

January 11, 2011

Stock Rating  
**Overweight**

Industry View  
**In-Line**

## Patni Computer

### iGATE Acquires Patni; Upgrade to Overweight

#### What's Changed

Rating	<b>Underweight to Overweight</b>
Price Target	<b>Rs450.00 to Rs700.00</b>

**Upgrade to Overweight; Price target raised to Rs700.** iGATE announced that it would buy a 63% stake in Patni for US\$921mn at a price of Rs503.5/share. It also announced an open offer to the public to acquire 20.6% at a price of Rs503.5/share (a 9.5% premium).

**Deal should help trigger revenue growth at Patni:** So far, a lack of industry-leading revenue growth has been our single biggest concern for Patni. It has resulted in the stock trading at a steep discount to its larger peers and the market. However, with iGATE CEO Phaneesh Murthy taking charge of the 280 active clients at Patni, we now expect revenue growth to accelerate at Patni once the transaction is completed in 1H11.

**Financials:** On a combined basis, the entity would have a revenue run rate of US\$1bn and ~25,000 employees. The combined entity would have EBIT margins of ~17% and net income of US\$172mn (run-rate for Sep-10 qtr).

**Merger timeline:** The transaction is expected to be complete in 1H11 (subject to open offer and regulatory approvals). Post the deal, Patni would become a subsidiary of iGATE and is expected to remain a listed company in India.

**Valuations:** With improved revenue visibility and operating performance, we expect Patni stock to re-rate over time and could well trade in line with the market compared with a 30% discount now. Over time, we would not rule out the Patni-iGATE combination to further close the gap with the list large cap vendors. **Key Risks:** Acquisition integration and currency volatility remain the key challenges for Patni / iGATE.

#### Key Ratios and Statistics

Reuters: PTNI.BO Bloomberg: PATNI IN  
India Software

Price target	Rs700.00
Up/downside to price target (%)	51
Shr price, close (Jan 10, 2011)	Rs463.85
52-Week Range	Rs624.00-412.55
Sh out, dil, curr (mn)	134
Mkt cap, curr (mn)	Rs62,092
EV, curr (mn)	Rs40,920
Avg daily trading value (mn)	Rs65

Fiscal Year ending	12/09	12/10e	12/11e	12/12e
ModelWare EPS (Rs)	35.14	41.08	42.50	49.48
Prior ModelWare EPS (Rs)	-	-	40.36	43.57
Consensus EPS (Rs)§	41.40	40.52	39.61	42.11
Revenue, net (Rs mn)	31,620	31,762	36,052	42,899
EBITDA (Rs mn)	6,549	6,280	7,255	8,559
ModelWare net inc (Rs mn)	4,664	5,499	5,689	6,624
P/E	13.8	11.6	10.9	9.4
P/BV	1.8	2.2	1.8	1.5
RNOA (%)	36.6	28.4	32.3	36.7
ROE (%)	18.4	15.3	19.3	19.4
EV/EBITDA	6.6	7.8	5.9	4.4
Div yld (%)	0.6	14.0	0.9	1.0
FCF yld ratio (%)	5.9	7.9	7.7	9.1
Leverage (EOP) (%)	(58.8)	(51.3)	(56.0)	(60.0)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework (please see explanation later in this note).

§ = Consensus data is provided by FactSet Estimates.

e = Morgan Stanley Research estimates

Morgan Stanley does and seeks to do business with companies covered in Morgan Stanley Research. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of Morgan Stanley Research. Investors should consider Morgan Stanley Research as only a single factor in making their investment decision.

**For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.**

+ = Analysts employed by non-U.S. affiliates are not registered with FINRA, may not be associated persons of the member and may not be subject to NASD/NYSE restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

## Financial Summary: Patni Computer System

### Consolidated Profit and Loss Statement (Rs m)

Year to Dec	CY08	CY09	CY10e	CY11e	CY12e
<b>Net sales</b>	<b>31,991</b>	<b>31,620</b>	<b>31,762</b>	<b>36,052</b>	<b>42,899</b>
Growth (%yoy)	18.7	-1.2	0.4	13.5	19.0
CORS	21,158	19,610	19,849	22,569	26,427
<b>Gross Profits</b>	<b>10,833</b>	<b>12,010</b>	<b>11,912</b>	<b>13,483</b>	<b>16,472</b>
GPM (%)	33.9	38.0	37.5	37.4	38.4
SG&A	5,312	5,461	5,633	6,228	7,913
<b>EBITDA</b>	<b>5,520</b>	<b>6,553</b>	<b>6,280</b>	<b>7,255</b>	<b>8,559</b>
Margin (%)	17.3	20.7	19.8	20.1	20.0
Dep & amortization	1,307	1,192	1,152	1,245	1,337
<b>EBIT</b>	<b>4,213</b>	<b>5,362</b>	<b>5,128</b>	<b>6,010</b>	<b>7,222</b>
Margin (%)	13.2	17.0	16.1	16.7	16.8
PBT (before O.I.)	4,213	5,362	5,128	6,010	7,222
Other Income	33	381	1,551	1,378	1,470
Pre-tax profit	4,246	5,742	6,679	7,388	8,693
Tax	572	1,074	1,180	1,699	2,069
Eff tax rate (%)	13.5	18.7	17.7	23.0	23.8
<b>PAT</b>	<b>3,674</b>	<b>4,668</b>	<b>5,499</b>	<b>5,689</b>	<b>6,624</b>
Margin (%)	11.5	14.8	17.3	15.8	15.4
Growth (%yoy)	-20.9	27.1	17.8	3.5	16.4
Extraordinary	869	1059	0	0	0
<b>Net Income</b>	<b>4,543</b>	<b>5,727</b>	<b>5,499</b>	<b>5,689</b>	<b>6,624</b>
Margin (%)	14.2	18.1	17.3	15.8	15.4
<b>EPS Excl'd XO (Rs)</b>					
Basic	27.1	36.3	42.2	43.6	50.8
FD	27.1	35.2	41.1	42.5	49.5

### Consolidated Cash Flow Statement (Rs m)

Year to Dec	CY08	CY09	CY10e	CY11e	CY12e
<b>PAT</b>	<b>4512</b>	<b>5890</b>	<b>5493</b>	<b>5689</b>	<b>6624</b>
Depreciation & amortization	1306	1192	1151	1245	1336
receivables	1093	116	(1500)	(871)	(1353)
cost in excess of billings	(134)	0	(135)	(133)	(134)
Account payables	145	(58)	(46)	79	111
accrued expenses	2534	(1538)	(137)	425	723
Other opex	(824)	(631)	1720	(52)	18
<b>Operating CASH FLOW</b>	<b>8633</b>	<b>4969</b>	<b>6547</b>	<b>6382</b>	<b>7326</b>
CAPEX	(412)	(1033)	(1485)	(1589)	(1699)
<b>Investing CASH FLOW</b>	<b>(412)</b>	<b>(1033)</b>	<b>(1485)</b>	<b>(1589)</b>	<b>(1699)</b>
Dividends	(512)	(470)	(406)	(9606)	(588)
Shares	(4448)	2	2	0	0
Others	(4451)	3063	(9351)	9019	(72)
<b>Financing CASH FLOW</b>	<b>(9412)</b>	<b>2596</b>	<b>(9755)</b>	<b>(587)</b>	<b>(660)</b>
FX	1275	1132	(1353)	(239)	(50)
Change in cash	85	7666	(6046)	3967	5011
Opening cash	13426	13511	21177	15131	19097
<b>Closing cash</b>	<b>13511</b>	<b>21177</b>	<b>15131</b>	<b>19097</b>	<b>24109</b>

