

Patni Computer Systems LTD
Form 6-K
June 13, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

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

For the year ended December 31, 2007

PATNI COMPUTER SYSTEMS LIMITED

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

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

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

Form 20-F Form 40-F

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

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Yes No

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



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This Form 6-K contains our Annual Report for the fiscal year ended December 31, 2007, the Notice of the Annual General Meeting of the Shareholders dated 29th April 2008, 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.

Transformation for success

Annual Report 2007

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Leading global analyst firms concur that CIOs see IT playing a distinctive role in driving enterprise strategy, over the next three years. It is no surprise then that despite economic concerns, global enterprise IT budget growth remains unchanged in 2008. The global IT outsourcing market is also forecasted to continue to grow at a steady pace.

But winds of change are sweeping across the global IT sourcing landscape. Large companies in the midst of various transformation programmes, are looking to their IT service providers to play an increasingly collaborative role in this strategic makeover. As one paradigm shifts, so does the other - the focus is moving from cost saving to value creation. Organizations are realizing that value creation is critical to unlocking sustainable growth. For players in the IT space, the resulting challenge is to shed the skin of IT service provider and reinvent oneself as a value creator.

The metamorphosis is already unfolding at Patni. The company has been proactively transforming itself from an IT powerhouse to a strategic business value creator, with an intrinsic appreciation of emerging client requirements, market shifts and the changing nature of competition. A strategic plan is already under implementation. Business strategies are being revisited, strengthened and aligned with one overarching objective in mind: To bring about a *transformation for success*.

Highlights of achievements: 2007

During the year, we made considerable progress towards our objective of continuous growth by leveraging our operating efficiencies; making investments in strategic initiatives; growing our client base; and focusing on promising markets, verticals and service lines. We also forged several new alliances, giving us the necessary support to move forward into the future.

- Revenues increased by 14.5%, from US\$ 578.9 million in 2006 to US\$ 662.9 million in 2007; corresponding net income increased by 44% (excluding additional provisions), from US\$ 79.2 million in 2006 to US\$ 114 million in 2007.
- 79 new clients added, taking the number of active client relationships at the end of 2007 to 318; the number of million dollar relationships increased to 84. Percentage of repeat business continued to remain stable at 92.4%.
- 2141 net additions made to the employee base in 2007, taking the total employee strength to 14,945; 18 senior management personnel joined at the Vice-President level and above, during the year.
- 312,000 sq. ft. of office space added at Mumbai East and Hyderabad; increasing our capacity for offshore work by over 2800 seats.
- Launched a Business Consulting Services Practice to offer our clients in the manufacturing industry a full spectrum of solutions designed to improve their business performance and corporate competitiveness.
- Acquired Europe-based Logan-Orviss International to add telecom thought leadership, domain expertise and operational transformation consulting capability.
- Acquired US-based Taratec a high-end Life Sciences Consultancy, bringing in capability in the areas of regulatory compliance, analytics, drug safety, and pharmacovigilance.
- Acquired an Intellectual Property (IP) from an FTSE 100 company, enabling use of the IP for software licensing, provision of re-usable IP led IT services, managed services and the provision of hosted or Software-as-a-Service solution.
- Forged a strategic alliance with Birla Institute of Technology & Science (BITS), Pilani for a two-year master's level degree in Embedded Systems for Patni employees.
- Forged a partnership with the International Institute of Information Technology (I2IT), for collaborative research activities in the medical device domain.
- Signed a US\$ 200 million multi-year outsourcing deal with The Carphone Warehouse to provide it integrated services in consulting, systems integration, application development and maintenance.

Awards and Recognitions

- Received the Golden Peacock National Training Award for 2007
- Covered in Gartner's Offshore Application Services Magic Quadrant 2007
- Listed among the Top 50 in 2007 FinTech 100 Ranking
- Listed in NASSCOM's 100 IT Innovators for 2007
- Listed as a NeoIT 2008 Global Services 100 Company

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- Listed as a IAOP 2008 Global Outsourcing 100 Company
- Listed in Osourcebook Global Services 100 2008 .

Key performance indicators: 2002-07

* 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.

Letter to shareholders

chairman s review

Despite the many challenges that 2007 posed, Patni has been able to deliver sustained growth by focusing on improving our internal operations while increasing our reach to customers worldwide. Our continuing emphasis on operating efficiencies is reflected in a visible improvement in our utilizations, offshore leverage and resultant operating margins, which have helped neutralize the impacts of the fast appreciating Rupee.

During the year, we made significant progress on several corporate initiatives:

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We made two acquisitions, namely that of Logan-Orviss International in the Telecom space, and Taratec a high-end Life Science Consultancy; this helped to enhance our strategic positioning in the market place and deepen our business verticals.

- Continuing our quest to move towards end-to-end solutions-based services, we invested in intellectual property in our Telecom vertical.
- We signed a US\$ 200 million multi-year outsourcing deal with The Carphone Warehouse to provide it end-to-end integrated services.
- We strengthened our management team in Europe and the Global HR function.

Overall, our focus continues to be to diversify our business-mix both at the geography and services lines level. We will continue to make investments to deepen our domain capability and solutions-led services and plan to aggressively enhance these through, both organic and inorganic means.

To strengthen our management team and help us transform our business in the changing market environment, we have appointed Mr. Louis Theodoor van den Boog as Executive Director. His vast experience in helping global companies grow will be an asset to our business.

Industry Environment

NASSCOM reports continued growth for the Indian IT industry. The industry grew from US\$ 37.4 billion in 2006 to US\$ 48 billion in 2007 and is projected to grow to US\$ 64 billion in 2008. Both export and domestic markets have shown growth across all IT sectors and projections support further healthy growth.

Exports remain the mainstay of the industry and are estimated to touch US\$ 40.3 billion in 2008. Banking, Financial Services and Insurance (BFSI) remains the largest vertical market for Indian IT-BPO exports, followed by high-technology, telecom, manufacturing and retail.

While the US and UK remained the largest export markets in 2007, the IT industry is steadily increasing its exposure to other geographies. Exports to Continental Europe have grown notably, at a CAGR of over 55% over 2004-7.

Even as the growth remains promising, the challenges for the IT industry are multiplying manifold.

- Customers are driven to lowest cost supplier. The cost advantage which served India well up to now is reducing. But long-term demographics are still in India's favor.
- The India story is now being adopted by many other countries, so Indian players need to look beyond the country to create more globally relevant models.
- Scale is becoming important, therefore M&As become critical. Acquiring boutique businesses does have its advantages, but acquiring bigger businesses may become more relevant.
- Customers are demanding solutions, not services. Innovation will therefore lead growth in the future.

Corporate Performance

The Company reported a revenue growth of 14.5% to US\$ 662.9 million from US\$ 578.9 million in 2006; corresponding net income increased by 44% (excluding additional provisions). Through some strong fiscal discipline including operations and forex management, our net earnings during the year expanded by 44% to US\$ 114 million, resulting in an overall operating margin of 18%.

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We received the prestigious Golden Peacock Award for Training excellence, during the year. We were also covered in Gartner's Offshore Application Services Magic Quadrant 2007 .

Some of the other prestigious listings which featured Patni included:

- 2007 FinTech 100 Ranking
- NASSCOM's 100 IT Innovators for 2007
- NeoIT 2008 Global Services 100
- IAOP 2008 Global Outsourcing 100
- Osourcebook Global Services 100: 2008.

Integration Reaps Rewards

During the year, we consolidated and repurposed a number of Business Units (BUs), specifically the delivery organization of the Banking, Financial Services and Insurance (BFSI); Communications, Media & Entertainment (CME); and the Customer Interaction Services (CIS) & BPO, to align with the market. This move was intended to not only leverage operational efficiencies, but more importantly to utilize the resultant scale and the synergy between the technology practices and common service lines for improved investment and growth opportunity.

We focused on strengthening the integrated service delivery across our vertical and horizontal BUs, to ensure better servicing of our customers.

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Insurance continued to retain the distinction of being the highest revenue and highest margin business unit in 2007, adding a net of 22 new customers. In order to better leverage market opportunities and enhance our domain expertise, the BU has also embarked on a solutions development program, under which we plan to build specific solutions for policy administration consolidation, long-term care and new business fulfillment.

Financial Services (FS) ended the year with a significant portion of its growth coming from long-term relationships. ABN AMRO ranked second in revenue contribution to the BU even in the face of its acquisition. A strong momentum and foundation was created in the Asset Management and Benefits segment, including high-end BPO/KPO services. During the year, we also set up the relationships to service FS clients out of Brazil.

Manufacturing posted 23% growth over 2006 and expanded its strategic relationships with several key clients, besides adding some marquee names to its portfolio. The new sub-vertical, Life Sciences, added through the acquisition of Taratec Development Corporation, has brought in relationships with a number of major players in the pharmaceuticals, bio-medical and medical devices space. The BU also worked to bring to market two new offerings in the BPO space both targeted to the drug safety area.

In 2007, we also launched a Business Consulting Services practice within the Manufacturing BU, focused on helping several clients leverage technology to improve business operations, besides providing due diligence, integration and transformation services to private equity firms and corporations engaged in mergers & acquisitions.

Communications, Media & Entertainment BU continued to pursue a strong integrated strategy for providing consulting, systems integration, and outsourcing services. It established a Consulting capability through the acquisition of Logan

Orviss, a consulting company with strong global relationships with high-profile customers. It also signed a large deal with The Carphone Warehouse which is expected to generate US\$ 200 million over 5 years. The BU has established a strong solutions capability and developed a telco in a box solution to enable it to implement next-generation telecom solutions with fast time-to-market and reduced risk.

The Product Engineering Services (PES) BU continues to be our growth engine with an impressive revenue growth of 40% in 2007, and a portfolio of about 50 new customers across diverse industries. The PES BU now nurtures around 120+ customer relationships with the world's leading R&D and technology enterprises and OEMs.

The consolidation of the PES and ISV business units has been a very successful strategic move as PES now projects itself as a complete product development partner to support all layers of technology enablement under one umbrella covering: chip design, hardware development, embedded systems development, and application software & enterprise platform development. We continue to maintain our leadership position in the medical, storage, and automation domains.

The Growth Industries BU registered a significant year-on-year revenue growth of over 40%, adding 20 new customers. The solutions team developed a suite of domain/technology based frameworks, specifically the InfoXchange Framework in the area of transportation & logistics; MCR a framework for multi-channel retailing; and a .NET based framework for Web-based applications.

The Enterprise Application Solutions (EAS) BU grew its revenues by 24% over the previous year, with strong growth in the SAP practice. It improved its profit performance substantially by employing best practices in supply chain. It also started its EAS Academy operations, training more than 300 employees during the year.

Infrastructure Management Services grew by 40% in 2007. During the year, the BU commenced a dedicated in-house training lab, and a second new and improved Global Visibility Centre (GVC) in Airoli. The BU achieved ISO- 20000-1:2005 certification in the IT Service Delivery for Remote Infrastructure Management delivered through these GVCs.

The CIS & BPO BU recorded a spectacular revenue increase of almost 200% during the year. This performance stands as a validation of our strategy to stay focused in a limited number of complex and high-value services, and to take our integrated IT+ BPO + IMS offerings to the market. Patni is a market leader in select service lines like actuarial services, benefits administration, asset management and healthcare for senior citizens. Our CIS practice focuses on providing integrated L1 help desk services for applications like SAP, storage devices for EMC, medical devices and infrastructure. The BU launched a new practice for KPO for actuarial valuations, analytics and life sciences.

