

Patni Computer Systems LTD
Form 6-K
June 08, 2011
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**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 June 8, 2011

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

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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.

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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This Form 6-K contains our Annual Report for the fiscal year ended December 31, 2010, the Notice of the Annual General Meeting of the Shareholders dated May 12, 2011, and the Form of Voting Card, each of which has been mailed to holders of our Equity Shares. Also included in this Form 6-K is the Depositary's Notice of the Annual General Meeting of Shareholders and the Form of Proxy Card, each of which have been mailed to holders of American Depositary Shares. The information contained in this Form 6-K shall not be deemed filed for the purposes of section 18 of the Securities Exchange Act, 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

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High-impact Business Outcomes

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Patni Computer Systems Ltd. (Patni) which is listed on the BSE (532517), NSE (PATNI) and NYSE (PTI) has been acquired by iGATE Corporation, which is a NASDAQ listed (IGTE) company.

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Sometimes, in a business lifecycle, there comes an inflection point that radically changes the game. Beyond impacting the protagonist's own fortunes, it possesses the potential to redefine the way the industry itself conducts business.

While traditional outsourcing models have their advantages, they do not completely align the incentives of the client with those of the vendor.

Enter *Pay for Results only*, and the rules of the game change dramatically – conclusively benefitting both client and vendor. The business outcomes-driven solutions model eliminates every risk for the customer.

Results are no more quantified by time and manpower, but by tangible outcome. Customers pay only for results and nothing else. Banishing from their radar every risk linked to demand variation, technology implementation and management, personnel and other overheads. All risks

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get transferred to the vendor, strategically positioned as they are to mitigate every one of them.

It s a business model that indemnifies the interests of all concerned. Because the vendor makes money *only* when the client does. More specifically, a revolutionary philosophy where the vendor no more makes money *off* the client, but *with* the client.

It s a masterstroke that turns on its head the way business will be conducted at iGATE Patni. More than just a business realignment, the iGATE Patni synergy ushers in a new paradigm in IT and Business Process Outsourcing solutions for its clients.

The high-impact business outcomes model. High on impact, high on outcome.

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Highlights of achievements: **2010**

In 2010, improving market conditions and our focus on winning large, multi-year, transactions resulted in significant business growth. Innovation in our service offerings, expansion of our global delivery network, and strategic partnerships helped us register an over-performance of our targets for the year.

- Overall revenues for CY 2010 were at US\$ 701.7 million, up by 7.0% YoY as compared to US\$ 655.9 million in CY 2009. Net income adjusted for extraordinary items was at US\$ 125.8 million for the year, higher by 28.7% against US\$ 97.8 million for 2009. We saw a noteworthy growth of 29% in our annual earnings.
- Acquired 25 new clients, taking the total number of active clients to 297, as compared to 272 at the end of 2009. During the year, \$1 million client relationships increased to 99 as compared to 92 in 2009; \$5 million relationships increased to 28 as compared to 26 in 2009; \$50 million relationships increased to three as compared to two in 2009. Percentage of repeat business continued to remain high at 94.6% for the year 2010.

Strategic Wins

- Won a five-year, multi-million dollar healthcare contract from Universal American Corp., U.S. Also acquired CHCS Services, Inc., to become a Third-Party Administrator in the Insurance and Healthcare sector.
- Secured a five-year contract to provide managed services to 2e2, one of the fastest growing IT service providers in Europe.
- Signed a multiyear application management services contract with the Codan Group a Europe-based insurance carrier.
- Secured a contract with Serco Learning to deliver leading edge information management platform for schools.

Partnerships

- Signed a JV pact with JR Kyushu System Solutions Inc. (JRQSS), with the aim of providing high quality, cost-effective IT and product engineering services to the Japanese enterprise market.

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- Signed a go-to-market partnership with InsPro Technologies a provider of comprehensive and flexible Life & Health insurance processing solutions.

Expansion of Global Delivery Network

- Established a new BPO Delivery Center in Texas for North American customers; a new IT Delivery Center in Queretaro, Mexico; our first ITO delivery (development and support) center in Suzhou, China; and opened our second delivery center in Gandhinagar, India.

Awards and Recognitions

- Listed among Best 20 Leaders in Financial Services (Insurance) in the 2010 Global Outsourcing 100, by IAOP.
- Ranked 44th amongst top technology providers for financial institutions in FinTech 100 - 2010 list.
- Named a Niche Player in Gartner's Magic Quadrant for SAP ERP Implementation Service Providers in the North America, 2010 Report.
- Named a Niche Player in Gartner's Magic Quadrant for CRM Service Providers in the North Americas, 2010 Report, as also in the Europe, 2010 Report.
- Named Best Supplier for FY 2009-2010 by Toshiba Mitsubishi-Electric Industrial Systems Corp.
- Ranked 21st in the Black Book of Outsourcing Global Top 50 vendors, based on customer satisfaction for 2010.
- Received BPO Excellence Awards for 2009-10 hosted by Stars of the Industry in the categories:
BPO Organization of the Year, Operational Excellence and Quality, and Social Change Agent.
- Ranked among the Top 20 in DQ-IDC's Best Employer Survey 2010.

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Key performance indicators: **2005-10**

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* Excluding additional provision for prior years' tax review by IRS and review by Department of Labor of Patni's US operations; leading to an increase in gross profit and operating income by approximately US\$ 7.0 million, and decrease in net income by US\$ 19.9 million, as compared to the reported numbers.

** Excluding reversal for prior years' tax review by IRS of Patni US operations; leading to a decrease in gross profit and operating income by approximately US\$ 2.7 million, and decrease in net income by US\$ 18.2 million, as compared to the reported numbers.

*** Excluding reversal for prior years' tax review by IRS of Patni US operations and reversal of tax positions for Patni India operations; leading to a decrease in gross profit and operating income by approximately US\$ 1.2 million, and a decrease in net income by US\$ 22.01 million, as compared to the reported numbers.

**** Excluding reversal for prior years' tax position of Patni US operations leading to a decrease in net income by US\$ 7.4 million, as compared to the reported numbers.

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Letter to **Shareholders**

We are now strengthened by a combined set of differentiators: a Business Outcomes model driven by an integrated technology and operations platform, micro-vertical focus and domain-led IP, mature delivery expertise, and value through innovation.

Dear Shareholders,

I am pleased to present to you the report on Patni's performance for the year 2010, having taken over as CEO & MD of Patni after the completion of the acquisition of the majority shares of Patni by iGATE.

A glance at the Patni iGATE combine

At a time when clients the world over are seeking a wider range of services from a single trusted source; scale, a breadth of service offerings, and a choice and flexibility of business models are becoming increasingly valuable for service providers. In the perfect scenario, synergy benefits everybody – clients, employees, stakeholders and, of course, the consolidated business itself.

The coming together of Patni and iGATE is a synergy that spawns precisely such a win-win situation. Patni and iGATE are both very excited about this combination and view it as highly synergistic with complementary strengths.

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It is a combination that creates a company with strong intellectual capital, 25000 people and an almost \$1bn in revenue. Also, a leaner executive team ensures closer alignment with the vision and better collaboration.

The overall global footprint and delivery infrastructure have grown and capability has become distinctly superior. This is now a company with greater scale across more core verticals, benefitted by a wider portfolio of go-to-market offerings. We are now strengthened by a combined set of differentiators: a Business Outcomes model driven by an integrated technology and operations platform, micro-vertical focus and domain-led IP, mature delivery expertise, and value through innovation.

It is a synergy that enables us to cross sell to each other's customers and creates a platform for better growth in the future.

Patni's micro-vertical strategy and iGATE's Business Outcomes focused iTOPS model will help to differentiate our offerings in the market place and deliver increased business value to our customers.

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Corporate Performance

Under the leadership of its CEO in 2010 Jeya Kumar, Patni continued its journey in operating excellence by not only reversing its revenue decline of 2009 but also improving its operations significantly, resulting in increased profitability.

Revenues were up 7% at \$701.7 million as compared to \$655.9m in 2009. Net income adjusted for extra ordinary items registered impressive growth of 28.7% to \$125.8 million for the year from \$97.8m in 2009.

Our continued focus on efficiency resulted in an optimal cost structure. Coupled with higher efficiency, effective hedging activities have generated significant upside in the net income. With an improving market scenario, we are confident that Patni will achieve better topline growth and thus will have sustainable high bottomline in the coming years.

Some of the key areas of corporate achievement were:

Multi-year, high total-contract-value transactions

We developed a strong growth pipeline in 2010 and this is further building up. The winning of three large deals of over \$ 250 million TCV has been a significant highlight of the year and reflects our ability to succeed in multi-year transactions.

Expansion of global delivery network

During the year, we established a new BPO Delivery Center in Texas for North American customers; we also opened a new IT Delivery Center in Queretaro, Mexico; as also our first ITO delivery (development and support) center in Suzhou, China. We now have non-India footprints in Mexico, China, Singapore and US to serve our customers globally.

Industry/service line growth

During the year, we witnessed excellent expansion in our Product Engineering and Insurance businesses. Also, our managed services for our integrated IT & BPO offering performed well.

High-performance organization

Through an intensive year-long program, we laid the foundation for a High Performance Organization through strong people practices by defining roles to clarify key result areas and performance indicators, redesigning the performance management system, and reviewing our reward practices.

Patni Innovate program

Launched to provide Patni employees a channel to utilize their creative energies in converting their innovative ideas into viable business streams, this program received a huge response. Over 150 entrepreneurial ideas were received, of which two-thirds were taken up for business case detailing and review by over 50 Subject Matter Experts across service lines, sales, and industry verticals.

Awards & Recognitions

We were listed among the Best 20 Leaders in Financial Services (Insurance) in the 2010 Global Outsourcing 100, by IAOP. We were also ranked 44th amongst the top technology providers for financial institutions in the FinTech 100 2010 list. We were named a Niche Player in Gartner's Magic Quadrant for SAP ERP Implementation Service Providers in the North America 2010 Report; also in the Magic Quadrant for CRM Service Providers in the North Americas 2010 Report, and the Europe 2010 Report. Toshiba Mitsubishi-Electric Industrial Systems Corp. named us the Best Supplier for FY 2009-2010. The Black Book of Outsourcing ranked us 21st among the global Top 50 vendors in 2010. We also received three BPO Excellence Awards for 2009-10 hosted by Stars of the Industry.

Strategic Initiatives Pave the Way

During the year, our vertical and horizontal Business Units (BUs) launched various strategic initiatives which paved the way for growth and expansion in business. The Patni Industry group defined the Concept2Conception (C2C) lifecycle model which enhances Patni's micro-vertical industry strategy. C2C provides a clear framework through which all of Patni's existing and emerging capabilities and strengths can be seamlessly integrated to support key end-to-end value chain requirements of our target industries.

Insurance BU recorded a 9% growth in revenues in 2010, retaining its distinction of being the highest revenue and highest margin business. Our focus on tailoring our services to the changing business environment enabled customers to reap significant business benefits and solidified our already strong strategic relationships. A major initiative was our acquisition of CHCS, a 50-state licensed Third Party Administrator, in North America, which significantly extended our portfolio to offer full policy administration services. In addition to widening our portfolio of services for all Life & Health clients, this strategy paves the way for entering into the area of care management in the ever-changing healthcare environment. Our growing capabilities in chosen sub-verticals has also enabled us to introduce differentiated IT and BPO

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Our acquisition of CHCS, a 50-state licensed Third Party Administrator, in North America, significantly extended our portfolio to offer full policy administration services.

service offerings in 2010 that permit our customers to offer new products, in new markets while addressing all compliance requirements.

Banking and Financial Services (BFS) BU launched a couple of major initiatives during the year. We introduced PatniRADARTM, a multi-step Reference and Data Rationalization (RADAR) program which is generating significant attention as firms prepare for upcoming regulatory changes. We also acquired an exclusive and perpetual license to the IP of Integrated Trade Processing (ITP) – a managed services platform designed to streamline middle-office processing and provide greater transparency across the trade lifecycle. Our various initiatives have effectively repositioned Patni in the BFS segment with strongly differentiated offerings for asset management, wealth management and benefits administration that leverage the wider portfolio of our capabilities across ADM, BPO & IMS.

Manufacturing, Retail and Distribution (MRD) BU grew by almost 12% in 2010 while retaining all of our key customers globally and extending our footprint within the emerging markets. Through Patni's extensive collaboration and joint initiatives with key technology partners such as Oracle and SAP, we have introduced innovative solutions that focus on critical needs of our clients and support improvement, innovation and growth opportunities. Some of these micro-vertical solution areas include supply chain planning and optimization, supplier information management, and supply network collaboration. In addition to these solutions we are introducing industry platforms which are aimed at integrating business processes across specific supply networks to enable productivity and efficiency improvements which cannot be achieved through other approaches.

Life Sciences BU continued its focus on thought leadership and expansion of its client base, during 2010. We chaired a session at the 46th DIA Annual Meeting; also presented a Paper at the Electronic Health Records Asia 2010 Conference. We introduced and successfully built a SAP-based Complaints Management extension of the Patni iCAPA solution for a major medical device manufacturer. We expanded our global relationship with another major medical device manufacturer, to include development of its sales and marketing data warehouse and business intelligence systems. Our other successes included winning a major systems integration program at a leading research-based biopharmaceutical company; selection as one of two global project manager partners by a world leader in R&D of pharmaceutical products; and partnering with a NASDAQ listed company to jointly explore the development of next-generation Clinical Trial solution accelerators.

Communications, Media & Utilities (CMU) BU saw geographical diversification in business with new customers in Indonesia and Malaysia, besides continued addition of customers in the North America and Western Europe. The BU's blended consulting, systems integration and managed services offerings results from its solution-led approach to business. Also, modular solutions crafted by the Solutions and CoE teams at Patni have been made available as platforms for ready implementation or for incremental transformation. Industry-specific solution assets for

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business intelligence, mobility, process orchestration, provisioning, rating & charging, billing and dynamic pricing remain key areas of focus across the customer base and target accounts globally.

Product Engineering Services (PES) BU has seen significant growth in revenues of 19% in 2010. This was largely driven by the increase in R&D budget and new product development activities. We continued to drive the business with laser-sharp focus on the select micro-verticals and competencies around bleeding-edge technologies. We made substantial investments in co-IP/solution development along with our customers to create new business opportunities, especially in the Indian market. We continued to dominate the selected verticals of medical electronics, storage, automation & control, and Independent Software Vendors with our end-to-end product development capacities including contract manufacturing. Today, we service the top 10 customers in

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each of these verticals. Patni's PES became the fastest growing Product Engineering Service business among our industry peers.

Our **Strategic Outsourcing** Group played an important role in enabling revenues through various initiatives and winning pursuits.

- Our **Integrated Global Support Solution (iGSS)** initiative is being well received by, both, prospects and new customers. This integrated offering is helping customers save between 15% and 30% on support and maintenance costs.
- Our **Account Excellence** initiative focusing on strengthening our position in large accounts is yielding positive results. We have so far covered our top 30 accounts.
- Our **Accelerated Cost Transformation (ACT!Now)** program has seen increased acceptance. The program engages multiple cost levers and is effectively designed to help clients transform their current IT cost & value structure to deliver an immediate cost impact of up to 40%.

Enterprise Software and Systems Integration (ESSI) BU was newly created in 2010 with the merger of the earlier Enterprise Applications Solutions and Customer Dynamics & Intelligence BUs. The ESSI BU continued to expand business in SAP and Oracle Applications with existing clients, besides adding several new clients in the US, EMEA and APAC. We have won large multiyear integrated support deals in SAP in the US and took over the SAP practice of one of our strategic customers in the EMEA region. In Oracle and PeopleSoft, we have likewise expanded our footprint in the insurance and

As part of our strategy to expand our global delivery capability, the BPO & CIS BU established two centers in the US, namely at Pensacola (FL) and El Paso (TX).

manufacturing segments. We have also expanded our portfolio of SAP solutions in life sciences and high-tech areas, around: compliance, customer complaints, inventory visibility, and collaboration; for Oracle solutions, around: edge applications, Oracle transportation management (OTM), warehouse management systems, and product lifecycle management (PLM). We are also building strong competencies around SCM, HCM and CRM areas in both product portfolios. Our Enterprise Content Management Practice grew by more than 75% revenues in 2010. Its

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first major project was of a portal revamp for a noted Singapore client.

During the year, ESSI also acquired the first Patni customer in Indonesia through differentiated offerings in Business Intelligence (BI) and Systems Integration services. The BI Practice is reaping rewards of investments made in the MDM product co-development with Oracle through new customer acquisitions in China and North America. Customer Relationship Management (CRM) services in Siebel, Chordiant and SalesForce.com continued to grow across all verticals. A new offering on Microsoft Dynamics CRM was also launched. In addition to this, the Enterprise Integration Practice cross-sold their webMethods, Oracle SOA and Biztalk offerings and added 14 new customers to the Integration Services portfolio.

BPO & CIS BU revenues grew 50% in 2010 compared to 2009. We won 20 BPO deals in 2010 and added \$265 Million of TCV including two large structured deals with a Fortune 500 Insurance Company and a UK IT services provider. As part of the deal with the Fortune 500 Insurance company, we acquired CHCS Services, Inc. a leading Third Party Administrator (TPA) in Health and Life Insurance with licenses to do business across all states in the Americas. The deal established Patni as a Full-Service TPA. In 2010, revenues from our million dollar clients increased by ~ 40%. In addition, our revenues from outcome/transaction based pricing have increased over 250%. We also focused and invested in platform based BPO services and increased revenues by 140%. As part of our strategy to expand our global delivery capability, the BPO & CIS BU established two centers in the US, namely at Pensacola (FL) and El Paso (TX).

We continue to focus on key micro-verticals: Insurance (TPA, Health, Life), Retail Banking, Securities & Capital Markets, Life Sciences, Manufacturing; and on horizontals like F&A, CIS/iGSS, Benefits Administration. 2010 witnessed our delivery excellence and customer delight being endorsed by several

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recognitions including Patni's ranking as # 21 Global Outsourcing Vendor, by the Black Book of Outsourcing .

Infrastructure Management Services (IMS) BU saw a 12% growth in revenues through Data Center operations as well as Database and Web-Operations Productized Services during the year. We rolled out various service and delivery models to supplement the BU offerings, in response to the dynamic market conditions. Output and Outcome based models, Managed Services, Shared Services delivery model were some of the models used to transition the customer operation risks to Patni. The BU received noteworthy recognitions and accolades during the year. Significant investments were also made in the Sales and Solutions development areas.

Application (Apps) Practice, during the year, focused on transformational initiatives to improve the value of the overall portfolio for customers. The Practice provided consulting services on key transformational initiatives like Application Portfolio Rationalization (APR), Legacy Modernization (LM) and IT Transformation services. The consulting engagements paved the way for downstream opportunities in the form of development and maintenance support services helping customers reduce the total-cost-of-ownership and derive the best values for the services rendered.

Verification & Validation (V&V) Practice continued to maintain its high growth trajectory and grew by around 30% in 2010, with two customers each in the USD 10+ and 5+ million category, and four in the USD 2+ million category. A significant portion of the increased revenue in testing came

A few cloud-enablement and migration projects have been set up for customers in industry segments such as Electronic Design Automation, Medical & Consumer Electronics, and Power Utilities

from the Insurance and Financial services sector. We continued our focus on enhancing the solutions developed in test automation and non-functional testing areas such as Application Security testing, Data Warehouse testing, and Performance testing. Framework for Accelerated Automation Solution for Testing (FAAST) was rebranded to SPRINTTESTM, after launching a web-based version, and increasing the product span to support open source automation tools. The practice also launched PQMM , an Assessment Framework similar to industry frameworks like TPI and TMM; this helps us evaluate the maturity level of testing processes followed by a company, and thereby suggest a road-map to set up a Managed Test Center.

Cloud Computing Practice delivered notable success in consulting services around our industry-leading Cloud Acceleration Programme methodology. In addition, several cloud-enablement and migration projects have been won and are being executed for customers in industry segments such as Electronic Design Automation, Medical & Consumer Electronics, and Power Utilities. These projects are expected to scale into enterprise programmes. Cloud service offerings have been developed and demonstrated for dev-test environments as well as for design and construction of private- and public-cloud based solutions. Our relationship with Amazon Web Services, the leading public cloud infrastructure provider, was further strengthened by the addition of a new alliance activity around value-added resale of their platform services. At the organizational level, a large part of Patni's internal application portfolio is currently in the process of being migrated to a Cloud environment. When the migration is completed by end of the second quarter of 2011, we expect significant savings in operational costs.