### Consolidated Balance Sheet (Rs m)

As at 31st Dec	CY08	CY09	CY10e	CY11e	CY12e
Cash and cash eq	13,511	21,177	15,131	19,102	24,111
Account receivables	4,975	5,276	6,439	7,210	8,580
Cost in excess of billings	1,576	1,708	1,734	1,841	1,979
Deferred income tax	306	332	311	306	306
Prepaid expenses	95	103	96	95	95
Other current assets	339	484	679	891	1,115
<b>Total current assets</b>	<b>20,802</b>	<b>29,080</b>	<b>24,390</b>	<b>29,444</b>	<b>36,187</b>
PPE	6,716	7,120	6,999	7,235	7,613
Intangibles	1,205	1,104	1,034	1,018	1,020
Goodwill	2,906	3,175	2,973	2,926	2,933
Other assets	1,871	2,983	2,611	2,963	3,526
<b>TOTAL ASSETS</b>	<b>33,501</b>	<b>43,462</b>	<b>38,006</b>	<b>43,586</b>	<b>51,279</b>
<b>LIABILITIES</b>					
Trade account payables	614	606	522	593	705
Billing in excess of costs	158	171	161	158	158
Income tax payable	623	675	632	622	624
Accrued expenses	4,985	3,864	3,481	3,852	4,584
Capital lease obligation	8	4	4	4	4
Other liabilities	1,705	2,113	3,742	4,247	5,054
<b>TOTAL CL</b>	<b>8,093</b>	<b>7,434</b>	<b>8,542</b>	<b>9,476</b>	<b>11,129</b>
<b>SH EQUITY</b>					
share capital	276	301	284	280	281
additional paid in	9,494	10,289	9,632	9,483	9,504
Reserves	15,638	25,436	19,547	24,346	30,365
<b>SH EQUITY</b>	<b>25,408</b>	<b>36,028</b>	<b>29,464</b>	<b>34,109</b>	<b>40,150</b>
<b>TOTAL LIABILITIES</b>	<b>33,501</b>	<b>43,462</b>	<b>38,006</b>	<b>43,586</b>	<b>51,279</b>

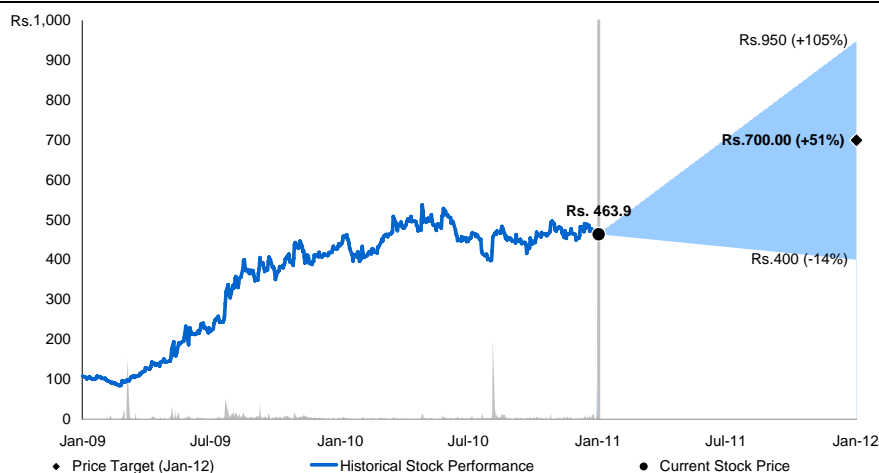
### Key Ratios & Assumptions

Yr to Dec	CY08	CY09	CY10e	CY11e	CY12e
PE	17.1	13.2	11.3	10.9	9.4
ROE (%)	13.8	15.2	16.8	16.7	16.5
Volume (chg YoY)	9	-7	14	18	19
Blended Price Realztn (YoY)	-1.4	-2.4	-6.2	-1.9	-0.1
Avg Realized FX Rate (Rs/US\$)	44.50	48.23	45.15	44.45	44.55
Employees	14,894	13,995	16,856	19,256	23,456
SG&A as of Revenue	16.6	17.3	17.7	17.3	18.4
<b>Effective Tax Rate (%)</b>	<b>13.5</b>	<b>18.7</b>	<b>17.7</b>	<b>23.0</b>	<b>23.8</b>

e = Morgan Stanley Research estimates  
Source: Company data, Morgan Stanley Research

## Risk-Reward Snapshot: Patni Computer System (PTNI.BO, Rs464, OW, PT Rs700)

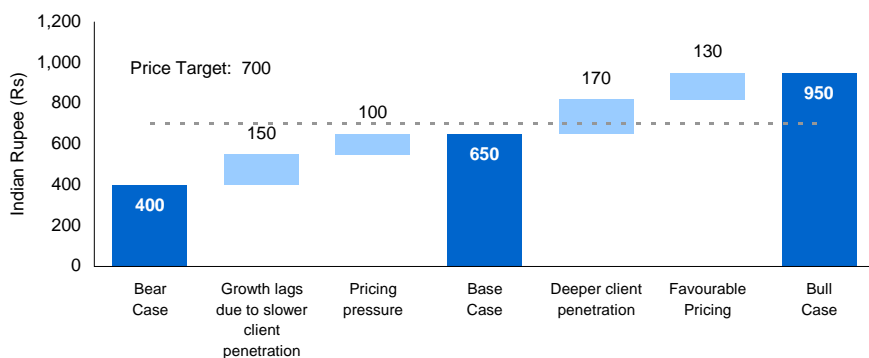
### Risk-Reward View: iGATE deal should trigger revenue growth for Patni



Source: FactSet, Morgan Stanley Research

Price Target Rs700		Probability weighted average of the scenarios below
<b>Bull Case</b>	Implies 20x Bull Case Rs950 CY11e EPS	<b>Significant acceleration in revenue growth:</b> Our bull-case DCF assumes revenue and EBIT CAGR of 21% for C2010-19 with EBIT margins declining to ~16% by C2019. Prob = 0.25
<b>Base Case</b>	Implies 15x Base Case Rs650 CY11e EPS	<b>Revenue growth trajectory improves gradually:</b> Our base case assumes revenue growth of ~15% with improved margins. In rupee terms, revenue and EBIT CAGRs of 16.2% and 15.6% over C2010-19 with margins declining to 15% Prob = 0.65
<b>Bear Case</b>	Implies 10x Bear Case Rs400 CY11e EPS	<b>Slow growth continues:</b> Our bear case assumes that organic revenues in CY11 could grow in single digits with stable margins. We assume 8% revenue CAGR and 7% EBIT CAGR with a larger margin decline to 14% by C2019. Prob = 0.10

### Bear to Bull: Improvement in revenue growth trajectory could lead to re-rating



Source: Morgan Stanley Research, FactSet

### Investment Thesis

- Revenue growth is now expected to be in line with large vendors.
- Gross margins are healthy, but we still see some scope for improvement in EBIT margins.
- We expect the stock to generate healthy returns, driven by strong revenue growth and robust margins.

### Key Value Drivers

- Large client relationships and deeper client penetration in the existing clients.
- Stronger sales force and improved win rates for deals.
- Improved execution and ability to win large deals.

### Potential Catalysts

- Any expansion in its vertical footprint leading to an increase in addressable market.
- Stronger-than-expected revenue and income growth over the coming quarters.
- Rationalization of high G&A expenses could help improve margins.

### Key Downside Risks

- Acquisition-related risks and challenges.
- US slowdown and currency appreciation.
- Macro economic concerns in US/ Europe.