The Business Intelligence practice grew by 20% in 2007, and added 14 new customers. We also acquired the Microsoft Gold Certified Partner status, which will serve as a key competency going forward. We also developed and took to market several value-added solutions, including a CIO dashboard framework, industry-focused solutions such as a retail management framework, telecom business dashboard and a framework for automation of performance

management for insurance companies. We also started initiatives for exploring an open source BI technology suite and have conceptualized and implemented the BI competency center framework as a new offering.

The Verification & Validation (V&V) Center of Excellence (CoE) registered growth of around 30% in 2007. It also launched new service lines such as testing of SOA (Service Oriented Architecture) applications, packaged application testing for ERP packages and portfolio management applications. The Managed Test Center offering provided

customers with end-to-end testing solutions from test process assessment, standard test management process and dashboards, along with automation and performance frameworks.

The Business Process Management (BPM) CoE strengthened its service offerings by expanding its solutions across most leading BPM suite platforms. The CoE's reference frameworks and process templates help deliver value-added solutions to customers.

The IT Governance CoE leveraged its proprietary and comprehensive life-cycle services spanning advisory & consultative services, multi-platform implementation and application development & maintenance services, and specialized value-added services to deliver significant solutions to its customers. There was noteworthy growth in its consultative solutions service offerings.

Regional Performance

During the year, we focused on capturing growing outsourcing opportunities in emerging markets of the Europe and APAC regions, to diversify our revenue base.

The US region continued to be the dominant revenue driver with a 78% contribution of the total revenue in 2007.

We focused on capturing growing outsourcing opportunities in emerging markets of the Europe and APAC regions, to diversify our revenue base.

The Europe region continued to grow rapidly with a revenue increase of 45%.

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Our Asia Pacific business, still in the nurturing stages, grew by 24%, and seventeen new accounts were added.

Infrastructure

During the year 2007, we continued to augment our offshore development facilities at a rapid pace. We have added 312000 sq. ft. of office space at Mumbai East & Hyderabad. This has increased our capacity for offshore work by over 2800 seats.

In keeping with the Company's policy to have its own campus operations, land has been acquired in four more locations, namely Hinjewadi at Pune; Noida SEZ area; in Kokapeta IT Park, Hyderabad; and in the IT SEZ Park, Kolkata.

All the completed facilities are state-of-the-art, with most modern services, up-to-date security systems, and fully landscaped areas with peripheral drive ways, walking areas, and recreational facilities.

People Initiatives

We continued to build our Management Team and globalize our workforce. At the close of 2007, our employee strength stood at 14,945, an addition of 2141 employees over 2006. We added 18 senior management personnel at the Vice-President level and above, during the year. A number of employee engagement initiatives were introduced to reduce attrition.

During 2007, Patni Academy for Competency Enhancement (PACE) delivered close to 104,000 participant days of technical training and 13000 person days of behavioral and leadership training, averaging to over 8.5 person days per employee. The entry level training program (PPP) covered 1600 participants in 2007, representing an increase of over 30% compared to 2006.

PACE conducted several workshops for around 200 Project Managers based at customer locations in US and UK. Apart from this, several technical programs were conducted for on-site people.

Several new training programs were launched during the year; specifically a specialized role based training program for Team Leads, and a Training Program for Designer Certification. Under the collaborative model with BITS, Pilani a two-year MS program in Embedded Systems was introduced.

We are focusing on building and enhancing our consulting capabilities, and frameworks, solutions and platform-enabled services across our verticals and horizontals.

2008 and Beyond

In 2008 we see the business environment changing significantly with an appreciated Rupee, and concern around overall IT spending due to looming issues in the US. The overall global environment poses its challenges to the outsourcing industry in India which is moving into the next phase of its evolution of competing with major global players. Despite these external challenges and the internal ones arising from the changes in our client and geography mix and poor revenue visibility, we believe we are ready to face the challenging times ahead.

With the growing commoditization of global services, we are aggressively working towards differentiating ourselves. We are finding ways to extend our value chain and bolster bottom-line. To be able to deliver tangible results to our global customers, we are focusing on building our consulting capabilities, frameworks, solutions and platform-enabled services across our verticals and horizontals.

Going forward, we remain confident about our business momentum and are optimistic of our growth prospects over the mid- and long-term.

Regards,

Narendra K. Patni

5 May 2008

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Transformation For success

During the last thirty years of Patni's evolution, we have witnessed disruptive shifts in the market, braved global competition and are now poised to take the next leap.

The global sourcing market has matured from those days when India was considered to be a source of low-cost manpower. Today, it has earned the distinction of being a preferred destination for intellectual capital that accelerates the trend - globalization of services. Going ahead, Indian companies are bracing up for the challenge of providing end-to-end business domain-focused solutions, leveraging intellectual property (IP) in form of solution accelerators, frameworks and service delivery methodologies.

As forces of globalization sweep the business landscape, Organizations across the world are seeking to tap the benefits of global sourcing by:

- Reducing operating costs
- Re-constructing the business value chain on a global sourcing model
- Increasing business velocity

- Expanding footprint into emerging markets
- Leveraging global resources to tide over the shortage of skilled resources.

Adversity is good. Challenge, after all, provokes one to rise above the ordinary. Without challenge there would be little incentive for growth.

Our clients too want to use global sourcing as a business lever and look at us to be their strategic partner . They expect us to be a mature global services company that understands their business and has agility, and scalable technology/capability to enable them to meet their business needs profitably. Several of our customers have already integrated us in the rolling out of their strategic growth plans. Clearly, the focus of global sourcing is shifting towards seeking a partner for business transformation, who can create business value through a strong alignment of domain expertise, process maturity and technology competencies.

As unprecedented opportunities open up for us, we are also faced with a stiff global competition. The competition is no longer based on low-cost resources. It has become more complex with competitors being able to offer similar services at comparable prices and with clients and prospects looking at value beyond cost, quality and productivity.

As a global organization with globally distributed clientele, we have laid down transformational objectives to survive and grow in an increasingly complex business environment. The transformation has to address the following challenges:

- **Cultural Challenge:** Over time, the complexity of our organization has grown manifold with multiple business units, full-spectrum service offerings, large delivery infrastructure, clientele spread across the world, and most importantly, multi-cultural, multi-ethnic workforce. It is a significant challenge to transform the organization predominantly having an India-centered work-force to that having a global culture. There is a compelling need to identify leaders and change agents across all levels in the organization to deliver competitive performance.

The perfect client relationship emerges from not just understanding the client but *being the client*. One must imperatively think, perceive and act like the client.

- **Process Challenge:** Patni's business and technology processes have evolved over three decades while adapting to the changing needs of the markets. Going ahead, we need to further deepen the depth of our delivery organization. It is important to fine tune our service delivery processes and transform them to the next level of maturity through standardization and adopting global best practices, to drive quality, efficiency and speed.
- **Structural Challenge:** We need to adopt a simplified organizational structure that eliminates siloed existence of business units and promotes cross-unit integration, enabling accountability, endowing responsibility and improving coordination across functional and regional boundaries.

While we are implementing a slew of measures to negotiate the above challenges, we have multiple reasons to be optimistic and feel confident that our efforts for large-scale organizational transformation will succeed. Following are some of the measures that we have taken in order to shape the transformation agenda.

- **Aligning the go-to-market approach with domain expertise:** We continue to grow our business domain expertise through acquisitions, hiring and training. All of our client interactions are led by domain experts who understand our client's business well and are able to align our technology expertise to meet the client's expectations through an integrated domain, process and technology offering. Some of our clients have even acknowledged that our domain expertise has been a key instrument in their success with business outcomes.

Knowledge is power. The power to stay one step ahead of the competition. The power to preempt change. The power to excel.

- **Introducing structural changes for accountability and profitability:** We recognize the need for a simplified structure that organizes all the business units around the objectives of efficient service delivery and drives performance by optimizing resource utilization and fulfillment of accountability at all levels. Accordingly, we have taken measures to rationalize our operating structure. The recent consolidation of our CRM, EAI and Business Intelligence teams into the new business unit called Customer Dynamics and Integration (CDI), and the separation of Help Desk from BPO to form Customer Interaction Services (CIS) are steps in that direction.
- **Seeking delivery excellence:** Our delivery engine has evolved into a mature global delivery platform over three decades of experience and serves as a robust foundation for our business initiatives. We continue to strengthen our delivery capabilities through knowledge of emerging models and best practices in the global markets. The global sourcing and operations team that we set up last year has made a difference by providing resourcing support and helped the delivery and sales teams maintain focus on customer satisfaction.
- **Pursuing client centricity:** Over the years we have maintained a sharp focus on building long standing relationships. Over 90% of our total global revenues come from repeat business. At least thirty of our top fifty clients have been with us for over five years. Some of these have been with us for over ten years. To grow our existing client-engagements into productive relationships, we have created an account management structure which will focus on continuously enhancing the value proposition for our customers. Creation of the role of client partner focused on domain-led solutions, consulting and account management, has enabled us

Cost should never be confused with value. Cost is temporary, value is permanent.

deepen our relationship with our key customers and gain acceptance as a strategic partner. We have initiated discussions with most of our customers and have started influencing their strategic agenda. We also have reorganized our sales teams, to make a clear distinction between new business specialists and account management specialists. Going ahead, we will continue to build new operating models capable of delivering unprecedented levels of customer value.

- **Moving up the service value chain:** We have taken conscious steps towards building capabilities in consulting and are positioning ourselves as a partner who can provide business value along with full-scope IT services. We have created consulting and solutions teams in our industry practices. Our acquisitions of Logan Orviss International and Taratec Development Corporation have helped us to bolster our consulting services respectively in the Telecom and Life Sciences business. Our recent success with the The Carphone Warehouse Group Plc, is recognition of our ability as a high-end value provider.

- **Creating sustainable value for our clients:** Though cost reduction is not the only reason for our clients to come to us, cost management is certainly one of the key objectives of their outsourcing decision. We not only help our clients to reap one-time cost benefits through an optimal on-site-off-shore mix, but also help them with progressive cost benefits and productivity gains through our process optimization services. We are expanding our network of global delivery centers beyond India, the USA and the UK regions. We plan to make necessary investments to set up and grow world-class delivery facilities in Latin America, South Africa and China.

Today, innovation is a vastly evolved concept. The shift from being a rarefied virtue to an absolute necessity equates innovation with survival itself.

Responding to the shift in the marketplace from effort-based pricing to value-based pricing, we have introduced new pricing models based on value-creation and have been able to register new wins.

- **Rationalizing cost structures:** To offset wage and rupee inflation, we are relentlessly focused on improving operating efficiencies and reducing expenditures. We closely monitor the cost structures and have taken measures for the prudent management of SG&A expenses. Besides enforcing financial discipline on the cost-side, the management is also focused on enhancing the revenue side by improving utilizations, pricing and per capita productivity.
- **Fostering innovation:** We promote a culture of risk-taking and have put in place an effective process to foster innovation. We invest significantly to build the requisite R&D wherewithal to enable us to stay on the forefront of latest business and technology trends. Our domain experts and solutions teams across all of our practices are entrusted with the responsibility of creating intellectual property (IP) in form of repeatable frameworks, solution accelerators and service delivery methodologies aimed at improving speed, and achieving predictability in service delivery.

