

## Patni Computer Systems

|                    |              |
|--------------------|--------------|
| STOCK INFO.        | BLOOMBERG    |
| BSE SENSEX: 10,813 | PATNI IN     |
| S&P CNX: 3,151     | REUTERS CODE |
|                    | PTNI. BO     |

7 August 2006

Neutral

Previous Recommendation: Neutral

Rs359

|                       |            | YEAR   | NET SALES | PAT    | EPS  | EPS        | P/E  | P/BV | ROE  | ROCE | EV/   | EV/    |
|-----------------------|------------|--------|-----------|--------|------|------------|------|------|------|------|-------|--------|
|                       |            | END    | (RS M)    | (RS M) | (RS) | GROWTH (%) | (X)  | (X)  | (%)  | (%)  | SALES | EBITDA |
| Equity Shares (m)     | 137.9      | 12/05A | 20,242    | 2,736  | 21.8 | 5.8        | 16.5 | 2.2  | 16.3 | 19.9 | 1.6   | 8.2    |
| 52-Week Range         | 510/251    | 12/06E | 26,626    | 3,096  | 22.5 | 3.2        | 16.0 | 1.7  | 13.1 | 16.5 | 1.1   | 6.5    |
| 1,6,12 Rel. Perf. (%) | 12/-33/-45 | 12/07E | 33,285    | 3,688  | 26.7 | 19.1       | 13.4 | 1.5  | 12.9 | 15.8 | 0.8   | 5.3    |
| M.Cap. (Rs b)         | 49.5       |        |           |        |      |            |      |      |      |      |       |        |
| M.Cap. (US\$ b)       | 1.1        |        |           |        |      |            |      |      |      |      |       |        |

- Patni reported revenue of Rs6.6b for 2QCY06, a QoQ growth of 13.6%. We had estimated a revenue growth of 8.2% QoQ. Revenue growth was driven by volume growth of 7.2% QoQ and realization increase of 2.5% QoQ. Revenue from the manufacturing vertical grew 19.7% QoQ. The financial services vertical grew 11.4% QoQ and insurance grew 9.4% QoQ.
- Gross margin for the quarter improved 200bp despite salary hikes due to the impact of reversal of provisions following tax review by the IRS and US Department of Labor. The impact was to the tune of US\$7.1m, which pushed up gross margin by 500bp during the quarter. Operating margin was also up by 230bp to 20% as against our expectation of a 360bp decline, due to the reversal of provisions. Excluding the effect of the one-time reversal, operating margin declined 260bp. Other income was high at Rs199m against our expectation of negative Rs25m. Tax outgo was higher at Rs1.1b due to US\$27.1m pertaining to reassessment of corporate taxes for earlier years. Therefore, the company reported a net loss of Rs147m for the quarter. Adjusting for the reversals and tax reassessment, net profit was Rs766m, higher than our expectation of Rs514m.
- The management has guided for a muted third quarter, with revenue growth of 4.5-5% and net income of US\$18-18.2m (growth of 2.3-2.4% QoQ). While we would prefer to remain cautious on the stock till we observe a few more quarters of benefits from PROPEL, we expect revenue and profit growth (excluding one-off items) to be better than our earlier expectations. We have accordingly revised our revenue estimates up by 3.9% for CY06 and 2% for CY07, and net profit (excluding extraordinary items) estimates up by 17.1% for CY06 and 8.3% for CY07. The stock is trading at 16x CY06E and 13.4x CY07E earnings. We maintain our **Neutral** recommendation.