Microsoft Practice registered a robust growth of 40% in 2010. Our focus on creating new service offerings such as Architecture Roadmap and Azure Computing helped us add new customers. Our expertise in Application Management Services helped us win significant new business in the European and North American geographies.

The **IT Governance** Practice expanded its service offering to include IT Service Management (ITSM) solutions starting with HP Service Manager (HPSM) and Service-Now products. HPSM is a leading product in the ITSM space. Service-Now is a SaaS based product that brings down the total-cost-of-ownership to end customers and also allows for speedy implementation of best-in-class ITIL (IT Infrastructure Library) based ITSM solutions.

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The **User Experience (UX)** Practice offered exclusive Usability/UX services to around 20 key customers and registered significant increase in business, during the year. Its unified UX services suite includes core as well as exclusive services like Comparative Competition Analysis and UX Certification. During the year, the Practice entered into the Medical, Industrial Product Design and Enterprise Mobility domains, and developed an UXM Methodology & Approach compliant with IEC 62366 standard. A new Usability Lab being set up in Mumbai will enable large scale Usability Testing. The UX team was awarded the Dream Team Award for 2010, by a Top 20 Patni client.

Innovation & Research Labs

In 2010, Patni invested in establishing the Innovation and Research Labs (IRL) to create significant value for our customers through Innovative Solutions and Ideas and help build differentiators including Assets and IP for Patni. By the end of 2010, IRL's work brought in annualized savings of \$2m, besides creating impactful offerings, solutions and proof-of-concepts in Mainframe Application Modernization, Open Source, Mobility, and Cloud Technology that led to wins of \$3m TCV.

IRL also undertook developing a Technology Leadership Program to breed top-notch Technology Leaders. After a stringent selection process, 11 Employees representing top Technical Talent in Patni, were taken through a rigorous

In 2010, Patni invested in establishing the Innovation and Research Labs (IRL) to create significant value for our customers through Innovative Solutions and Ideas and help build differentiators including Assets and IP for Patni.

mentoring and development program including well thought through trainings and technology interventions. It also set up a virtual Customer Solution Center – an online portal which catalogued 230+ demos/proof-of-concepts/artifacts and an on demand play capability of 30+ demos anytime from anywhere globally.

The Solutions & Assets Group of IRL in collaboration with the Industry Verticals and Service Lines, delivered two new Assets for Patni in 2010, namely SPRINTESTM and Cross Reference Interrogator (CRI), with five more assets in the pipeline. SPRINTESTM has already been deployed in four customer engagements, resulting in cost savings/productivity increase of about 40-50%.

Regional Performance

Our focus on geographical diversification continued with the setting up of a delivery center in Suzhou, China. Our focus in developing East and South East Asia has increased the revenue share of the region from 5.7% in 2009 to 7.2% in 2010.

The **US region** continued to be the biggest market with an 80.7% contribution to the total revenues in 2010. Patni Americas achieved a number of significant milestones during 2010 including the acquisition from Universal American Corp. of CHCS Services, Inc., a provider of insurance and healthcare services.

EMEA region contribution was 12.1% in 2010, as it powered forward with a number of large transformational customer deals across the region and extended its footprint across Continental Europe.

The **Asia Pacific region** contributed 7.2% of the total revenues. A key development was a JV pact with JR Kyushu System Solutions Inc. which helped form a new company - JR Kyushu Patni Systems, Inc., a 51:49 partnership between JRQSS and Patni Japan, respectively. Focus on the SAARC countries brought significant revenue growth in 2010.

Infrastructure

In 2010, we continued to increase our regional presence in the regions we conduct our business, and build more employee friendly facilities globally. In India, seat utilization improved 20 points from 63% to 83%; this was achieved by vacating excess space and through increased headcount. We opened our first ITO delivery (development and support) center in Suzhou, China. The state-of-the art facility with a

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planned capacity of 500 seats will serve the Yangtze region. It will also focus on delivering development and support services to Japanese, U.S, European and local multi-national corporations. We also opened our second delivery center in Gandhinagar, Gujarat increasing the current seating capacity of 500 to 750. The move was triggered by a recent deal signed by the company to provide Product Engineering Services (PES) and Application Development Management (ADM) services to a leading UK based enterprise.

People Initiatives

A large number of people initiatives were taken up during the year with the aim of achieving higher levels of engagement and making Patni a great place to work.

The High Performance Organization program resulted in complete redefinition of all roles and structured career paths, which will be further aligned to various talent management practices within the company.

The Patni Academy for Competency Enhancement (PACE) and Learning & Development delivered technical, functional and behavioral training of close to 1,17,605 person days in 2010. Around 23 additional employees completed their Master's degree through Patni-BITS collaborative program specializing in Software Engineering and Embedded Systems. Through the executive education program offered to our employees, over 70 persons successfully completed a customized Executive MBA

The combination of Patni and iGATE will create a formidable force to participate in large transformational deals with presence in multiple industry verticals, a wider set of horizontal offerings, and an expanded geographic footprint.

program from IIM-Ahmedabad and IIM-Kozhikode. Also, one of our senior leaders attended the Advanced Management Program of Harvard Business School. As part of our Global Resources in Technology (GRiT) initiative, more than 2500 GRiT employees successfully completed one or more of the certifications which included external certifications from vendors such as Microsoft, Sun, and Oracle.

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Our global headcount stood at 17,642 at the close of 2010. We added 24 senior employees at the Vice-President level and above, during the year. There was a continuous thrust on improvement through focussed interventions on employee attrition, which showed significant results.

The Road Ahead

Going forward, some heavy lifting remains to be done. The integration of iGATE and Patni is a landmark event watched by the entire industry both for the potential synergies that the transaction brings and the integration risks that a transaction of this type carries.

We are confident that the combination of the two companies will give us an entry ticket to more deals and larger deals. The combined capabilities and expertise will give us a higher win ratio than either of the two companies had, and we anticipate scale economies to benefit us and save \$25-30m over the next two years. Our integrated go-to-market strategy will benefit both companies' growth and margins. In addition, to minimize risks and ensure successful integration, we have chosen tested integration models and a committed integration leadership.

Our vision for building out version 2.0 of this combine is a robust one and should take us to a position of higher-than-industry growth rate, and industry level margins (40-41% gross margin and 25% EBITDA), over the next two years.

Regards,

/s/ Phaneesh Murthy
Phaneesh Murthy

12 May 2011

Mumbai

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To,

The Members,

PATNI COMPUTER SYSTEMS LIMITED

Your Directors have pleasure in presenting their Thirty Third Annual Report together with Audited statements of Accounts for the year ended 31 December 2010.

Financial Results

	31 December 2010	31 December 2009
	(in million)	(in million)
Sales	18,913	17,349
Resulting in Profit Before Tax	7,155	5,818
Profit After Tax	6,551	5,427
Profit available for appropriation after adding to it Previous Year's Brought Forward	26,441	20,886
Appropriated as under:		
Adjustment on account of employee benefits		
Transfer to General Reserve	655	543
Final Proposed Dividend on Equity Shares @ 150% (Previous Year 150%)	2	387
Special Interim Dividend on Equity Shares @ 3150%	8,244	
Corporate Tax on above Dividend	1,370	66
Balance Carried to Balance Sheet	16,170	19,890

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Board of Directors

Jai S Pathak
Chairman
(Independent Director)

Phaneesh Murthy
Chief Executive Officer &
Managing Director

Göran Lindahl
Non-executive Director

Shashank Singh
Non-executive Director

Arun Duggal
Independent Director

Vimal Bhandari
Independent Director

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Executive Committee

Phaneesh Murthy
*Chief Executive Officer &
Managing Director*

Sujit Sircar

Member of Executive Committee

Sunil Chitale

Member of Executive Committee

Satish Joshi

Member of Executive Committee

Srinivas Kandula

Member of Executive Committee

Derek Kemp

Member of Executive Committee

Vijay Khare

Member of Executive Committee

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David Kruzner

Member of Executive Committee

Robert Massie

Member of Executive Committee

Sean Narayanan

Member of Executive Committee

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Business Performance

The performance of your Company during the year under report has shown improvement over the previous year. Total revenue for the year ended 31 December 2010 amounted to 18,913 million as against 17,349 million for the corresponding period last year, registering a growth of about 9%. The Company has posted the Net Profits after tax to 6,551 million as compared to 5,427 million for the corresponding period last year, registering a growth of about 21% for the year ended 31 December 2010. Even on a consolidated basis, revenues were increased in the current year 2010 by 1.33% to 31,881 million from 31,461 million in 2009. The net income increased by 6%.

Dividend

The Board of Directors of your Company, on 13 August 2010, had approved the one time Special Interim Dividend of 63 per share, which was paid during the year.

In view of this payment of dividend, the Board of Directors do not recommend any further dividend for the year 2010.

Economic Scenario and Outlook

NASSCOM Strategic Review 2011 states that the IT-BPO sector has become one of the most significant growth catalysts for the Indian economy. In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to the various socio-economic parameters such as employment, standard of living and diversity among others. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services.

The sector is estimated to aggregate revenues of \$88.1 billion in FY2011, with the IT software and services sector (excluding hardware) accounting for \$76.1 billion of revenues. During this period, direct employment is expected to reach nearly 2.5 million, an addition of 240,000 employees, while indirect job creation is estimated at 8.3 million. As a proportion of national GDP, the sector revenues have grown from 1.2% in FY1998 to an estimated 6.4% in FY 2011. Its share of total Indian exports (merchandise plus services) increased from less than 4.0% in FY1998 to 26.0% in FY2011.

Export revenues are estimated to gross \$ 59 billion in FY2011 accounting for a 2 million workforce.

IT services is expected to grow by about 3.5% in 2011 and 4.5% in 2012. While focus on cost control and efficiency/productivity remain, customers are also evaluating how investments in IT can impact further business goals - ROI led transformation - leading to an increase in project-based spending. Services such as virtualization, consolidation, and managed services that focus on ROI in the short term will drive

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opportunities in the market. Emerging Asian enterprises across multiple industries will continue to accelerate services spending in their efforts to challenge existing global MNCs. Organizations will look for alternative IT models - Cloud, on-demand services and SaaS in order to reduce hardware infrastructure costs and provide scalability on demand.

Worldwide packaged software revenue is estimated to reach \$ 297 billion in 2011, a Y-o-Y growth of over 5%, led by emerging regions, such as APAC and LATAM. These regions are expected to invest heavily in enterprise software initiatives as they continue to round out the IT infrastructure necessary to do business. Business Process Outsourcing spending is expected to be driven by analytical services, F&A and industry-specific BPO solutions.

In the future, the global IT-BPO industry is likely to go through a paradigm shift across five parameters:

Markets Growth will be driven by new markets SMBs, Asia, public sector and government-influenced entities which will become a priority customer base.

Customers Customers will demand transformative value propositions, that go beyond lower-cost replication; as technology creates virtual supply chains, customers will require a seamless experience across time zones and

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geographies; increasing demand for innovation and end-to-end transformation.

Service Offerings Offerings that are high-end, deeply embedded in customer value chains will emerge. Services and delivery will become location-agnostic leading to new opportunities such as design services in manufacturing, Remote Infrastructure Management (RIM), etc. Solutions for the domestic market will be a key focus area.

Talent Government pressures to create local jobs and the need for local knowledge will alter the employee mix - a higher proportion of non-Indians with multilingual and localized capabilities. There will be a much greater focus on ongoing development of specialized skills and capabilities.

Business Models Driven by a focus on expertise and intellectual property, offerings will shift from piecemeal, technology-centric applications to a range of integrated solutions and higher-end services, spanning new service lines (e.g., green IT).

Suitably exploiting these emerging opportunities both in the global and domestic markets can help India reach \$130 billion in IT-BPO revenues by FY2015, a CAGR of 14.0%. By FY2015, the Indian IT-BPO industry is expected to contribute about 7.0% to annual GDP and create about 14.3 million employment opportunities (direct and indirect).

Business Overview

Your Company is a leading Indian provider of information technology services. Your Company delivers a comprehensive range of IT services through globally integrated onsite and offshore delivery locations primarily in India, which the Company calls its global delivery model. Your Company offers its services to customers through industry-focused practices, including insurance, manufacturing retail and distribution, financial services and communications, media and utilities, and through technology-focused practices. Within these practices, your Company's service lines include application development, application maintenance and support, packaged software implementation, infrastructure management services, product engineering services, business process outsourcing and quality assurance services.

Your Company has in-depth knowledge in the industry and technology practices. Insurance, manufacturing, retail and distribution, communications, media and utilities and financial services accounted for 24.7%, 28.9%, 17.9% and 12.8% in 2008, respectively, 29.7%, 29.0%, 13.5% and 12.8% in 2009, respectively and 30.3%, 30.3%, 11.2% and 11.6% in 2010, respectively, of our revenues. Your Company's technology practices offer research, design and development services for product engineering. Through the dedicated sales and management teams in each of its industry and technology practices, your Company believes that it is able to provide better client service, effectively cross-sell services to its existing clients and develop new client relationships.

Your Company has a track record of successfully developing and managing large, long-term client relationships with some of the world's largest and best known companies. Your Company's customer base has increased from 239 clients as of 31 December 2006 to 297 clients as of 31 December 2010. Several of the Company's key executives are located in its client geographies to better develop and maintain client relationships

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at senior levels. Repeat business accounted for 93.0%, 94.0% and 94.6% of the Company's revenues in 2008, 2009 and 2010.

Your Company has invested in new high-tech facilities, which the Company refers to as "knowledge parks", designed for expanding our operations and training of the Company's employees. Your Company has 243 sales and marketing personnel supported by dedicated industry specialists in 30 sales offices around the globe, including North America, Europe, Japan and the rest of the Asia-Pacific region.

Your Company's key performance highlights are as follows:

- Overall revenues for CY 2010 were at US\$ 701.7 million, up by 7.0% YoY as compared to US\$ 655.9 million in CY 2009. Revenues for Q4 at US\$ 183.0 million reflected a 2.4% growth sequentially.
- Net income adjusted for extraordinary items was at US\$ 125.8 million for the year, higher by 28.7% against US\$ 97.8 million for 2009. Net income adjusted for extraordinary items was at US\$ 31.8 million for the quarter and was sequentially higher by 10.8% from US\$ 28.7 million.

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- Your Company added 19 clients during Q4 taking its total number of active clients to 297 at year-end, as compared to 272 at the end of 2009.
- During the year, your Company's \$1 million client relationships increased to 99 as compared to 92 in 2009. Similarly, \$5 million relationships also increased to 28 as compared to 26 in 2009; and \$50 million relationships increased to three as compared to two in 2009. Percentage of repeat business continued to remain high at 94.6% for the year 2010.
- Revenue contribution from your Company's top customer reduced to 10.9% in 2010 from 11.9% in 2009. Concentration from Top 10 customers reduced to 48.8% in 2010 from 49.7% in 2009.
- Insurance and MRD (manufacturing, retail and distribution) verticals continue to be the highest contributors, generating 31.3% and 30.6%, respectively of the total revenue. In Q4 Company's focus on expanding its service offerings continued, with the contribution of BPO increasing significantly to 9.9% from 8.2% in Q3 2010.
- Revenues from the Americas were at 80.7% for year 2010, while the APAC contribution increased to 7.2%.
- Overall utilization remained stable at 75% as compared to 2009, on a full-year basis. However, sequential utilization was lower at 72.4% from 74.0% due to planned fresher intakes.
- On 31 December 2010, our employee strength stood at 17,642 with an addition of approximately 1,086 employees over the last quarter and 3,647 during the last year.

Delivery Model

Your Company addresses its clients' needs with its global delivery model, through which your Company allocates resources in a cost-efficient manner using a combination of onsite client locations in North America, Europe and Asia and offshore locations in India. Your Company believes an integral part of its delivery is its industry knowledge, which your Company refers to as its domain expertise.

Your Company refers to its own industry experts, business analysts and solutions architects who are located primarily onsite with the client as our domain wedge. These experts are supported by additional personnel who provide technical services onsite on a temporary basis, and by the Company's trained professionals located normally at one or more of its nine offshore centers in India. Typically, at the initial stage of a project, your Company provides services through its onsite industry and technology experts and its transient onsite delivery personnel. By applying its domain wedge approach, your Company delivers solutions that can be structured to scale to suit its clients' needs. In certain cases your Company

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provides dedicated offshore development centers, set up for a particular client. Through these offshore development centers your Company integrates its clients' processes and methodologies and believe your Company is better positioned to provide comprehensive and long-term support. Your Company maximizes the cost efficiency of its service offerings by increasing the offshore portion of the work as the client relationship matures. To complement its domain wedge, your Company has aligned a majority of its sales and marketing teams to focus on specific industry sectors.

Industry Practices, Technology Practices and Service Lines

Your Company offers its services to customers through industry practices in insurance, manufacturing, retail and distribution, financial services and communications, media and utilities, as well as in other industries. Your Company also has technology practices that offer services in product engineering and for Independent Software Vendors, or ISVs. The Company's industry practices and technology practices are complemented by its service lines, which your Company develops in response to client requirements and technology life cycles. The Company's service lines include application development, application maintenance and support, packaged software implementation, infrastructure management services, product engineering, business process outsourcing and quality assurance services.

Sales and Marketing

Your Company's sales teams use a multi-pronged approach to market its services. They target certain industries and service lines through focused sales executives, geographies through regional sales executives and large clients through dedicated account managers. Your Company has aligned a

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majority of its sales and marketing teams to focus on specific industries and geographies. In addition to its sales executives, your Company has industry experts and solution architects who complement its sales efforts by providing specific industry and service line expertise. Your Company's sales efforts are also supported by its marketing professionals, who assist in brand-building and tracking its expertise.

Your Company's senior management and dedicated account managers are actively involved in managing client relationships and business development through targeted interaction with multiple contacts throughout its clients' organizations. Your Company aims to develop its client relationships into partnerships by working closely with its clients' managers and senior executives to formulate and execute an offshore outsourcing strategy, implement engagement models that suit their particular challenges and explore new service lines.

Your Company undertakes detailed periodic reviews to identify existing and prospective clients that it believes can develop into large, strategic clients. Your Company intends to focus on adding more strategic accounts, which it defines as those who provide \$5.0 million or more in annual revenues or those with whom the Company believes it has the potential to achieve such annual revenue amounts over a 24 to 30 month period. For each strategic client, a senior executive is identified and charged with managing the overall client relationship and leading periodic reviews with the client.

Your Company has 30 sales offices across North America, Europe, Japan and the rest of the Asia-Pacific region and 243 sales and marketing personnel who are supported by dedicated industry specialists. Your Company sets targets for its sales personnel at the beginning of each year, which are subject to periodic reviews. In addition to a base salary, your Company's compensation package for sales personnel includes an incentive-based compensation plan driven by achievement of the prescribed sales targets.

Your Company's sales and marketing professionals help promote the Patni brand through targeted analyst outreach programs, trade shows, white papers, sponsorships, workshops, road shows, speaking engagements and global public relations management. Your Company believes that a stronger brand will facilitate its ability to gain new clients and to attract and retain talented professionals.

Personnel & Performance

Your Company strongly believes that its ability to maintain and continue its growth depends to a large extent on its strength in attracting, developing, motivating and retaining the talent. The Company operates in seven major cities in India, which enables the Company to recruit technology professionals from different parts of the country. The key elements of the Company's human resource management strategy include talent acquisition, learning and development, compensation and retention.

Your Company has established a work ethic based on values that transcend across its global operations. The culture is oriented to high growth and performance that allows the Company to attract, motivate and retain high quality talent worldwide. Abilities are recognized with rewards for high performance.

Your Company uses its competitive recruitment program to select talent from India's premier engineering institutions. An adaptive business model and mature management structure allow aggressive scalability without compromising on flexibility, responsiveness and reliability of

services.

Your Company employed 14,894, 13,995 and 17,642 employees as of 31 December 2008, 2009 and 2010, respectively. Out of 17,642 employees, 13,259 were software professionals as of 31 December 2010. Of these software professionals, 2,482 employees were categorized as onsite and 10,777 as offshore. The geographic breakdown for our employees as of 31 December 2010 was as follows:

Geography	Number of Employees
India	14,326
North America	2,694
Rest of the World	622
Total	17,642

Centers of Excellence

Your Company has developed internal centers of excellence to create expertise in emerging technologies. Your Company

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currently has centers of excellence that focus on middleware integration, legacy systems modernization, business intelligence, Radio Frequency Identification (RFID), process consulting and service oriented architectures based on technologies such as J2EE and .NET. For example, your Company uses its center of excellence on legacy systems modernization to develop solutions for its clients who want to maintain their current business-critical systems but at the same time want to utilize the latest technologies for new systems. Your Company partners with leading technology vendors such as IBM and Microsoft to implement technology solutions soon after they are made available in the market.