Having got our basics right, we are aggressively investing in building on our strengths for a bright future. We are a right-sized organization enabling flexibility to respond quickly to the changing market dynamics. We are aggressively working towards adopting a focused differentiated market strategy and building a strong brand. We are confident that in due time, we will unlock the combined potential of our intangible assets, namely, knowledge capital, customer relationships, delivery infrastructure and IP-driven domain solutions to create an unmatched value proposition for our customers.

Directors Report

To,

The Members,

PATNI COMPUTER SYSTEMS LIMITED

Your Directors have pleasure in presenting their Thirtieth Annual Report together with Audited statements of Accounts for the year ended 31 December 2007:

Financial Results

	31 Dec 2007	31 Dec 2006
	(Rs. in million)	(Rs. in million)
Sales	11,723	9,978
Resulting in Profit Before Tax	4,357	3,059
Profit After Tax	3,875	2,058
Profit available for appropriation after adding to it Previous Year's Brought Forward	13,302	10,106
Appropriated as under:		
Adjustment on account of employment benefits	7	
Transfer to General Reserve	388	205
Final Proposed Dividend on Equity Shares @ 150% (Previous Year 150 %)	418	415
Corporate Tax on above Dividend	83	58
Balance Carried to Balance Sheet	12,406	9,428

Management Council

Narendra Patni
Chairman & CEO

Louis Theodoor van den Boog
Executive Director

Mrinal Sattawala
Chief Operating Officer

Russell Boekenkroeger
*Executive Vice-President &
Region Head, North
America*

Neeraj Gupta
*Executive Vice-President &
Head Communications,
Media & Entertainment*

Satish Joshi
*Executive Vice-President &
Chief Technology Officer*

Vijay Khare
*Executive Vice-President,
Chief Administrative Officer
& Chief Delivery Officer*

Rajesh Padmanabhan
*Executive Vice-President &
Global Head Human
Resources*

Surjeet Singh
*Chief Financial Officer &
Head Mergers
& Acquisitions*

Brian Stones
*Executive Vice-President &
Head Europe*

Senior Management

Lokesh Bhagwat
*Sr. Vice-President &
Head Growth Industries*

Ajay Chamania
*Sr. Vice-President & Head
Product Engineering
Services*

Sunil Chitale
*Sr. Vice-President &
Head Manufacturing &
Enterprise Application
Solutions*

Vic D Alfonso
*Sr. Vice-President &
Head Financial Services*

Dilip Dhanuka
*Sr. Vice-President &
Head Product &
Technology Initiatives*

Sanjiv Kapur
*Sr. Vice-President &
Head Business
Process Outsourcing*

Deepak Khosla
*Sr. Vice-President
Asia Pacific &
Head Global Marketing*

Sunil Kuwalekar
*Sr. Vice-President &
Head Global Sourcing &
Operations Management*

Milind Padalkar
*Sr. Vice-President &
Head Global Resources
in Technologies*

Samvit Raina
*Sr. Vice-President &
Head Customer Dynamics
and Intelligence*

Ajit Yadav
General Counsel

Board of Directors

(Left to Right)

Louis Theodoor van den Boog *Executive Director*, Ramesh Venkateswaran *Independent Director*

Pradip Shah *Independent Director*, Ashok K. Patni *Non-Executive Director*, Arun Maira *Independent Director*

Narendra K Patni *Chairman & CEO*, Michael A. Cusumano *Independent Director*

Arun Duggal *Independent Director*, Abhay Havaladar *Alternate Director to William O. Grabe*

Gajendra K. Patni *Non-Executive Director*, William O. Grabe *Non-Executive Director*

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 2007 amounted to Rs. 11,723 million as against Rs. 9,978 million for the corresponding period last year registering growth of about 17.5%. The Company has posted the Net Profits after tax to Rs. 3,875 million as compared to Rs. 2,058 million for the corresponding period last year registering growth of about 88% for the year ended 31 December 2007. Even on consolidated basis, revenues were increased in the current year 2007 by 14.5 % to US\$ 662.9 million from US\$ 578.9 million in 2006 and net income increased by 44%.

Dividend

Your Directors are pleased to recommend the payment of dividend for the year ended 31 December 2007 at Rs.3/- (Rupees Three only) per share (150 percent) on face value of Rs.2/- [Previous year Rs.3/- per share (150 percent)] , subject to approval of Members at the ensuing Annual General Meeting.

Business Overview

Your Company is one of the leading providers of information technology services. The Company delivers a comprehensive range of IT services through globally integrated onsite and offshore delivery locations primarily in India. Your Company addresses its clients' needs with its global delivery model, through which it allocates resources in a cost-efficient manner using a combination of onsite client locations in USA, Europe, Japan, Asia Pacific and Rest of the world and offshore locations in India. Your Company believes that an integral to its delivery competence is its domain expertise. Overall, your Company derives significant strength from its focused industry expertise, successful client relationships, extensive suite of IT services, delivery and operational excellence, highly experienced management team and dedicated and highly skilled delivery professionals.

Business Segments

Your Company offers its services to customers through industry practices in insurance, manufacturing, financial services and telecommunications, as well as in other industries. Your Company also has technology practices that offer services in product engineering and for Independent Software Vendors (ISVs). Both industry practices and technology practices are complemented by service lines, which are developed in response to client requirements and technology life cycles. Your Company's range of services includes application development, application maintenance and support, packaged software implementation, infrastructure management services, product engineering, business process outsourcing and quality assurance services.

Customer Relationships

Your Company has always demonstrated the ability to build and manage relationships with some of the world's largest and best known companies. Our strategy to diversify our revenue profile is on course. In keeping with our thrust to diversify our revenue profile, our top client

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contribution towards revenue reduced from 14.6% in 2006 to 11.8% during 2007. Similarly, revenues from top 10 clients reduced from 53.1% in 2006 to 47.3% in 2007. While nurturing long-term relationships with existing customers, your Company has continued to expand its customer base. The Company added 37 new clients during 2007 and its active client base has increased significantly to 318 clients as of 31 December 2007. The number of \$ 1 million client relationships increased by 10 during the year taking the tally to 84.

Your Company's percentage of repeat business continued to be stable at 91.5%. Similarly, your Company's strategy to improve the geographical diversification of Company's client base is on track with revenues from Europe, Japan and Asia-Pacific (excluding Japan) registering strong growth. On the regional performance front, in 2007, Europe continued to show good growth.

In line with our strategy to diversify our geographical profile, Europe's contribution to our revenues increased to 14.7% in 2007 from 11.6% in 2006.

On the industry-vertical front, Product Engineering Services and Manufacturing recorded significant growth contributing 16.8% and 23.7%, respectively, to total revenues in 2007.

Our focus to expand our service offerings continues, with contribution of Application Development & Maintenance reducing considerably to 64.9% in 2007 from 70.8% in 2006. Simultaneously, the contribution of Enterprise Application Solutions, Infrastructure Management Services and BPO together increased to 23.6% in 2007 from 19.8% in the previous year.

Sales and Marketing Initiatives

Your Company has further consolidated global verticalization initiative. The Company has realigned its business unit structures to create sharper focus on select industry and technology practices. The North American sales organization has been realigned and integrated with the said industry and technology practices. A majority of your Company's sales and marketing teams focus on specific industries & have Accounts Managers to manage relationship with large customers. In addition to sales executives, there are industry experts and solution architects who complement the sales efforts by providing specific industry and service line expertise.

Personnel & Performance

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.

On 31 December 2007, the employee strength of your Company stood at 14,945 with approximately 2,141 additions over year 2006.

Facility Expansion

During the year, your Company added net 3,12,000 sq. ft. of space of Mumbai East and Hyderabad. With a view to build our own campuses, your Company has acquired land in four locations - Noida, Pune, Hyderabad and Kolkata, in addition to the land your Company has in Mumbai and Chennai.

All of your Company's development centers were assessed at SEI-CMMI Level 5 by KPMG, India.

Challenges ahead - 2008

As the Company enters 2008, we must be ready to face the challenging times ahead. External factors like the appreciating rupee, concern around overall IT spending in the US and competition with major global players continue to loom large. The Company's internal challenges come from the various changes in our client and geography mix and poor revenue visibility.

With the growing commoditization of global services, the Company needs to strongly differentiate itself. The Company needs to find ways to extend its value chain and bolster bottom-line. The Company needs to work harder towards delivering tangible results to its global customers. The Company can achieve this by focusing on building and enhancing our consulting capabilities, and frameworks, solutions and platform-enabled services

across its verticals and horizontals. As the market dynamics are changing, the Company needs to keep up with the times in terms of customer demand, market shifts and changing nature of competition.

Corporate Developments & Accolades

Your Company signed a Memorandum of Understanding (MoU) with BITS Pilani through the BITS Off-Campus Distance Learning & Collaborative Programmes scheme to hone the skills of employees for our growing Product Engineering Services (PES) division.

Your Company acquired Microsoft Gold Partner Certification status with Business Intelligence as one of our key competencies. This puts us in the elite list of global partners who have this standing with Microsoft.

Trillium Software, a leading enabler of Total Data Quality solutions, aligned with the Company to help provide organizations with an assessment of their data quality needs. With this partnership, your Company will provide organizations with data quality assessment using Trillium Software's Discovery and Insight solutions.

Your Company was bestowed with the prestigious Golden Peacock National Training Award (GPNTA) for 2007. This award is recognition of excellence in training practices and relates effective training with improved business and individual performance by providing role models in all sectors of Indian Corporate life.

Patni ESOP 2003 (Revised 2006)

Your Company had introduced the Employees Stock Option Plan known as Patni ESOP 2003. Under the Plan, the Company is authorised to issue 11,142,085 equity shares of Rs. 2/- each upon the exercise of options granted to employees and / or directors of the Company and its subsidiaries. As these Options were issued on market related prices, the recent fall in the market prices in general and the information technology companies shares in particular, the Options granted to the employees have become unattractive. In order to make them attractive and to motivate the employees to perform better, it is now proposed to modify Options terms by reducing the number of Options at the revised exercise price of Rs. 2/- per share at the option of the employees, as detailed in the notice convening the Annual General Meeting. This proposal requires the approval of the Members by way of special resolution.

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

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The Company has wholly owned subsidiaries viz. Patni Americas, Inc. (formerly Patni Computer Systems, Inc), Patni Computer Systems (UK) Limited and Patni Computer Systems GmbH.

Patni Telecom Solutions, Inc. is a subsidiary of Patni Americas, Inc., Company's one of the main subsidiaries.

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

During the year, Patni Americas, Inc., Company's one of the main subsidiaries, had acquired Taratec Development Corp. (Taratec). Name of Taratec was later changed to Patni Life Sciences, Inc.

Your Company also set up a wholly owned Subsidiary in Brazil viz. Patni Computer Systems Brasil Ltda.

In view of the above and by virtue of Section 4 of the Companies Act, 1956, the Company has following eight subsidiaries (Collectively to be referred as Subsidiary Companies): i) Patni Americas, Inc.; ii) Patni Computer Systems (UK) Limited; iii) Patni Computer Systems GmbH; iv) Patni Telecom Solutions, Inc.; v) Patni Telecom Solutions (UK) Limited; vi) Patni Telecom Solutions (P) Limited; Vii) Patni Life Sciences, Inc. and viii) Patni Computer Systems Brasil Ltda.

The Company has been granted exemption for the year ended 31 December 2007 by the Ministry of Corporate

Affairs vide its letter dated 29 February 2008 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 2007 is included in the Annual Report. The annual accounts 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 Subsidiary Companies will also be available for inspection, as above, at the registered offices of the respective Subsidiary Companies.