## Investment Case

### Summary & Conclusions

#### Investment Thesis

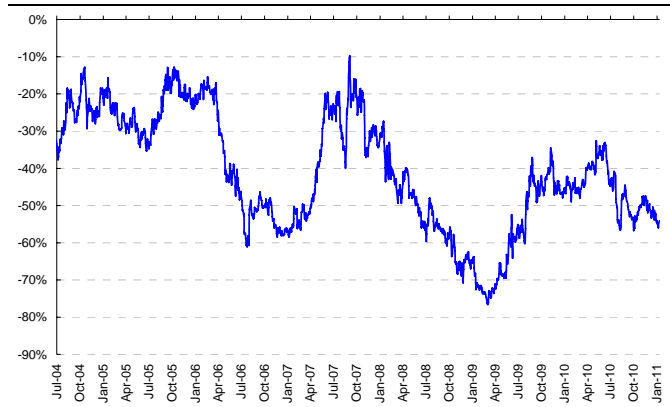
We are upgrading Patni to Overweight with a new 12-month price target of Rs700 (from Rs450). We believe the acquisition of Patni by iGATE will help drive revenue growth for Patni. The two companies have only two clients in common and the combination of companies gives them a broad based offering portfolio across verticals. Moreover, the sales process is also likely to improve with iGATE CEO Phaneesh getting the opportunity to work with a broader set of 280 clients of Patni.

The combined entity would have ~25,000 employees, revenue of US\$1bn, EBIT of US\$170m and net income of ~US\$172mn. Our revised estimates now forecast 15-20% US\$ revenue growth for Patni in 2011 and 2012 with an EBIT CAGR of 19% over the next two years. We believe our revenue forecasts for Patni could now turn out to be conservative in the event of stronger-than- expected execution by the new team at Patni.

Patni trades at 11x 2011e EPS and 9x for 2012e. With revenue growth accelerating for Patni, we believe the stock could re-rate from current levels and narrow the discount to its larger peers like Infosys from 54% currently.

Exhibit 1

#### Patni: P/E discount to Infosys of 54%



Source: Company data, Morgan Stanley Research

**What's Next:** iGATE is likely to give an open offer for a 20% stake of Patni. The next 60-90 days is likely to be spent in client meetings, internal planning, setting the management and getting the open offer through. We believe the first signs of revenue growth revival for Patni could emerge in the June 2011 or September quarter at the earliest.

**Financials:** iGATE's acquisition of Patni should help Patni grow revenue in-line with the industry. Revenue growth of Patni has lagged industry and remains the single biggest concern on the stock. We now expect Patni to grow US\$ revenue by 17% CAGR over 2010-12e (12% previously). A 17% US\$ revenue CAGR and improving operating margins should help operating profit (EBIT) grow at a CAGR of 19% over the same period. Due to one-time steep increase in tax rates in 2011e, earnings CAGR is likely to remain at 10% over 2010-12e. Overall, we have raised our 2011-12 earnings forecast by 5-13%.

Exhibit 2

#### Patni: EPS revision of 5-14% over CY11e-12e (Rs m)

Earnings Revision (RS m)	CY10e	CY11e	CY12e
New Revenues	31,762	36,052	42,899
Old Revenues	31,762	35,432	39,645
<i>% change</i>	0.0	1.7	8.2
New EBIT Margins (%)	16.1	16.7	16.8
Old EBIT Margins (%)	16.1	15.9	15.6
<i>change bps</i>	-	76	124
New Net income	5,499	5,689	6,624
Old Net income	5,499	5,403	5,832
<i>% change</i>	0.0	5.3	13.6
New EPS	41.1	42.5	49.5
Old EPS	41.1	40.4	43.6
<i>% change</i>	0.0	5.3	13.6

Source: Morgan Stanley Research estimates

**Key Positives:** 1) Over the last two quarters, iGATE's revenue has grown at 40-50% yoy. iGATE's acquisition of Patni could drive revenue growth for Patni. 2) The combined entity would have a broad based portfolio of services across verticals. 3) The combined entity would have a broader set of clients (Patni 280 and iGATE 82) with only 2 clients in common. 4) Billing rates at Patni are better than iGATE, and management appeared hopeful of improving gross margins at Patni.

**Key Concerns:** 1) iGATE will raise debt of US\$700mn to finance the deal. Including the debt to be raised, iGATE would have net debt of ~US\$600mn, while Patni has a net cash balance of US\$318mn. On a combined basis, the entity would have net debt balance of ~US\$250-300mn. 2) Integration of a large acquisition that is 2.4 times' revenue of the acquirer (iGATE) remains a key challenge. However, in the near term the two are likely to operate as independent entity with the team focusing on revenue/earnings growth for the companies.

January 11, 2011

Patni Computer

**Conference Call Highlights:** 1) Patni and iGATE would continue to operate independently with separate management (CEO, CFO) and board of directors for some time.

2) iGATE management believes that this deal is positive for its revenue growth as many sourcing managers view US\$1bn of revenue as the threshold size for doing business.

3) One large client that Patni and iGATE have in common is GE. iGATE management indicated that on a combined basis Patni and iGATE would be the second largest supplier to GE.

4) iGATE management believes that the biggest challenge would be integration of the two entities.

Exhibit 3

### Patni and iGATE combined financials (US\$ mn)

Sep-10 quarter Financials (US\$mn)	Patni	iGATE	Total Patni + iGATE	Total Annualized Sep-10 quarter
Revenues	179	75	254	1,015
EBIT	27	15	42	170
Margins (%)	15.3	20.3	16.8	16.8
Net income	29	14	43	172
Cash from operations as of revenues	45	15	60	239
	25.2	19.7	23.6	23.6
Total Employees	16,556	8,278	24,834	24,834
No of Global delivery centers	22	7	29	29
No of Office locations	30	16	46	46

Source: Company data, Morgan Stanley Research

Exhibit 4

### Sep-10 quarter metrics for the combined entity

Revenue by Geography (%)	Patni	iGATE	Total
Americas	80.3	86.0	82.0
EMEA	11.8	8.0	10.7
APAC	8.0	6.0	7.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
Revenue by top clients (%)			
Top client	11.1	35.0	13.0
Top 5 clients	35.6	71.0	38.0
Top 10 clients	48.5	84.0	49.0
Total active clients*	282	82	362
Revenue by Verticals (%)			
Insurance and financial services	42	61	48
Manufacturing, retail and distribution	30	18	26
Communication, media and utilities	11	10	11
Product engineering services	17	NA	12
Others**	NA	11	3
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Company data, Morgan Stanley Research; \*assuming 2 clients in common; \*\*others include Services, healthcare and other revenues for iGATE; Manufacturing, retail and distribution for Patni while manufacturing for iGATE; Communication, media and utilities for Patni while media for iGATE. Total revenues by top clients for the combined entity as indicated by iGATE management.

**Price target determination:** Our price target is arrived at by using probability weighted average of our risk-reward scenarios. [PT Rs700 = 25%\*Rs950 + 65%\*Rs650 + 10%\*Rs400]. Our price target of Rs700 implies a P/E of 17x 20011e EPS and 14x 2012e EPS.

**Risk-Reward Scenarios:** We have revised our risk-reward scenario values as we expect improved revenue growth and operating margin performance for Patni. Over the long term (post announcement of an agreement by iGATE to acquire a majority stake in Patni), with new management driving revenue growth at Patni, we believe the risk-reward is now favorable for investors. We now assume a probability of 25% for our new bull case scenario (previously 40%) as probability of a significant acceleration in revenue growth of Patni in the near term may be low and could take some time. For our base case, we assume a probability of 65% and bear case probability of 10%. We also roll forward our scenario values to 2011e.