| QUARTERLY PERFORMANCE                 |              |              |              |              |              |              |              |              |               | (Rs Million)  |  |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--|
| Y/E DECEMBER                          | CY05         |              |              |              | CY06         |              |              |              | CY05          | CY06E         |  |
|                                       | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           | 2Q           | 3QE          | 4QE          |               |               |  |
| <b>Revenues</b>                       | <b>4,337</b> | <b>4,730</b> | <b>5,197</b> | <b>5,569</b> | <b>5,776</b> | <b>6,561</b> | <b>6,989</b> | <b>7,301</b> | <b>20,242</b> | <b>26,626</b> |  |
| Q-o-Q Change (%)                      | 8.1          | 9.1          | 9.9          | 7.2          | 3.7          | 13.6         | 6.5          | 4.5          | 38.9          | 31.5          |  |
| Direct Expenses                       | 2,516        | 3,007        | 3,285        | 3,441        | 3,593        | 4,273        | 4,542        | 4,672        | 12,499        | 17,080        |  |
| Sales, General & Admin. Expenses      | 846          | 908          | 977          | 1,023        | 1,160        | 1,298        | 1,363        | 1,423        | 3,818         | 5,244         |  |
| <b>Operating Profit</b>               | <b>976</b>   | <b>816</b>   | <b>935</b>   | <b>1,106</b> | <b>1,022</b> | <b>990</b>   | <b>1,084</b> | <b>1,206</b> | <b>3,925</b>  | <b>4,303</b>  |  |
| Margins (%)                           | 22.5         | 17.2         | 18.0         | 19.9         | 17.7         | 15.1         | 15.5         | 16.5         | 19.4          | 16.2          |  |
| Other Income                          | 40           | 68           | 92           | -78          | 11           | 187          | 126          | 131          | 115           | 455           |  |
| Depreciation                          | 145          | 160          | 176          | 189          | 193          | 205          | 217          | 226          | 684           | 841           |  |
| <b>PBT bef. Extra-ordinary</b>        | <b>872</b>   | <b>723</b>   | <b>851</b>   | <b>840</b>   | <b>840</b>   | <b>972</b>   | <b>993</b>   | <b>1,111</b> | <b>3,356</b>  | <b>3,917</b>  |  |
| Provision for Tax                     | 189          | 102          | 138          | 179          | 197          | 201          | 199          | 222          | 620           | 820           |  |
| Rate (%)                              | 21.7         | 14.1         | 16.2         | 21.3         | 23.5         | 20.7         | 20.0         | 20.0         | 18.5          | 20.9          |  |
| <b>Net Income bef. Extra-ordinary</b> | <b>682</b>   | <b>621</b>   | <b>714</b>   | <b>661</b>   | <b>642</b>   | <b>770</b>   | <b>794</b>   | <b>889</b>   | <b>2,736</b>  | <b>3,097</b>  |  |
| Q-o-Q Change (%)                      | -5.8         | -9.0         | 15.0         | -7.4         | -2.8         | 19.9         | 3.1          | 11.9         | 4.7           | 13.2          |  |
| Extra-ordinary items                  | 0            | 0            | 0            | 0            | 0            | 917          | 0            | 0            | 0             | 917           |  |
| <b>Net Income aft. Extra-ordinary</b> | <b>682</b>   | <b>621</b>   | <b>714</b>   | <b>661</b>   | <b>642</b>   | <b>-147</b>  | <b>794</b>   | <b>889</b>   | <b>2,736</b>  | <b>2,180</b>  |  |
| Q-o-Q Change (%)                      | -5.3         | -9.0         | 15.0         | -7.4         | -2.8         | -122.9       | 440.5        | 11.9         | 4.6           | -20.3         |  |

E: MOST Estimates

### Revenue up 13.6% QoQ; ahead of expectations

Patni reported revenue of Rs6.6b for 2QCY06, a QoQ growth of 13.6%. We had estimated a revenue growth of 8.2% QoQ. Revenue growth was driven by volume growth of 7.2% QoQ and realization increase of 2.5% QoQ.

Revenue from the manufacturing vertical grew 19.7% QoQ. The financial services vertical grew 11.4% QoQ and insurance grew 9.4% QoQ.

#### VERTICAL-WISE REVENUE MIX (RS M)

|                     | JUN-05 | SEP-05 | DEC-05 | MAR-06 | JUN-06 |
|---------------------|--------|--------|--------|--------|--------|
| Insurance           | 1,334  | 1,429  | 1,415  | 1,392  | 1,522  |
| QoQ Growth %        | 0.8    | 7.1    | -1.0   | -1.6   | 9.4    |
| Manufacturing       | 1,069  | 1,149  | 1,164  | 1,172  | 1,404  |
| QoQ Growth %        | 11.5   | 7.4    | 1.3    | 0.7    | 19.7   |
| Financial Services  | 724    | 920    | 869    | 913    | 1,017  |
| QoQ Growth %        | 9.1    | 27.1   | -5.6   | 5.0    | 11.4   |
| Telecom             | 705    | 774    | 969    | 1,092  | 1,312  |
| QoQ Growth %        | 17.7   | 9.9    | 25.1   | 12.6   | 20.2   |
| Product Engineering | 322    | 369    | 540    | 578    | 636    |
| QoQ Growth %        | 27.9   | 14.7   | 46.4   | 6.9    | 10.2   |

Source: Company/ Motilal Oswal Securities

Revenue from GE (top client) declined marginally during the quarter, but was down to 14.5% of overall revenue from 16.5% in the previous quarter. The revenue composition from GE has been declining steadily over the past few quarters, as other clients continue to grow faster. Revenue from top 2-5 clients grew strongly at 15.1% QoQ, while top 6-10 clients also grew strongly at 16.5% QoQ.