Directors

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

During the year, Mr. Gajendra K Patni & Mr. Ashok K Patni ceased to be Executive Directors w.e.f. 2 October 2007. However, they continue to act as Directors on the Board of Directors of the Company.

The Board of Directors, at their meeting held on 29 April 2008 had appointed Mr. Louis Theodoor van den Boog as an Executive Director of the Company upto 31 March 2013. It is proposed to obtain the necessary approval from the Members of the Company in the ensuing Annual General Meeting. The Board recommends the resolution for your approval.

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 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, this Report is being 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 BSR & Co., Chartered Accountants, the present statutory auditors of the Company holds office until the conclusion of the ensuing Annual General Meeting. It is proposed to reappoint them as the statutory auditors of the Company until the conclusion of the next Annual General Meeting. M/s BSR & Co., have, under section 224(1) of the Companies Act, 1956, furnished the certificate of their eligibility for reappointment.

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 are no material departure;
- (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 2007 and the Profit of the Company for the period 1 January 2007 to 31 December 2007;
- (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;
- (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 only 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 outside party.

C) Foreign Exchange Earnings/Outgo

Earnings in Foreign Currency on account of:	31 Dec 2007 (Rs. in million)
Export Sale	11,620
Others	5
Total Earnings	11,625

Expenditure in Foreign Currency on account of:	31 Dec 2007 (Rs. in million)
Traveling Expenses	289
Overseas Employment Expenses	770
Professional Fees & Consultancy Charges	130
Subscription & Registration Fees	2
Other Matters	88
Total Expenditure	1,279

Net Earnings in Foreign Currency

10,346

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

Narendra K Patni
Chairman & CEO

Gajendra K Patni
Director

29 April 2008

Annexure to the Directors Report - ESOP

Information as on 31 December 2007

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

		As of 31 December 2007
(a) No. of options granted		8,856,092*
(b) Pricing formula		As per market price as defined in SEBI guidelines on ESOP
(c) Options vested		4,566,021**
(d) Options exercised		1,871,290
(e) The total number of shares arising as a result of exercise of option		1,871,290
(f) Options lapsed		1,849,052***
(g) Variation of terms of options		N/A
(h) Money realized by exercise of options;		317,548
(i) Total number of options in force;		5,135,750
(j) Ratio of ADS to Equity Shares		1 ADR = 2 Shares
(k) Employee wise details of options granted to;		
(I)	senior managerial personnel during the year;	Refer Table 1
(II)	any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	Refer Table 2
(III)	identified employees who were granted option, 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	ADS options granted
Brian Stones	25,000

Table 2

Employee Name	ADS options granted
Jim Pena	11,000
Raghavendra Prasad Krishnamurthy	11,000
Samvit Raina	19,000
Rohit Bedi	25,000

(l) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the Accounting Standard (AS) 20 Earnings per Share	27.67
(m) Impact of Employee Compensation cost calculated as difference between intrinsic value and fair market value in accordance with SEBI Guidelines on ESOP	

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Profit for the year after taxation as reported	3,875,184
Add Stock based employee compensation determined under the intrinsic value method	
Less Stock based employee compensation determined under the fair value method (1)	88,237
Pro-forma profit	3,786,947

As of 31 December 2007

Reported earnings per equity share of Rs 2 each			
- Basic			27.95
- Diluted			27.67
Pro-forma earnings per equity share of Rs 2 each			
- Basic			27.31
- Diluted			27.04
(n) Weighted-average exercise prices and weighted-average fair values of options, for options whose exercise price equals the market price of the stock			
Weighted average exercise price	- Equity		348.51
Weighted average fair value	- Equity		129.79
Weighted average exercise price	- ADR	\$	21.06
Weighted average fair value	- ADR	\$	8.72
(o) 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			0.78%
Weighted average dividend yield			0.78%
Expected life			3.5-6.5 years
Risk free interest rates			8.00% - 8.22%
Volatility			32.84% - 42.32%
Weighted Average Volatility			36.68%
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			0.65% - 0.79%
Weighted average dividend yield			0.76%
Expected life			3.5-6.5 years
Risk free interest rates			4.25%-4.75%
Volatility			34.32% - 44.07%
Weighted average volatility			38.80%

	Grant Date	Price (Rs.)
The price of the underlying share in market at the time of option grant		
	2 April 2007	375
	24 April 2007	455
The price of the underlying ADR in market at the time of option grant		
	2 April 2007	\$ 22.35
	26 November 2007	\$ 15.09

* Including options granted to employees, who have then separated.

** Net of lapsed options.

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

Disclosures required under Clause 12.2 of SEBI ESOP Guidelines

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

		As of 31 December 2007
(a)	No. of options granted	2,743,400
(b)	Pricing formula	The Company was not publicly listed as on the date of grant of stock options. The stock options were granted at the Fair Market Value as determined by an independent agency.
(c)	Options vested	2,214,675
(d)	Options exercised	1,630,849
(e)	The total number of shares arising as a result of exercise of option	1,630,849
(f)	Options lapsed	528,725
(g)	Variation of terms of options	N/A
(h)	Money realized by exercise of options;	236,473
(i)	Total number of options in force;	583,826
(j)	Employee wise details of options granted to:	
	(I) senior managerial personnel;	Refer Table 3
	(II) any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	Nil
	(III) identified employees who were granted option, 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 3

Employee Name	Granted
Satish M. Joshi	62,000
Deepak Sogani	52,600
Sunil Chitale	37,200
Milind S. Padalkar	31,700
Nand Kumar S. Pradhan	18,000
Milind Jadhav	19,000
Douglas W. Fallon	25,000
Sukumar G. Namjoshi	20,000
Vijay P. Khare	63,300
Ajay Chamania	34,700
Sanjiv Kapur	20,000
C. R. Krishna Shastri	30,100
Kiran Patwardhan	17,000
Mrinal R. Sattawala	58,300
Sumedh Mehta	25,000
Parag S. Patel	15,000

(k) 27.67

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Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with the Accounting Standard (AS) 20 Earnings per Share	
(l)	Impact of Employee Compensation cost calculated as difference between intrinsic value and fair market value in accordance with SEBI Guidelines on ESOP
	Profits for the year 2007 would have been lower by Rs. 17.6 lakhs and the basic and diluted EPS would have been lower by Rs. 0.01
(m)	Weighted-average exercise prices and weighted-average fair values of options, separately for options whose exercise price either equals or exceeds or is less than the market price of the stock
	Weighted average exercise price Rs. 145
	Weighted average fair value Rs. 20.11
(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 which are in accordance with SEBI Guidelines on ESOP
	Dividend yield 0.41%
	Expected life 2-5 years
	Risk free interest rates 4.75% - 4.90%
	Volatility Nil
12.3	As the company follows intrinsic method for accounting for compensation cost there is no impact on profits and the basic and diluted EPS, as the exercise price and market price on date of grant is the same.

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 directors. In order to ensure the independence of the Board, majority of the directors are Independent Directors.

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

Name of the director

Position / Category

Number of directorships in other companies*

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Mr. Narendra K Patni(1)	Chairman & CEO	4
Mr. Louis Theodoor van den Boog(2)	Executive Director	3
Mr. Gajendra K Patni(3)	Non - Executive Director	2
Mr. Ashok K Patni(3)	Non - Executive Director	2
Mr. William O Grabe(4)	Non Executive Director	4
Mr. Arun Duggal	Independent Director	11
Mr. Pradip Shah	Independent Director	16
Mr. Ramesh Venkateswaran	Independent Director	
Dr. Michael A Cusumano	Independent Director	2
Mr. Arun Maira	Independent Director	

-
- (1) Mr. Narendra K Patni is promoter and executive Chairman
 - (2) Appointed as an Executive Director w.e.f. 29 April 2008
 - (3) Promoter
 - (4) Mr. Abhay Havalar acts as an alternate director to Mr. William O Grabe.

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

Changes in composition of the Board during the year ended 31 December 2007.

- Dr. Michael A Cusumano and Mr. Louis Theodoor van den Boog were subsequently reappointed as a director (liable to retire by rotation) at the Annual General Meeting held on 21 June 2007. During the year, Mr. Gajendra K Patni and Mr. Ashok K Patni ceased to be Executive Directors w.e.f. close of business hours of 1 October 2007. They remain as Directors on the Board of the Company.

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. Narendra K Patni	NIL	NIL	NIL	NIL
Mr. Louis Theodoor van den Boog	NIL	1	NIL	NIL
Mr. Gajendra K Patni	NIL	NIL	NIL	NIL
Mr. Ashok K Patni	NIL	NIL	NIL	NIL
Mr. William O Grabe*	NIL	1	NIL	NIL
Mr. Arun Maira	NIL	1	NIL	NIL
Mr. Arun Duggal	1	NIL	2	2
Mr. Pradip Shah	NIL	1	2	5
Mr. Ramesh Venkateswaran	1	1	NIL	NIL
Dr. Michael A Cusumano	NIL	NIL	NIL	NIL

* Mr. Abhay Havaladar acts as an alternate director to Mr. William O Grabe

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.

3. Number of board meetings held and the dates on which such meetings were held

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Four board meetings were held during the year ended 31 December 2007 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 7 February 2007, 24 April 2007, 25 July 2007, and 30 October 2007.

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

Name of the director	Total board meetings held	Attended in person	Attended through video / tele conference	Annual general meeting on 21 June 2007
Mr. Narendra K Patni	4	4		ü
Mr. Louis Theodoor van den Boog	4	4		X
Mr. Gajendra K Patni	4	4		X
Mr. Ashok K Patni	4	4		X
Mr. William O Grabe	4	3	1	X
Mr. Arun Maira	4	4		X
Mr. Arun Duggal	4	4		ü
Mr. Pradip Shah	4	4		ü
Dr. Michael A Cusumano	4	3	1	X
Mr. Ramesh Venkateswaran	4	4		ü
Mr. Abhay Havaladar (Alternate Director to Mr. William O Grabe)	4	1		X

5. Compensation to Directors

Details of compensation paid to Directors for the year ended 31 December 2007 as below:

Director	Relationship with other directors	Business relationship with the Company	Loans & advances from the Company	Sitting Fees* (Rs.)	Remuneration* (Rs.)	Commission* (Rs.)
Mr. Narendra K Patni	Brother of Mr. Gajendra K Patni and Mr. Ashok K Patni	Promoter	NIL	NIL	Refer note 3	NIL
Mr. Louis Theodoor van den Boog	No	None	NIL	160,000	NIL	1,647,000
Mr. Gajendra K Patni	Brother of Mr. Narendra K Patni and Mr. Ashok K Patni	Promoter	NIL	20,000	57,387,560	2,767,397
Mr. Ashok K Patni	Brother of Mr. Gajendra K Patni and Mr. Narendra K Patni	Promoter	NIL	20,000	56,523,220	2,792,329
Mr. William O Grabe	No	Nominee of strategic investor	NIL	NIL	NIL	NIL
Mr. Arun Maira	No	None	NIL	140,000	NIL	1,647,000
Mr. Arun Duggal	No	None	NIL	160,000	NIL	1,647,000

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Director	Relationship with other directors	Business relationship with the Company	Loans & advances from the Company	Sitting Fees* (Rs.)	Remuneration* (Rs.)	Commission* (Rs.)
Mr. Pradip Shah	No	None	NIL	160,000	NIL	1,647,000
Dr. Michael A Cusumano	No	None	NIL	100,000	NIL	1,647,000
Mr. Ramesh Venkateswaran	No	None	NIL	140,000	NIL	1,647,000

* Gross amounts subjected to applicable TDS.