Facility Expansion

A key component of your Company's global delivery model is the telecommunication linkages between client sites and our sites and between our distributed sites in India. Your Company has designed a global network architecture which provides client connectivity, offshore development center connectivity and internet connectivity. This network provides seamless access and uses high availability networks and advanced routing protocols for redundancy and availability. Although your Company relies on third parties, such as telecommunications providers and internet service providers to provide such services, your Company ensures that it has multiple service providers using multiple routes and media to attain high levels of redundancy, availability and performance. Your Company has dedicated teams to monitor the operations of its network operations 24 hours a day and seven days a week. Your Company uses encryption techniques for confidentiality of data as required.

Your Company's principal executive offices are located at Mumbai, India. The Company's North American headquarters are located in Cambridge, Massachusetts. These facilities are used primarily for management functions and support functions such as sales, marketing and general administration.

Your Company has state-of-the-art facilities in nine locations in India where our technical staff is located and which serve as our primary delivery centers. We also have imaging centers and distribution centers in the United States and in the United Kingdom for handling the digital processing of documents.

Your Company currently has capacity for approximately 18,400 professionals at these facilities. As of 31 December 2010, your Company had used approximately 75% of its existing office space in its operations.

Your Company has approximately 150,000 square feet of leased software development facilities in 5 countries outside India.

In keeping with the Company's plans for expansion, your Company has constructed new facilities in India, which includes three knowledge parks in Chennai, Navi Mumbai and Noida. These knowledge parks have state-of-the-art infrastructure with extensive workspace and training facilities and a modular design for ease of segregation of dedicated projects with ability to provide scale and service to clients from one location. Your Company's Noida Knowledge Park was awarded the prestigious LEED Platinum (Leadership in Energy and Environmental Design) rating jointly by the U.S Green Building Council and the Indian Green Building Council for our Green IT-BPO Centre. This makes your Company's Knowledge Park the second largest Platinum rated building in the world, and the largest Platinum rated building outside the United States.

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As of 31 December 2010, your Company had spent approximately \$101.3 million on the knowledge parks. The estimated amounts (net of advances) remaining to be executed on contracts in relation to capital expenditure for the construction of various facilities, aggregated approximately to \$54.5 million as of 31 December 2010 which will be executed over a three year period. Your Company anticipates that expenditures for its expansion plans will total approximately \$10 to \$15 million in 2011.

In continuation of its policy to have the Company's own campus operations, your Company has acquired land in Pune, Hyderabad and Kolkata in addition to its campuses in Mumbai, Chennai and Noida. These facilities when fully built are expected to have a seating capacity for approximately 25,000 professionals.

Quality and Project Management

While quality always has been an integral part of your Company's operations, your Company became formally certified and assessed for quality models in 1995.

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Your Company started with ISO 9000-1994, underwent SEI-CMM Level 4 and 5 assessments and as of today are ISO 9001-2008 certified and are assessed for P-CMM Level 3 and SEI-CMMi Level 5. ISO 9001 is an international standard for quality management systems maintained by the International Organization for Standardization. The Capability Maturity Model (CMM) is a method for evaluating the quality of a company's management and software engineering practices, with Level 5 being the highest attainable certification. The CMM was developed by the Software Engineering Institute (SEI) at Carnegie Mellon University. The Software Engineering Institute subsequently released a revised version known as the Capability Maturity Model Integration (CMMi). Your Company has been using the Six Sigma Program to implement process changes including the above. Your Company continuously strives to better its quality management system with the help of industry best practices and research findings. Your Company's quality management system involves the review and continuous improvement of software development and related processes, testing of work products and regular internal and external quality audits. Your Company applies sophisticated project management and solution deployment methodologies that your Company has developed to help ensure timely, consistent and accurate delivery of IT solutions to its clients.

In 2010 your Company has received the following recognitions:

- Listed among the Best 20 Leaders in Financial Services (Insurance) in the 2010 Global Outsourcing 100, by IAOP.
- Named a Niche Player in Gartner's Magic Quadrant for SAP ERP Implementation Service Providers in the North America, 2010 Report.
- Named a Niche Player in Gartner's Magic Quadrant for CRM Service Providers in the North Americas, 2010 Report, as also in the Europe, 2010 Report.
- Named the IT Supplier of the Year 2010 (for the second consecutive year) by Weyerhaeuser, a leading provider of integrated forest products.
- Named the Best Supplier for FY 2009-2010 by Toshiba Mitsubishi-Electric Industrial Systems Corp.
- Recognized as Genworth Financial's 2009 Strategic Supplier of The Year.
- Ranked 40th amongst the top technology providers for financial institutions in the FinTech 100 2009 list.
- Listed in the Global Services 100 2009, instituted by Global Services and neoIT (Neogroup):

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- Ranked 7th among Top 10 best performing IT Infrastructure Service Providers
- Ranked 8th among Top 10 best performing IT Service Providers .
- Received BPO Excellence Awards hosted by Stars of the Industry in the categories:
- BPO Organization of the Year
- Operational Excellence and Quality
- Social Change Agent .

Patni ESOP 2003 (Revised 2009)

Your Company had introduced the Employees Stock Option Plan known as Patni ESOP 2003 . The Plan is being administered by the Compensation and Remuneration Committee of Directors constituted as per SEBI Guidelines. The details of Options granted under the Plan are given in the Annexure to this Report.

Subsidiary Companies

The Company has wholly owned subsidiaries viz. Patni Americas, Inc., Patni Computer Systems (UK) Limited, Patni Computer Systems GmbH, PCS Computer Systems Mexico SA de CV and Patni (Singapore) Pte. Ltd.

Patni Telecom Solutions, Inc. and CHCS Services Inc. are the subsidiaries of Patni Americas, Inc., one of the Company's main subsidiaries. CHCS Services Inc. was acquired by Patni Americas, Inc., during the year 2010. (Effective 1 October 2010, Patni Life Sciences, Inc. has been merged with Patni Americas, Inc.)

Patni Telecom Solutions (P) Limited and Patni Telecom Solutions (UK) Limited are subsidiaries of Patni Telecom Solutions, Inc.

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Patni Computer Systems (Czech) s.r.o. is the subsidiary of Patni Computer Systems (UK) Limited.

During the year 2010, Patni Computer Systems Japan Inc. and Patni Computer Systems (Suzhou) Ltd were set up as subsidiaries of Patni (Singapore) Pte. Ltd.

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In view of the above and by virtue of Section 4 of the Companies Act, 1956 the Company has following subsidiaries (Collectively to be referred as Subsidiary Companies) i) Patni Americas, Inc.; ii) Patni Computer Systems (UK) Limited; iii) PCS Computer Systems Mexico SA de CV; iv) Patni Computer Systems GmbH; v) Patni (Singapore) Pte. Ltd.; vi) Patni Telecom Solutions, Inc.; vii) CHCS Services Inc.; viii) Patni Telecom Solutions (UK) Limited; ix) Patni Telecom Solutions (P) Limited; x) Patni Computer Systems (Czech) s.r.o.; xi) Patni Computer Systems Japan Inc.; and xii) Patni Computer Systems (Suzhou) Ltd.

The Company has been granted exemption for the year ended 31 December 2010 by the Ministry of Corporate Affairs vide its letter dated 23 February 2011 from attaching to its Balance Sheet, the individual Annual Reports of each of its Subsidiary Companies. As per the terms of the said letter, a statement containing brief financial details of the Company's subsidiaries for the year ended 31 December 2010 is included in the Annual Report. The annual accounts of Subsidiary Companies and the related detailed information will be made available to any member of the Company / its Subsidiary Companies seeking such information at any point of time and are also available for inspection by any member of the Company / its Subsidiary Companies at the Registered Office of the Company. The annual accounts of the said Subsidiary Companies will also be available for inspection, as above, at the registered offices of the respective Subsidiary Companies.

Acquisition of Controlling Stake in the Company by iGATE

On 10 January 2011, Pan-Asia iGATE Solutions and iGATE Global Solutions Limited (Acquirers) have entered into the Share Purchase Agreement and Securities Purchase Agreement with the Promoters of the Company and General Atlantic Mauritius Limited (PE Investor) to acquire 63.04% of the then Current Equity Share Capital of the Company.

Accordingly, as required under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (Regulations), the Acquirers along with iGATE Corporation (Person Acting in Concert), under Regulation 10 and Regulation 12, made an Open Offer to acquire 27,085,565 shares representing 20%* of the diluted equity capital of the Company, at the Offer Price of 503.50 per share payable in cash.

The details of the acquisition are as follows:

1. Offer Price	503.50 per fully paid up equity share
2. Shares acquired by way of MoU or market purchases triggering the Offer (No. & %)	83,005,150 (61.29)%*
a) Acquisition of shares from then Promoters of the Company	60,091,202
b) Acquisition of shares/ADSs from the PE Investor	22,913,948
3. Acquisition of Shares under Open Offer	27,085,565 (20)%*
4. Size of the Offer (No. of Shares multiplied by Offer Price per Share)`	13,637,581,978
5. Post Offer shareholding of Acquirers (2+3)	110,090,715 (81.29)%*

* Percentage shareholding calculated based on the Diluted Equity Capital.

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The total valid shares tendered under the Open Offer were 34,376,254 and the total shares accepted under the said Offer are 27,085,565 amounting to an acceptance ratio of 78%.

With the above acquisition, your Company has become a subsidiary of iGATE Corporation.

Reconstitution of the Board

In accordance of the Share Purchase Agreements and Securities Purchase Agreement dated 10 January 2011, Mr. Gajendra K Patni and Mr. William O Grabe (along with Mr. Abhay Havaladar, as an alternate director) resigned as directors of the Company w.e.f. 8 February 2011.

Mr. Phaneesh Murthy and Mr. Shashank Singh were appointed as the Additional Directors of the Company w.e.f. 8 February 2011. Pursuant to provisions of Section 260 of the Companies Act, 1956, they shall hold their office till the ensuing Annual General Meeting of the Company. In view of the same, it is proposed to appoint them as directors of the Company in the forthcoming Annual General Meeting.

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Mr. Pradip Shah, Mr. Ramesh Venkateswaran, Dr. Michael A Cusumano, Mr. Pradip Baijal and Mr. Louis Theodoor van den Boog have also tendered their resignations w.e.f. 12 May 2011.

Mr. Jai S Pathak and Mr. Göran Lindahl were appointed as the Additional Directors of the Company w.e.f. 12 May 2011. Pursuant to provisions of Section 260 of the Companies Act, 1956, they shall hold their office till the ensuing Annual General Meeting of the Company. In view of the same, it is proposed to appoint them as directors of the Company in the forthcoming Annual General Meeting.

The Board, at their meeting held on 12 May 2011, has appointed Mr. Jai S Pathak as the Chairman of the Board of Directors and also Chairman of the Company.

Mr. Jeya Kumar has ceased to be a Chief Executive Officer of the Company w.e.f. 12 May 2011. He also ceased to be a Director of the Company w.e.f. 12 May 2011.

Mr. Phaneesh Murthy was appointed as a Chief Executive Officer & Managing Director of the Company, subject to the statutory approvals. The resolution to this effect is being proposed at the ensuing Annual General Meeting of the Company.

In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the Company, Mr. Arun Duggal and Mr. Vimal Bhandari are liable to retire and eligible for reappointment in the forthcoming Annual General Meeting.

Corporate Governance

Your Company follows the principles of the effective corporate governance practices. The Clause 49 of the Listing Agreement deals with the Corporate Governance requirements with which every publicly listed Company is required to comply with. The Company has taken steps to comply with the requirements of revised Clause 49 of the Listing Agreement with the Stock Exchanges.

A separate section on Corporate Governance forming part of the Directors' Report and certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance as stipulated in Clause 49 of the Listing Agreement is included in the Annual Report.

Particulars of Employees

Particulars of employees as required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this Report. However, in pursuance of Section 219(1)(b)(iv) of the Companies Act, 1956,

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this Report is sent to all the Members of the Company excluding the aforesaid information and the said particulars are made available at the registered office of the Company. The members desirous of obtaining such particulars may write to the Company Secretary at the registered office of the Company.

Fixed Deposits

Your Company has not accepted any fixed deposits from the public. As such, no amount of principal or interest is outstanding as of the balance sheet date.

Auditors

M/s B S R & Co., Chartered Accountants, the present statutory auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. M/s B S R & Co., have expressed their unwillingness to be appointed as the statutory auditors of the Company. In view of the same, the Board of Directors of the Company, on the recommendation of the Audit Committee of the Company, has proposed to appoint M/s S.R. Batliboi & Associates, Chartered Accountants as statutory auditors of the Company. Accordingly, M/s S.R. Batliboi & Associates are proposed to be appointed as the statutory auditors of the Company at the ensuing Annual General Meeting of the Company. M/s S.R. Batliboi & Associates, under section 224(1) of the Companies Act, 1956, furnished the certificate of their eligibility for appointment.

Directors Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, confirm that:

- (a) in the preparation of the annual accounts, the accounting standards have been followed and that there is no material departure;

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(b) they, in selection of accounting policies, have consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 December 2010 and the Profit of the Company for the period 1 January 2010 to 31 December 2010;

(c) they have taken proper and sufficient care, to their best of knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(d) they have prepared the annual accounts on a going concern basis.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo:

A) Conservation of Energy

Your Company consumes electricity mainly for the operation of its computers. Though the consumption of electricity is negligible as compared to the total turnover of the Company, your Company has taken effective steps at every stage to reduce consumption of electricity.

B) Technology Absorption

This is not applicable to your Company as it has not purchased or acquired any Technology for development of software from any third party.

C) Foreign Exchange Earnings/Outgo

Earnings in Foreign Currency on account of:	31 Dec 2010 (in million)
Export Sale	18,539
Others	51
Total Earnings	18,590
Expenditure in Foreign Currency on account of:	
Traveling Expenses	133
Overseas Employment Expenses	2,586
Professional Fees & Consultancy Charges	428
Subscription & Registration Fees	2
Other Matters	171

Total Expenditure	3,320
Net Earnings in Foreign Currency	15,270

Acknowledgements

Your Directors wish to convey their appreciation to all the Company's employees for their performance and continued support. The Directors would also like to thank all the shareholders, consultants, customers, vendors, bankers, service providers and governmental & statutory authorities for their continued support.

For and on behalf of the Board of Directors

Jai S Pathak
Chairman

Phaneesh Murthy
*Chief Executive Officer &
Managing Director*

Date: 12 May 2011

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(Currency: in thousands of Indian Rupees except share data)

	As of 31 December 2010
(a) No. of options granted	15,739,232*
(b) Pricing formula	As per market price as defined in SEBI guidelines on ESOP or on face value of equity shares
(c) Options vested	2,481,657**
(d) Options exercised	5,227,613
(e) The total number of shares arising as a result of exercise of options	5,227,613
(f) Options lapsed	4,009,671***
(g) Variation of terms of options	N/A
(h) Money realized by exercise of options;	1,021,876
(i) Total number of options in force;	6,501,948
(j) Employee wise details of options granted during the year to:	
(I) senior managerial personnel during the year;	Refer Table 1
(II) any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during that year.	Refer Table 2
(III) identified employees who were granted options, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant;	Nil

Table 1

Employee Name	Equity Options Granted
Jeya Kumar	240,500
Satish Joshi	23,180
Niket Ghate	22,600
Anil Gupta	22,600
Manish Mehta	20,000
Rajiv Ranjan	20,000
Steve Correa	20,000
Vijay Khare	12,540
Apoorva Singh	12,000
Sunil Chitale	5,660
Deepak Khosla	5,590
Ajay Chamania	1,420
Sanjiv Kapur	130

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Employee Name	ADR Options Granted
Surjeet Singh	30,510
V Mathivanan	6,500
Naresh Lakhanpal	6,500
Derek Kemp	7,120

Table 2

Employee Name	Equity Options Granted
Jeya Kumar	240,500

Employee Name	ADR Options Granted
Surjeet Singh	30,510
(k)	diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with the Accounting Standard (AS) 20 Earnings per Share
	46.44

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(Currency: in thousands of Indian Rupees except share data)

		As of 31 December 2010
(l) Impact of Employee Compensation cost calculated as difference between intrinsic value and fair market value in accordance with SEBI Guidelines on ESOP		
Profit for the year after taxation as reported		6,231,715
Add: Stock based employee compensation determined under the intrinsic value method		345,254
Less: Stock based employee compensation determined under the fair value method		403,206
Pro-forma profit		6,173,763
Reported earnings per equity share of 2 each	- Basic	47.90
	- Diluted	46.44
Pro-forma earnings per equity share of 2 each	- Basic	47.45
	- Diluted	46.01
(m) Weighted-average exercise prices and weighted-average fair values of options, for options whose exercise price equals or is less than the market price of the stock ****		
Weighted average exercise price - Equity		160.83
Weighted average fair value - Equity		153.39
Weighted average exercise price - ADR		\$ 11.41
Weighted average fair value - ADR		\$ 10.62
(n) The fair value of each stock option is estimated on the date of grant using the Black Scholes option pricing model with the following assumptions for Equity linked options which are in accordance with SEBI Guidelines on ESOP		
Dividend yield		0.60% - 1.06%
Weighted average dividend yield		0.68%
Expected life		3.5 - 6.5 years
Risk free interest rates		6.81% - 7.96%
Expected Volatility		37.69% - 42.84%
Weighted Average Volatility		41.85%

The price of the underlying share in the market at the time of grant of options

	Grant Date	Price ()
	11 February 2010	471.00
	3 March 2010	489.30
	2 August 2010	463.65
	1 October 2010	426.00
	1 November 2010	467.90
	10 December 2010	452.45
	21 December 2010	491.05

The fair value of each stock option is estimated on the date of grant using the Black Scholes option pricing model with the following assumptions for ADR linked options which are in accordance with SEBI Guidelines on ESOP

Dividend yield	0.60% - 1.06%
Weighted average dividend yield	0.64%
Expected life	1.0 - 6.5 years
Risk free interest rates	0.48% - 2.93%

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Expected Volatility	30.54% - 46.33%
Weighted average volatility	32.14%

The price of the underlying share in the market at the time of grant of options

	Grant Date	Price ()
	11 February 2010	\$ 20.78
	3 March 2010	\$ 21.37
	2 August 2010	\$ 21.70
	1 October 2010	\$ 19.38
(o) Ratio of ADS to Equity Shares	1 ADR	= 2 Shares

* Including options granted to employees, who have separated.

** Net of options lapsed.

*** As per the Plan, in the event of resignation from employment, the options lapse for individual employee. However, the said options are available to the Company for reissue.

**** For options outstanding

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Corporate Governance Report

Your Company has complied, in all material respects, with features of Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges.

A report on the implementation of the Corporate Governance Code of the Listing Agreement by the Company is furnished below.

Philosophy on Corporate Governance

A good corporate governance process aims to achieve balance between shareholders' interest and corporate goals by providing long-term vision of its business and establishing systems that help the Board in understanding and monitoring risk at every stage of the corporate evolution process to enhance the trust and confidence of the stakeholder without compromising with laws and regulations.

The Company's philosophy on corporate governance encompasses achieving balance between individual interests and corporate goals through the efficient conduct of its business and meeting its stakeholder obligations in a manner that is guided by transparency, accountability and integrity. Accountability improves decision-making and transparency helps to explain the rationale behind decisions and to build stakeholder confidence.

At Patni Computer Systems Limited, we strive towards excellence through adoption of best governance and disclosure practices.

A. Board of Directors

1. Composition of directors

The Board of Directors of the Company (the Board) has an optimum combination of executive and non-executive directors, which is in conformity with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges (Listing Agreement) in this regard. The Chairman of the Board is a Non-executive Independent Director. In order to ensure the independence of the Board, 50% of the Board is comprised of Independent Directors.

At present, the Board consists of six members. The relevant details in respect of the existing composition of the Board are furnished below.

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Name of the director	Position/Category	Number of directorships in other companies*
Mr. Jai S Pathak (1)	Chairman	2
Mr. Phaneesh Murthy (2)	Chief Executive Officer & Managing Director	6
Mr. Göran Lindahl (3)	Non-executive Director	4
Mr. Shashank Singh (4)	Non-executive Director	1
Mr. Arun Duggal	Independent Director	13
Mr. Vimal Bhandari	Independent Director	8

(1). Non-executive Independent Director of the Board and has been appointed as an Additional Director of the Company w.e.f. 12 May 2011 in accordance with Section 260 of the Companies Act, 1956.

