Life Sciences Inc., Patni Computer Systems Brasil Ltda and Patni Computer Systems (Czech) s.r.o.

3 During the three months ended 30 September 2008, the US Internal Revenue Service ( IRS ) completed its assessment of tax returns for the years ended 2003 and 2004 of Patni Americas Inc. and for the years ended 31 March 2003, 2004 and 2005 of the US branch of the Company. Based on the completion of assessment for these years, the Company reversed the excess tax exposure reserves and the related interest and penalty accruals and re-measured the established tax positions for latter years based on the experience gained from the tax examination, and, accordingly, the following amounts have been included in the income statement for the three months ended 30 September 2008:

Decrease of accrual for payroll taxes (1)	\$	(28)
Decrease in interest expense (2)		(75)
Increase in Interest expense		3
Decrease in other expense (3)		(11)
Decrease in income taxes - current		(123)
Increase in income taxes - deferred		47
	\$	<b>(187)</b>

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(1) Included under cost of revenues

(2) Included under Interest expense reversed

(3) Included under other income/expense

4 In February 2008, the Board of Directors of the Company approved a proposal to buy back fully paid equity shares to the extent of upto 10% of the paid up capital and free reserves, at a maximum price of Rs. 325 per equity share, for an aggregate amount upto Rs. 23,700 in accordance with the provisions of Section 77A, 77AA, 77B and other applicable provisions of the Companies Act, 1956 and the provisions of Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 ( Buy Back Regulations ), for which necessary public announcements were made on 2 April 2008. The Company commenced buy back of shares on 10 July 2008. Such shares are extinguished as per the requirements of Section 77A of the Companies Act, 1956.

During the three months ended 30 September 2008, the Company bought back total 8,763,406 equity shares on Bombay Stock Exchange and National Stock Exchange for a total aggregate consideration of Rs. 19,750 (\$433) being 83.33% of the amount authorised for buy back. Consequently, the Company extinguished 8,763,406 equity shares so bought back by executing debit corporate action on National Securities Depository Limited ( NSDL ).

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Retained earnings include profits aggregating Rs. 175 (\$4) set aside as Capital Redemption Reserve under the Indian Companies Act, 1956 which can be utilised only for the purpose of issuing fully paid bonus shares of the Company to its shareholders.

5 Mr.Louis Theodoor van den Boog (Mr.van den Boog) was appointed as an Executive Director of the Company with effect from 29 April 2008. The appointment was subject to the approval of our shareholders at the Annual General Meeting and also subject to approvals of the statutory authorities including the Central Government under Section 269 of the Indian Companies Act, and other applicable provisions.The Shareholders approval has been received at the Annual General Meeting held on 26 June 2008. Subsequently, the Company has applied to the Central Government on 16 July 2008 for necessary approvals in this regard. Mr. van den Boog will be an Executive Director of the Company until 31 March 2013 unless extended by the Board with the consent of Mr. van den Boog. The Company has not yet received approval from the Central Government.

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

7 The above summary of consolidated financial results were taken on record by the Board of Directors at its adjourned meeting held on 23 October 2008.

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

Rs. in lakhs except share data

	Quarter ended 30 September		Nine months ended 30 September		Year ended 31
	2008	2007	2008	2007	December 2007
Exchange Rate (Rs.)	46.45	39.75	46.45	39.75	39.41
Revenues	85,225	67,357	251,980	194,296	261,254
Cost of revenues	56,655	46,537	174,185	130,803	177,378
<b>Gross profit</b>	<b>28,570</b>	<b>20,820</b>	<b>77,795</b>	<b>63,493</b>	<b>83,876</b>
Selling, general and administrative expenses	16,276	12,269	46,440	34,467	46,284
Foreign exchange (gain) / loss, net	(545)	(2,963)	2,670	(7,416)	(9,203)
<b>Operating income</b>	<b>12,839</b>	<b>11,514</b>	<b>28,685</b>	<b>36,442</b>	<b>46,795</b>
Interest and dividend income	1,573	1,389	4,457	3,743	4,942
Interest expense	(276)	(391)	(596)	(1,044)	(1,416)
Interest expense reversal	3,454		3,018		
Gain/(Loss) on sale of investments, net	(47)	382	4,390	2,359	2,510
Other income, net	575	63	991	600	672
<b>Income before income taxes</b>	<b>18,118</b>	<b>12,957</b>	<b>40,945</b>	<b>42,100</b>	<b>53,503</b>
Income taxes	(1,901)	1,980	1,295	6,854	8,585
<b>Net Income</b>	<b>20,019</b>	<b>10,977</b>	<b>39,650</b>	<b>35,246</b>	<b>44,918</b>
<b>Earning per share</b>					
- Basic	14.73	7.91	28.73	25.44	32.39
- Diluted	14.73	7.84	28.70	25.22	32.18
Total assets	355,946	331,009	355,946	331,009	334,494
Cash and cash equivalents	17,993	17,813	17,993	17,813	12,858
Investments	112,730	111,868	112,730	111,868	118,684