Note:

1. Payment to Non Executive Directors:

The Company pays 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, shall not exceed 1% of the net profits of the Company in financial year. The Independent Directors are also paid a sitting fee of Rs. 20,000 per meeting, being the maximum amount permissible under the present regulations, for attending the Board /Committee meetings. In addition to abovementioned commission, following are entitled for a one time annual commission as under:

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

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 2006).

2. Payment to the Executive Directors:

During the year, the Company paid remuneration to its whole time directors 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.

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During the year, Mr. Gajendra K Patni and Mr. Ashok K Patni ceased to be Executive Directors w.e.f. close of business hours of 1 October 2007 however, they remain as Directors on the Board of the Company.

The breakup of remuneration paid to them in capacity of executive directors is as under:

(Amounts in Rs.)

	Salary, Allowances & Perquisites	Fixed Components PF contribution	Pension	Total
Mr. Gajendra K Patni	54,748,792	960,075	1,678,693	57,387,562
Mr. Ashok K Patni	53,884,452	960,075	1,678,693	56,523,220

3. Compensation to Mr. Narendra K Patni is paid by Patni Americas, Inc. (formerly Patni Computer Systems, Inc.), a wholly owned subsidiary of the Company. The Compensation is as described in footnote 28b of the financial statement.

Non-Executive Directors Shareholding in the Company

Name of Non Executive Director	No of Equity Shares	Name of Non Executive Director	No of Equity Shares
Mr. Gajendra K Patni*	19,994,302	Mr. Arun Duggal	Nil
Mr. Ashok K Patni*	20,614,302	Mr. Pradip Shah	Nil
Mr. William O Grabe	Nil	Dr. Michael A Cusumano	Nil
Mr. Arun Maira	5,000	Mr. Ramesh Venkateswaran	3,400

* shareholding includes shares held by their relatives

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 the exercise price of Rs. 254 per share. 25% of the options granted in July 2004 as mentioned above vested each in July 2005, July 2006 and July 2007.

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 the exercise price of Rs.381 per share. 25% of the options granted to Independent Directors in April 2005 as mentioned above vested each in April 2006, April 2007 and April 2008.

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 the exercise price of Rs. 458 per share. 25% of the options granted in April 2006 as mentioned above vested each in April 2007 and April 2008.

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 ADR linked Options upto limits provided in the said shareholders resolutions.

Pursuant to the Plan, Mr. Arun Maira, on joining the Board, was granted 20,000 options at an exercise price of Rs. 336/- per share. The effective date of above grant was 1 July 2006. 25% of the options granted to Mr. Arun Maira vested in July 2007.

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 the exercise price of Rs. 455/- per share. 25% of the options granted in April 2007 as mentioned above vested in April 2008.

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All options have been granted with an exercise price which has been arrived pursuant to the SEBI Guidelines on ESOP. All the options which have been granted, vest in four equal annual instalments beginning one year from the date of grant. The options can be exercised within five years from the date of vesting.

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 2007 and a declaration to this effect signed by the Chairman & 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 three years but they are eligible for reappointment.

In accordance with the Articles of Association of the Company, Mr. Narendra K Patni, Mr. Gajendra K Patni and Mr. Ashok K Patni are permanent members of the Board.

Further, Mr. Louis Theodoor van den Boog has been appointed as an Executive Director of the Company for the period upto 31 March 2013, unless extended by the Board with the consent of Mr. Boog.

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 and on 29 April 2008. 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 Member 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 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.

IV. Authority and Responsibilities

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 on 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 statement	As appropriate
6 Review the Company's Earning 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 and independence of Independent Auditors, and receive a statement of independence from them	Annually

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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
7	Before commencement of Internal Audit, review the scope and 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

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Description	Period
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
D. Others	
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, the 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 statement and perform other activities.	As appropriate
7. Review the financial statement 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

Name of the Member	Designation	Category
Mr. Arun Duggal	Chairman	Independent Director
Mr. Pradip Shah	Member	Independent Director
Mr. Ramesh Venkateswaran	Member	Independent Director

Note: Mr. Louis Theodoor van den Boog ceased to be Audit Committee Member w.e.f. 29 April 2008 and in view of the same, the Board appointed Mr. Ramesh Venkateswaran, an Independent Director, as a Member of the Audit Committee.

3. Meetings and attendance during the year

Four meetings were held during the year ended 31 December 2007

Name of the Member	Total Audit Committee meetings held	Attended in person	Attended through video/tele conference
Mr. Arun Duggal	4	4	
Mr. Pradip Shah	4	4	
Mr. Ramesh Venkateswaran*	4	NA	NA
Mr. Louis Theodoor van den Boog	4	4	

* Became a Member of Audit Committee on 29 April 2008

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.

The Committee has three non executive members with all being independent and the Chairman of the Committee is an Independent Director. Mr. Narendra K Patni acts as a Permanent Invitee of the Committee.

2. Composition, names of Members and Chairman

Name of the Member	Designation	Category
Mr. Ramesh Venkateswaran	Chairman	Independent Director
Mr. Arun Maira	Member	Independent Director
Dr. Michael A Cusumano	Member	Independent Director

3. Meeting and attendance during the year.

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Three meeting was held during the year ended 31 December 2007

Name of the Member	Total C&R Committee meetings held	Attended in person	Attended through video/tele conference
Mr. Ramesh Venkateswaran	3	3	
Mr. Arun Maira	3	3	
Dr. Michael A Cusumano	3	2	

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 and recently on 29 April 2008. The Committee consists of four directors, the majority being non- executive directors. The Chairman of the Committee is an Independent Director. The committee met during the year to ensure timely and efficient resolving of investor complaints.

1. Name of non-executive director heading the Committee

Mr. Ramesh Venkateswaran

2. Composition, names of the Members and Chairman

Name of the Member	Designation	Category
Mr. Ramesh Venkateswaran	Chairman*	Independent Director
Mr. Arun Maira	Member	Independent Director
Mr. Louis Theodoor van den Boog	Member	Executive Director
Mr. William O Grabe**	Member	Non Executive Director

*Mr. Arun Maira ceased to be the Chairman w.e.f. 30 October 2007 and Mr. Louis Theodoor van den Boog was appointed as the Chairman of the Committee from the same date. Mr. Louis Theodoor van den Boog ceased to be the Chairman w.e.f. 29 April 2008 and Mr. Ramesh Venkateswaran was appointed as the Chairman of the Committee from the same date.

**Mr. Abhay Havaldar acts as an alternate director to Mr. William O Grabe.

3. Name and designation of Compliance Officer

Mr. Arun Kanakal, Company Secretary

Akruti Softech Park, MIDC Cross Road No.21, MIDC, Andheri (East), Mumbai - 400 093

Tel No. 91 022 66930500 • Fax No. 91 022 28321750 • E-mail: arun.kanakal@patni.com

4. Details of investors queries / complaints received and resolved during the year ended 31 December 2007

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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

Date	21 June 2007	21 June 2006	14 June 2005
Location	Hotel Le Meridien, R.B.M.Road, Opposite Pune Railway Station, Pune 411 001	Hotel Le Meridien, R.B.M.Road, Opposite Pune Railway Station, Pune 411 001	Hotel Le Meridien, R.B.M.Road, Opposite Pune Railway Station, Pune 411 001
Time	11.30 am	11.30 am	11.30 am

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?

Pursuant to the Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001, a Notice dated 16 March 2007 was sent to the Members for seeking approval through Postal Ballot by way of the Special Resolution for raising the Foreign Institutional Investors (including sub-accounts) (FII's) Investment limit in the Company from 24% to 74%.

4. Who conducted the postal ballot?

Mr. Taizoon M Khumri, Practicing Company Secretary, was appointed in this regard by the Board of Directors by resolution dated 13 March 2007 as Scrutinizer for conducting this postal ballot voting process in fair and transparent manner. Subsequently, based on Scrutinizer's report the said Special Resolution was declared as passed with the requisite majority.

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 form 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.

G. Shareholders information

Date and time of AGM : 26 June 2008, Thursday at 11.30 a.m.
Venue : Hotel Le Meridien, R.B.M. Road, Opposite Pune Railway Station, Pune - 411001
Financial year : 1 January 2007 to 31 December 2007
Book closure dates : 19 June 2008 to 26 June 2008 (both days inclusive)
Registered office : S-1A, F-1, Irani Market Compound, Yerawada, Pune 411 006
Dividend payment date : on or after 30 June 2008, but within the statutory time limit of 30 days
Compliance officer : Mr. Arun Kanakal, Company Secretary is the Compliance Officer of the Company.
Website address : www.patni.com

Means of communication

The Company's website www.patni.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 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 2007, there were 42,317 shareholders holding our equity shares.

The Company's shares fall under category B1 of scrip in BSE and are listed on the following stock exchanges

In India:

1. Bombay Stock Exchange Limited (BSE)
Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400001
Tel.No. +91-22-22721233 / 1234 • Fax No. +91-22-22723719
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.No. +91-22-26598235 / 36 Fax No. +91-22-26598237 / 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 No. 212 6563000 • Website: www.nyse.com

Listing fees for the year 2007-08 have been paid to the stock exchanges where the Company's shares are listed.

Stock code:

BSE	: 532517
NSE	: PATNI
ISIN nos. in NSDL and CDSL	: INE660F01012
NYSE (ADR)	: PTI

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Telrate Code / Moneyline code: BSE - IN;PQS
NSE - IN;QSN
NYSE - US;NYA

Reuters

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

Bloomberg Code: NYSE - PTI:US.

Dematerialisation of equity shares

The Company's shares are under compulsory dematerialisation 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 dematerialisation of shares. As on 31 December 2007, 99.99% shares were held in electronic form.

Contact Details

For any queries regarding shares:

Registrar and Transfer Agent:

Karvy Computershare Private Limited
Unit : Patni Computer Systems Limited
Plot No.17 - 24
Vittal Rao Nagar, Madhapur
Hyderabad - 500 081, India
Tel no:+91-40-23420815-820
Fax: +91-40-23420814
e-mail: igkepl@karvy.com

For queries relating to Financial Statements:

Tanmoy Chowdhury
Patni Computer Systems Limited
Akruti Softech Park, MIDC Cross Road No.21,
Andheri (East), Mumbai 400093.
Tel no: +91-22-66930500

Company Secretary and Compliance Officer:

Arun Kanakal
Patni Computer Systems Limited
Akruti Softech Park,
MIDC Cross Road No.2 1, Andheri (East),
Mumbai 400093.
Tel no: +91-22-66930500
e-mail: investors.redressal@patni.com

Investor correspondence in the U.S.:

Gaurav Agarwal
Patni Computer Systems Limited
One Broadway,
Cambridge MA 02142
Tel no: + 1-617-914-8360

e-mail: investors.redressal@patni.com

e-mail: investors@patni.com

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Name and address of the depository

Bank for the purpose of ADS:

In the U.S.