(2). Pursuant to Section 260 of the Companies Act, 1956, has been appointed as an Additional Director of the Company w.e.f. 8 February 2011 pursuant to Share Purchase Agreements and Securities Purchase Agreement dated 10 January 2011 and has been appointed as a Chief Executive Officer & Managing Director of the Company w.e.f. 12 May 2011.

(3). Appointed as an Additional Director of the Company w.e.f. 12 May 2011 in accordance with Section 260 of the Companies Act, 1956.

(4). Pursuant to Share Purchase Agreements and Securities Purchase Agreement dated 10 January 2011, has been appointed as an Additional Director of the Company w.e.f. 8 February 2011 under Section 260 of the Companies Act, 1956.

* This includes directorships held in public limited companies, foreign companies and subsidiaries of public limited companies but excludes directorships held in private limited companies.

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Changes in composition of the Board since last Annual General Meeting.

- Pursuant to the Share Purchase Agreements dated 10 January 2011 entered between each of the Promoter Groups and Pan-Asia iGATE Solutions and iGATE Global Solutions Ltd., (Promoter Group SPAs) and Share Purchase Agreement and Securities Purchase Agreement, both dated 10 January 2011 entered between General Atlantic Mauritius Limited and Pan-Asia iGATE Solutions (PE Investor SPAs) to acquire substantial equity stake in the Company (Acquisition Transaction), Mr. Phaneesh Murthy and Mr. Shashank Singh were appointed as Additional Directors under section 260 of the Companies Act, 1956 w.e.f. 8 February 2011.
- Pursuant to the Acquisition Transaction, Mr. Gajendra K Patni and Mr. William O Grabe resigned as Directors of the Company w.e.f. 8 February 2011. Subsequently, Mr. Narendra K Patni, Mr. Ashok K Patni, Mr. Pradip Shah, Mr. Ramesh Venkateswaran, Mr. Louis Theodor van den Boog, Dr. Michael A Cusumano, Mr. Pradip Baijal and Mr. Jeya Kumar also resigned as Directors w.e.f. 12 May 2011.
- Mr. Jai S Pathak and Mr. Göran Lindahl were appointed as Additional Directors under section 260 of the Companies Act, 1956.

2. Number of Board Committees of the Company and of other companies on which directors are Member or Chairman.

Name of the director	Number of board committees on which Chairman	Number of board committees on which Member	Number of board committees of other companies on which Chairman	Number of board committees of other companies on which Member
Mr. Jai S Pathak#	NIL	2	NIL	2
Mr. Phaneesh Murthy*	NIL	NIL	NIL	1
Mr. Göran Lindahl*	NIL	NIL	NIL	NIL
Mr. Shashank Singh*	1	NIL	NIL	NIL
Mr. Arun Duggal#	1	NIL	2	1
Mr. Vimal Bhandari#	NIL	2	2	3
Mr. Narendra K Patni**	NIL	NIL	NIL	NIL
Mr. Jeya Kumar**	NIL	NIL	NIL	NIL
Mr. Ashok K Patni**	NIL	NIL	NIL	1
Mr. Louis Theodor van den Boog**	NIL	NIL	NIL	NIL
Mr. Pradip Shah**	NIL	NIL	1	6
Mr. Ramesh Venkateswaran**	NIL	NIL	NIL	NIL
Dr. Michael A Cusumano**	NIL	NIL	NIL	NIL
Mr. Pradip Baijal**	NIL	NIL	1	NIL
Mr. Gajendra K Patni**	NIL	NIL	NIL	1
Mr. William O Grabe**	NIL	NIL	NIL	NIL

* Appointed pursuant to Acquisition Transaction.

Mr. Arun Duggal ceased to be the Chairman of the Audit Committee w.e.f. 10 February 2010. However, he was re-elected as the Chairman of the Audit Committee w.e.f. 12 May 2011. Mr. Vimal Bhandari was inducted on the Audit Committee as a Member w.e.f. 10 February 2010. Mr. Jai S Pathak was inducted as a Member of the Audit Committee w.e.f. 12 May 2011.

** Resigned pursuant to Acquisition Transaction.

Note: (As required under the Listing Agreement)

1. For the purpose of considering the limit of the committees on which a director can serve, all public limited companies, whether listed or not, have been included and all other companies including private limited companies, foreign companies and companies under Section 25 of the Companies Act have been excluded.

2. For the purpose of considering the limit on memberships of the committees, the Audit Committee and the Shareholders / Investors Grievance Committee alone are considered.

Table of Contents**3. Number of board meetings held and the dates on which such meetings were held:**

Five board meetings were held during the year ended 31 December 2010 with a time gap of not more than four months between any two meetings and the required information as stipulated under clause 49 of the Listing Agreement was made available to the members of the Board. The dates of such board meetings were 10-11 February 2010, 28-29 April 2010, 27-28 July 2010, 13 August 2010 and 26-27 October 2010.

4. Attendance of each director at the board meetings and the last AGM

Name of the director	Total board meetings held during tenure	Total board meetings attended	Annual General Meeting on 23 June 2010
Mr. Jai S Pathak	NA	NA	NA
Mr. Phaneesh Murthy	NA	NA	NA
Mr. Göran Lindahl	NA	NA	NA
Mr. Shashank Singh	NA	NA	NA
Mr. Arun Duggal	5	4	X
Mr. Vimal Bhandari	5	4	X
Mr. Pradip Shah	5	4	ü
Mr. Narendra K Patni	5	4	ü
Mr. Jeya Kumar	5	4	ü
Mr. Ashok K Patni	5	4	X
Mr. Ramesh Venkateswaran	5	5	ü
Mr. Pradip Baijal	5	3	ü
Mr. Gajendra K Patni	5	3	ü
Mr. William O Grabe	5	1	X
Dr. Michael A Cusumano	5	4	X
Mr. Louis Theodoor van den Boog	5	3	X
Mr. Abhay Havaladar (Alternate Director to Mr. William O Grabe)	5	1	X

NA Not Applicable

5. Compensation to Directors

Details of compensation paid to Directors for the year ended 31 December 2010 are as below:

(Amounts in)

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Director	Relationship with other directors	Business relationship with the Company	Loans & advances from the Company	Sitting Fees*	Remuneration*	Commission*
Mr. Narendra K Patni	Brother of a Mr. Gajendra K Patni and Mr. Ashok K Patni	Erstwhile Promoter	NIL	NIL	Refer note 3	NIL
Mr. Jeya Kumar	No	None	NIL	NIL	128,878,816	NIL
Mr. Gajendra K Patni	Brother of Mr. Narendra K Patni and Mr. Ashok K Patni	Erstwhile Promoter	NIL	100,000	(3,137,393)#	NIL
Mr. Ashok K Patni	Brother of Mr. Gajendra K Patni and Mr. Narendra K Patni	Erstwhile Promoter	NIL	100,000	(3,137,393)#	NIL
Mr. William O Grabe	No	Erstwhile Nominee of strategic investor	NIL	NIL	NIL	NIL

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(Amounts in)

Director	Relationship with other directors	Business relationship with the Company	Loans & advances from the Company	Sitting Fees*	Remuneration*	Commission*
Mr. Louis Theodoor van den Boog	No	None	NIL	60,000	4,980,371	1,832,933
Mr. Arun Duggal	No	None	NIL	180,000	NIL	2,083,536
Mr. Pradip Shah	No	None	NIL	180,000	NIL	2,259,880
Mr. Ramesh Venkateswaran	No	None	NIL	180,000	NIL	2,083,536
Dr. Michael A Cusumano	No	None	NIL	160,000	NIL	1,832,933
Mr. Pradip Baijal	No	None	NIL	100,000	NIL	2,058,783
Mr. Vimal Bhandari	No	None	NIL	180,000	NIL	1,957,487

* Gross amounts subjected to applicable TDS.

Adjustment to pension liability on account of actuarial valuations.

Notes:**1. Payment to Non-executive Directors:**

During the year ended 31 December 2010, the Company paid US\$ 40,000 as an annual commission to its Independent Directors as approved by the Board within the limits approved by the Members of the Company. The amount of such commission, taken together for all Non-executive Directors, did not exceed 1% of the net profits of the Company in the financial year. The Independent Directors were also paid a sitting fee of 20,000 per meeting, being the maximum amount permissible under the present regulations, for attending the Board/Committee meetings. In addition to above mentioned commission, the following were entitled to a one-time annual commission as under:

- The Chairman of the Audit Committee: \$10,000 p.a.
- Members of the Audit Committee: \$5,000 p.a.
- The Chairman of Compensation & Remuneration Committee: \$5,000 p.a.
- The Chairman of Shareholders / Investors Grievance Committee: \$5,000 p.a.

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The Board of Directors, at its meeting held on 12 May 2011, has revised the compensation payable to the Independent Directors, as given below:

- Base Compensation to each Independent Director: \$50,000 p.a.
- Chairman of the Board of Directors: \$10,000 p.a.
- Chairman of each of the other Committees of Directors: \$10,000 p.a.
- The Compensation will be in the form of Commission as permitted under the provisions of the Companies Act, 1956.
- Commission will be paid on quarterly basis in equal installments.
- Overall Commission not to exceed 1% of the net profit of the Company.
- 20,000 as sitting fees for the meetings attended.

In addition to the above, the Independent Directors are also eligible for stock option grants under Company's Stock Option Plan i.e. Patni ESOP 2003 (Revised 2009).

2. Payment to Chief Executive Officer during the year 2010:

During the year, the Company paid a remuneration to Mr. Jeya Kumar within the limits envisaged under the applicable provisions of the Companies Act, 1956. The remuneration paid was approved by the Board within the limits approved by the Members of the Company.

The breakup of the remuneration paid to him in capacity of Manager is as under: (Amounts in ₹)

	Fixed Components		Pension	Variable Components		Total
	Salary, Allowances & Perquisites	PF contribution		Performance	Linked Incentive	
Mr. Jeya Kumar	75,157,644	2,526,552		51,194,620	128,878,816	

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Mr. Jeya Kumar's Employment Terms with regard to Notice period and Severance pay:

i) Notice Period:

Mr. Jeya Kumar's services are terminable with three (3) months notice on either side. However, the Company may, at its sole discretion, choose to terminate his services earlier by substituting the notice period by payment of salary in lieu of the notice period.

ii) Severance Pay:

(a) Termination without Cause or voluntary termination for Good Reason: In the event that his employment with the Company is terminated without Cause at any time by the Company or for voluntary termination for Good Reason during the first 24 months of the commencement of his employment, he will be entitled to (i) receive a lump sum payment equal to 1X Annual salary plus 1X target bonus or if the termination occurs after first 24 months, he will be eligible for 1X Annual salary plus 1X average of prior two of his Annual variable compensation/bonus (the Severance); (ii) subject to the Patni ESOP 2003 (Revised 2009) accelerated vesting of the Stock Options/RSUs as provided in his Employment Agreement. These benefits will be given subject to compliance with all the restrictive covenants agreed by him.

(b) Termination Following a Change of Control: In the event that there is a Change of Control of the Company and the successor management terminates his employment other than for Cause or voluntary termination for Good Reason within 24 months after the Change of Control, then he will be entitled to receive, subject to the Patni ESOP Plan, acceleration of Stock Options/RSUs as provided in his Employment Agreement (which will be settled within thirty days of such event (the Change of Control Severance)).

(c) Termination with Cause: In the event of termination with Cause, no severance payment is payable and all stock options/RSUs, whether vested or unvested, will lapse on the date of termination.

(d) Voluntary Termination: In the event of voluntary termination, no severance payment is payable and all unvested stock options/RSUs will lapse on the date of such termination.

After cessation as a Chief Executive Officer of the Company, Mr. Jeya Kumar will be compensated as per the terms of his employment agreement and the severance payment will be structured as agreed.

3. Compensation to Mr. Narendra K Patni: This was paid by Patni Americas Inc., a wholly owned subsidiary of the Company. The Compensation is as described in the financial statements of the Company and its subsidiaries.

Non-executive Directors Shareholding in the Company for the year ended 31 December 2010

Name of Non-executive Director	No. of Equity Shares as of 31 December 2010
Mr. Narendra K Patni#	20,697,998
Mr. Gajendra K Patni#	19,345,102
Mr. Ashok K Patni#	20,048,102
Mr. William O Grabe	Nil
Mr. Louis Theodoor van den Boog*	Nil
Mr. Arun Duggal	5,000
Mr. Pradip Shah	25,000
Dr. Michael A Cusumano	Nil
Mr. Ramesh Venkateswaran	16,900
Mr. Pradip Baijal	Nil
Mr. Vimal Bhandari	Nil

#shareholding includes shares held by their relatives.

* Mr. Van den Boog holds 48,002 equity shares of the Company as on 31 December 2010. This shareholding was acquired by Mr. Van den Boog through previous co-investment rights in which he invested in various General Atlantic LLC investment vehicles, including one as an investor in General Atlantic Mauritius Limited; as a result of which he has an approximate 0.2% ownership interest in General Atlantic Mauritius Limited. As on 31 December 2010, he also held 48,000 ADRs pursuant to exercise of ADR Linked Stock Options under Patni ESOP 2003 (Revised 2009).

Stock Options Grant

The Company had introduced Patni ESOP 2003 for employees of the Company/subsidiaries including Non-executive directors of the Company in terms of SEBI Guidelines on ESOP. In pursuance of Patni ESOP 2003, the Company issued an initial grant of 20,000 options each to then Independent Directors on 1 July 2004 as approved by the Board at an exercise price of ₹ 254 per share. 25% of the options granted in July 2004 as mentioned above, vested each in July 2005, July 2006, July 2007 and July 2008.

The Board of Directors, at its meeting held on 26 April 2005, approved initial grant of 20,000 options to Mr. Louis Theodoor van den Boog on joining the Board and 5,000 options each to other Independent Directors, at an exercise price of ₹ 381 per share. 25% of the options granted in April 2005 as mentioned above, vested each in April 2006, April 2007, April 2008 and April 2009.

The Board of Directors, at its meeting held on 25 April 2006, approved the grant of 5,000 options each to then Independent Directors, at an exercise price of ₹ 458 per share. 25% of the options granted in April 2006 as mentioned

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above, vested each in April 2007, April 2008, April 2009 and April 2010.

Subsequent to listing of Company's ADRs on New York Stock Exchange (NYSE), Members of the Company at their Annual General Meeting held on 21 June 2006, approved the amendment to Patni ESOP 2003 (Patni ESOP 2003 - Revised 2006) (the Plan) to enable the Company to issue the ADRs linked Options up to limits provided in the said shareholders resolutions.

The Board of Directors, at its meeting held on 24 April 2007, approved the grant of 5,000 options each to then Independent Directors, at an exercise price of 455 per share. 25% of the options granted in April 2007 as mentioned above vested each in April 2008, April 2009 and April 2010.

The Members of the Company, at their Annual General Meeting held on 26 June 2008, approved the amendment to the Plan to enable the Company to issue the Restricted Stock Units (RSUs) at an exercise price of 2 each under the Patni ESOP 2003 Revised 2008 (the Revised Plan).

The Compensation and Remuneration Committee of Directors vide its resolution dated 25 November 2008, approved the grant of 96,000 RSUs to Mr. Louis Theodoor van den Boog, at an exercise price of 2 per share. 25% of the above mentioned RsUs have been vested in November 2009 and the balance 75% of the above mentioned RSUs were vested in April 2010.

The Compensation and Remuneration Committee of Directors vide resolution dated 10 March 2009 approved the grant of 1,500,000 Equity Linked Options at an Exercise Price of 106 per share and 350,000 RSUs at a par value of shares i.e. 2 per share to Mr. Jeya Kumar, then CEO, under the Revised Plan. The Members of the Company have also approved the above mentioned grant by passing special resolution at the Annual General Meeting held on 25 June 2009. 25% of above mentioned Equity Linked Options and 50% of RSUs have been vested in March 2010. In March 2011, another tranche of 25% of the above mentioned Equity Linked Options and the balance 50% of RSUs were vested. As mentioned earlier, there will be acceleration of vesting of the said Equity Linked Options after his cessation as a CEO of the Company.

The Members of the Company, at their Annual General Meeting held on 25 June 2009, approved the resolution in which the Board of Directors of the Company are authorized on behalf of the Company to issue and allot additional 8,000,000 Equity Shares of nominal value of 2 each to the employees of the Company (including Executive and Non-executive Directors but excluding the Promoter Directors) under a Patni ESOP 2003 (Revised 2009) (Revised Plan 2009) created by the Company for the benefit of the employees, inter alia, on the terms and conditions as set out in the said Patni ESOP Plan. The Members also resolved that options granted to Non-executive Directors, including Independent Directors, shall not exceed 150,000 options in a financial year and in aggregate shall not be more than 1,500,000 under the said Revised Plan 2009.

The Board of Directors, at its meeting held on 10 February 2010, approved the grant of 20,000 options each to Mr. Vimal Bhandari and Mr. Pradip Baijal, then Independent Directors, at an exercise price of 471 each and 5,000 options each to other four Independent Directors as on said date, at the exercise price of 471 per share or US\$ 20.78 per ADR, as the case may be. 25% of the options granted in February 2010 as mentioned above vested in February 2011. In respect of Mr. Arun Duggal and Mr. Vimal Bhandari, the remaining 75% of options will vest in three equal installments in February 2012, February 2013 and February 2014.

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All the options which have been granted except the RSUs granted to Mr. Jeya Kumar, vest in four equal annual installments beginning one year from the date of grant. The RSUs granted to Mr. Jeya Kumar will vest in two equal annual installments beginning one year from the date of grant. The options can be exercised within five years from the date of vesting.

The Compensation & Remuneration Committee of Directors, vide resolution dated 1 October 2010, has approved grant of not exceeding 804,490 RSUs (including maximum of 125,515 ADR linked options representing 251,030 RSUs) to eligible option holders, including directors, of the Company. Out of the abovementioned grant, following directors were granted total 254,800 Equity Linked RSUs at an exercise price of 2 per share and total 4,225 ADR Linked RSUs at an exercise price of US\$ Equivalent to Indian Rupees 4 per ADR, as the case may be.

Name of the Director	No. of RSUs Granted	Description
Mr. Arun Duggal	4,550	Equity linked
Mr. Pradip Shah	1,950	Equity linked
Mr. Ramesh Venkateswaran	2,600	Equity linked
Dr. Michael A Cusumano	2,275	ADR linked
Mr. Louis Theodoor van den Boog	1,950	ADR linked
Mr. Pradip Baijal	2,600	Equity linked
Mr. Vimal Bhandari	2,600	Equity linked
Mr. Jeya Kumar	240,500	Equity linked

The effective date for the above mentioned grant is 1 October 2010 and in respect of Mr. Arun Duggal and Mr. Vimal Bhandari, all options i.e. 100% options granted will vest after one year from the date of grant. None of the said options have been vested so far.

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Code of Conduct:

Pursuant to the requirements of the Clause 49 of the Listing Agreement, the Board has adopted Code of Business Conduct and Ethics for the executive directors, whole time directors, officers and employees of the Company as well as the separate Code of Business Conduct and Ethics for Non-executive Directors of the Company. The said Code has been posted on website of the Company.

All the Board Members and senior management personnel have affirmed compliance with the Code for the year 2010 and a declaration to this effect signed by the CEO of the Company is provided at the end of this report.

Tenure:

As per the provisions of the Companies Act, 1956 and the Articles of Association of the Company, two third of the total directors of the Company retire by rotation. Out of this two third, one third will be retiring at every Annual General Meeting. Accordingly, the tenure of each director is two years but they are eligible for re-appointment.

In accordance with the existing Articles of Association of the Company, Mr. Narendra K Patni, Mr. Gajendra K Patni and Mr. Ashok K Patni were permanent members of the Board. However, pursuant to the Acquisition Transaction, Mr. Gajendra K Patni has resigned as the Director of the Company w.e.f. 8 February 2011 and Mr. Narendra K Patni and Mr. Ashok K Patni have resigned as the Directors of the Company w.e.f. 12 May 2011.

Mr. Phaneesh Murthy was appointed as Additional Director under Section 260 of the Companies Act, 1956 w.e.f. 8 February 2011 pursuant to Acquisition Transaction as mentioned earlier. He was further appointed as Chief Executive Officer & Managing Director w.e.f. 12 May 2011 for the period of five years pursuant to the provisions of the Companies Act, 1956 subject to approval of Members at the ensuing Annual General Meeting and such other statutory approvals as may be required. His appointment as a Director is not liable to retire by rotation.