**Bull Case:** Our new bull case value is Rs950 (previously Rs550). We assume that Patni is able to accelerate revenue growth significantly in 2011e and 2012e, driven by large deal wins and better penetration of existing clients. We forecast US\$ revenue CAGR of 23% and operating margins of 17.5% over 2011–12e. Over a longer term, we assume revenue and EBIT CAGR of 21% (over 2010–19e). Our bull case value of Rs950 implies PE of 20xCY11e bull case EPS and 17x CY12e bull case EPS.

**Base Case:** Our new base case value is Rs650 (previously Rs400). With iGATE acquiring Patni, we expect Patni to improve US\$ revenue growth in 2011e and 2012e to 15% and 19%, respectively (from 13% and 12% previously). On improved revenue outlook, we expect Patni to improve its operating margins gradually. We forecast operating margins to improve to 16.7% (+60bps) and maintain at 16.8% in 2012e. Over a longer term, we forecast revenue and EBIT CAGR of 16.2% and 15.6% respectively over CY10–19e. Our base case value of Rs650 implies a 2011e P/E of 15x and 13x for 2012e.

**Bear Case:** Our new bear value is Rs400 (previously Rs300). We assume that despite new promoters, Patni's revenue continue to lag industry growth rates. We forecast US\$ revenue CAGR of ~8% over 2010–12e with stable operating margins. Longer term, we forecast revenue and EBIT CAGR of 8% and 6.7%, respectively, over 2010–19e. Our bear case value of Rs400 implies a 2011e P/E of 10x and 9x for 2012e.

January 11, 2011

Patni Computer

Our DCF assumptions are as follows: risk-free rate 6%, equity risk premium 8%, beta 0.93, cost of equity 13.4%, terminal growth rate 3%.

range of 4x to 18x in the last three years and in line with recent trading patterns.

**Historical trading range:** Patni has traded at varying premiums to the market. More recently, however, it has traded at a discount to Sensex multiples. Our base case estimate implies a P/E of 15x, which is within Patni's average trading

**Key risks:** 1) Integration-related risks and challenges, 2) Currency volatility impacting margins, 3) Macro economic concerns in US/ Europe leading to slower-than-expected revenue growth for Patni.

Exhibit 5

## Patni: Base Case DCF Assumptions (Rs m, %)

Year	0	1	2	3	4	5	6	7	8	9
Yr to Dec 31	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues (Rs m)</b>	<b>31,762</b>	<b>36,052</b>	<b>42,899</b>	<b>50,618</b>	<b>59,219</b>	<b>68,689</b>	<b>79,537</b>	<b>91,939</b>	<b>106,091</b>	<b>122,209</b>
% yoy	0.4	13.5	19.0	18.0	17.0	16.0	15.8	15.6	15.4	15.2
EBIT	5,128	6,010	7,222	8,421	9,733	11,152	12,754	14,559	16,588	18,864
EBIT margin (%)	16.1	16.7	16.8	16.6	16.4	16.2	16.0	15.8	15.6	15.4
Effective Tax Rate (%)	17.7	23.0	23.8	23.6	23.4	26.0	25.8	25.6	25.6	25.6
Tax-adjusted EBIT	4,222	4,628	5,503	6,433	7,455	8,253	9,464	10,832	12,342	14,035
Depreciation & Amortzn	1,152	1,245	1,337	1,577	1,845	2,140	2,478	2,865	3,305	3,808
% of revenue	3.6	3.5	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1
NOPLAT	5,374	5,872	6,840	8,010	9,301	10,393	11,942	13,697	15,647	17,842
Change in WC	(1,818)	(500)	(653)	(1,436)	(2,154)	(2,585)	(2,843)	(3,127)	(3,440)	(3,784)
Capex	(1,485)	(1,589)	(1,699)	(2,025)	(2,310)	(2,610)	(2,943)	(3,310)	(3,724)	(3,923)
% of revenue	4.7	4.4	4.0	4.0	3.9	3.8	3.7	3.6	3.5	3.2
<b>Free cash flow</b>	<b>2,072</b>	<b>3,783</b>	<b>4,488</b>	<b>4,550</b>	<b>4,837</b>	<b>5,198</b>	<b>6,156</b>	<b>7,259</b>	<b>8,483</b>	<b>10,135</b>

Source: Company data, Morgan Stanley Research

Exhibit 6

## Patni: Base case value per share

No of Equity Shares (million)	133
Net (Debt)/Cash (Rs m)	20,782
Equity Value (Rs m)	76,336
Value of 100% equity stake (Rs m)	76,336
DCF Value Per Share (Rs)	573
<b>DCF Value Per Share ( 1 year forward) (Rs)</b>	<b>650</b>

Source: Company data, Morgan Stanley Research

Exhibit 7

## Cost of equity assumptions

Cost of equity (%)	
India risk free rate (%) (1)	6.0
risk premium (%)	8.0
Market return (2) (%)	14.0
Beta (3)	0.93
<b>Cost of equity (%) {1+3*(2-1)}</b>	<b>13.4</b>

Source: Company data, Morgan Stanley Research

January 11, 2011

Patni Computer

Exhibit 8

## Patni: Relative Price Performance (%)

Comp Peers	1d	1w	1m	3m	6m	1yr	Ytd
HCL TECH	2.3	8.9	9.1	12.4	20.9	22.6	8.2
INFOSYS	3.1	4.7	9.5	16.6	11.6	29.6	4.9
TCS	1.3	4.2	6.7	25.0	38.2	54.1	3.3
WIPRO	-0.2	2.7	4.5	5.5	8.0	6.3	0.8
<b>PATNI</b>	<b>3.2</b>	<b>5.5</b>	<b>4.0</b>	<b>10.6</b>	<b>-3.8</b>	<b>-3.2</b>	<b>3.7</b>
SATYAM	2.5	11.0	18.1	-11.9	-30.8	-47.5	12.2
I-FLEX	-0.3	0.2	3.6	1.0	-11.2	-15.9	-0.6
MPHASIS	0.9	3.0	11.1	5.2	-1.7	-15.7	4.5
POLARIS	-0.7	-3.6	7.2	2.3	-22.8	-18.3	1.5
HEXAWARE	1.5	-2.0	22.2	47.5	30.8	19.9	7.2
TECH MAHINDRA	0.3	3.9	9.4	-4.6	-18.6	-43.3	4.9

MINDTREE	1.8	0.0	6.4	7.9	-16.7	-31.8	0.2
INFOTECH	2.6	6.5	18.8	9.5	-13.9	11.3	6.3
E-CLERX	-2.9	-2.7	-9.3	12.9	39.8	97.4	-3.4
EDUCOMP	-2.2	-3.7	-3.4	-17.2	-18.1	-46.4	-2.0
HCL INFO	1.7	2.0	11.2	-6.0	-13.0	-41.2	-1.1
INFOEDGE	0.8	-1.7	1.3	-15.2	27.8	29.8	-2.8
KPIT CUMMINS	4.7	4.5	12.8	-4.1	-13.1	4.0	7.0
MASTEK	1.3	1.2	0.1	-25.2	-48.5	-65.2	0.4
NIIT LTD	1.0	6.5	7.4	-9.7	-23.2	-32.0	9.0
NUCLEUS SOFT	-1.7	-1.8	4.9	-13.3	-28.7	-34.1	0.8
SASKEN	1.0	-0.4	10.3	-3.3	-19.6	-10.0	6.5
SUBEX	-2.5	-5.3	5.2	27.2	22.0	-29.2	-3.7
TANLA	-1.4	-3.7	4.5	-24.8	-52.7	-77.4	-2.1