The Bank of New York
Investor Services
P.O. Box 11258
Church Street Station
New York, NY 10286-1258
Toll Free Tel # for domestic US callers: 1-888-BNY-ADRS
International Callers can call: + 1-212-815-3700
Email:shareowners@bankofny.com
Websites: <http://www.stockbny.com>

Name and address of the Custodian

in India for the purpose of ADS:

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 7639/ 37
Fax: +91-22-4035 7469/ 70

Dividend

The Board of Directors is pleased to recommend the payment of dividend for the year ended 31 December 2007 @ Rs.3 per share or 150 percent. This dividend, if approved at the Annual General Meeting, shall be paid to all eligible Members whose names appear on the Register of Members on 19 June 2008.

Dividend through Electronic Clearing Service (ECS):

The Company shall provide the facility of ECS to those shareholders in the locations where ECS is available.

For balance locations, the Company shall issue dividend warrants. These warrants will be valid for a period of 90 days i.e. upto expiry of 28 September 2008. On the expiry of the validity period of the dividend warrants, these may be sent back to our Registrars and Transfer Agents for issue of demand drafts in lieu of the same at:

Karvy Computershare Private Limited

Unit : Patni Computer Systems Limited

Plot No.17 - 24

Vittal rao Nagar, Madhapur

Hyderabad - 500 081. India

Tel no: +91 40-23420815-820

Fax: +91 40 23420814

e-mail: igkcpl@karvy.com

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 its Insider Trading Policy.

Details of complaints received and resolved from 1 January 2007 to 31 December 2007

Complaints	Received	Attended to	Pending
Non-Receipt of Dividend Warrants	45	45	0
Non-Receipt of Annual Report	18	18	0
Non-Receipt of Securities	0	0	0
Non-Receipt of Refund Order	2	2	0
Non- Receipt of Electronic Credit	4	4	0
Receipt of Refund Orders/Dws for corrections	2	2	0
Complaints Received from SEBI	0	0	0
Complaints Received from Stock Exchanges	0	0	0
Total	71	71	0

Shareholding Pattern as on 31 December 2007

Category	Number of Shares	% to Total
Promoters and Relatives of Promoters	60,972,802	43.86
Mutual Funds/ UTI	4,220,261	3.04
Financial Institutions /Banks	1,442,004	1.04
Insurance Companies	18,958	0.01
Foreign Institutional Investors	27,196,810	19.56
Bodies Corporate	4,426,848	3.18
Individuals	4,347,876	3.13
NRI's	132,192	0.10
Foreign Corporate Bodies	2,752,081	1.98
Trusts and Clearing Members	150,283	0.11
Shares underlying ADRs*	33,239,344	23.91
Others	109,950	0.08
Total	139,009,409	100.00

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

Market Price Data:

Monthly highs, lows and volumes for Financial Year 2007

Month	High Rs.	BSE Low Rs.	Volume Nos.	High Rs.	NSE Low Rs.	Volume Nos.	Total Volume (BSE+ NSE) Nos.
January 2007	511.40	379.40	2,157,261	511.80	392.50	6,904,105	9,061,366
February 2007	465.00	390.00	1,548,944	459.90	398.00	5,746,270	7,295,214
March 2007	442.00	370.25	654,112	442.55	369.00	2,461,471	3,115,583
April 2007	477.00	372.25	1,002,069	477.95	364.00	3,123,860	4,125,929
May 2007	572.95	452.05	4,390,253	599.00	450.00	15,177,699	19,567,952
June 2007	570.80	491.70	4,000,908	570.65	491.00	14,674,983	18,675,891
July 2007	545.00	458.00	3,782,848	545.00	455.05	11,996,066	15,778,914
August 2007	536.40	352.00	7,457,472	550.00	353.30	23,020,607	30,478,079
September 2007	545.80	421.00	6,616,545	546.90	420.15	18,004,279	24,620,824
October 2007	505.90	400.00	3,665,551	505.00	403.10	12,457,731	16,123,282
November 2007	410.00	300.00	3,117,002	409.00	297.25	10,242,096	13,359,098
December 2007	347.75	305.00	1,375,016	356.60	302.75	4,769,366	6,144,382

Market movement:

Stock market data relating to equity shares listed in India

Chart on Patni share price Vs. Sensex and Nifty from 1 January 2007 to 31 December 2007

Distribution of shareholding as on 31 December 2007

No. of equity shares held	No. of shareholders	%	No. of shares	%
1 5000	41,920	99.06	3,641,307	2.62
5001 10000	156	0.37	568,694	0.41
10001 20000	97	0.23	702,988	0.51
20001 30000	24	0.06	293,103	0.21
30001 40000	21	0.05	265,682	0.26
40001 50000	13	0.03	285,227	0.21
50001 100000	22	0.05	781,997	0.56
100001 and above	64	0.15	132,370,411	95.22
Total	42,317	100.00	139,009,409	100.00

Outstanding ADR

Our ADSs are traded on the NYSE under the ticker symbol PTI . As of 31 December 2007, Outstanding ADSs are 6,538,738. Each ADS represents two underlying Equity Shares.

We have entered into a Deposit Agreement dated 15 July 2002 with The Bank of New York, the Depository. Pursuant to the said Deposit Agreement, we have deposited 20,161,868 equity shares of Rs. 2/- each with the Depository. The Depository has executed and delivered to General Atlantic 20,161,868 ADRs representing such equity shares where each ADR represents one equity share of Rs. 2 per share.

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

**Annual declaration by CEO pursuant to Clause 49(I)(D)(ii)
of the Listing Agreement**

As per the requirements of Clause 49(I)(D)(ii) of the Listing Agreement, I, Narendra K Patni, Chairman & CEO, 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 2007.

Narendra K Patni
Chairman & CEO

29 April 2008

Auditors Certificate on Corporate Governance

To the Members of Patni Computer Systems Limited

We have examined the compliance of conditions of corporate governance by Patni Computer Systems Limited (the Company) for the year ended on 31 December 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of 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 conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

With respect to equity shares that can be issued under the Patni Employees Stock Option Plan, the shareholders resolution specifies the overall limit for the maximum number of equity shares that can be issued to employees, including non- executive directors. It does not specify the limits for the maximum number of stock options that can be granted to the non- executive directors, including independent directors, in any financial year and in aggregate, as required by Clause 49 (I) (B) of the Listing Agreement.

In our opinion and to the best of our information and according to the explanations given to us, subject to the aforesaid, we certify that the Company has complied with the conditions of corporate governance as stipulated in the abovementioned 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 BSR & Co.

Chartered Accountants

Natrajan Ramkrishna

Partner

Membership No: 032815

Mumbai

20 May 2008

The Board of Directors,

Patni Computer Systems Limited

Akruti, 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

We, Narendra K Patni, Chairman & CEO and Surjeet Singh, Chief Financial Officer, 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 results do not contain any false or misleading statement or figures and do not omit any material fact which may make the financial results/ statements or figures contain therein 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 and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee:
- (i) significant changes in internal control 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.

Narendra K Patni
Chairman & CEO

Surjeet Singh
Chief Financial Officer

Mumbai

5 February 2008

Ratios (As per US GAAP)

	2005	2006	2007
	consolidated	consolidated	consolidated
Ratios - growth			
Revenues	37.9%	28.5%	14.5%
Operating profit	15.8%	34.1%	25.7%
PAT	30.8%	(2.7)%	92.4%
Basic and Diluted EPS	27.3%	(10.0)%	90.7%
Ratios - financial performance			
Cost of revenues / Revenues	64.1%	63.9%	67.9%
Selling, general and administrative expenses / Revenues	20.0%	19.0%	17.5%
Operating profit / Revenues	15.6%	16.3%	17.9%
PBT / Revenues	16.6%	18.5%	20.5%
Taxation / Revenues	3.1%	8.2%	3.3%
PAT / Revenues	13.5%	10.2%	17.2%
Return on capital employed (ROCE) (PBIT / Average Capital employed)	21.5%	23.1%	23.4%
Return on average networth (RONW) (PAT / Average Networth)	17.1%	12.5%	19.2%
Ratios - Balance Sheet			
Debt Equity Ratio	0.0	0.0	0.0
Debtors Turnover (days)	62	75	76
Fixed assets turnover (days)	72	79	94
Current Ratio	4.0	3.8	4.6
Cash and Cash equivalents / Total Assets	52.5%	45.2%	35.1%
Cash and Cash equivalents / Revenues	64.5%	50.0%	44.9%
Per share data			
Basic and Diluted EPS (\$)	0.48	0.43	0.82
Book value per share (\$)	3.19	3.68	4.90
No. of Employees	11,802	12,804	14,945

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 2007, 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;
- c) the Balance Sheet, 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, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act, 1956;
- e) on the basis of written representation received from the directors of the Company, as at 31 December 2007 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31 December 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act, 1956, 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 2007;
- 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 **BSR & Co.**
Chartered Accountants

Natrajan Ramkrishna

Mumbai
7 February 2008

Partner
Membership No: 032815

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 Rs. 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.
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/accrued 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, Excise duty, Cess 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 Investor Education and Protection Fund.

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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, Cess and other material statutory dues were in arrears as at 31 December 2007 for a period

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of more than six months from the date they became payable.

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.

- b) 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 (Rs. in mn.)	Amount paid (Rs. in mn.)	Period	Forum where dispute is pending
Income tax Act, 1961	Income tax	630	269	Assessment year 2004-05	Commissioner of Income Tax (Appeals)
Income tax Act, 1961	Income tax	262		Assessment year 2002-03	Asst. Commissioner of Income Tax

- 10 The Company does not have 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.
- 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 in or trading in shares, securities, debentures and other investments.
- 15 In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- 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 no funds raised on short-term basis have 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 Companies Act, 1956.
- 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 the notes to the financial statements.
- 21 According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **BSR & Co.**
Chartered Accountants

Mumbai
7 February 2008

Natrajan Ramkrishna
Partner
Membership No: 032815

Balance Sheet as at 31 December 2007

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

	Note	2007	2006
SOURCES OF FUNDS			
Shareholders funds			
Share capital	3	278,019	276,564
Share application money		1,815	2,688
Reserves and surplus	4	25,302,071	21,811,218
		25,581,905	22,090,470
Loan funds			
Secured loans	5	23,785	30,639
Deferred tax liability	17	76,387	85,014
		25,682,077	22,206,123
APPLICATION OF FUNDS			
Fixed assets			
Gross block	6	8,439,918	6,143,031
Less: Accumulated depreciation		3,489,323	2,793,545
Net block		4,950,595	3,349,486
Capital work-in-progress(I ncludes capital advances)		2,174,140	2,112,804
		7,124,735	5,462,290
Investments	7	15,831,734	13,870,176
Deferred tax asset, net	17	64,576	54,195
Current assets, loans and advances			
Sundry debtors	8	4,894,975	5,386,266
Cash and bank balances	9	503,153	367,937
Costs and estimated earnings in excess of billings		309,046	98,405
Loans and advances	10	978,219	457,817
		6,685,393	6,310,425
Less: Current liabilities and provisions			
Current liabilities	11	2,449,462	2,172,801
Provisions	12	1,574,899	1,318,162
		4,024,361	3,490,963
Net current assets		2,661,032	2,819,462
		25,682,077	22,206,123

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

As per attached report of even date.