B. Audit Committee

1. Brief description of terms of reference

The Audit Committee was initially set up on 19 December 2001 and reconstituted on 12 November 2003 in line with then corporate governance norms. Subsequently, the Audit Committee was further reconstituted on 30 March 2005, 29 April 2008, 10 February 2010 and recently on 12 May 2011. The Audit Committee has three non-executive members, all being independent. The Chairman of the Committee is an independent director. All members of the Audit Committee are financially literate and they have accounting or related financial management expertise.

Existing Charter of the Audit Committee, including terms of reference, is as under:

I. Purpose

The primary purpose of the Audit Committee is to assist the Board of Directors (the Board) of Patni Computer Systems Limited, (the Company), in fulfilling its oversight responsibilities with respect to (a) the accounting and financial reporting processes of the Company, including the integrity of the audited financial statements and other financial information provided by the Company to its stockholders, the public, any stock exchange and others, (b) the Company's compliance with legal and regulatory requirements, (c) the Company's independent auditors qualifications and independence, (d) the audit of the Company's financial statements and the performance of the Company's internal audit function and its independent auditors.

II. Organization

The Audit Committee shall have minimum of three Directors as its Members. All Members of the Audit Committee shall be independent Directors and shall be financially literate and at least one member shall have accounting or related financial management expertise. The Board shall appoint a chairperson of the Audit Committee and in the absence of such person, the members of the Audit Committee shall appoint one of their members present as the Chairman by a vote of the majority of the full Audit Committee. The Chairman of the Audit Committee shall be present at the Annual General Meeting of the Company to answer shareholder's queries.

The Audit Committee may invite such of the executives, as it consider appropriate (and Particularly the CFO) to be present at the meetings of the committee, but on occasions it may also meet without the presence of any executives of the company. The CFO, head of Internal Audit and representative of the Statutory Auditor may be present as invitees for the meetings of the Audit Committee.

III. Meetings

The Audit Committee should meet at least four times in a year and not more than four months shall elapse between two meetings. The Quorum shall be either two members or one third of the members of the Audit Committee whichever is greater.

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Subject to and in accordance with Clause 49 of the listing agreement

Description		Period
A.	With Respect to the Management	
1.	Review the annual financial statements before submission to the board for approval.	Annually
2.	Review the quarterly financial statements before submission to the board for approval.	Quarterly
3.	Review and discuss the major issues w.r.t accounting principles and financial statement presentations and changes in accounting principles and polices.	As appropriate
4.	Review disagreements or audit problems, if any, for preparation of financial statements etc.	As appropriate
5.	Review Company's legal Compliance Report and any matters which could impact Company's financial statements.	As appropriate
6.	Review the Company's Earnings press releases and other information provided to analysts and rating agencies.	As appropriate
7.	Review and discuss w.r.t off-balance sheet transaction, arrangements, obligations etc.	As appropriate
8.	Review steps to monitor, control and manage major financial risk and corrective measures.	As appropriate
B.	With Respect to the Independent Auditors	
1.	Appointment, compensation and oversight of the work of Independent Auditors.	As appropriate
2.	Evaluate Performances of Independent Auditors including lead audit partner.	Annually
3.	Ensure objectivity & independence of Independent Auditors, and receive a statement of Independence from them.	Annually
4.	Review Appropriate Internal Quality Control procedures of Independent Auditors.	Annually
5.	Confirm Rotation requirement of Partners & Independent Auditors and hiring of former employees of Independent Auditors.	As Appropriate
6.	Review of any report submitted by Independent Auditors.	As Appropriate

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7.	Before commencement of Statutory Audit, review the scope & plan of work of Independent Auditors.	Annually
8.	Post audit discussion with Independent Auditors to ascertain areas of concern.	Annually
9.	Review Alternative Accounting treatments of Financial information reported in US GAAP and treatment advised by Independent Auditors.	As appropriate
10.	Ensuring the quality and appropriateness of the Company s accounting and financial disclosures.	As appropriate

C. With Respect to the Internal Auditors

1.	Appointment of Head of Internal Audit and review of scope of work and his responsibilities.	Annually
2.	Review the scope & plan of work of Internal Audit Group including staffing & budget.	At least Annually
3.	Evaluate Performance of Internal Audit Group.	At least Annually
4.	In discussion with internal auditors Review of the adequacy of Company s internal controls.	As appropriate
5.	Review the process of complaints regarding internal accounting controls and auditing matters.	As appropriate
6.	Review effectiveness of the Company s internal control over financial reporting.	Annually
7.	Review Management certification and disclosures.	Annually
8.	Review on the issues raised in management letters and corrective steps.	As appropriate
9.	Review on significant findings of the Internal Audit Group.	As appropriate

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Description	Other	Period
D.		
	1.	Review all related party transactions required under SEC rules and SEBI. Annually
	2.	Examine reasons behind any substantial defaults. As appropriate
	3.	Review the details of investment surplus fund and IPO proceeds. As appropriate
	4.	Recommend to BOD amendment to, or waiver of, Company s code of Ethics. As appropriate
	5.	Review adequacy of Charter annually and review its performance. Annually
	6.	Report regularly with respect to the quality or integrity of the Company s financial statements & perform other activities. As appropriate
	7.	Review the financial statements of any material non-listed Indian subsidiary. As appropriate

V. Resources

The Audit Committee shall have the sole authority to retain or terminate consultants to assist the Audit Committee in its functions. The terms of engagement and payment terms of such consultants will be determined by the Audit Committee.

The Company Secretary shall act as the Secretary to the Audit Committee.

2. Composition, names of Members and Chairman

The Board of Directors of the Company, at its Meeting held on 12 May 2011, has inter alia, approved following changes in the composition of the Audit Committee of the Directors:

- Mr. Pradip Shah has ceased to be the Chairman of the Audit Committee.

- Mr. Arun Duggal has been appointed as the Chairman of the Audit Committee.

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- Mr. Jai S Pathak has been inducted as the Member of the Audit Committee.

Accordingly, the current composition of the Audit Committee of the Company is as under:

Name of the Member	Designation	Category
Mr. Arun Duggal	Chairman	Independent Director
Mr. Vimal Bhandari	Member	Independent Director
Mr. Jai S Pathak	Member	Independent Director

3. Meetings and attendance during the year

Four meetings were held during the year ended 31 December 2010.

Name of the Member	Total Committee meetings held during tenure of member	Total Committee meetings attended
Mr. Arun Duggal	4	3
Mr. Vimal Bhandari	3	3
Mr. Jai S Pathak	NA	NA
Mr. Pradip Shah*	4	4
Mr. Ramesh Venkateswaran*	1	1

* Mr. Pradip Shah was appointed as the Chairman of the Committee w.e.f. 10 February 2010 and ceased to be the Chairman of the Committee w.e.f. 12 May 2011. Mr. Ramesh Venkateswaran ceased to be the Member of the said Committee w.e.f. 10 February 2010.

C. Compensation and Remuneration Committee

1. Brief description of terms of reference and remuneration policy

The Compensation and Remuneration Committee was set up on 30 July 2006 by merging the Remuneration Committee and the Compensation Committee. The Committee has overall responsibility for approving and evaluating compensation plans, policies and programs of the CEO and senior management of the company. The Committee shall make recommendations to the Board on Stock Option plans for all employees. The Committee shall also facilitate the recommendation of compensation for Board members.

Recently, the Compensation and Remuneration Committee was further reconstituted on 12 May 2011.

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The Committee has three non-executive members with all being independent and the Chairman of the Committee is an Independent Director.

2. Present Composition, names of Members and Chairman

Name of the Member	Designation	Category
Mr. Vimal Bhandari	Chairman	Independent Director
Mr. Jai S Pathak	Member	Independent Director
Mr. Arun Duggal	Member	Independent Director

3. Meetings and attendance during the year

Three meetings were held during the year ended 31 December 2010.

Name of the Member	Total Committee meetings held during tenure of member	Total Committee meetings attended
Mr. Vimal Bhandari	NA	NA
Mr. Jai S Pathak	NA	NA
Mr. Arun Duggal	NA	NA
Mr. Ramesh Venkateswaran*	3	3
Dr. Michael A Cusumano*	3	3
Mr. Pradip Baijal*	3	1

*Ceased to be the members of Compensation and Remuneration Committee w.e.f. 12 May 2011.

D. Shareholders / Investors Grievance Committee

Shareholders /Investors Grievance Committee was set up on 12 November 2003 and was reconstituted on 30 July 2006, 30 October 2007, 29 April 2008, 22 October 2008, 29 July 2009 and recently on 12 May 2011. The Committee consists of three directors, all being Non-executive Directors. The Chairman of the Committee is a Non-executive Director. The Committee met on 26 October 2010 to ensure timely and efficient resolving of investor complaints.

1. Name of Non-executive Director heading the Committee:

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Mr. Pradip Baijal was the Chairman of the Committee for the year ended 31 December 2010. However, he ceased to be the Chairman of the Committee w.e.f. 12 May 2011.

Presently, the Committee is chaired by Mr. Shashank Singh.

2. Present Composition, names of the Members and Chairman:

Name of the Member	Designation	Category
Mr. Shashank Singh	Chairman	Non-executive Director
Mr. Vimal Bhandari	Member	Non-executive Independent Director
Mr. Jai S Pathak	Member	Non-executive Independent Director

3. Name and designation of Compliance Officer

Mr. Arun Kanakal, Company Secretary

Ackruti Softech Park, MIDC Cross Road No. 21

MIDC, Andheri (East)

Mumbai 400 093.

Tel: 91 022 6693 0500

Fax: 91 022 2832 1750

E-mail: arun.kanakal@igatepatni.com

4. Details of investors queries/complaints received and resolved during the year ended 31 December 2010:

This information has been provided under Shareholders Information.

E. General Body Meetings

1. Details of last three Annual General Meetings of the Company:

Annual General Meetings for the last three years

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Date	23 June 2010	25 June 2009	26 June 2008
Location	Hotel Le Meridien, R.B.M.Road Behind Pune Railway Station Pune 411 001.	Hotel Le Meridien, R.B.M.Road Behind Pune Railway Station Pune 411 001.	Hotel Le Meridien, R.B.M.Road Behind Pune Railway Station Pune 411 001.
Time	11.30 am	11.30 am	11.30 am

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2. Whether any special resolution passed in the previous three AGMs?

Yes

3. Whether any special resolution passed last year through postal ballot details of voting pattern?

No

4. Who conducted the postal ballot?

Not Applicable

5. Whether any special resolution is proposed to be conducted through postal ballot?

No

6. Procedure for postal ballot?

Not Applicable

F. Disclosures

1. Disclosures on materially significant related party transactions that may have potential conflict with the interests of the company at large.

Disclosures regarding Related Party Transactions have been made under notes to financial statements of the Company, which forms part of this Annual Report.

2. Details of non-compliance by the Company, penalties and strictures imposed on the company by the stock exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

No penalties and strictures have been imposed on the Company by the stock exchange, SEBI or any statutory authority on any matter related to capital markets as there was no non-compliance by the Company.

3. As stated earlier, the Board has adopted Code of Business Conduct and Ethics for the executive directors, whole time directors, officers and employees of the Company as well as the separate Code of Business Conduct and Ethics for Non-executive Directors of the Company. The provisions relating to Whistle blower policy have been adequately provided and no personnel has been denied access to the Audit Committee.

4. Disclosure on non-mandatory requirements:

a) Mr. Jai S Pathak, Independent Director, has been appointed as Chairman of the Company. As of now, he is not maintaining a Chairman's Office at the Company's expense.

None of the independent directors on the Board of the Company has served for a tenure exceeding nine years. The Company has ensured that the person who is being appointed as an independent director has the requisite qualifications and experience which would be of use to the Company and which in the opinion of the Company, would enable him to contribute effectively to the Company in his capacity as an Independent Director.

b) The Company has set up a Compensation & Remuneration Committee. Details of which is provided elsewhere in the Annual Report.

c) We publish our quarterly and half yearly results in widely circulated newspapers and also display them on our website. During the year, we also sent quarterly and half yearly results to shareholders through email.

d) The financial statements of the Company are unqualified.

e) As stated earlier, the Company has adopted a Whistle Blower Policy and has established the necessary mechanism for employees to report concerns about any malpractice, impropriety, abuse etc. The said Policy is also appropriately communicated within the Company across all levels and has been displayed on Company's intranet and website.

G. Shareholders Information

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Date and time of AGM : 29 June 2011, Wednesday at 11.30 a.m.
Venue : The Westin Pune, 36/3B Koregaon Park Annexe, Mundhwa Road, Pune 411001.
Financial year : 1 January 2010 to 31 December 2010
Book closure dates : 22 June 2011 to 29 June 2011 (both days inclusive)
Registered office : S-1A, F-1, Irani Market Compound, Yerawada, Pune 411 006
Dividend payment date : Not Applicable.
Compliance officer : Mr. Arun Kanakal, Company Secretary is the Compliance Officer of the Company
Website address : www.igatepatni.com

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Means of communication

The Company's website www.igatepatni.com contains an Investors' section containing financials, press releases, shareholding pattern, news about the Company and certain other shareholder information.

The Company has been sharing the relevant information on the Corporate Filing and Dissemination Systems website viz. www.corpfiling.co.in launched by BSE and NSE.

The Securities and Exchange Commission, US (SEC) maintains a website at www.sec.gov that contains all information and filings done by the registrants that make electronic filings with the SEC using its EDGAR system. The periodical filings of the Company with SEC are also available on the Company's website.

All press releases and events can be accessed under the heading 'News and Events' in Investors' section on the Company's website.

Financial results are generally published in Economic Times, Free Press Journal (the National newspapers), Navshakti and Maharashtra Times (Vernacular newspapers).

As required by sub-clause V of Clause 49 of the Listing Agreement, Management Discussion and Analysis is provided elsewhere in the Annual Report.

As on 31 December 2010, there were 47,768 shareholders holding our equity shares.

The Company's shares fall under category A of scrip in BSE and are listed on the following stock exchanges:

In India:

1. Bombay Stock Exchange Limited (BSE)

Phiroze Jeejeebhoy Towers

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Dalal Street, Fort

Mumbai 400001.

Tel: 91 22 2272 1233/1234

Fax: 91 22 2272 1919

Website: www.bseindia.com

2. National Stock Exchange of India Limited (NSE)

Exchange Plaza

Plot No. C/1, G Block

Bandra Kurla Complex, Bandra (E)

Mumbai 400 051.

Tel: 91 22 2659 8235/36

Fax: 91 22 2659 8237/38

Website: www.nseindia.com

Outside India:

The Company's ADSs are listed on:

The New York Stock Exchange (NYSE)

11 Wall Street, New York, NY 10005.

Tel: +1 212 6563000

Website: www.nyse.com

Listing fees for the year 2010-11 have been paid to the stock exchanges where the Company's shares are listed.

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Stock code:

BSE : 532517
NSE : PATNI
ISIN nos. in NSDL and CDSL : INE660F01012
NYSE (ADR) : PTI
Telerate Code/Moneyline code : BSE - IN;PQS
NSE - IN;PQSN
NYSE - US;NYA

Reuters:

Symbol	Company Name	Prime Exchange
PTNI.NS	PATNI COMPUTER SYSTEMS LTD	NSE
PTNI.BO	PATNI COMPUTER SYSTEMS LTD	BSE
PTI.N	PATNI COMPUTER SYSTEMS LTD	New York Stock Exchange

Bloomberg Code: PATNI:IN, PTI:US.

Dematerialization of equity shares

The Company's shares are under compulsory dematerialization list and can be transferred through depository system. The Company has entered into a tripartite agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to facilitate the dematerialization of shares. As on 31 December 2010, 99.99% shares were held in electronic form.

Contact Details

For queries regarding shares:

Registrar and Transfer Agent

Karvy Computershare Private Limited

Unit: Patni Computer Systems Limited

Plot No.17-24, Vittal Rao Nagar, Madhapur

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Hyderabad 500 081, India.

Tel: 91 40 2342 0815-820

Fax: 91 40 2342 0814

Email: igkcpl@karvy.com

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Company Secretary and Compliance Officer

Arun Kanakal

Patni Computer Systems Limited

Ackruti Softech Park

MIDC Cross Road No. 21

Andheri (East), Mumbai 400093.

Tel: 91 22 6693 0500

Email: investors.redressal@igatepatni.com

Queries relating to Financial Statements

Tanmoy Chowdhury

Patni Computer Systems Limited

Ackruti Softech Park

MIDC Cross Road No. 21

Andheri (East), Mumbai 400093.

Tel: 91 22 6693 0500

Email: investors.redressal@igatepatni.com

Investor correspondence in the U.S.

Gaurav Agarwal

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Patni Computer Systems Limited

One Broadway

Cambridge MA 02142.

Tel: +1 617 914 8360

Email: ir@igatepatni.com

Name and address of the Depositary Bank for the purpose of ADS

The Bank of New York Mellon Investor Services

C/o BNY Mellon Shareowner Services

P.O. Box 358016

Pittsburgh, PA 1525-8016

Toll Free: 1 888 BNY ADRS

International: +1 201 680 6825

Email: shrrelations@bnymellon.com

Website: www.bnymellon.com/shareowner

Name and address of the Custodian in India for the purpose of ADS

The Hongkong and Shanghai Banking Corporation Ltd

Custody and Clearing

HSBC Securities Services

2nd Floor, Shiv , Plot No 139-140 B

Western Express Highway, Sahar Road Junction

Vile Parle (E), Mumbai 400 057.

Tel: 91 22 4035 7637/40/49/27

Fax: 91 22 4035 7469/70

Dividend

The Board of Directors had approved a Special Interim Dividend of ₹3 per equity share of ₹2 each in their meeting held on 13 August 2010; this was paid during the year. The Board has not recommended any further dividend for the year ended 31 December 2010.

Patni Insider Trading Policy

The Company has implemented an Insider Trading Policy to comply with all relevant Insider Trading Regulations. In accordance with the policy, the Company announces quiet period for designated employees from time to time.

The Company has a policy of observing a quiet period from the last day of the end of the quarter till two trading days after the financial results are published. The Company may also announce quiet period during and after the occurrence of certain events mentioned in the Insider Trading Policy.

The Company is continuously monitoring compliance under its Insider Trading Policy.

Table of Contents**Details of complaints received and resolved from 1 January 2010 to 31 December 2010**

Complaints	Received	Attended to	Pending
Non-Receipt of Dividend Warrants	343	343	0
Non-Receipt of Annual Report	32	32	0
Non-Receipt of Securities	2	2	0
Non-Receipt of Refund Order	11	11	0
Non-Receipt of Electronic Credit	1	1	0
Receipt of Refund Orders/Dws for corrections	0	0	0
Complaints Received from SEBI	9	9	0
Complaints Received from Stock Exchanges	0	0	0
Total	398	398	0

Shareholding Pattern as on 31 December 2010

Category	Number of Shares	% to Total
Promoters and Relatives of Promoters	60,091,202	45.72
Mutual Funds/UTI	3,223,035	2.45
Financial Institutions/Banks	1,663,608	1.27
Insurance Companies	978,400	0.74
Foreign Institutional Investors	17,577,937	13.38
Bodies Corporate	2,758,965	2.10
Individuals	4,423,711	3.36
NRI	239,907	0.18
Foreign Corporate Bodies	2,752,081	2.09
Directors	46,900	0.04
Trusts and Clearing Members	165,137	0.12
Shares underlying ADRs*	37,397,698	28.46
Others	100,499	0.09
Total	131,419,080	100.00

* Includes 20,161,868 underlying shares then held by Bank of New York for General Atlantic Mauritius Limited being the beneficiary.

Market Price Data**Monthly highs, lows and volumes for the Year 2010**

Month	High	BSE Low	Volume Nos.	High	NSE Low	Volume Nos.	Total Volume (BSE+NSE) Nos.
January, 2010	526.70	437.00	1,295,258	529.90	436.00	5,641,682	6,936,940
February, 2010	499.95	438.00	1,144,888	497.20	438.00	5,156,896	6,301,784
March, 2010	593.00	470.00	1,133,191	594.00	470.00	6,039,856	7,173,047
April, 2010	584.00	524.55	786,066	581.10	523.40	5,252,815	6,038,881

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May, 2010	623.90	469.95	1,919,130	624.80	530.05	10,850,830	12,769,960
June, 2010	603.00	493.00	2,254,774	602.70	486.35	12,146,752	14,401,526
July, 2010	624.00	450.50	2,488,449	543.40	458.00	10,483,071	12,971,520
August, 2010	554.65	442.10	11,938,359	554.80	431.90	44,339,912	56,278,271
September, 2010	468.00	412.55	1,607,316	470.00	411.00	9,082,987	10,690,303
October, 2010	480.00	417.00	1,876,821	485.00	416.10	9,566,722	11,443,543
November, 2010	509.50	442.10	2,090,367	508.75	442.00	10,470,546	12,560,913
December, 2010	505.00	426.90	2,548,078	503.00	426.00	10,546,724	13,094,802

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Market movement

Stock market data relating to equity shares listed in India

Chart on Patni share price Vs. Sensex and Nifty from 1 January 2010 to 31 December 2010

Patni Price Vs. Sensex

Patni Price Vs. Nifty

Distribution of shareholding as on 31 December 2010

No. of equity shares held	No. of shareholders	%	No. of shares	%
1 - 5000	47,450	99.33	4,448,423	3.38
5001 - 10000	100	0.21	729,423	0.56
10001 - 20000	55	0.12	771,693	0.59
20001 - 30000	31	0.06	749,001	0.57
30001 - 40000	11	0.02	380,439	0.29
40001 - 50000	12	0.03	533,521	0.41
50001 and above	109	0.23	123,806,580	94.21
Total	47,768	100.00	131,419,080	100.00

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Outstanding ADRs

Our ADRs are traded on the NYSE under the ticker symbol PTI . As of 31 December 2010, Outstanding ADRs are 8,617,915. Each ADR represents two underlying Equity Shares.