Source: Company data, Morgan Stanley Research; Based on prices on 11<sup>th</sup> Jan 2011

Exhibit 9

## Patni: Sep10 Quarter Operating Metrics

Year Ending Dec	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10	Jun-10	Sep-10
<b>Geographical: (%)</b>								
United States	78.6	79.0	80.0	80.8	80.5	79.7	81.0	80.3
Europe (including UK)	15.6	15.0	14.2	13.5	14.0	13.4	12.0	11.8
Asia Pac/ RoW	5.9	6.0	5.8	5.7	5.5	6.8	7.0	8.0
<b>Verticals: (%)</b>								
Insurance	27.1	27.4	29.7	31.2	30.5	29.0	30.1	30.6
Financial services	12.9	13.6	13.8	12.3	12.0	11.7	11.9	11.4
Product Engg Practice	15.6	15.3	15.1	14.6	14.8	16.3	16.4	17.1
Manufacturing, Retail & Distribution	28.8	29.2	27.7	28.4	30.3	30.8	29.9	29.7
Communication, media & utilities	15.5	14.4	13.7	13.5	12.3	12.2	11.7	11.1
<b>Client Concentration</b>								
Million dollar clients	92	94	90	92	92	92	92	98
New clients	30	26	7	7	20	9	11	13
Active Clients	331	320	294	283	272	260	280	282
Top client's (%)	11.0	12.3	12.3	11.9	11.1	11.7	11.2	11.1
Top 5 clients' (%)	34.6	33.7	37.2	38.3	37.0	36.4	35.5	35.6
Top 10 clients' (%)	47.3	46.9	50.1	51.4	50.9	48.7	48.6	48.5
<b>Service Line Breakup: (%)</b>								
Application dev and maint	64.6	65.1	64.9	65.0	65.8	64.6	62.5	61.5
Enterprise app systems	13.5	13.8	13.8	12.9	12.8	13.4	13.2	12.1
Infrastructure mgmt	5.0	3.5	4.7	6.0	5.3	5.0	5.4	5.4
Embedded tech services (Product Engg)	11.3	11.4	11.3	11.1	11.2	12.1	12.2	12.8
Others (BPO)	5.6	6.3	5.3	5.0	4.8	4.9	6.7	8.2
<b>Project Type: (%)</b>								
Time & Materials	62.2	62.5	60.2	57.6	59.4	56.4	56.9	55.1
Fixed Price	37.8	37.5	39.8	42.4	40.6	43.6	43.1	44.9
<b>Efforts by delivery: (%)</b>								
Onsite efforts	28.7	28.3	27.6	26.8	26.9	25.2	27.4	26.0
Offshore efforts	71.3	71.7	72.4	73.2	73.1	74.8	72.6	74.0
<b>Employees:</b>								
Net Addition	193	(354)	(760)	(173)	388	(36)	934	1,663
Total staff	14,894	14,540	13,780	13,607	13,995	13,959	14,893	16,556
Utilization rate (%)	73.1	70.3	74.4	77.0	77.4	79.9	75.0	74.0
Attrition rate excl BPO (%)	18.6	15.5	13.2	11.3	13.7	17.7	21.5	25.9

Source: Company data, Morgan Stanley Research

January 11, 2011

Patni Computer

Exhibit 10

## Software Valuations: P/E Ratio Comparison

Company	Ticker	Curr	Price (Local)	M Cap (\$mil)	EPS (Respective Currency)			P/E (x)			EPS Growth (%)			EPS CAGR	P/S(x)
					FY10	FY11e	FY12e	FY10	FY11e	FY12e	FY10	FY11e	FY12e		
<b>US Listed</b>															
Accenture	ACN	USD	48	36,855	2.7	3.1	3.6	18.2	15.4	13.5	NM	18.3	14.2	16.3%	1.7
Amdocs*	DOX	USD	27	5,201	2.1	2.3	2.3	12.8	11.7	11.7	28.5	9.0	0.8	4.8%	1.7
Cognizant Solutions*	CTSH	USD	75	22,761	1.8	2.4	2.6	42.2	31.9	28.4	23.3	32.4	12.4	22.0%	5.0
Computer Sciences *	CSC	USD	52	8,022	5.3	5.4	5.7	9.8	9.7	9.1	NM	1.7	6.2	3.9%	0.5
Infosys - ADR*	INFY	USD	75	43,094	2.3	2.7	3.3	32.2	27.7	23.0	8.6	16.3	20.3	18.3%	7.0
Patni - ADR*	PTI	USD	21	1,380	1.8	1.8	1.8	11.8	11.6	11.9	37.7	1.7	-2.5	-0.4%	1.9
Wipro - ADR*	WIT	USD	15	36,804	0.4	0.5	0.5	37.0	30.8	27.4	31.8	20.1	12.2	16.1%	5.4
<b>European Listed</b>															
Cap Gemini	CAP	EUR	35	6,967	1.7	1.9	2.4	20.8	18.1	14.6	-42.8	14.5	24.0	19.2%	0.6
Logica PLC	LOG	GBp	133	3,297	10.6	12.4	12.8	12.5	10.7	10.4	10.1	16.8	3.3	9.8%	0.6
TietoEnator	TIE1V	EUR	14	1,334	0.9	1.1	1.2	15.4	12.5	11.5	22.8	0.0	11.7	15.6%	0.6
<b>India Listed</b>															
HCL Tech	HCLT	INR	464	7,087	17.5	25.0	29.8	26.5	18.6	15.6	-2.3	42.7	19.4	30.6%	2.0
Hexaware	HEXW	INR	118	386	9.0	5.3	8.3	13.0	22.2	14.1	119.7	-41.3	57.1	-3.9%	1.6
Infosys - Local	INFO	INR	3,397	42,803	108.8	121.4	147.0	31.2	28.0	23.1	4.2	11.6	21.1	16.2%	7.0
Infotech	INFTC	INR	172	422	15.4	12.8	14.5	11.2	13.5	11.9	77.6	-16.8	13.3	-2.9%	1.6
MindTree	MTCL	INR	526	476	52.4	26.9	45.2	10.1	19.6	11.6	282.2	-48.6	68.3	-7.0%	1.4
Mphasis @	MPHL	INR	661	3,054	43.2	51.8	52.8	15.3	12.8	12.5	78.8	19.9	2.0	10.6%	2.7
Patni - Local	PATNI	INR	464	1,369	35.2	41.1	42.5	13.2	11.3	10.9	30.0	16.8	3.5	9.9%	1.9
TCS	TCS	INR	1,129	48,715	35.1	42.7	49.5	32.1	26.5	22.8	32.9	21.5	16.0	18.7%	6.0
Tech Mahindra	TECHM	INR	693	1,993	54.4	72.9	91.1	12.7	9.5	7.6	-26.1	34.1	24.9	29.5%	1.8
Wipro - Local	WPRO	INR	464	25,063	18.8	21.9	24.6	24.7	21.2	18.9	17.5	16.5	12.6	14.5%	3.7
<b>BPO</b>															
Genpact	G	USD	15	3,323	0.73	0.75	0.87	20.6	20.1	17.3	NM	2.5	16.0	9.1%	2.6
WNS	WNS	USD	11	488	1.15	1.03	1.16	9.7	10.8	9.7	6.2	NM	12.0	0.4%	1.3
Convergys*	CVG	USD	14	1,670	1.16	0.99	1.14	11.8	13.9	12.1	-254.7	-14.7	14.9	-1.0%	0.8
Teletech*	TTEC	USD	20	1,205	1.22	1.04	1.19	16.7	19.7	17.2	15.1	-15.1	14.7	-1.3%	1.1
EXL*	EXLS	USD	22	631	0.54	0.77	0.87	39.9	28.1	24.8	0.0	42.1	13.2	26.8%	2.6
ADP*	ADP	USD	48	23,452	2.40	2.47	2.67	19.8	19.2	17.8	NM	3.0	8.1	5.5%	2.5

Prices as of 11<sup>th</sup> Jan 2011

Source: Company data, FactSet, Morgan Stanley Research

E = Morgan Stanley Research estimates, except for those marked with an asterisk (\*), which are consensus estimates as provided by FactSet

NM = Not Meaningful

@ Mphasis FY10 represent our estimates for the period of Nov08-Oct09

WNS EPS represent company-adjusted numbers; Genpact EPS represent MS adjusted numbers (GAAP EPS adjusted for formation-related expense and FBT costs).