For **BSR & Co.**

Chartered Accountants

Narendra K Patni
Chairman and CEO

Gajendra K Patni
Director

For and on behalf of the Board of Directors

Arun Duggal
Director

Pradip Shah
Director

Natrajan Ramkrishna

Partner

Membership No: 032815

Mumbai

Surjeet Singh
Chief Financial Officer

Arun Kanakal
Company Secretary

7 February 2008

Profit and Loss Account for the year ended 31 December 2007

Currency: in thousands of Indian Rupees except share data)

	Note	2007	2006
INCOME			
Sales and service income		11,722,988	9,978,301
Other income	13	1,666,585	477,509
		13,389,573	10,455,810
EXPENDITURE			
Personnel costs	14	5,601,894	4,461,532
Selling, general and administration costs	15	2,600,347	2,120,996
Depreciation	6	804,847	725,683
Less: Transfer from revaluation reserve	4	81	81
Interest costs	16	68,936	88,792
		9,075,943	7,396,922
Profit for the year before prior period items and taxation		4,313,630	3,058,888
Prior period items	34	(43,351)	
Profit for the year before taxation		4,356,981	3,058,888
Provision for taxation	17	706,924	971,681
MAT credit entitlement	17	(265,261)	(5,735)
Provision for taxation - Fringe benefits		40,134	35,313
Profit for the year after taxation		3,875,184	2,057,629
Profit and loss account, brought forward		9,427,283	8,048,445
Amount available for appropriation		13,302,467	10,106,074
Adjustment on account of employee benefits	32	6,914	
Proposed Dividend on equity shares		418,173	414,846
Dividend tax		83,389	58,182
Transfer to general reserve		387,518	205,763
Profit and loss account, carried forward		12,406,473	9,427,283
Earnings per equity share of Rs. 2 each			
Basic		27.95	14.91
Diluted		27.67	14.80
Weighted average number of equity shares outstanding during the year			
Basic		138,660,785	137,957,477
Diluted		140,036,922	139,067,699

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

For and on behalf of the Board of Directors

Narendra K Patni
Chairman and CEOGajendra K Patni
DirectorArun Duggal
DirectorPradip Shah
DirectorNatrajan Ramkrishna
Partner
Membership No: 032815Surjeet Singh
Chief Financial OfficerArun Kanakal
Company Secretary

Mumbai

7 February 2008

Cash Flow Statement for the year ended 31 December 2007

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

	2007	2006
Cash flows from operating activities		
Profit before taxation	4,356,981	3,058,888
Adjustments:		
Depreciation	804,766	725,602
Profit on sale of fixed assets, net	(13,342)	(1,022)
Profit on sale of investments, net	(265,942)	(76,954)
(Profit) / loss on revaluation of investments	(13)	332
Dividend income	(409,510)	(269,250)
Interest income	(20,022)	(102,248)
Interest expense	942	1,635
Provision for doubtful debts and advances	13,946	2,239
Unrealised foreign exchange gain	(430,999)	(163,852)
Operating cash flows before working capital changes	4,036,807	3,175,370
Decrease/(Increase) in sundry debtors	723,276	(1,178,892)
(Increase)/Decrease in cost and estimated earnings in excess of billings	(210,648)	75,926
(Increase)/ Decrease in loans and advances	(86,192)	78,719
Increase in billings in excess of cost and estimated earnings	26,722	25,248
(Decrease)/Increase in sundry creditors-Others	(110,459)	169,072
Increase/ (Decrease) in advance from customers	883	(1,068)
(Decrease)/Increase in payables to subsidiary companies	(8,500)	383,275
Increase in other liabilities	356,690	333,775
Increase in provision for retirement benefits	41,371	32,453
Cash generated from operations	4,769,950	3,093,878
Income taxes paid	(572,483)	(664,386)
Net cash provided by operating activities (A)	4,197,467	2,429,492
Cash flows from investing activities		
Purchase of fixed assets	(2,456,716)	(2,087,710)
Sale of fixed assets	22,245	4,480
Purchase of non trade investments	(36,909,875)	(26,103,267)
Sale of non trade investments	36,738,135	20,359,390
Investments in a Subsidiary	(1,523,864)	
Dividend received	409,510	269,250
Interest received	20,015	100,409
Net cash used in investing activities (B)	(3,700,550)	(7,457,448)

	2007	2006
Cash flows from financing activities		
Issue of equity shares	130,928	82,485
Share application money received pending allotment	1,815	2,688
Dividend paid, including dividend tax	(486,647)	(392,697)
Interest paid	(942)	(1,635)
Proceeds from finance lease obligations incurred	10,916	16,529
Finance lease obligations repaid	(17,771)	(17,703)
Net cash used in financing activities (C)	(361,701)	(310,333)
Net increase / (decrease) in cash and cash equivalents during the year (A+B+C)	135,216	(5,338,289)
Cash and cash equivalents at the beginning of the year	367,937	5,706,226
Cash and cash equivalents at the end of the year	503,153	367,937

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.

	2007	2006
Cash in hand	18,679	10,690
Balance with banks:		
Current accounts	261,075	348,311
Exchange earners foreign currency account	139,300	41,253
Effect of changes in Exchange rate	84,099	(32,317)
	503,153	367,937

As per attached report of even date.

For **BSR & Co.**

Chartered Accountants

For and on behalf of the Board of Directors

Narendra K Patni
Chairman and CEO

Gajendra K Patni
Director

Arun Duggal
Director

Pradip Shah
Director

Natrajan Ramkrishna

Partner

Membership No: 032815

Surjeet Singh
Chief Financial Officer

Arun Kanakal
Company Secretary

Mumbai

7 February 2008

PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements for the year ended 31 December 2007

(Currency: in thousands of Indian Rupees 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 Rs. 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, a company incorporated in UK and 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, USA, for consideration in cash. In July 2007, the Company has also set up a subsidiary in Brazil named Patni Computer Systems Brasil Ltda. Patni has foreign branches offices in USA, Japan, Sweden, Korea, Netherlands, Australia and Finland.

In July 2007, the Company acquired business and assets of LOI, a European communication, media and entertainment consulting services company in a business combination.

Patni is primarily engaged in the business of IT consulting and software development for its customers. Most of the business of Patni is subcontracted from its subsidiary companies in the USA, UK and Germany. The Company provides multiple service offerings to its clients across various industries comprising financial services, manufacturing companies, communication, media and entertainment, product engineering services and others such as energy and utilities, retail and hospitality companies. The various service offerings comprise application development, application maintenance and support, packaged software implementation, infrastructure management services, product engineering services, quality assurance services, and business process outsourcing services.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

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The accompanying financial statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) 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 and the provisions of the Companies Act, 1956.

The preparation of the financial statements in accordance with generally accepted accounting principles 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 (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 year 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
Furniture and fixtures	8
Office equipments	5
Vehicles	5

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

PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2007

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

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 in the profit and loss account.

2.5 Revenue and cost recognition

The Company derives its revenues primarily from software development activities. 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 Cost and estimated earnings in excess of billings, represents revenues recognised 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, represents billings in excess of revenues recognised.

Revenue on maintenance contracts is recognized on a straight-line basis over the period of the contract. 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 customers in the form of free services in future. The Company accounts for such volume discounts by allocating a portion of the revenue on the related transactions to the service that will be delivered in future. Further, other volume discount and rebates are also deducted from revenue.

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

Contributions to the provident fund, which is a defined contribution scheme, are charged to the profit and loss account in the year in which the contributions are incurred.

Gratuity, pension, sick leave and leave encashment costs, which are defined benefits, are based on actuarial valuations carried out by an independent actuary at the balance sheet date.

The Company 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. The Company makes provision for such compensatory 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

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foreign exchange transactions settled during the year, including year-end translation of monetary assets and liabilities are recognised in the profit and loss account.

In respect of forward exchange contracts which hedge the foreign currency risk of the underlying outstanding at the year-end or which hedge a firm commitment or highly probable forecasted transactions, the Company values these contracts based on the spot rate at the year-end and the resultant gain or loss is included in the profit and loss account. The premium or discount on all forward exchange contracts arising at the inception of each contract is

PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2007

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

amortised as income or expense over the life of the contract.

The Company has also entered into foreign currency option contracts in the nature of purchase options and combination options (these options) with expiration dates which range upto twenty nine months. These net written options are revalued at fair values at reporting period end, with any profit or loss arising on the revaluation being recognised in the profit and loss account. The premium paid on purchase options is marked to market (MTM) and the resultant gains / losses are recognised in the profit and loss account.

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.

2.8 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.

2.9 Taxation

Income tax expense comprises current tax expense, deferred tax expense or credit and fringe benefit tax is 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. In case of matters under appeal, full provision is made in the financial statements when the Company accepts the liabilities.

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 only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets 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.

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 2009. 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 differences, which originate first are considered to reverse first.

2.10 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.

2.11 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.

PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2007

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

3 Share capital

	2007	2006
Authorised		
250,000,000 (2006: 250,000,000) equity shares of Rs. 2 each	500,000	500,000
Issued, subscribed and paid - up		
139,009,409 (2006: 138,281,853) equity shares of Rs. 2 each fully paid	278,019	276,564
	278,019	276,564

- 1) Of the above 14,500,000 equity shares of Rs. 2 each were allotted as fully paid bonus shares in March 1995 by capitalisation of general reserve aggregating Rs. 29,000.
- 2) In June 2001, Patni's Board of Directors approved a sub division of existing equity shares of Rs. 10 each into 5 equity shares of Rs. 2 each.
- 3) The above also includes 46,867,500 equity shares of Rs. 2 each allotted as fully paid bonus shares in August 2001 by capitalisation of share premium aggregating Rs. 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 Rs. 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 Rs. 2 each as fully paid bonus shares by capitalization of share premium aggregating Rs. 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 Rs. 2 each were issued at a premium of Rs. 228 aggregating Rs. 3,085,496.

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

8) Amount received from employees on exercise of stock options pending allotment of shares is shown as share application money.

9) Refer note 24 for employee stock compensation plans.

4 Reserves and surplus

	2007	2006
Land revaluation reserve		
Balance carried forward *		7,935
Building revaluation reserve		
Balance brought forward	1,434	1,515
Transfer to profit and loss account	(81)	(81)
	1,353	1,434
Capital redemption reserve		
Balance carried forward	253,301	253,301
	253,301	253,301
Share premium		
Balance brought forward	10,833,827	10,752,309
Share premium received on issue of equity shares	132,161	81,518
	10,965,988	10,833,827
General reserve		
Balance brought forward	1,287,438	1,081,675
Transfer from profit and loss account	387,518	205,763
	1,674,956	1,287,438
Profit and loss account, balance carried forward	12,406,473	9,427,283
	25,302,071	21,811,218

* The non-agricultural land situated at Mehsana District, Gujarat on which revaluation reserve was created earlier has now been reversed on account of disposal.

PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2007

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

5 Secured loans

	2007	2006
Lease obligation in relation to vehicles acquired under finance lease (Refer note 22)	23,785	30,639

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	Assets held for sale	Total as at 31 December 2007	Total as at 31 December 2006
Gross block												
As at 1												
January 2007	9,019	231,349	1,551,296	928,311	1,558,311	489,333	573,256	708,404	93,752		6,143,031	4,772,84
Additions		447,504	871,871	103,569	321,001	260,054	222,683	50,321	10,962	134,829	2,422,794	1,398,37
Deletions	8,848		17,218		7,467	21,566	16,821	28,137	25,850		125,907	28,19
As at 31 December 2007	171	678,853	2,405,949	1,031,880	1,871,845	727,821	779,118	730,588	78,864	134,829	8,439,918	6,143,03
Accumulated depreciation												
As at 1												
January 2007		6,640	173,074	673,117	1,134,336	151,033	280,451	322,475	52,419		2,793,545	2,092,60
Charge		9,017	67,785	166,808	297,693	67,289	103,254	76,844	16,157		804,847	725,68
Deletions			16,742	142	8,413	21,352	16,681	27,831	17,908		109,069	24,73
As at 31 December 2007		15,657	224,117	839,783	1,423,616	196,970	367,024	371,488	50,668		3,489,323	2,793,54
Net block as at 31 December 2007	171	663,196	2,181,832	192,097	448,229	530,851	412,094	359,100	28,196	134,829	4,950,595	3,349,48
Net block as at 31 December 2006	9,019	224,709	1,378,222	255,194	423,975	338,300	292,805	385,929	41,333		3,349,486	

Notes:

1. Gross block of vehicles as of 31 December 2007 includes assets acquired on lease, refer note 22.

2. Fixed assets include building amounting to Rs. 134,829 which is retired from active use and held for disposal to an identified buyer and the sale transaction is expected to be concluded by 31 March 2008.