We had entered into a Deposit Agreement dated 15 July 2002 with The Bank of New York, the Depositary. Pursuant to the said Deposit Agreement, we have deposited 20,161,868 equity shares of ₹ 2 each with the Depositary. The Depositary has executed and delivered to General Atlantic Mauritius Limited (GAML) 20,161,868 ADRs representing such equity shares where each ADR represents one equity share of ₹ 2 per share. Subsequent to the Acquisition Transaction the abovementioned ADSs will now be transferred to Pan Asia iGATE Solutions (iGate Mauritius).

The addresses of offices/locations are given elsewhere in this Annual Report.

ANNUAL DECLARATION BY CEO PURSUANT TO CLAUSE 49(1)(D)(ii) OF THE LISTING AGREEMENT

As per the requirements of Clause 49(I)(D)(ii) of the Listing Agreement, I, Phaneesh Murthy, Chief Executive Officer & Managing Director of the Company, hereby declare that all the Board Members and senior management personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the year 2010.

Sd/-

Phaneesh Murthy

Chief Executive Officer & Managing Director

Date: 12 May 2011

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Auditors Certificate on Corporate Governance

To the Members of Patni Computer Systems Limited

We have examined the compliance of the conditions of Corporate Governance by Patni Computer Systems Limited (the Company) for the year ended on 31 December 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **B S R & Co.**

Chartered Accountants

Firm s Registration No: 101248W

Natrajh Ramakrishna

Partner

Membership No: 032815

Mumbai

18 May 2011

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PATNI COMPUTER SYSTEMS LIMITED

The Board of Directors

Patni Computer Systems Limited

Ackruti, MIDC Cross Road No. 21

Andheri (E), Mumbai 400 093.

Sub: Certification by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) on Financial Statements of the Company for the year ended 31 December 2010

We, Jeya Kumar, Chief Executive Officer (CEO) and Surjeet Singh, Chief Financial Officer (CFO), of Patni Computer Systems Limited, certify that:

a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

i. these financial statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and

ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

c) We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

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d) We have indicated to the auditors and the Audit committee:

i. significant changes in internal control over financial reporting during the year;

ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Patni Computer Systems Limited**

Jeya Kumar
Chief Executive Officer

Surjeet Singh
Chief Financial Officer

Place: Mumbai

Date: 8 February 2011

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Financial Section

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PATNI COMPUTER SYSTEMS LIMITED

Standalone Financials under Indian GAAP

Auditors Report

To the Members of

Patni Computer Systems Limited

We have audited the attached Balance Sheet of Patni Computer Systems Limited (the Company) as at 31 December 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor s Report) Order, 2003 (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the Act), we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

a) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act;

e) on the basis of written representations received from the directors of the Company, as at 31 December 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31 December 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act; and

f) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2010;

ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For B S R & Co.

Chartered Accountants

Firm's Registration No: 101248W

Mumbai
9 February 2011

Natraj Ramakrishna
Partner
Membership No: 032815

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Annexure to the Auditors Report

(Referred to in our report of even date)

1 a) The Company has maintained proper records showing full particulars, including quantitative details and situation, of fixed assets.

b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. During the current year, as part of a cyclical plan, the Company has carried out physical verification of certain fixed assets and no material discrepancies were noticed upon such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

c) Fixed assets disposed off during the year were not substantial and, therefore, do not affect the going concern assumption.

2 The Company is a service company, primarily rendering IT consulting and software development services. Accordingly it does not hold any physical inventories. Thus, paragraph 4(ii) of the Order is not applicable.

3 The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.

4 In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of fixed assets and with regard to sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.

5 a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section.

b) In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements referred to in (a) above and exceeding the value of ₹ 5 lakh with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.

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6 The Company has not accepted any deposits from the public.

7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8 The Central Government has not prescribed the maintenance of cost records under Section 209(1) (d) of the Act, for any of the services rendered by the Company.

9 a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/acrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Customs duty, and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Excise duty and Investor Education and Protection Fund.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and other material statutory dues were in arrears as at 31 December 2010 for a period of more than six months from the date they became payable, other than dues of value added taxes amounting to 5,905 thousands for 2009-2010 for foreign branches.

There were no dues on account of Cess under section 441A of the Act, since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

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PATNI COMPUTER SYSTEMS LIMITED

b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Wealth tax, Service tax, Customs duty, Sales tax and other material statutory dues as at 31 December 2010 for a period of more than six months from the date they became payable.

According to the information and explanations given to us, the following dues of Income-tax have not been deposited by the Company on account of disputes:

Name of statute	Nature of dues	Demand (in thousands)	Amount paid (in thousands)	Period	Forum where dispute is pending
Income tax Act, 1961	Income tax	273,858		Assessment year 2002-03	Income Tax Appellate Tribunal
Income tax Act, 1961	Income tax	458,664	66,000	Assessment year 2003-04	Commissioner of Income Tax Appeals (Demand stayed)
Income tax Act, 1961	Income tax	17,895		Assessment year 2003-04	Commissioner of Income Tax Appeals
Income tax Act, 1961	Income tax	630,166		Assessment year 2004-05	Income Tax Appellate Tribunal
Income tax Act, 1961	Income tax	1,132,950	239,072	Assessment year 2005-06	Commissioner of Income tax Appeals (Demand stayed)
Income tax Act, 1961	Income tax	1,261,827		Assessment year 2006-07	Income tax Appellate Tribunal

10 The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.

11 The Company did not have any outstanding dues to any financial institution, banks or debentureholders during the year.

12 The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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- 13 In our opinion and according to the information and explanations given to us, the Company is not a chit fund/ nidhi/ mutual benefit fund/ society.
- 14 According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- 15 According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- 16 The Company did not have any term loans outstanding during the year.
- 17 According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, we report that funds raised on short-term basis have not been used for long term investment.
- 18 The Company has not made any preferential allotment of shares to companies/ firms/ parties covered in the register maintained under Section 301 of the Act.
- 19 The Company did not have any outstanding debentures during the year.
- 20 We have verified the end-use of money raised by public issue as disclosed in note 29 to the financial statements. The Company has not raised any money by public issues during the year.
- 21 According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

Mumbai
9 February 2011

For **BSR & Co.**
Chartered Accountants
Firm's Registration No: 101248W

Natrajh Ramakrishna
Partner
Membership No: 032815

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Balance Sheet as at 31 December 2010

(Currency: in thousands except share data)

	Note	2010	2009
SOURCES OF FUNDS			
Shareholders funds			
Share capital	3	262,838	258,252
Stock options outstanding		242,335	118,828
Reserves and surplus	4	29,167,937	31,660,399
		29,673,110	32,037,479
Loan funds			
Secured loans	5	9,773	9,447
Deferred tax liability, net	17	61,770	51,401
		29,744,653	32,098,327
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	11,193,975	10,845,555
Less: Accumulated depreciation		5,242,957	4,773,617
Net block		5,951,018	6,071,938
Capital work-in-progress (Includes capital advances)		921,092	1,336,582
		6,872,110	7,408,520
Investments	7	18,350,292	22,673,955
Deferred tax asset, net	17		118,363
Current assets, loans and advances			
Sundry debtors	8	3,727,779	3,395,803
Cash and bank balances	9	1,669,793	1,040,456
Unbilled Revenue		724,446	354,596
Loans and advances	10	3,136,299	1,917,602
		9,258,317	6,708,457
Less: Current liabilities and provisions			
Current liabilities	11	3,102,934	2,763,141
Provisions	12	1,633,132	2,047,827
		4,736,066	4,810,968
Net current assets		4,522,251	1,897,489
		29,744,653	32,098,327

The accompanying notes form an integral part of this Balance Sheet.

As per attached report of even date.

For **BSR & Co.**

Chartered Accountants

Firm's Registration No: 101248W

Natraj Ramakrishna

Partner

Membership No: 032815

Pradip Shah

Director

For and on behalf of the Board of Directors

Narendra K Patni

Chairman

Jeya Kumar

Chief Executive Officer

Surjeet Singh

Chief Financial Officer

Arun Kanakal

Company Secretary

Mumbai
9 February 2011

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PATNI COMPUTER SYSTEMS LIMITED

Profit and Loss Account for the year ended 31 December 2010

(Currency: in thousands except share data)

	Note	2010	2009
INCOME			
Sales and service income		18,912,725	17,348,606
Other income	13	2,155,013	692,590
		21,067,738	18,041,196
EXPENDITURE			
Personnel costs	14	9,462,208	8,124,686
Selling, general and administration costs	15	3,487,841	3,111,379
Depreciation	6	919,056	919,884
Less: Transfer from revaluation reserve	4	81	81
Interest costs	16	43,355	67,453
		13,912,379	12,223,321
Profit for the year before taxation		7,155,359	5,817,875
Provision for taxation	17	1,359,649	810,754
MAT credit entitlement	17	(754,755)	(434,179)
Net provision for taxation		604,894	376,575
Provision for taxation - Fringe benefits			13,984
Profit for the year after taxation		6,550,465	5,427,316
Profit and loss account, brought forward		19,890,408	15,459,042
Amount available for appropriation		26,440,873	20,886,358
APPROPRIATIONS			
Proposed Dividend on equity shares		2,221	387,383
Special Interim Dividend on equity shares		8,244,435	
Dividend tax		1,369,675	65,836
Transfer to general reserve		655,046	542,731
Profit and loss account, carried forward		16,169,496	19,890,408
Earnings per equity share of 2 each			
- Basic		50.35	42.32
- Diluted		48.77	41.47
Weighted average number of equity shares outstanding during the year (Refer note 21)			
- Basic		130,101,442	128,254,916
- Diluted		134,301,067	130,878,553

The accompanying notes form an integral part of this Profit and Loss Account.

As per attached report of even date.

For **BSR & Co.**

Chartered Accountants

Firm's Registration No: 101248W

For and on behalf of the Board of Directors

Narendra K Patni**Jeya Kumar**

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Chairman

*Chief Executive
Officer*

Natraj Ramakrishna
Partner
Membership No: 032815

Pradip Shah
Director

Surjeet Singh
Chief Financial Officer

Arun Kanakal
Company Secretary

Mumbai
9 February 2011

Table of Contents**Cash Flow Statement** for the year ended 31 December 2010

(Currency: in thousands except share data)

	2010	2009
Cash flows from operating activities		
Profit before taxation	7,155,359	5,817,875
Adjustments:		
Depreciation, net of transfer from revaluation reserve	918,975	919,805
(Profit)/Loss on sale of fixed assets, net	(488)	11,441
Profit on sale of investments, net	(251,872)	(471,493)
Loss/(Profit) on revaluation of investments	4,110	(28)
ESOP Compensation Cost	235,586	118,560
Dividend income	(509,735)	(481,407)
Interest income	(61,536)	(23,266)
Interest expense	627	893
Provision for doubtful debts and advances	10,697	13,885
Deferred cancellation gains relating to roll-over cash flow hedges	(5,929)	202,686
Unrealised foreign exchange gain	(37,642)	(327,143)
Operating cash flows before working capital changes	7,458,152	5,781,808
(Increase)/Decrease in sundry debtors	(365,466)	2,030,487
(Increase)/Decrease in unbilled revenue	(369,846)	181,860
Increase in loans and advances	(284,158)	(176,506)
Increase in Advance Billings	58,188	32,396
(Decrease)/Increase in Sundry Creditors-others	(3,125)	74,107
Increase/(Decrease) in Advance from Customers	2,865	(26,621)
Increase/(Decrease) in payables to subsidiary companies	116,359	(913,606)
Increase in other liabilities	199,843	118,807
Decrease in Provision for retirement benefits	(6,736)	(45,606)
Cash generated from operations	6,806,076	7,057,126
Income taxes paid (including Fringe Benefit Tax)	(1,341,767)	(884,934)
Net cash provided by operating activities (A)	5,464,309	6,172,192
Cash flows from investing activities		
Purchase of fixed assets	(381,177)	(779,267)
Sale of fixed assets	22,476	12,076
Purchase of non trade investments	(83,890,268)	(52,361,488)
Investments in Subsidiary Companies	(999,465)	(291,273)
Sale of non trade investments	89,461,157	46,972,275
Dividend received	509,735	481,407
Interest received	66,358	14,890
Net cash provided/(used in) investing activities (B)	4,788,816	(5,951,380)

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PATNI COMPUTER SYSTEMS LIMITED

Cash Flow Statement (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

	2010	2009
Cash flows from financing activities		
Issue of equity shares	444,872	259,257
Dividend paid, including dividend tax	(10,068,358)	(449,341)
Interest paid	(627)	(893)
Proceeds from finance lease obtained	7,157	2,786
Finance lease obligations repaid	(6,832)	(10,886)
Net cash used in financing activities (C)	(9,623,788)	(199,077)
Net increase in cash and cash equivalents during the year (A+B+C)	629,337	21,735
Cash and cash equivalents at the beginning of the year	1,040,456	1,018,721
Cash and cash equivalents at the end of the year (refer note 9)	1,669,793	1,040,456

Notes to the Cash flow statement

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts.

	2010	2009
Cash in hand	2,609	2,335
Money In Transit	411,669	
Cheques in hand	14,533	
Balance with scheduled banks:		
- in current accounts	201,264	391,578
- in term deposit account	500,475	475
Balance with Non-scheduled banks:		
- in current accounts	539,243	646,068
	1,669,793	1,040,456

The accompanying notes form an integral part of this cash flow statement.

As per attached report of even date.

For **BSR & Co.**
Chartered Accountants
Firm's Registration No: 101248W

For and on behalf of the Board of Directors

Narendra K Patni

Jeya Kumar

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Natraj Ramakrishna
Partner
Membership No: 032815

Pradip Shah
Director

Chairman
Surjeet Singh
Chief Financial Officer

Chief Executive Officer
Arun Kanakal
Company Secretary

Mumbai
9 February 2011

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Notes to the Financial Statements for the year ended 31 December 2010

(Currency: in thousands except share data)

1 Background

Patni Computer Systems Limited (Patni or the Company) was incorporated on 10 February 1978 under the Companies Act, 1956. On 18 September 2003, the Company converted itself from a private limited company into a public limited company. In February 2004, Patni completed initial public offering of its equity shares in India comprising fresh issue of 13,415,200 shares and sale of 5,324,000 equity shares by the existing shareholders.

In December 2005, Patni issued 5,125,000 American Depository Shares (ADSs) at a price of US\$ 20.34 per ADS. There was a secondary offering of additional 1,750,000 ADSs to the existing shareholders. Patni also issued 1,031,250 ADSs at the price of US\$ 20.34 per ADS on the exercise of Greenshoe option by the underwriters. Each ADS represented two equity shares of 2 each fully paid-up.

Patni owns 100 % equity interest in Patni Americas, Inc. (formerly Patni Computer Systems, Inc.), a company incorporated in USA, Patni Computer Systems (UK) Limited (Patni UK), a company incorporated in UK, Patni Computer Systems GmbH, a company incorporated in Germany. In April 2003, Patni Americas, Inc., USA acquired 100 % equity interest in The Reference Inc, a company incorporated in USA. In November 2004, Patni Americas, Inc. acquired 100 % equity in Patni Telecom Solutions Inc - USA and its subsidiaries. In July 2007, Patni Americas, Inc. acquired Patni Life Sciences Inc., (formerly known as Taratec Development Corporation), a company incorporated in New Jersey, U.S.A, for consideration in cash. Effective 1 October 2010, Patni Life Sciences Inc. has been merged with Patni Americas, Inc., USA. In June 2010, Patni Americas Inc. acquired CHCS Services Inc., a company incorporated in Florida, U.S.A, for consideration in cash. In July 2010, CHCS Services Inc., opened a branch office in Noida. Patni Computer Systems Brasil Ltda., a company incorporated in Brazil has been dissolved in October 2010.

In July 2007, Patni UK acquired business and assets of Logan Orviss International (LOI), a European telecommunications consulting services company in a business combination. In March 2008, Patni UK has set up a subsidiary in Czech Republic named Patni Computer Systems (Czech) s.r.o. In December 2008, the company has set up a subsidiary in Mexico named PCS Computer Systems Mexico, SA de CV. Patni also operates through foreign branch offices in USA, Japan, Sweden, Korea, Netherlands, Australia, Finland, Turkey, Ireland, Romania and Switzerland. In June 2009, the company has set up a 100% subsidiary in Singapore named Patni (Singapore) Pte Limited. In April 2010, Patni (Singapore) Pte Limited opened a foreign branch office in Malaysia. In June 2010, Patni (Singapore) Pte Limited has set up a 100% subsidiary in Japan named Patni Computer Systems Japan Inc. In June 2010, Patni Computer Systems Japan Inc. has entered into Joint Venture Agreement (49% stake) with J R Kyushu System Solutions Inc. The Joint Venture Company J R Kyushu Patni Systems Inc. has been incorporated on 1st July 2010. In August 2010 Patni UK opened a branch office in Ireland. In August 2010 Patni (Singapore) Pte Limited has set up a 100% subsidiary in China named Patni Computer Systems (Suzhou) Co., Ltd. In November 2010 Patni (Singapore) Pte Limited has set up a 100% subsidiary in China named Patni Computer Systems Software (Dalian) Limited.

Patni together with its subsidiaries (collectively, Patni Group or the Company) is engaged in IT consulting, software development and Business Process Outsourcing (BPO). The Company provides multiple service offerings to its clients across various industries comprising financial

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services, insurance services, manufacturing, retail and distribution, communications, media and utilities and technology services (comprising independent software vendors and product engineering). The various service offerings comprise application development, application maintenance and support, packaged software implementation, infrastructure management services, product engineering services, quality assurance services and BPO services.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

The accompanying financial statements have been prepared in compliance with the requirements of the Companies Act, 1956, guidelines issued by the Securities and Exchange Board of India (SEBI) and Generally Accepted Accounting Principles (GAAP) in India, under the historical cost convention with the exception of land and buildings of Patni, which have been revalued, on the accrual basis of accounting. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with National Advisory Committee on Accounting Standards (NACAS) and relevant provisions of Companies Act, 1956, to the extent applicable.

Use of Estimates

The preparation of the financial statements in accordance with GAAP requires that management makes estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as of the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

2.2 Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation, except for items of land and buildings which were revalued in March 1995. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the asset. Depreciation is provided on the Straight Line Method

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PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

(SLM) based on the estimated useful lives of the assets as determined by the management. For additions and disposals, depreciation is provided pro-rata for the period of use.

The rates of depreciation based on the estimated useful lives of fixed assets are higher than those prescribed under Schedule XIV to the Companies Act, 1956. The useful lives of fixed assets are stated below :-

Asset	Useful life (in years)
Leasehold land and improvements	Over the lease period or the useful life of the assets, which ever is shorter
Buildings	40
Electrical installations	8
Computers, computer software and other service equipments	3-5
Furniture and fixtures	8
Office equipments	5
Vehicles	4-5

Fixed Assets individually costing upto 5000, are depreciated over a period of 12 month from the date of purchase.

2.3 Impairment of Assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit which the asset belongs to, is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

2.4 Leases

In accordance with Accounting Standard 19 Accounting for leases, assets acquired on finance leases, have been recognised as an asset and a liability at the inception of the lease, at an amount equal to the lower of the fair value of the leased asset or the present value of the future minimum lease payments. Such leased assets are depreciated over the lease term or its estimated useful life, whichever is shorter. Further, the payment of minimum lease payments have been apportioned between finance charges, which are debited to the profit and loss account, and reduction in lease obligations recorded at the inception of the lease.