## Disclaimer:

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

By Order of the Board  
for Patni Computer Systems Limited

Mumbai  
23 October 2008

Narendra K. Patni  
Chairman and Chief Executive Officer



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Audited consolidated financial results of Patni Computer Systems Limited and its subsidiaries for the quarter and nine months ended 30 September 2008, as per Indian GAAP.

Rs. in lakhs except share data

	Quarter ended 30 September		Nine months ended 30 September		Year ended 31
	2008	2007	2008	2007	December
	(Audited)	(Audited)	(Audited)	(Audited)	2007
					(Audited)
<b>Income</b>					
Sales and service income	79,961	67,474	226,027	201,314	269,115
Other operating income	780	1,926	960	1,559	10,106
	<b>80,741</b>	69,400	<b>226,987</b>	202,873	279,221
<b>Expenditure</b>					
Personnel costs (See Note 7)	46,265	40,173	131,880	115,956	153,896
Selling, general and administration costs	18,570	15,610	57,121	38,370	62,354
Depreciation (net of transfer from revaluation reserves)	2,892	2,420	8,470	7,194	9,847
	<b>67,727</b>	58,203	<b>197,471</b>	161,520	226,097
<b>Profit from Operations before Other Income, Interest and Exceptional Items</b>	<b>13,014</b>	11,197	<b>29,516</b>	41,353	53,124
<b>Other income (See Note 7)</b>	<b>4,539</b>	1,505	<b>10,115</b>	5,616	6,795
<b>Profit Before Interest and Exceptional Items</b>	<b>17,553</b>	12,702	<b>39,631</b>	46,969	59,919
Interest	268	399	549	1,091	1,472
<b>Profit After Interest for the period/year</b>	<b>17,285</b>	12,303	<b>39,082</b>	45,878	58,447
Provision for taxation	280	3,000	3,603	9,309	12,426
MAT credit entitlement	(1,160)	(738)	(2,819)	(1,881)	(2,784)
Provision for taxation - Fringe benefits	142	105	351	326	442
<b>Net profit for the period/year</b>	<b>18,023</b>	9,936	<b>37,947</b>	38,124	48,363
Paid up equity share capital (Face value per equity share of Rs 2 each)	2,606	2,776	2,606	2,776	2,780
Reserves excluding revaluation reserves					270,803
<b>Earnings per equity share of Rs.2 each</b>					
- Basic	13.26	7.16	27.50	27.51	34.88
- Diluted	13.24	7.09	27.45	27.22	34.54
<b>Dividend per share (Face value per equity share of Rs 2 each)</b>					3

Notes:



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1 The consolidated financial statements of Patni Computer Systems Limited and its subsidiaries are prepared in accordance with the principles and procedures as set out in the Accounting Standard on Consolidated Financial Statements mandated by Rule 3 of the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 1956, and guidelines issued by the Securities and Exchange Board of India. The financial statements of Patni Computer Systems Limited and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits in full. Unrealized losses resulting from intra-group transactions have also been eliminated unless cost cannot be recovered. The amounts shown in respect of accumulated reserves 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 financial statements are prepared using uniform accounting policies across the Group.