7 Investments

	2007	2006
Long term (at cost)		
<i>Trade</i>		
Unquoted		
Investment in Subsidiary companies		
6,153,350 (2006: 50,000) equity shares of 1 pound each fully paid of Patni Computer Systems (UK) Limited	492,369	2,409
Contribution of Euro 150,000 (2006: Euro 150,000) towards Capital of Patni Computer Systems GmbH	6,076	6,076
9,350 (2006: 7,500) equity shares fully paid of Patni Americas, Inc. (no par value)	4,605,465	3,571,561
	5,103,910	3,580,046
<i>Others</i>		
Investments in Bonds		
13,500 units (2006: 13,500) of Nabard Bonds	135,000	135,000

PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2007

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

7 Investments (contd.)

	2007	2006
<i>Non-trade</i>		
Unquoted		
Investment in Mutual Funds		
5,000,000 units (2006: Nil) of ABN Amro FTP-Sr 4-16M	50,000	
10,000,000 units (2006: Nil) of Birla FTP- Series P - Growth	100,000	
10,000,000 units (2006: Nil) of Birla FTP Inst Sr R-Gr	100,000	
7,500,000 units (2006: Nil) of Birla FTP Inst Sr S-Gr	75,000	
24,700,000 units (2006: Nil) of Birla FTF Sr T-Growth	247,000	
5,000,000 units (2006: Nil) of Birla FTP Sr U Gr (12M)	50,000	
10,000,000 units (2006: Nil) of B882G Birla FTP - INSTL - Series AE - Growth	100,000	
10,000,000 units (2006: Nil) of DWS FTF-Sr 25-14M-Inst-Gr Option	100,000	
250,000 units (2006: Nil) of DSPML FTP-Sr 3E-12.5M-Gr	250,000	
15,000,000 units (2006: Nil) of Deutsche FTF-Sr 21-390 days	150,000	
5,000,000 units (2006: Nil) of Deutsche FTF-Sr 24-Inst Gr	50,000	
3,000,000 units (2006: Nil) of SCFMP-10-Annually	30,000	
15,000,000 units (2006: Nil) of SCFMP-YS 2-Gr	150,000	
10,000,000 units (2006: Nil) of SCFMP-YS 3-Gr	100,000	
10,500,000 units (2006: Nil) of HSBC FTS Sr 22 15 mts 512570	105,000	
10,000,000 units (2006: Nil) of JM FMP Sr IV-15mts-Gr Op-7023145875	100,000	
7,500,000 units (2006: Nil) of JM FMP Sr IV-13M-Gr	75,000	
2,000,000 units (2006: Nil) of JM FMP Sr IV-375 Days Gr	20,000	
10,000,000 units (2006: Nil) of Kotak FMP Sr 2 15 Months	100,000	
5,000,000 units (2006: Nil) of Kotak FMP 14M Sr 1 Inst-Gr Option	50,000	
15,350,000 units (2006: Nil) of Kotak FMP 13M Sr 1 Inst-Gr Option	153,500	
10,000,000 units (2006: Nil) of Kotak FMP 14M Sr 2 Inst-Gr Option	100,000	
5,000,000 units (2006: Nil) of Kotak FMP 13M Sr 2 Inst Gr	50,000	
10,000,000 units (2006: Nil) of Rel FHF-II Annual Plan Sr V Inst Growth	100,000	
5,000,000 units (2006: Nil) of Tata Fixed Horizon Fund Series 7 Scheme D Growth IP	50,000	
15,000,000 units (2006: Nil) of Templeton FHF Sr 1 (15m)	150,000	
15,000,000 units (2006: Nil) of Tata FHF Sr 6 Sch C-13m	150,000	
10,000,000 units (2006: Nil) of Tata FHF Sr 7-Sch A-Inst Gr	100,000	
20,000,000 units (2006: Nil) of Templeton FHF Sr 1 (13m)-Gr	200,000	
15,000,000 units (2006: Nil) of Tata FHF Sr7 Sch B 13M-Gr	150,000	
20,000,000 units (2006: 20,000,000) of Birla Fixed Term Plan- Series O - Growth	200,000	200,000
3,718,503 units (2006: 3,718,503) of Birla Cash Plus - Ip- Growth	39,624	39,624
14,190,973 units (2006: 14,190,973) of H16 - Oisid HSBC Cash Fund - Institutional Plus - Growth	150,000	150,000
7,144,745 units (2006: 7,144,745) of HDFC Cash Management Fund - Saving Plan - Growth	100,000	100,000
	3,695,124	489,624
Current (at lower of cost or fair value)		
<i>Non-trade</i>		
Unquoted		
20,101,191 units (2006: Nil) of ABN Amro Money Plus Inst-WDR in 29719 folio	201,012	
8,550,000 units (2006: Nil) of ABN Amro Interval Fund Qly Plan G - Int Div Red	85,500	

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10,160,769 units (2006: Nil) of ABN Amro Flexible Short Term Plan Ser A Qrtly Div 29719	
83	101,609
10,170,875 units (2006: Nil) of ABN Amro Flexible Short Term Plan Ser B Qrtly Div 29719	
83	101,710

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Notes to the Financial Statements (Contd.) for the year ended 31 December 2007

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

7 Investments (contd.)

	2007	2006
10,000,000 units (2006: Nil) of ABN Amro Interval Fund Qly Plan H - Int Div Red	100,000	
7,228,743 units (2006: Nil) of ABN Amro Money Plus Inst-WDR in 275269/51	72,305	
5,884,814 units (2006: Nil) of Birla Sun Life Liquid Plus Instl - WDR 1013038717	58,888	
9,229,563 units (2006: Nil) of Birla Sun Life Liquid Plus - Instl - WDR 1000995231	92,328	
10,073,320 units (2006: Nil) of BSL Interval Income Fund - INSTL - Quarterly - Sr 2 Dividend	100,734	
47,832,452 units (2006: Nil) of Birla Sun Life Liquid Plus - Instl - WDR	479,132	
10,120,000 units (2006: Nil) of DWS Quarterly Interval Fund - Series 1- Dividend Plan	101,200	
2,518,670 units (2006: Nil) of GFRF-LT-Inst Plan B WDR	25,211	
2,007,056 units (2006: Nil) of GFRF-LT-Inst Plan B WDR (730278)	20,081	
5,000,000 units (2006: Nil) of G534 Standard Chartered Quarterly Interval Fund - Plan A -Inst Div	50,000	
12,000,000 units (2006: Nil) of G540 Standard Chartered FMP Quarterly Sr 19 Div	120,000	
20,000,000 units (2006: Nil) of ING FMP XXX Qtrly-Divi	200,000	
10,000,000 units (2006: Nil) of ING FMP 36 Inst Dividend	100,000	
9,041,152 units (2006: Nil) of JM MMF-Super Plus Plan-WDR-7021966294	90,865	
8,483,754 units (2006: Nil) of JM MMF-Super Plus Plan-WDR-7023145875	85,263	
15,353,370 units (2006: Nil) of JM FMP Sr VI-Inst-Qtrly Divi Plan 4 7023145875	153,534	
5,030,857 units (2006: Nil) of JM FMP Sr VI-Inst-Qtrly Divi Plan 5 7021966294	50,309	
17,000,000 units (2006: Nil) of JM Interval Fund Qtrly Plan 1- Inst	170,000	
25,776,660 units (2006: Nil) of Kotak Flexi Debt DDR	258,568	
27,915,101 units (2006: Nil) of Kotak Flexi Debt DDR 281827	280,017	
20,329,275 units (2006: Nil) of Kotak Quarterly Interval Plan Series 1 Dividend	203,294	
1,431,960 units (2006: Nil) of Lotus India Liquid Plus Fund-IP-WDR 58374	14,333	
4,399,254 units (2006: Nil) of Pru ICICI Liquid Plan-Super IP-WDR	44,014	
44,460,345 units (2006: Nil) of Prudential Flexible Income Plan Dividend-Weekly-2350363	468,902	
13,629,349 units (2006: Nil) of Prudential Flexible Income Plan Dividend-Weekly-2582230	143,695	
1,101,696 units (2006: Nil) of Pru ICICI Liquid Plan-Super IP-WDR (2582230)	11,024	
4,360,923 units (2006: Nil) of Prin FRF FMP Inst WDR	43,613	
1,605,290 units (2006: Nil) of Prin FRF FMP Inst WDR (19529356)	16,061	
15,000,000 units (2006: Nil) of Principal Pnb FMP (41) -91 days -Series XII-Dividend Payout	150,000	
14,893,216 units (2006: Nil) of ICICI Pru Interval Fund Monthly Plan II -Retail Dividend Reinvestment	150,000	
12,889,006 units (2006: Nil) of Principal Cash Management Fund Liquid option growth plan 12293106	200,000	
775,439 units (2006: Nil) of Reliance Liquid Plus Inst WDR	776,636	
190,960 units (2006: Nil) of Templeton India Short Term Plan Inst # 2140000237625 Weekly Dividend	192,675	
4,382,173 units (2006: Nil) of Temp FRIF LT Super IP WDR (14629835)	44,152	
41,921,287 units (2006: Nil) of Tata Floater Fund-WDR 441363/58	422,709	
31,913,017 units (2006: Nil) of Tata Floater Fund-WDR 2108400/73	321,860	
402,022 units (2006: Nil) of UTI Liquid Plus Fund-Inst. WDR 1145363242	402,682	
18,168 units (2006: 633,140) of TLSW01 Tata Liquid Super High Inv. Fund - Weekly Dividend	20,911	722,490

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17,274,204 units (2006: 25,177,633) of HSBC Liquid Plus-Inst Plus Plan- WDR-129355/32	173,276	251,908
Nil units (2006: 5,000,000) of Deutsche Fixed Term Fund - Series 6 growth		50,000
Nil units (2006: 15,000,000) of TFHFD3 Tata Fixed Horizon FUND Series-3 Scheme F 18 month		150,000
Nil units (2006: 10,000,000) of M121YG ABN Amro FTP Series 2 13 Mnth plan Growth		100,000

PATNI COMPUTER SYSTEMS LIMITED

Notes to the Financial Statements (Contd.) for the year ended 31 December 2007

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

7 **Investments** (contd.)

	2007	2006
Nil units (2006: 20,000,000) of B815G Birla FTP - Series H - Growth		200,000
Nil units (2006: 150,000) of DSP Merrill Lynch Fixed term Plan Series 3A Growth		150,000
Nil units (2006: 10,000,000) of Deutsche Fixed Term Fund - Series 5 Growth Option		