Lease arrangements, where the risks and rewards incidental to ownership of an asset substantially vests with the lessor, are recognised as operating leases. Lease payments under operating lease are recognised as an expense on straight line basis in the profit and loss account.

2.5 Revenue and cost recognition

The Company derives its revenues primarily from software services and to a lesser extent from BPO services. Revenue from time-and-material contracts is recognised as related services are rendered. Revenue from fixed-price contracts is recognised on a percentage of completion basis, measured by the percentage of costs incurred to-date to estimated total costs for each contract. This method is used because management considers costs to be the best available measure of progress on these contracts.

Contract costs include all direct costs such as direct labour and those indirect costs related to contract performance, such as depreciation, satellite link costs and foreign travel costs. Selling, general, and administrative costs are charged to expense as incurred. Provision for estimated losses on uncompleted contracts are made in the year in which such losses are determined. Changes in job performance, job conditions, estimated profitability and final contract settlements may result in revision to costs and income and are recognised in the year in which the revisions are determined.

The asset, unbilled revenue, represents revenues recognized in excess of amounts billed. These amounts are billed after the milestones specified in the agreement are achieved and the customer acceptance for the same is received. The liability, Billings in excess of costs and estimated earnings on uncompleted contracts, represents billings in excess of revenues recognized.

Revenue on maintenance contracts is recognized rateably over the term of maintenance. Direct and incremental contract origination and set up costs incurred in connection with support/maintenance service arrangements are charged to expense as incurred. These costs are deferred only in situations where there is a contractual arrangement establishing a customer relationship for a specified year. The costs to be deferred are limited to the extent of future contractual revenues. Further, revenue attributable to set up activities is deferred and recognised systematically over the years that the related revenues are earned, as services performed during set up year do not result in the culmination of a separate earnings process.

The Company grants volume discounts to certain customers, which are computed based on a pre-determined percentage of the total revenues from those customers during a specified period, as per the terms of the contract. These discounts are earned only after the customer has provided a specified cumulative level of revenues in the specified period. The Company reports revenues net of discounts offered to customers.

The company estimates the total number of customers that will ultimately earn these discounts, based on which a portion of the

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Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

revenue on the related transactions is allocated to the services that will be delivered in future.

Warranty costs on sale of services are accrued based on management's estimates and historical data at the time related revenues are recorded.

Revenues from BPO Services are derived from both time-based and transaction-priced contracts. Revenue is recognized as the related services are performed, in accordance with the specific terms of the contracts with the customer.

Dividend income is recognized when the Company's right to receive dividend is established. Interest income is recognized on the time proportion basis.

2.6 Employee retirement and other benefits Provident fund

In accordance with Indian regulations, all employees of Patni receive benefits from a provident fund, which is a defined contribution retirement plan. Contributions to the provident fund are charged to the consolidated profit and loss account in the period in which the contributions are incurred.

Gratuity

Patni provides for gratuity, a defined benefit retirement plan (the Gratuity) covering eligible employees. In accordance with the Payment of Gratuity Act, 1972, the Gratuity plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employee, of an amount based on the respective employee's salary and the tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation carried out by an independent actuary at the balance sheet date using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. Based upon actuarial valuation, the Company contributes all the ascertained liabilities to the Patni Computer Systems Employees Gratuity Fund Trust (the Trust). Trustees administer contributions made to the Trust and contributions are invested in specific investments as permitted by law. Actuarial

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gains and losses are recognised immediately in the profit & loss account.

Pension

Certain directors of the Group are entitled to receive pension benefit upon retirement or on termination from employment @ 50% of their last drawn monthly salary. The pension is payable from the time the eligible director reaches the age of sixty-five in respect of Founder directors of Patni India and is payable to the director or the surviving spouse. The liability for pension is actuarially determined by an independent actuary at the end of each financial year using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date. The plan is not funded. Actuarial gains and losses are recognised immediately in the profit & loss account.

Others

The Company's liabilities towards compensated absences are determined on the basis of valuations, as at balance sheet date, carried out by an independent actuary using Projected Unit Credit Method. Actuarial gain and losses comprise experience adjustments and the effects of changes in actuarial assumption and are recognised immediately in the profit and loss account.

Patni provides compensatory-offs to its employees, which entitle the employees to avail paid leave in future periods for services already rendered. These entitlements are not encashable by the employees. Patni makes provision for such compensated absences by estimating the likely salary payable to the employees availing such leave based on historical data of such entitlements availed in the past.

2.7 Foreign currency transactions India Operations

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and monetary liabilities at the year-end are translated at the year-end exchange rate. Exchange rate differences resulting from foreign exchange transactions settled during the year, including year-end translation of monetary assets and liabilities are recognised in the profit and loss account. Non monetary foreign currency items which are carried in terms of historical cost are reported using the exchange rate at the date of transactions.

Foreign branch office operations

Income and Expenditure other than depreciation costs are translated into the reporting currency at the prevailing exchange rates at the date of the transaction. Foreign currency denominated monetary assets and monetary liabilities at balance sheet date are translated at exchange rates prevailing on the date of the balance sheet. Fixed assets are translated at exchange rates on the date of the transaction and depreciation on fixed assets is translated at the exchange rates used for translation of the underlying fixed assets. Net exchange difference resulting from translation of items, in the financial statements of the foreign branches is recognised in the profit and loss account.

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PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

2.8 Derivative and hedge accounting

The Company enters into forward foreign exchange contracts / option contracts (derivatives) to mitigate the risk of changes in foreign exchange rates on forecasted transactions. The Company enters into derivative financial instruments, where the counterparty is a bank.

In December 2007, the ICAI issued AS 30, Financial Instruments: Recognition and Measurement. Although AS 30 becomes recommendatory in respect of accounting periods commencing on or after 01 April 2009 and mandatory in respect of accounting periods commencing on or after April 1, 2011, in March 2008 the ICAI announced that the earlier adoption of AS 30 is encouraged. AS 30, along with limited revision to other accounting standards has currently not been notified pursuant to Companies (Accounting Standards) Rules, 2006.

On January 1, 2008, the Company early adopted AS 30 and the limited revisions to other accounting standards which come into effect upon adoption of AS 30. AS 30 states that particular sections of other accounting standards; AS 4, Contingencies and Events Occurring after Balance sheet Date, to the extent it deals with contingencies, AS 11 (revised 2003). The Effects of Changes in Foreign Exchange Rates, to the extent it deals with the forward exchange contracts and AS 13, Accounting for Investments, except to the extent it relates to accounting for investment properties, will stand withdrawn only from the date AS 30 becomes mandatory (01 April 2011 for the Company). Accordingly, the Company continues to comply with the guidance under these accounting standards; AS 4 relating to Contingencies, AS 11 relating to forward contracts and AS 13 until AS 30 becomes mandatory.

Effective 01 January 2008, based on the recognition and measurement principles set out in the AS 30, changes in the fair values of derivative financial instruments designated as cash flow hedges were recognized directly in shareholders fund and reclassified into the profit and loss account upon the occurrence of the hedged transaction. Changes in fair value relating to the ineffective portion of the hedges and derivatives not designated as hedges were recognized in the profit and loss account as they arose.

2.9 Investments

Long-term investments are stated at cost, and provision for diminution is made when in the management's opinion there is a decline, other than temporary, in the carrying value of such investments. Current investments are carried at lower of cost and fair value.

2.10 Taxation

Income tax expense comprises of current tax expense and deferred tax expense or credit computed in accordance with the relevant provisions of the Income Tax Act 1961. Provision for current taxes is recognised under the taxes payable method based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Indian Income-tax Act, 1961. The Fringe Benefit Tax has been abolished from 1 April 2009.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements of the Company. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment rate. Deferred tax assets in respect of carry forward losses are recognized only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. Other deferred tax assets are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax after the tax holiday period. Accordingly, it is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

Substantial portion of the profits of the Company are exempted from income tax, being profits from undertakings situated at Software Technology Parks. Under the tax holiday, the Company can utilise exemption of profits from income taxes for a period of ten consecutive years. The Company has opted for this exemption and these exemptions expire on various dates between years 2005 and 2011. The Company also benefits from tax holidays for the export of IT services from Special Economic Zone, (SEZ) in India. For units started in a SEZ, the profits of the unit are eligible for 100% tax holiday for first 5 years, and then 50% tax holiday for the next 5 years on fulfillment of certain conditions. These unit will enjoy the above tax holiday from the time they start operations until their sun set clause. In 2008, the Company started such a unit in the Noida Special Economic Zone. During the year the Company has started a unit at Gandhinagar.

In this regard, the Company recognises deferred taxes in respect of those originating timing differences, which reverse after the tax holiday year resulting in tax consequences. Timing differences, which originate and reverse within the tax holiday year do not result in tax consequence and therefore no deferred taxes are recognised in respect of the same. For this purpose, the timing

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Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

differences, which originate first are considered to reverse first.

2.11 Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of equity shares and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable, had the shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The number of shares and potentially dilutive equity shares are adjusted for stock splits and bonus shares, as appropriate.

2.12 Provisions and contingent liabilities

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

2.13 Employee stock options

The Company determines the compensation cost based on intrinsic value method. The compensation cost is amortised on a straight line basis over the vesting period.

3 Share capital

	2010	2009
Authorised		
250,000,000 (2009: 250,000,000) equity shares of ₹ 2 each	500,000	500,000
Issued, subscribed and paid - up		
131,419,080 (2009: 129,126,032) equity shares of ₹ 2 each fully paid	262,838	258,252
	262,838	258,252

- 1) Of the above, 14,500,000 equity shares of ₹ 2 each were allotted as fully paid bonus shares in March 1995 by capitalisation of general reserve aggregating ₹ 29,000.

- 2) In June 2001, Patni's Board of Directors approved a sub division of existing equity shares of ₹ 10 each into 5 equity shares of ₹ 2 each.

- 3) The above also includes 46,867,500 equity shares of ₹ 2 each allotted as fully paid bonus shares in August 2001 by capitalisation of share premium aggregating ₹ 93,735.

- 4) In December 2002, in pursuance of section 77A of the Companies Act, 1956, Patni bought back 1,650,679 equity shares by utilising the share premium account. In this regard, an amount equivalent to the nominal value of the share capital bought back by the Company aggregating ₹ 3,301, has been transferred from general reserve to capital redemption reserve.

- 5) In August 2003, the Company allotted 37,140,283 equity shares of ₹ 2 each as fully paid bonus shares by capitalization of share premium aggregating ₹ 74,281.

- 6) In February 2004, Patni made an initial public offering (IPO) of its equity shares in India comprising fresh issue of 13,415,200 shares and sale of 5,324,000 equity shares by the existing shareholders. In this regard, equity shares of ₹ 2 each were issued at a premium of ₹ 228 aggregating ₹ 3,085,496.

- 7) In December 2005, Patni issued 6,156,250 American Depository Shares (ADSs) representing 12,312,500 equity shares of ₹ 2 each fully paid-up at a price of US\$ 20.34 per ADS for a gross proceeds of ₹ 5,739,262. Each ADS represents two equity shares of ₹ 2 each fully paid-up.

- 8) In February 2008, the Board of Directors of the Company approved a proposal to repurchase fully paid equity shares upto 10% of the paid up capital and free reserves, at a maximum price of ₹ 325 per equity share, for an aggregate amount upto ₹ 2,370,000. The buyback proposal had been approved 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.

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During the year ended 31 December 2008, the Company repurchased a total of 10,957,082 equity shares through the Bombay Stock Exchange and the National Stock Exchange

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PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

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for an aggregate consideration of 2,370,000 being 100% of the amount authorised for buy back. Subsequently, the Company extinguished such equity shares as per the requirements of the section 77A of the Companies Act, 1956. In this regard an amount equivalent to the nominal value of the share capital bought back by the Company aggregating 21,914, has been transferred from general reserve to capital redemption reserve which can be utilized only for the purpose of issuing fully paid bonus shares of the Company. (Refer note 4)

9) Refer note 24 for employee stock options exercised during the year.

4 Reserves and surplus

	2010	2009
Building revaluation reserve		
- Balance brought forward	1,191	1,272
- Transfer to profit and loss account	(81)	(81)
	1,110	1,191
Capital redemption reserve		
- Balance carried forward	275,215	275,215
Share premium		
- Balance brought forward	8,882,651	8,625,435
- Share premium received on issue of equity shares	552,365	257,216
	9,435,016	8,882,651
Hedging Reserve	47,127	26,007
General reserve		
- Balance brought forward	2,584,927	2,042,196
- Transfer from Profit & Loss account	655,046	542,731
	3,239,973	2,584,927
Profit and loss account, balance carried forward	16,169,496	19,890,408
	29,167,937	31,660,399

5 Secured loans

	2010	2009
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Lease obligation in relation to vehicles acquired under finance lease (Refer note 22)	9,773	9,447
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Nature of security

Finance lease obligations are secured against the vehicles acquired on lease.

6 Fixed assets

	Land (Freehold)	Land (Leasehold)	Buildings and leasehold improvements	Computer software	Computers and other service equipments	Electrical installations	Office equipments	Furniture and fixtures	Vehicles	Total as at 31 December 2010	Total as at 31 December 2009
Gross block											
As at 1											
January 2010	171	828,792	3,858,753	1,440,018	1,970,687	874,530	906,450	909,305	56,849	10,845,555	9,459,708
Additions(2)		15,737	(7,725)	583,892	168,661	16,464	21,514	14,423	7,157	820,123	1,748,109
Deletions			41,536		257,291	40,899	63,432	50,189	18,356	471,703	362,262
As at 31											
December 2010	171	844,529	3,809,492	2,023,910	1,882,057	850,095	864,532	873,539	45,650	11,193,975	10,845,555
Accumulated depreciation											
As at 1											
January 2010		24,706	419,432	1,107,674	1,706,831	377,791	581,400	521,277	34,506	4,773,617	4,192,478
Charge		10,299	108,279	289,894	201,737	97,339	122,582	80,689	8,237	919,056	919,884
Deletions			40,686		256,164	34,182	58,861	45,755	14,068	449,716	338,745
As at 31											
December 2010		35,005	487,025	1,397,568	1,652,404	440,948	645,121	556,211	28,675	5,242,957	4,773,617
Net block as at											
31											
December 2010	171	809,524	3,322,467	626,342	229,653	409,147	219,411	317,328	16,975	5,951,018	6,071,938
Net block as at											
31											
December 2009	171	804,086	3,439,321	332,344	263,856	496,739	325,050	388,028	22,343	6,071,938	

Note:

(1) Gross block of vehicles as of 31 December 2010 includes assets acquired on lease, refer note 22.

(2) Addition to fixed assets includes credit on account of refund of service tax of 33,105 in building and leasehold improvements & 7,734 in computer software

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Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

7 Investments

	2010	2009
Long term (Unquoted at cost)		
<i>Trade</i>		
Investment in Subsidiary companies		
9,350 (2009: 9,350) equity shares fully paid of Patni Americas, Inc. (no par value)	4,605,465	4,605,465
13,848,617 (2009: 6,153,350) equity shares of 1 pound each fully paid of Patni Computer Systems (UK) Limited	1,039,809	492,369
Contribution of Euro 6,150,000 (2009 : Euro 2,150,000) towards Capital of Patni Computer Systems GmbH	381,162	137,302
8,245,731 (2009: 2,000,000) equity shares of 1 SGD each fully paid up of Patni (Singapore) PTE Limited	274,853	66,687
Contribution of Pesos 31,146,176 (2009: 31,146,176) towards Capital stock of PCS Computer Systems Mexico SA de CV	93,360	93,360
	6,394,649	5,395,183
<i>Others</i>		
NABARD Term Deposit 10%	138,006	138,006
12.75 % Prakausali Investments Non Convertible debentures of 1,000,000 each fully paid up.		250,000
	138,006	388,006
Current (Quoted at lower of cost and fair value)		
<i>Non-trade</i>		
Investment in Mutual Funds		
40,790,685 units (2009: Nil) of HDFC Liquid Fund-Premium Plan - Dividend-Daily	500,086	
36,650,995 units (2009: Nil) of Reliance Liquid Fund-Cash Plan-Weekly Dividend Option	400,354	
40,010,400 units (2009: Nil) of DSP Black Rock Fixed Maturity Plan - 3 month - Series 23 - Dividend Payout	400,104	
39,701,839 units (2009: Nil) of ICICI prudential interval fund II Quarterly Interval Plan D - Retail Dividend	400,000	
38,377,184 units (2009: Nil) of IDFC Cash Fund - Super Institutional Plan C - Daily Dividend 21349 / 70	383,868	
35,004,869 units (2009: Nil) of Birla Sun life Short term Fixed Maturity Plan Series 2 Dividend - Payout	350,049	
34,958,505 units (2009: Nil) of Kotak Quarterly Interval Plan Series 8 Dividend	349,586	
32,100,000 units (2009: Nil) of DSP BlackRock Fixed Maturity Plan - 3 month - Series 22 - Dividend Payout	321,000	
30,000,000 units (2009: Nil) of DSP BlackRock Fixed Maturity Plan - 3 month Series 21 - Dividend Payout	300,000	
30,000,000 units (2009: Nil) of DSP BlackRock Fixed Maturity Plan 12 Month Series 10 - Growth	300,000	
28,840,330 units (2009: Nil) of ICICI Prudential Blended Plan B Institutional Dividend Option - II	300,000	
25,010,419 units (2009: Nil) of Kotak Fixed Maturity Plan Sr 28 Growth	250,104	
25,000,000 units (2009: Nil) of Religare Fixed Maturity Plan - Series IV - Plan E - Growth	250,000	

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20,010,930 units (2009: Nil) of ICICI Prudential Institutional Short Term Plan DR Fortnightly	240,461
22,000,000 units (2009: Nil) of ICICI Prudential Fixed Maturity Plan-Series 53-One Year Plan C-Cumulative	220,000
20,408,431 units (2009: Nil) of Birla Sun Life Quarterly - Series 4 - Dividend - Reinvestment	204,084
20,400,000 units (2009: Nil) of Religare Fixed Maturity Plan Sr IV A- 3 month-Divi reinvestment	204,000
20,135,761 units (2009: Nil) of ICICI Prudential Long Term Floating Rate plan C - Monthly Dividend	201,954
20,008,551 units (2009: Nil) of Reliance Fixed Horizon Fund - XVI - Series 5-Growth Plan	200,086
20,000,000 units (2009: Nil) of Birla Sunlife Interval Income Fund - Institutional Quarterly Series 1 Dividend	200,000
20,000,000 units (2009: Nil) of DWS Fixed Term Fund- Series 77 - Growth	200,000
20,000,000 units (2009: Nil) of Kotak Quarterly Interval Plan Series 6 - Dividend	200,000
19,997,200 units (2009: Nil) of Kotak Quarterly Interval Plan Series 7 - Dividend	200,000
20,000,000 units (2009: Nil) of Religare Fixed Maturity Plan Sr IV Plan C (3 Months) - Dividend	200,000
16,727,513 units (2009: Nil) of Kotak Quarterly Interval Plan Series 8 Dividend	167,276
15,348,843 units (2009: Nil) of IDFC - SSIF - ST - Plan D - Fortnightly Dividend	154,482
15,328,264 units (2009: Nil) of ICICI Prudential Interval Fund II Qtrl Interval Plan B Institutional Dividend	153,283
14,342,616 units (2009: Nil) of Reliance Short Term Fund - Retail Plan - Dividend Plan	153,225
15,254,123 units (2009: Nil) of IDFC Money Manager Fund - Super Institutional Plan C - Daily Dividend	152,564

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PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