2 Investor complaints for the quarter ended 30 September 2008:

Pending as on 1 July 2008	Received during the quarter	Disposed off during the quarter	Unresolved at the end of the quarter
	29	29	

3 Statement of Utilisation of ADS Funds as of 30 September 2008

	No of shares	Price	Amount
Amount raised through ADS (6,156,250 ADSs @ \$20.34 per ADS)	12,312,500	466	57,393
Share issue expenses			3,694
<b>Net proceeds</b>			<b>53,699</b>

#### Deployment :

1 Held as short term investments			14,723
2 Utilised for Capital expenditure for office facilities			37,768
3 Exchange loss			1,208
<b>Total</b>			<b>53,699</b>

4 Total Public Shareholding\*

	As of 30 September 2008	As of 30 September 2007	As of 31 December 2007
- Number of Shares	<b>33,819,321</b>	44,053,297	44,797,263
- Percentage of Shareholding	<b>25.96%</b>	31.74%	32.23%

\* 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 30 September 2008 are wholly owned subsidiaries, namely Patni Americas, Inc., Patni Computer Systems (UK) Limited, Patni Computer Systems GmbH, Patni Telecom Solutions Inc., Patni Telecom Solutions Private Limited, Patni Telecom Solutions (UK) Limited, Patni Life Sciences Inc., Patni Computer Systems Brasil Ltda, and Patni Computer Systems (Czech) s.r.o.

6 Paid up equity share capital does not include Rs NIL (2007 : Rs 18) which represents share application money received from employees on exercise of stock options, pending allotment of shares.

7 During the three months ended 30 September 2008, the US Internal Revenue Service ( IRS ) completed its assessment of tax returns for the years ended 2003 and 2004 of Patni Americas Inc. and for the years ended 31 March 2003, 2004 and 2005 of the US branch of the Company. Based on the completion of assessment for these years, the Company reversed the excess tax exposure reserves and the related interest and penalty accruals and re-measured the established tax positions for later years based on the experience gained from the tax examination, and, accordingly, the following amounts have been included in the income statement for the three months ended 30 September 2008:

	<b>Three months ended 30 September 2008</b>
Decrease of accrual for Payroll taxes (1)	(1,079)
Reversal in interest expense (2)	(2,930)
Increase in interest expenses	123
Decrease of other expense	(428)
Decrease of income taxes -current	(4,448)
Increase in income taxes -deferred	1,869
Total	(6,893)

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(1) Included in Personnel costs

(2) Included in Other income

8 Pursuant to the ICAI Announcement Accounting for Derivatives the Company has adopted Accounting Standard 30 Financial Instruments : Recognition and Measurement , from 1 January 2008. Consequent to the adoption of the Standard, the resulting gain of Rs 191 has been adjusted to the shareholders funds as on 1 January 2008.

9 In February 2008, the Board of Directors of the Company approved a proposal to buy back fully paid equity shares to the extent upto 10% of the paid up capital and free reserves, at a maximum price of Rs. 325 per equity share, for an aggregate amount upto Rs. 23,700 in accordance with the provisions of Section 77A, 77AA, 77B and other applicable provisions of the Companies Act, 1956 and the provisions of Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 ( Buy Back Regulations ), for which necessary public announcements were

made in April 2008. The Company commenced buy back of shares on July 10, 2008. Such shares are extinguished as per the requirements of Section 77A of the Companies Act, 1956. During the three months ended 30 September 2008, the Company bought back and extinguished total 8,763,406 equity shares on Bombay Stock Exchange and National Stock Exchange for a total aggregate consideration of Rs. 19,750 being 83.33% of the amount authorised for buy back. Retained earnings include profits aggregating Rs.175 set aside as Capital Redemption Reserve under the Indian Companies Act, 1956, which can be utilised only for the purpose of issuing fully paid bonus shares of the Company to its shareholders.

10 Mr. Louis Theodoor van den Boog was appointed as an Executive Director with effect from 29 April 2008, subject to approval from shareholders and from statutory authorities including the Central Government under Section 269 of the Indian Companies Act, and other applicable provisions. The Shareholders approval was received at the Annual General Meeting held on 26 June 2008. Subsequently, the Company applied to the Central Government on 16 July 2008 for necessary approvals in this regard. Mr. Louis Theodoor van den Boog will be an Executive Director of the Company until 31 March 2013 unless extended by the Board with the consent of Mr. Louis Theodoor van den Boog. The Company has not yet received approval from the Central Government.