Estimates for Indian ADRs are taken from FactSet.

Morgan Stanley does not provide research coverage of the listed ADRs associated with the underlying ordinary shares listed above..

Cognizant, Cap Gemini, Logica, Hexaware and Patni have a December-ending fiscal year, Accenture has an August-ending FY, Amdocs has a September-ending FY, HCL Tech has a June-ending FY, and the rest have a March-ending FY. For companies with a December-ending fiscal year



January 11, 2011

Patni Computer



**Morgan Stanley ModelWare is a proprietary analytic framework that helps clients uncover value, adjusting for distortions and ambiguities created by local accounting regulations.** For example, ModelWare EPS adjusts for one-time events, capitalizes operating leases (where their use is significant), and converts inventory from LIFO costing to a FIFO basis. ModelWare also emphasizes the separation of operating performance of a company from its financing for a more complete view of how a company generates earnings.

## Disclosure Section

The information and opinions in Morgan Stanley Research were prepared or are disseminated by Morgan Stanley Asia Limited (which accepts the responsibility for its contents) and/or Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H, regulated by the Monetary Authority of Singapore, which accepts the responsibility for its contents), and/or Morgan Stanley Taiwan Limited and/or Morgan Stanley & Co International plc, Seoul Branch, and/or Morgan Stanley Australia Limited (A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents), and/or Morgan Stanley Smith Barney Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents), and/or Morgan Stanley India Company Private Limited and their affiliates (collectively, "Morgan Stanley").

For important disclosures, stock price charts and equity rating histories regarding companies that are the subject of this report, please see the Morgan Stanley Research Disclosure Website at [www.morganstanley.com/researchdisclosures](http://www.morganstanley.com/researchdisclosures), or contact your investment representative or Morgan Stanley Research at 1585 Broadway, (Attention: Research Management), New York, NY, 10036 USA.

### Analyst Certification

The following analysts hereby certify that their views about the companies and their securities discussed in this report are accurately expressed and that they have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this report: Vipin Khare.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

### Global Research Conflict Management Policy

Morgan Stanley Research has been published in accordance with our conflict management policy, which is available at [www.morganstanley.com/institutional/research/conflictolicies](http://www.morganstanley.com/institutional/research/conflictolicies).

### Important US Regulatory Disclosures on Subject Companies

Within the last 12 months, Morgan Stanley managed or co-managed a public offering (or 144A offering) of securities of Genpact Limited.

Within the last 12 months, Morgan Stanley has received compensation for investment banking services from Genpact Limited.

In the next 3 months, Morgan Stanley expects to receive or intends to seek compensation for investment banking services from Genpact Limited, HCL Technologies, Hexaware Technologies Limited, Infosys Technologies, MindTree Ltd., Patni Computer Systems, Tata Consultancy Services, Wipro Ltd., WNS Global Services.

Within the last 12 months, Morgan Stanley has provided or is providing investment banking services to, or has an investment banking client relationship with, the following company: Genpact Limited, HCL Technologies, Hexaware Technologies Limited, Infosys Technologies, MindTree Ltd., Patni Computer Systems, Tata Consultancy Services, Wipro Ltd., WNS Global Services.

Within the last 12 months, Morgan Stanley has either provided or is providing non-investment banking, securities-related services to and/or in the past has entered into an agreement to provide services or has a client relationship with the following company: MindTree Ltd., Patni Computer Systems, Wipro Ltd., WNS Global Services.

Morgan Stanley & Co. Incorporated makes a market in the securities of Genpact Limited.

The equity research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues and overall investment banking revenues.

Morgan Stanley and its affiliates do business that relates to companies/instruments covered in Morgan Stanley Research, including market making, providing liquidity and specialized trading, risk arbitrage and other proprietary trading, fund management, commercial banking, extension of credit, investment services and investment banking. Morgan Stanley sells to and buys from customers the securities/instruments of companies covered in Morgan Stanley Research on a principal basis. Morgan Stanley may have a position in the debt of the Company or instruments discussed in this report. Certain disclosures listed above are also for compliance with applicable regulations in non-US jurisdictions.

### STOCK RATINGS

Morgan Stanley uses a relative rating system using terms such as Overweight, Equal-weight, Not-Rated or Underweight (see definitions below). Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold and sell. Investors should carefully read the definitions of all ratings used in Morgan Stanley Research. In addition, since Morgan Stanley Research contains more complete information concerning the analyst's views, investors should carefully read Morgan Stanley Research, in its entirety, and not infer the contents from the rating alone. In any case, ratings (or research) should not be used or relied upon as investment advice. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations.

### Global Stock Ratings Distribution

(as of December 31, 2010)

For disclosure purposes only (in accordance with NASD and NYSE requirements), we include the category headings of Buy, Hold, and Sell alongside our ratings of Overweight, Equal-weight, Not-Rated and Underweight. Morgan Stanley does not assign ratings of Buy, Hold or Sell to the stocks we cover. Overweight, Equal-weight, Not-Rated and Underweight are not the equivalent of buy, hold, and sell but represent recommended relative weightings (see definitions below). To satisfy regulatory requirements, we correspond Overweight, our most positive stock rating, with a buy recommendation; we correspond Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)		
	Count	% of Total	Count	% of Total IBC	% of Rating Category
<b>Overweight/Buy</b>	<b>1145</b>	<b>40%</b>	<b>437</b>	<b>44%</b>	<b>38%</b>
<b>Equal-weight/Hold</b>	<b>1192</b>	<b>42%</b>	<b>422</b>	<b>42%</b>	<b>35%</b>
<b>Not-Rated/Hold</b>	<b>119</b>	<b>4%</b>	<b>25</b>	<b>3%</b>	<b>21%</b>
<b>Underweight/Sell</b>	<b>382</b>	<b>13%</b>	<b>109</b>	<b>11%</b>	<b>29%</b>
<b>Total</b>	<b>2,838</b>		<b>993</b>		

Data include common stock and ADRs currently assigned ratings. An investor's decision to buy or sell a stock should depend on individual circumstances (such as the investor's existing holdings) and other considerations. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months.

### Analyst Stock Ratings

**Overweight (O or Over)** - The stock's total return is expected to exceed the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

**Equal-weight (E or Equal)** - The stock's total return is expected to be in line with the total return of the relevant country MSCI Index, on a risk-adjusted basis over the next 12-18 months.

**Not-Rated (NR)** - Currently the analyst does not have adequate conviction about the stock's total return relative to the relevant country MSCI Index on a risk-adjusted basis, over the next 12-18 months.