7 Investments (Contd.)

	2010	2009
15,000,000 units (2009: Nil) of BNP Paribas Fixed Term Fund Series 17D-Dividend Payout -Fixed Maturity Plan	150,000	
15,000,000 units (2009: Nil) of DSP BlackRock Fixed Maturity Plan 3 month Series 25 - Dividend Payout	150,000	
15,000,000 units (2009: Nil) of Kotak Fixed Maturity Plan 370 Days Series 29 Growth	150,000	
14,015,690 units (2009: Nil) of Reliance Fixed Horizon fund 16 sr 2	140,157	
10,001,418 units (2009: Nil) of Kotak Fixed Maturity Plan 370 Days Series 10 - Growth	100,014	
10,000,000 units (2009: Nil) of Birla FTP Sr.CG investment	100,000	
10,000,000 units (2009: Nil) of DSP BlackRock Fixed Maturity Plan - 12 Month - Series 9	100,000	
10,000,000 units (2009: Nil) of Kotak Fixed Maturity Plan 6M series 9 - Dividend	100,000	
10,000,000 units (2009: Nil) of Religare Fixed Maturity Plan - Series - III Plan F (370 Days) - Growth	100,000	
7,416,695 units (2009: Nil) of HDFC Short Term Plan Dividend Option Reinvest	76,546	
7,588,343 units (2009: Nil) of IDFC-Money Manager Fund-Treasury PlanPlan C-Weekly Dividend	76,300	
6,090,602 units (2009: Nil) of Kotak Fixed Maturity Plan 370 Days Series 10 - Growth	60,906	
4,317,548 units (2009: Nil) of ICICI Prudential Interval Fund - Annual Interval Plan IV - Institutional Growth	50,328	
4,289,379 units (2009: Nil) of ICICI Prudential Interval Fund - Annual Interval Plan IV - Institutional Growth	50,000	
3,512,345 units (2009: Nil) of IDFC CF-Plan C-Daily Dividend -LIQUID	35,132	
203,882 units (2009: 101,754) of TATA Liquid Super High Investment Fund - Daily Dividend	227,230	113,407
15,851,956 units (2009: 20,747,240) of Tata Floater Fund-Weekly Dividend	159,834	209,160
62,374 units (2009: 2,987,967) of ICICI Prudential Flexible Income Plan Premium - Weekly Dividend	6,577	315,024
Nil units (2009: 278,953,675) of IDFC Money Manager Fund - Super Institutional Plan C - Regular Dividend		2,789,823
Nil units (2009: 180,835,202) of DWS Ultra Short Term Fund - Institutional Dividend		1,809,529
Nil units (2009: 96,327,280) of Reliance Medium Term Fund - Weekly Dividend Plan		1,647,057
Nil units (2009: 146,135,601) of Tata Floater Fund-Weekly Dividend		1,473,504
Nil units (2009: 124,066,657) of HDFC Cash Mangt Fund Treasury Advantage - Wholesale Plan Weekly Dividend		1,243,102
Nil units (2009: 119,362,231) of Birla Sun Life Savings Fund-Insitutional Plan- Weekly Dividend		1,194,029
Nil units (2009: 8,612,915) of ICICI Prudential Flexible Income Plan Premium - Weekly Dividend		908,070
Nil units (2009: 89,455,239) of Kotak Floater Long-Term-Weekly Dividend		901,544
		653,377

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Nil units (2009: 65,235,287) of Religare Ultra Short Term Fund - Institutional - Daily Dividend		
Nil units (2009: 61,309,771) of Birla Sun Life Short Term Fund - Institutional Daily Dividend	613,435	
Nil units (2009: 60,564,419) of ABN Amro Money Plus Institutional weekly Dividend	605,783	
Nil units (2009: 33,108,810) of Kotak Floater Long-Term-Weekly Dividend	333,705	
Nil units (2009: 2,103,537) of ICICI Prudential Floating Rate Plan D - Daily Dividend	210,447	
Nil units (2009: 18,914,676) of DWS Ultra Short Term Fund - Regular Monthly Dividend Plan	200,000	
Nil units (2009: 20,000,000) of Kotak Fixed Maturity Plan 13 Months Series 5 - Growth	200,000	
Nil units (2009: 17,193,229) of HSBC Floating Rate - Long Term Plan - Institutional Option - Weekly Dividend	193,141	
Nil units (2009: 17,215,204) of IDFC Money Manager Fund - Super Institutional Plan C - Regular Dividend	172,152	
Nil units (2009: 15,016,114) of HDFC Cash Mangt Fund Treasury Advantage - Wholesale Plan Weekly Dividend	150,417	
Nil units (2009: 15,000,000) of IDFC - Fixed Maturity Plan -Thirteen Months Series 1 - Plan B Growth	150,000	
Nil units (2009: 7,144,745) of HDFC Cash Management Fund - Saving Plan - Growth	100,000	
Nil units (2009: 7,747,789) of Templeton India ultra short. super Institutional Plan Daily Dividend Reinvestment	77,568	
Nil units (2009: 571,327) of ICICI Prudential Institutional Liquid Plan - Super Institutional Daily Dividend	57,147	
Nil units (2009: 4,745,712) of JM Money Manager Fund-Super Plus Plan-Weekly Dividend	48,644	
Nil units (2009: 3,718,503) of Birla Sun Life Cash Plus-Institutional Premium Plan (Growth)	39,624	
Nil units (2009: 1,632,230) of Birla Sun Life Liquid Plus - Institutional - Weekly Dividend	16,338	
Total	9,389,590	16,426,027
Others		
Investment in others		
5,000 units (2009: Nil) of Corporation Bank Certificate of Deposit of 100,000 each	473,606	

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Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

7 Investments (Contd.)

	2010	2009
2,500 units (2009: Nil) of United Bank of India Certificate of Deposit of 100,000 each	248,468	
2,500 units (2009: Nil) of Syndicate Bank Certificate of Deposit of 100,000 each	244,907	
2,500 units (2009: Nil) of Punjab National Bank Certificate of Deposit of 100,000 each	244,818	
2,500 units (2009: Nil) of Canara Bank Certificate of Deposit of 100,000 each	244,611	
2,500 units (2009: Nil) of HDFC Bank Limited Certificate of Deposit of 100,000 each	244,433	
2,500 units (2009: Nil) of Andhra Bank Certificate of Deposit of 100,000 each	244,252	
2,500 units (2009: Nil) of State Bank of Travancore Certificate of Deposit of 100,000 each	243,884	
2,500 units (2009: Nil) of State Bank of Bikaner and Jaipur Certificate of Deposit of 100,000 each	243,620	
Nil units (2009: 5000) of Canara Bank Certificate of Deposit of 100,000 each		465,181
Total	2,432,599	465,181
Total	18,354,844	22,674,397
Less: Provision for decline in the fair value of investments	(4,552)	(442)
Total	18,350,292	22,673,955
Aggregate value of unquoted investments	18,350,292	22,673,955

Refer note 26 for summary of investments purchased and sold during the year.

8 Sundry debtors (Unsecured)

	2010	2009
Debts outstanding for a period exceeding six months		
- considered good	113,915	25,271
- considered doubtful	23,142	5,941
	137,057	31,212
Other debts		
- considered good	3,613,864	3,370,532
- considered doubtful	1,126	7,367
	3,752,047	3,409,111
Less: Provision for doubtful debts	24,268	13,308
	3,727,779	3,395,803

Of the above, debts due from companies under the same management as defined under Section 370(1)(B) of the Companies Act, 1956 aggregate 1,402,894 (2009: 1,617,440). This consists of debts due from Patni Americas, Inc. aggregating 913,731 (2009: 1,186,336); Patni Computer Systems (UK) Limited aggregating 366,883 (2009: 315,002), Patni Computer Systems GmbH aggregating 55,439 (2009: 26,944), Patni

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Telecom Solutions Private Limited 5,205 (2009: 10,099), Patni Life Science, Inc. 37,045 (2009: 74,727), Patni Telecom Solutions Inc 214 (2009: 614), Patni Telecom Solutions (UK) Limited 294 (2009: 3,717), Patni (Singapore) PTE Limited 3,521 (2009: Nil), Patni Computer Systems (Czech) s.r.o 1,122 (2009: Nil), Patni Computer Systems (Suzhou) 72 (2009: Nil), Patni Computer Systems Japan Inc 14,204 (2009: Nil), PCS Computer Systems, Mexico, SA 464 (2009: Nil), CHCS Services Inc 4,699 (2009: Nil).

9 Cash and bank balances

	2010	2009
Cash on hand	2,609	2,335
Money In Transit	411,669	
Cheques in hand	14,533	
Balances with scheduled banks		
- in current accounts	201,264	391,578
- in term deposit account	500,475	475
Balances with Non-scheduled banks		
- in current accounts (Refer Note 27)	539,243	646,068
	1,669,793	1,040,456

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PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

10 Loans and advances (Unsecured)

	2010	2009
Advances recoverable in cash or in kind or for value to be received	365,282	164,176
Security deposits with companies under the same management :		
Ashoka Computer Systems Private Limited (Maximum amount of outstanding during the year; 591, 2009: 591)	591	591
PCS Cullinet Private Limited (Maximum amount of outstanding during the year; 627 , 2009: 627)	627	627
PCS Finance Limited (Maximum amount of outstanding during the year; 501, 2009: 501)	501	501
Ravi and Ashok Enterprises (Maximum amount of outstanding during the year; 30, 2009: 30)	30	30
	1,749	1,749
MAT Credit entitlement [Refer note 17(b)]	1,780,322	1,025,567
Interest accrued but not due	5,834	10,657
Other deposits	238,074	220,263
Deposit with tax authorities	305,072	236,986
Loan to employees	3,741	8,549
Advance payments of income-tax	216,692	157,182
Derivative Assets	224,183	98,933
	3,140,949	1,924,062
Less: Provision for doubtful loans and advances	4,650	6,460
	3,136,299	1,917,602

11 Current liabilities

	2010	2009
Sundry creditors (Refer note 25)	162,683	155,041
Payable to subsidiary companies	317,428	201,069
Billings in excess of cost and estimated earnings	211,049	152,861
Advance from customers	16,252	13,247
Unclaimed dividend *	1,955	770
Derivative Liability	285,074	343,374
Other liabilities	2,108,493	1,896,779
	3,102,934	2,763,141

* There is no amount due and outstanding to be credited to Investor Education and Protection Fund.

12 Provisions

	2010	2009
Provision for taxation (net of advance tax: 3,700,219 ; 2009: 2,424,996)	1,220,645	1,175,392
Provision for retirement benefits	412,487	419,222
Dividend on equity shares		387,378
Dividend tax		65,835
	1,633,132	2,047,827

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(Currency: in thousands except share data)

13 Other income

	2010	2009
Dividend on non-trade investments	509,735	481,407
Foreign exchange gain / (loss), net	1,004,544	(469,356)
Profit on sale of non-trade investments, net	251,872	471,493
Profit / (loss) on sale of fixed assets, net	488	(11,441)
Interest from:		
- Loan to employees	252	226
- Bank deposits (tax deducted at source 6,002 ; 2009 : 1,494)	44,138	14,868
- Others (Refer note 17(d))	73,144	66,993
Miscellaneous income (includes service tax refund of 172,913, for earlier years)	270,840	138,400
	2,155,013	692,590

14 Personnel costs

	2010	2009
Salaries, bonus and allowances, including overseas employee expenses (Refer note 30)	9,066,441	7,662,769
Contribution to provident and other funds	247,607	228,043
Staff welfare	65,477	197,469
Pension, gratuity and leave encashment costs	82,683	36,405
	9,462,208	8,124,686

15 Selling, general and administration costs

	2010	2009
Travel and conveyance	915,570	671,121
Outsourced service charges	665,922	538,624
Legal and professional fees (Refer note 18)	220,989	164,127
Rent	308,036	396,497
Communication	191,390	188,904
Electricity	305,130	306,456
Advertisement and publicity	66,428	53,198
Software consumables	45,609	15,599
Rates and taxes	27,416	61,599
Recruitment charges	63,345	46,846
Insurance	61,018	47,694

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Training fees	63,986	33,919
Printing and stationery	18,548	20,283
Subscription, registration and license fee	12,846	13,561
Repairs and maintenance		
- computers	164,970	128,739
- building	35,144	33,244
- others	6,543	8,408
Provision for doubtful debts and advances	10,697	13,885
Loss / (Profit) on Revaluation-Investment	4,110	(28)
Miscellaneous expenses	293,604	368,703
	3,487,841	3,111,379

16 Interest costs

	2010	2009
Interest on finance lease obligations	627	866
Interest on tax assessments (Refer note 17(d))	32,971	66,277
Interest on others	9,757	310
	43,355	67,453

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PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

17 Taxes

	2010	2009
a) Provision for tax expense consists of the following:		
Current taxes		
- Indian (Refer Note c)	1,257,624	677,047
- Foreign	61,574	162,668
	1,319,198	839,715
Deferred tax expense / (credit)		
- Indian	40,201	56,133
- Foreign	250	(85,094)
	40,451	(28,961)
	1,359,649	810,754
The significant components of deferred tax asset and liability consists of the following:		
Provision for retirement benefits	90,578	91,985
Provision for bad and doubtful debts	368	523
Carry forward loss		4,368
Unrealised loss on derivative contracts	58,298	103,016
Depreciation	(171,423)	(82,708)
Others	4,247	1,179
Total deferred tax asset, net		118,363
US branch profit taxes	(68,372)	(84,181)
Others	24,534	32,780
Total deferred tax liability	(61,770)	(51,401)

b) Provision for Income Tax has been computed on the basis of Minimum Alternate Tax (MAT) in accordance with Sec 115JB of the Income Tax Act, 1961. Considering the future profitability and taxable positions in the subsequent years, the company has recognised MAT credit entitlement of 754,755 (2009 : 434,179) as an asset by crediting to the Profit & loss account an equivalent amount and included under Loans and Advances (Note 10) in accordance with the guidance note on Accounting for credit available in respect of Minimum Alternate Tax under Income Tax Act, 1961 issued by the Institute of Chartered Accountants of India.

c) In 2009 the company received a favorable order from the Income Tax Appellate Tribunal allowing the set off of losses of 10A units against Business Income. Based on the same during 2009 the Company has reversed the relevant tax provisions amounting to 114,393 relating to the above issue for all years upto Assessment Year 2006-07.

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d) The Statute of limitation period for the March 2007 and March 2006 tax return of the US Branch of the Company expired in December, 2010 and December 2009 respectively i.e. on expiry of 3 years from the date of filing which was 15 December 2007 and 15 December 2006. Hence the company has reversed the provision for that year on account of taxes & interest. Accordingly the following amounts have been included in the Income Statement for the year ended 31 December 2010 and 2009:

	2010	2009
Reversal of interest expense (i)	(47,572)	(55,816)
Decrease in income taxes - current	(301,064)	(344,960)
Increase in income taxes - deferred	19,145	8,892
Total	(329,491)	(391,884)

(i) Included in Other Income

In 2009 the company received a favorable order from the Income Tax Appellate Tribunal allowing the set off of losses of 10A units against Business Income. Based on the same the Company has reversed the relevant tax provisions amounting to 114,393.

18 Auditors remuneration

	2010	2009
Remuneration to auditors consists of the following:		
Audit fees	9,500	10,608
Taxation	600	2,330
Other services	95	232
Reimbursement of expenses	222	184
	10,417	13,354

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Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

19 Segmental information

In accordance with paragraph 4 of Accounting standard 17 Segment Reporting the Company has presented segmental information only in the consolidated financial statements (refer note 20 of the consolidated financial statements) of the Company.

20 Related party transactions

a) Names of related parties and nature of relationship where control exists

Sr. No.	Category of related parties	Names
1.	Subsidiaries	1) Patni Americas, Inc., USA 2) Patni Computer Systems (UK) Limited 3) Patni Computer Systems GmbH 4) Patni Telecom Solutions Inc., USA 5) Patni Telecom Solutions (UK) Limited., UK 6) Patni Telecom Solutions Private Limited 7) Patni Life Sciences Inc., USA(7) 8) Patni Computer Systems Brasil Ltda(6). 9) Patni Computer Systems (Czech) s.r.o 10) PCS Computer Systems, Mexico, SA de CV 11) Patni (Singapore) Pte Limited 12) CHCS Services Inc., USA 13) Patni Computer Systems Japan Inc 14) Patni Computer Systems (Suzhou) Co., Limited 15) Patni Computer Systems Software (Dalian) Limited
2.	Joint Ventures	1) J R Kyushu Patni Systems Inc
3.	Entities over which the promoters exercise significant influence / control (Affiliates)	1) PCS Technology Limited and its subsidiaries 2) Ashoka Computer Systems Private Limited 3) PCS Cullinet Private Limited 4) PCS Finance Private Limited 5) Ravi & Ashok Enterprises 6) iSolutions Inc.
4.	Key management personnel	1) Mr Narendra K. Patni 2) Mr Ashok K. Patni

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		3) Mr Gajendra K. Patni
		4) Mr William Grabe
		5) Mr Arun Duggal
		6) Mr Michael Cusumano
		7) Mr Arun Maira(1)
		8) Mr Pradip Shah
		9) Mr Ramesh Venkateswaran
		10) Mr Louis Theodoor van den Boog(2)
		11) Mr Abhay Havaladar
		12) Mr Jeya Kumar(3)
		13) Mr Pradeep Baijal(4)
		14) Mr Vimal Bhandari(5)
5.	Parties with substantial interest	1) Members of Patni family and their relatives
		2) General Atlantic Mauritius Limited (GA)
6.	Others	1) Ravindra Patni Family Trust
		2) Anirudh Patni
		3) Patni Computer System Limited Employee Gratuity Fund

-
- (1) Ceased to be director with effect from 22 July 2009
 - (2) Ceased to be Executive director with effect from 20 February 2009 and now Non executive director.
 - (3) Appointed as Chief Executive Officer with effect from 20 February 2009 and as Executive Director from 25 June 2009
 - (4) Appointed as Director with effect from 25 June 2009
 - (5) Appointed as Director with effect from 15 January 2010
 - (6) Dissolved in October 2010
 - (7) Merged with Patni Americas, Inc., USA in October 2010,

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PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

20 Related party transactions (Contd.)

b) Transactions and balances with related parties

Nature of the transaction	Subsidiaries	Affiliates	Key management personnel	Parties with substantial interest	Others
Transactions during the year ended 31 December 2010					
Investments	999,465				
Remuneration			127,584		
No of ESOP s granted			60		
No of RSUs granted			259,025		
Commission expense			14,109		
Sitting fees paid			1,240		
Sales and service income	5,243,689			18,433	
Sale of Vehicle					1,681
Professional fees expense	9,076				
Reimbursement of expenses by subsidiaries	200,020				
Rent and other expenses	25,890	4,328			
Dividend Paid		1,204,856	885,846	3,387,638	
Amounts incurred by subsidiary on behalf of the Company	2,607,124				
Contribution to gratuity fund					30,000
Balances at 31 December 2010					
Investments	6,394,648				
Security deposits paid		1,748			
Debtors	1,402,894			2,921	
Deposits received	5,240				
Amounts payable	317,428	2,849			
Remuneration payable to the directors			54,989		
Commission Payable			4,498		
Provision for pension benefits			112,747		
Stock Option Outstanding			34,821		
Transactions during the year ended 31 December 2009					
Investments	291,273				
Remuneration			128,645		

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No of ESOP s granted		1,500,000		
No of RSUs granted		350,000		
Commission expense		29,345		
Sitting fees paid		1,420		
Sales and service income	6,151,774			20,173
Purchase of fixed assets	65			
Professional fees expense	9,664			
Amount incurred on behalf of subsidiaries	199,041			
Rent and other expenses	19,266	3,629		
Dividend Paid		54,766	42,366	157,533
Amounts incurred by subsidiary on behalf of the Company	2,022,010			
Deposit paid	261			
Contribution to gratuity fund				60,000
Balances at 31 December 2009				
Investments	5,395,183			
Security deposits paid		1,748		
Debtors	1,617,440			3,156
Deposits	5,240			
Amounts payable	201,069	2,262		
Remuneration payable to the directors			53,584	
Commission Payable			4,177	
Provision for pension benefits			125,133	
Proposed dividend		54,766	40,266	153,984
Stock Option Outstanding			28,079	

Capital Commitment to subsidiary company during the year ended 31 December 2010, not included above 711; (2009 : 1,298). Refer note 28 (i) for Managerial remuneration

Table of Contents**Notes to the Financial Statements** (Contd.) for the year ended 31 December 2010

(Currency: in thousands except share data)

20 Related party transactions (Contd.)

Out of the above, transactions with related parties in excess of 10% of the total related party transactions are as under:

Particulars	2010	2009
Transactions during the year		
i) Remuneration		
Mr Jeya Kumar	128,879	121,915
ii) No of ESOP s granted		
Mr Jeya Kumar		1,500,000
Mr Vimal Bhandari	20,000	
Mr Pradeep Bajjal	20,000	
<i>No of RSU s granted</i>		
Mr Jeya Kumar	240,500	350,000
iii) Commission expense		
Mr Ashok K Patni		8,400
Mr Gajendra K Patni		8,325
Mr Arun Duggal	2,084	2,406
Mr Michael Cusumano	1,833	1,939
Mr Vimal Bhandari	1,957	
Mr Pradip Shah	2,260	2,172
Mr Ramesh Venkateswaran	2,084	2,406
Mr Louis Theodoor van den Boog	1,833	1,658
Mr Pradeep Bajjal	2,059	938
iv) Sitting Fees paid		
Mr Arun Duggal	180	200
Mr Michael Cusumano	160	220
Mr Vimal Bhandari	180	
Mr Pradip Shah	180	220