11 **Segment Information:**

Particulars	Financial services	Insurance services	Manufacturing	Communications, Media & Entertainment	Product Engineering	Others	Total
<b>For the three months ended 30 September 2008</b>							
Sales and service income	10,059	20,256	20,281	9,945	12,216	7,204	79,961
<b>For the nine months ended 30 September 2008</b>							
Sales and service income	29,006	54,512	55,699	30,194	35,630	20,986	226,027
<b>Balances as at 30 September 2008</b>							
Sundry debtors	6,224	14,964	15,494	12,756	9,484	5,422	64,344
Cost and estimated earnings in excess of billings	1,889	1,411	4,204	5,611	2,121	2,906	18,142
Billings in excess of cost and estimated earnings	(712)	(115)	(732)	(96)	(735)	(189)	(2,579)
Advance from customers	(230)	(35)	(116)		(61)	(32)	(474)

Particulars	Financial services	Insurance services	Manufacturing	Communications, Media & Entertainment	Product Engineering	Others	Total
<b>For the three months ended 30 September 2007</b>							
Sales and service income	9,729	15,612	17,342	8,005	11,130	5,656	67,474
<b>For the nine months ended 30 September 2007</b>							
Sales and service income	28,964	48,001	46,869	27,236	33,756	16,488	201,314
<b>Balances as at 31 December 2007</b>							
Sundry debtors	6,807	10,729	13,833	7,766	8,483	5,547	53,165
Cost and estimated earnings in excess of billings	1,436	752	3,643	3,131	2,451	1,363	12,776
Billings in excess of cost and estimated earnings	-127	-133	-563	-165	-305	-108	(1,401)
Advance from customers	-75	-158	-53	-32	-114	-56	(488)

12 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.

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

14 The above summary of consolidated financial results were taken on record by the Board of Directors at its

adjourned meeting held on 23 October 2008.

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

**Mumbai  
23 October 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 lakhs

	Quarter Ended 30 September		Nine months ended 30 September		Year ended 31
	2008	2007	2008	2007	December 2007
Consolidated net income as per Indian GAAP	<b>18,023</b>	9,936	<b>37,947</b>	38,124	48,363
Income taxes	<b>455</b>	234	<b>(699)</b>	216	656
Foreign currency differences	<b>80</b>	1,614	<b>110</b>	117	1,142
Employee retirement benefits	<b>(89)</b>	142	<b>(501)</b>	378	(774)
ESOP related Compensation Cost	<b>(427)</b>	(519)	<b>(1,273)</b>	(1,421)	(1,924)
Business acquisition	<b>(176)</b>	(202)	<b>(503)</b>	(405)	(459)
Others	<b>(35)</b>	(13)	<b>7</b>	163	104
<b>Total</b>	<b>(192)</b>	1,256	<b>(2,859)</b>	(952)	(1,255)
Consolidated net income as per US GAAP	<b>17,831</b>	11,192	<b>35,088</b>	37,172	47,108

**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 nine months ended 30 September 2008, as per Indian GAAP (Standalone)**

**Rs. in Lakhs except share data**

	Quarter ended 30 September		Nine months ended 30 September		Year ended 31 December 2007
	2008 (Audited)	2007 (Audited)	2008 (Audited)	2007 (Audited)	(Audited)
<b>Income</b>					
Sales and service income	41,464	30,899	110,681	85,576	117,230
Other operating income / (loss)	423	1,776	(2,487)	8,809	9,911
	41,887	32,675	108,194	94,385	127,141
<b>Expenditure</b>					
Personnel costs	19,385	15,609	53,962	40,820	56,020
Selling, general and administration costs	7,818	6,546	22,803	19,245	26,004
Depreciation (net of transfer from revaluation reserves)	2,218	2,057	6,530	6,091	8,048
	29,421	24,212	83,295	66,156	90,072
<b>Profit from operations before Other Income, Interest and Prior period items</b>					
	12,466	8,463	24,899	28,229	37,069
Other income (See Note 5)	2,607	1,505	8,317	5,616	6,756
<b>Profit before interest and prior period items</b>					
	15,073	9,968	33,216	33,845	43,825
Interest	327	192	483	500	689
<b>Profit After Interest but before prior period items</b>					
	14,746	9,776	32,733	33,345	43,136
Prior period items					(433)
<b>Profit from Ordinary Activities before tax</b>					
	14,746	9,776	32,733	33,345	43,569
Provision for taxation	341	1,925	2,837	4,754	7,069
MAT Credit entitlement	(1,025)	(743)	(2,486)	(1,851)	(2,653)
Provision for taxation-Fringe benefits	135	101	333	280	401
<b>Profit after taxation</b>	<b>15,295</b>	<b>8,493</b>	<b>32,049</b>	<b>30,162</b>	<b>38,752</b>
Paid up equity share capital (Face value per equity share of Rs 2 each)					
	2,606	2,776	2,606	2,776	2,780
Reserves excluding revaluation reserves					
					253,007
<b>Earnings per equity share of Rs 2 each</b>					
- Basic	11.25	6.12	23.22	21.77	27.95
- Diluted	11.24	6.06	23.19	21.53	27.67
<b>Dividend per share (Face value per equity share of Rs 2 each)</b>					
					3