**Underweight (U or Under)** - The stock's total return is expected to be below the total return of the relevant country MSCI Index, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

### Analyst Industry Views

**Attractive (A)**: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

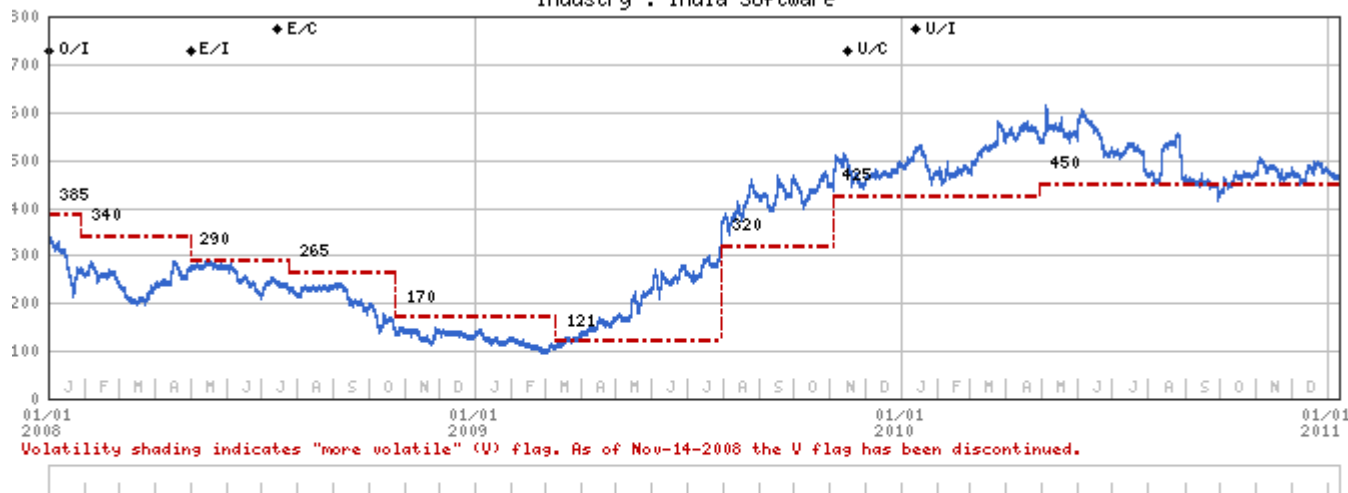
**In-Line (I)**: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

**Cautious (C)**: The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia - relevant MSCI country index.

### Stock Price, Price Target and Rating History (See Rating Definitions)

Patni Computer Systems (PTNI.BO) - As of 1/10/11 in INR  
Industry : India Software



Stock Rating History: 1/1/08 : O/I; 5/1/08 : E/I; 7/15/08 : E/C; 11/16/09 : U/C; 1/14/10 : U/I

Price Target History: 11/1/07 : 385; 1/29/08 : 340; 5/1/08 : 290; 7/25/08 : 265; 10/24/08 : 170; 3/11/09 : 121; 7/31/09 : 320; 11/3/09 : 425; 4/30/10 : 450

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)  
 Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) ■  
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Ratings/Industry View  
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) More Volatile (U) No Rating Available (NA)  
 Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

January 11, 2011

Patni Computer

## Important Disclosures for Morgan Stanley Smith Barney LLC Customers

Citi Investment Research & Analysis (CIRA) research reports may be available about the companies or topics that are the subject of Morgan Stanley Research. Ask your Financial Advisor or use Research Center to view any available CIRA research reports in addition to Morgan Stanley research reports.

Important disclosures regarding the relationship between the companies that are the subject of Morgan Stanley Research and Morgan Stanley Smith Barney LLC, Morgan Stanley and Citigroup Global Markets Inc. or any of their affiliates, are available on the Morgan Stanley Smith Barney disclosure website at [www.morganstanleysmithbarney.com/researchdisclosures](http://www.morganstanleysmithbarney.com/researchdisclosures).

For Morgan Stanley and Citigroup Global Markets, Inc. specific disclosures, you may refer to [www.morganstanley.com/researchdisclosures](http://www.morganstanley.com/researchdisclosures) and [https://www.citigroupgeo.com/geopublic/Disclosures/index\\_a.html](https://www.citigroupgeo.com/geopublic/Disclosures/index_a.html).

Each Morgan Stanley Equity Research report is reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval is conducted by the same person who reviews the Equity Research report on behalf of Morgan Stanley. This could create a conflict of interest.

## Other Important Disclosures

Morgan Stanley produces an equity research product called a "Tactical Idea." Views contained in a "Tactical Idea" on a particular stock may be contrary to the recommendations or views expressed in research on the same stock. This may be the result of differing time horizons, methodologies, market events, or other factors. For all research available on a particular stock, please contact your sales representative or go to Client Link at [www.morganstanley.com](http://www.morganstanley.com).

Morgan Stanley Research does not provide individually tailored investment advice. Morgan Stanley Research has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. Morgan Stanley recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a financial adviser. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. The securities, instruments, or strategies discussed in Morgan Stanley Research may not be suitable for all investors, and certain investors may not be eligible to purchase or participate in some or all of them.

The fixed income research analysts or strategists principally responsible for the preparation of Morgan Stanley Research have received compensation based upon various factors, including quality, accuracy and value of research, firm profitability or revenues (which include fixed income trading and capital markets profitability or revenues), client feedback and competitive factors. Fixed Income Research analysts' or strategists' compensation is not linked to investment banking or capital markets transactions performed by Morgan Stanley or the profitability or revenues of particular trading desks.

Morgan Stanley Research is not an offer to buy or sell or the solicitation of an offer to buy or sell any security/instrument or to participate in any particular trading strategy. The "Important US Regulatory Disclosures on Subject Companies" section in Morgan Stanley Research lists all companies mentioned where Morgan Stanley owns 1% or more of a class of common equity securities of the companies. For all other companies mentioned in Morgan Stanley Research, Morgan Stanley may have an investment of less than 1% in securities/instruments or derivatives of securities/instruments of companies and may trade them in ways different from those discussed in Morgan Stanley Research. Employees of Morgan Stanley not involved in the preparation of Morgan Stanley Research may have investments in securities/instruments or derivatives of securities/instruments of companies mentioned and may trade them in ways different from those discussed in Morgan Stanley Research. Derivatives may be issued by Morgan Stanley or associated persons.

With the exception of information regarding Morgan Stanley, Morgan Stanley Research is based on public information. Morgan Stanley makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete. We have no obligation to tell you when opinions or information in Morgan Stanley Research change apart from when we intend to discontinue equity research coverage of a subject company. Facts and views presented in Morgan Stanley Research have not been reviewed by, and may not reflect information known to, professionals in other Morgan Stanley business areas, including investment banking personnel.

Morgan Stanley Research personnel may participate in company events such as site visits and are generally prohibited from accepting payment by the company of associated expenses unless pre-approved by authorized members of Research management.

The value of and income from your investments may vary because of changes in interest rates, foreign exchange rates, default rates, prepayment rates, securities/instruments prices, market indexes, operational or financial conditions of companies or other factors. There may be time limitations on the exercise of options or other rights in securities/instruments transactions. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. If provided, and unless otherwise stated, the closing price on the cover page is that of the primary exchange for the subject company's securities/instruments.

Morgan Stanley may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

To our readers in Taiwan: Information on securities/instruments that trade in Taiwan is distributed by Morgan Stanley Taiwan Limited ("MSTL"). Such information is for your reference only. Information on any securities/instruments issued by a company owned by the government of or incorporated in the PRC and listed in on the Stock Exchange of Hong Kong ("SEHK"), namely the H-shares, including the component company stocks of the Stock Exchange of Hong Kong ("SEHK")'s Hang Seng China Enterprise Index; or any securities/instruments issued by a company that is 30% or more directly- or indirectly-owned by the government of or a company incorporated in the PRC and traded on an exchange in Hong Kong or Macau, namely SEHK's Red Chip shares, including the component company of the SEHK's China-affiliated Corp Index is distributed only to Taiwan Securities Investment Trust Enterprises ("SITE"). The reader should independently evaluate the investment risks and is solely responsible for their investment decisions. Morgan Stanley Research may not be distributed to the public media or quoted or used by the public media without the express written consent of Morgan Stanley. Information on securities/instruments that do not trade in Taiwan is for informational purposes only and is not to be construed as a recommendation or a solicitation to trade in such securities/instruments. MSTL may not execute transactions for clients in these securities/instruments.

To our readers in Hong Kong: Information is distributed in Hong Kong by and on behalf of, and is attributable to, Morgan Stanley Asia Limited as part of its regulated activities in Hong Kong. If you have any queries concerning Morgan Stanley Research, please contact our Hong Kong sales representatives.

Certain information in Morgan Stanley Research was sourced by employees of the Shanghai Representative Office of Morgan Stanley Asia Limited for the use of Morgan Stanley Asia Limited.

Morgan Stanley Research is disseminated in Japan by Morgan Stanley MUFG Securities Co., Ltd.; in Hong Kong by Morgan Stanley Asia Limited (which accepts responsibility for its contents); in Singapore by Morgan Stanley Asia (Singapore) Pte. (Registration number 199206298Z) and/or Morgan Stanley Asia (Singapore) Securities Pte Ltd (Registration number 200008434H), regulated by the Monetary Authority of Singapore, which accepts responsibility for its contents; in Australia to "wholesale clients" within the meaning of the Australian Corporations Act by Morgan Stanley Australia Limited A.B.N. 67 003 734 576, holder of Australian financial services license No. 233742, which accepts responsibility for its contents; in Australia to "wholesale clients" and "retail clients" within the meaning of the Australian Corporations Act by Morgan Stanley Smith Barney Australia Pty Ltd (A.B.N. 19 009 145 555, holder of Australian financial services license No. 240813, which accepts responsibility for its contents; in Korea by Morgan Stanley & Co International plc, Seoul Branch; in India by Morgan Stanley India Company Private Limited; in Canada by Morgan Stanley Canada Limited, which has approved of, and has agreed to take responsibility for, the contents of Morgan Stanley Research in Canada; in Germany by Morgan Stanley Bank AG, Frankfurt am Main and Morgan Stanley Private Wealth Management Limited, Niederlassung Deutschland, regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin); in Spain by Morgan Stanley, S.V., S.A., a Morgan Stanley group company, which is supervised by the Spanish Securities Markets Commission (CNMV) and states that Morgan Stanley Research has been written and distributed in accordance with the rules of conduct applicable to financial research as established under Spanish regulations; in the United States by Morgan Stanley & Co. Incorporated, which accepts responsibility for its contents. Morgan Stanley & Co. International plc, authorized and regulated by the Financial Services Authority, disseminates in the UK research that it has prepared, and approves solely for the purposes of section 21 of the Financial Services and Markets Act 2000, research which has been prepared by any of its affiliates. Morgan Stanley Private Wealth Management Limited, authorized and regulated by the Financial Services Authority, also disseminates Morgan Stanley Research in the UK. Private U.K. investors should obtain the advice of their Morgan Stanley & Co. International plc or Morgan Stanley Private Wealth Management representative about the investments concerned. RMB Morgan Stanley (Proprietary) Limited is a member of the JSE Limited and regulated by the Financial Services Board in South Africa. RMB Morgan Stanley (Proprietary) Limited is a joint venture owned equally by Morgan Stanley International Holdings Inc. and RMB Investment Advisory (Proprietary) Limited, which is wholly owned by FirstRand Limited.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (DIFC Branch), regulated by the Dubai Financial Services Authority (the DFSA), and is directed at Professional Clients only, as defined by the DFSA. The financial products or financial services to which this research relates will only be made available to a customer who we are satisfied meets the regulatory criteria to be a Professional Client.

The information in Morgan Stanley Research is being communicated by Morgan Stanley & Co. International plc (QFC Branch), regulated by the Qatar Financial Centre Regulatory Authority (the QFCRA), and is directed at business customers and market counterparties only and is not intended for Retail Customers as defined by the QFCRA.

January 11, 2011

Patni Computer

As required by the Capital Markets Board of Turkey, investment information, comments and recommendations stated here, are not within the scope of investment advisory activity. Investment advisory service is provided in accordance with a contract of engagement on investment advisory concluded between brokerage houses, portfolio management companies, non-deposit banks and clients. Comments and recommendations stated here rely on the individual opinions of the ones providing these comments and recommendations. These opinions may not fit to your financial status, risk and return preferences. For this reason, to make an investment decision by relying solely to this information stated here may not bring about outcomes that fit your expectations.

The trademarks and service marks contained in Morgan Stanley Research are the property of their respective owners. Third-party data providers make no warranties or representations of any kind relating to the accuracy, completeness, or timeliness of the data they provide and shall not have liability for any damages of any kind relating to such data. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property of MSCI and S&P.

Morgan Stanley has based its projections, opinions, forecasts and trading strategies regarding the MSCI Country Index Series solely on publicly available information. MSCI has not reviewed, approved or endorsed the projections, opinions, forecasts and trading strategies contained herein. Morgan Stanley has no influence on or control over MSCI's index compilation decisions.

Morgan Stanley Research, or any portion thereof may not be reprinted, sold or redistributed without the written consent of Morgan Stanley.

Morgan Stanley Research is disseminated and available primarily electronically, and, in some cases, in printed form.

**Additional information on recommended securities/instruments is available on request.**

**The Americas**

1585 Broadway  
New York, NY 10036-8293  
**United States**  
Tel: +1 (1) 212 761 4000

**Europe**

20 Bank Street, Canary Wharf  
London E14 4AD  
**United Kingdom**  
Tel: +44 (0) 20 7 425 8000

**Japan**

4-20-3 Ebisu, Shibuya-ku  
Tokyo 150-6008  
**Japan**  
Tel: +81 (0) 3 5424 5000

**Asia/Pacific**

1 Austin Road West  
Kowloon  
**Hong Kong**  
Tel: +852 2848 5200

**Industry Coverage:India Software**

<b>Company (Ticker)</b>	<b>Rating (as of)</b>	<b>Price* (01/10/2011)</b>
<b>Vipin Khare</b>		
Genpact Limited (G.N)	E (08/26/2008)	US\$15.3
HCL Technologies (HCLT.BO)	O (08/26/2009)	Rs464.25
Hexaware Technologies Limited (HEXT.BO)	O (07/30/2009)	Rs117.55
Infosys Technologies (INFY.BO)	E (01/14/2010)	Rs3,396.65
Infotech Enterprises (INFE.BO)	O- (09/16/2010)	Rs172.45
MindTree Ltd. (MINT.BO)	E (04/29/2010)	Rs526.45
Mphasis Limited (MBFL.BO)	U (08/20/2009)	Rs660.7
Patni Computer Systems (PTNI.BO)	O (01/11/2011)	Rs463.85
Tata Consultancy Services (TCS.BO)	E (07/20/2009)	Rs1,128.5
Tech Mahindra Limited (TEML.BO)	U (03/11/2009)	Rs693.2
WNS Global Services (WNS.N)	E (03/11/2009)	US\$11.14
Wipro Ltd. (WIPR.BO)	E (07/23/2009)	Rs464.25

Stock Ratings are subject to change. Please see latest research for each company.  
\* Historical prices are not split adjusted.