Notes :



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1 Investor complaints for the quarter ended 30 September 2008:

Pending as on 1 July 2008	Received during the quarter	Disposed of during the quarter	Unresolved at the end of the quarter
	29	29	

2 Statement of Utilisation of ADS Funds as of 30 September 2008

	No of shares	Price	Amount
Amount raised through ADS (6,156,250 ADSs @ \$20.34 per ADS)	12,312,500	466	57,393
Share issue expenses			3,694
<b>Net proceeds</b>			<b>53,699</b>
<b>Deployment :</b>			
1 Held as short term investments			14,723
2 Utilised for Capital expenditure for office facilities			37,768
3 Exchange loss			1,208
<b>Net proceeds</b>			<b>53,699</b>

**Financial results of Patni Computer Systems Limited for the quarter and nine months ended 30 September 2008, as per Indian GAAP (Standalone)**

3 Total Public Shareholding\*

	As of 30 September		As of 31
	2008	2007	December 2007
- Number of Shares	<b>33,819,321</b>	44,053,297	44,797,263
- Percentage of Shareholding	<b>25.96%</b>	31.74%	32.23%

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

4 Paid up equity share capital does not include NIL (2007 : Rs 18) which represents share application money received from employees, on exercise of stock options, pending allotment of shares.

5 During the three months ended 30 September 2008, the US Internal Revenue Service ( IRS ) completed its assessment of tax returns for the years ended 31 March 2003, 2004 and 2005 of the US branch of the Company. Based on the completion of assessment for these years, the Company reversed the excess tax exposure reserves and the related interest accruals with respect to these years and re-measured the established tax positions for later years based on the experience gained from the tax examination and accordingly, the following amounts have been included in the income statement for the three months ended 30 September 2008:

	Three months ended 30 September 2008
Reversal of interest expense (i)	(1,314)
Increase in interest expense	182
Reduction of income taxes -current	(3,101)
Increase in income taxes -deferred	757
Total	(3,476)

(i) Included in Other Income

6 Pursuant to the ICAI Announcement Accounting for Derivatives the Company has adopted Accounting Standard 30 Financial Instruments : Recognition and Measurement , from 1 January 2008. Consequent to the adoption of the Standard, the resulting gain of Rs 191 has been adjusted to the shareholders funds as on 1 January 2008.

7 In February 2008, the Board of Directors of the Company approved a proposal to buy back fully paid equity shares to the extent upto 10% of the paid up capital and free reserves, at a maximum price of Rs. 325 per equity share, for an aggregate amount upto Rs. 23,700 in accordance with the provisions of Section 77A, 77AA, 77B and other applicable provisions of the Companies Act, 1956 and the provisions of Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 ( Buy Back Regulations ), for which necessary public announcements were made in April 2008. The Company commenced buy back of shares on 10 July 2008. Such shares are extinguished as per the requirement of Section 77A of the Companies Act, 1956.

During the three months ended 30 September 2008, the Company bought back and extinguished total 8,763,406 equity shares on Bombay Stock Exchange and National Stock Exchange for a total aggregate consideration of Rs. 19,750 being 83.33% of the amount authorised for buy back.

Retained earnings include profits aggregating Rs.175 as Capital Redemption Reserve under the Indian Companies Act, 1956, which can be utilised only for the purpose of issuing fully paid bonus shares of the Company to its shareholders.

8 Mr. Louis Theodoor van den Boog was appointed as an Executive Director with effect from 29 April 2008, subject to approval from shareholders at the annual general meeting and from statutory authorities including the Central Government under Section 269 of the Indian Companies Act, and other applicable provisions. The shareholders approval was received at the Annual General Meeting held on 26 June 2008. Subsequently, the Company applied to the Central Government on 16 July 2008 for necessary approvals in this regard. Mr. Louis Theodoor van den Boog will be an Executive Director of the Company until 31 March 2013 unless extended by the Board with the consent of Mr. Louis Theodoor van den Boog. The Company has not yet received approval from the Central Government.

9 Previous period figures have been appropriately reclassified to conform to the current period s presentation.

10 The above summary of financial results were taken on record by the Board of Directors at its adjourned meeting held on 23 October 2008.

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

**Mumbai  
23 October 2008**

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

**Press Release**

**Patni Q3 Revenues at \$183.5 million, in line with guidance**

**Mumbai, India, October 23, 2008:** Patni Computer Systems Limited (**Patni**) today announced its financial results for the third quarter ended September 30, 2008.

**Important Note:** Based on prior year's tax reviews by IRS, which were concluded during the quarter, certain provisions have been reversed resulting in one time increase in gross profit of US\$ 2.8 million, other income of US\$ 8.3 million and decrease in tax expense of US\$ 7.7 million. Consequently, profit after tax has increased by **US\$ 18.7 million**. Variation in Patni's Q3 2008 financial performance as a result of such reversals have been referred to as **Extra Ordinary Items** in this press release.

**Performance Highlights for the quarter ended September 30, 2008**

- **Revenues for the quarter at US\$ 183.5 million (Rs. 8,522.5 million)**
  
- Up 8.3% YoY from US\$ 169.5 million (Rs. 6,735.7 million)
- Up 0.5% sequentially from US\$ 182.6 million (Rs. 7,837.1 million)
- Contribution from top customer marginally changed at 10.5% for the quarter as compared to 10.4% during previous quarter
  
- **Operating Income for the quarter at US\$ 27.6 million (Rs. 1,283.9 million)**
  
- Down 4.6% YoY from US\$ 29.0 million (Rs. 1,151.4 million)
- Up 64.6% sequentially from US\$ 16.8 million (Rs. 720.7 million)

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- Operating Income adjusted for Extra Ordinary items is at US\$ 24.9 million for the quarter, sequential increase by 48.1% and is lower by 14.1% on YoY basis.

- **Net Income for the quarter at US\$ 43.1 million (Rs. 2,001.9 million)**

- Up 56.0% YoY from US\$ 27.6 million (Rs. 1,097.8 million)

- Up 78.4% sequentially from US\$ 24.2 million (Rs. 1,037.2 million)

- Net Income adjusted for Extra Ordinary items is at US\$ 24.4 million for the quarter, sequential increase by 1.0% and is lower by 11.6% on YoY basis.

- **EPS for the quarter at US\$ 0.32 per share (US\$ 0.63 per ADS). EPS adjusted for one time Extra Ordinary items is at US\$ 0.18 per share ( US \$ 0.36 per ADS)**

- **Share Buy back Programme completed**

[www.patni.com](http://www.patni.com)

- **Future Outlook:**

- Q4 CY2008 Revenues are expected to be at US\$ 176 to US\$ 177 million and Net Income (Excluding the Foreign Exchange Gain/Loss) is expected to be in the range of US\$ 22.0 to US\$ 22.5 million

- *This guidance is based on Constant Rupee -USD rate of Rs 47 and constant GBP -USD rate of 1.85 , EURO-USD rate of 1.35*

- *Mark to Market Forex loss during Q4 2008 is expected to be in the range of \$10m based on current estimates. This may change depending on further currency movements during the quarter and will impact our Net Earnings accordingly.*

**Management Comments**

Commenting on the quarter, **Mr. Narendra K Patni, Chairman and CEO, Patni Computer Systems Ltd.**, said, *We are witnessing a deep global meltdown in the markets and this will impact our business in the short term. We expect the environment to remain uncertain and volatile and with low visibility. However we remain bullish on mid term prospects of our business and continue to invest to enhance our position in the market place across all dimensions of our business.*

**Mr. Loek van den Boog**