#### CONTRIBUTION FROM TOP CLIENTS (RS M)

|                  | JUN-05 | SEP-05 | DEC-05 | MAR-06 | JUN-06 |
|------------------|--------|--------|--------|--------|--------|
| Top client       | 1,088  | 1,221  | 986    | 953    | 951    |
| QoQ Growth %     | 0.7    | 12.3   | -19.3  | -3.3   | -0.2   |
| % contribution   | 23.0   | 23.5   | 17.7   | 16.5   | 14.5   |
| Top 2-5 clients  | 994    | 1,087  | 1,202  | 1,346  | 1,548  |
| QoQ Growth %     | -84.2  | 9.4    | 10.6   | 11.9   | 15.1   |
| Top 6-10 clients | 538    | 591    | 769    | 895    | 1,043  |
| QoQ Growth %     | -69.2  | 9.9    | 30.1   | 16.4   | 16.5   |

Source: Company/ Motilal Oswal Securities

Revenue from various geographies also saw robust growth during the quarter, with Europe growing at 24.8% QoQ. Revenue contribution from Europe increased to 11% from 10% in the previous quarter.

#### REVENUE BY GEOGRAPHY (RS M)

|              | JUN-05 | SEP-05 | DEC-05 | MAR-06 | JUN-06 |
|--------------|--------|--------|--------|--------|--------|
| USA          | 4,035  | 4,381  | 4,695  | 4,794  | 5,314  |
| QoQ Growth % | 8.8    | 8.6    | 7.2    | 2.1    | 10.8   |
| Europe       | 440    | 478    | 490    | 589    | 735    |
| QoQ Growth % | 10.2   | 8.7    | 2.5    | 20.2   | 24.8   |
| Japan        | 199    | 234    | 256    | 260    | 256    |
| QoQ Growth % | 17.4   | 17.7   | 9.5    | 1.4    | -1.6   |

Source: Company/ Motilal Oswal Securities

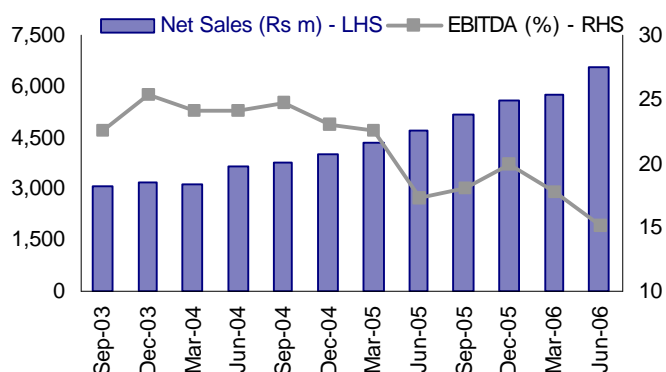
The company added 23 clients during the quarter, the highest over the past 8 quarters. Patni added a net of 528 employees during the quarter (314 offshore, 146 onsite and 68 in sales & support), the highest over the past six quarters.

### Higher than industry salary hikes impact margins

Patni gave salary hikes of 8% onsite and 17% offshore during the quarter, possibly the highest in our coverage universe. This impacted margins by 500bp during the quarter. However, gross margins (excluding reversals) declined only by 290bp due to a 100bp impact of currency translation and the impact of improved price realizations. The company had reversals of certain provisions following tax review by the IRS and US Department of Labor, which improved gross margins by US\$7m. Reported gross margins were, therefore, up 200bp during the quarter.

Operating margins during the quarter declined 260bp from 17.7% to 15.1% due to the impact of salary hikes during the quarter, which was better than our expectation of 14.1%. However, the above-mentioned reversal of provisions of US\$7m resulted in an improvement of 230bp in reported margin.

#### TREND IN SALES AND MARGINS



Source: Company/ Motilal Oswal Securities

While the effective tax rate for the quarter declined to 20.7% from 23.5% in the previous quarter, there was a tax reassessment of US\$27.1m during the quarter, which resulted in a net loss of Rs147m during the quarter. Adjusting for all reversals and reassessments, net profit grew 19.9% QoQ to Rs770, higher than our expectation of Rs514m.

### Outlook and view

There has been a marked improvement in Patni's operational performance during 2QCY06. Benefits of the PROPEL initiative, which had been delayed over the past couple of quarters have finally started to trickle in. This has resulted in marked improvement in price realizations, utilization rates and some impact on SG&A expenses (down 30bp despite additions to the sales team). Adjusting for the impact of

one-time reversals, the decline in margins has been lower than expected.

The management has guided for a muted third quarter, with revenue growth of 4.5-5% and net income of US\$18-18.2m (growth of 2.3-2.4% QoQ). While we would prefer to remain cautious on the stock till we observe a few more quarters of benefits from PROPEL, we expect revenue and profit growth (excluding one-off items) to be better than our earlier expectations. We have accordingly revised our revenue estimates up by 3.9% for CY06 and 2% for CY07, and net profit (excluding extraordinary items) estimates up by 17.1% for CY06 and 8.3% for CY07. The stock is trading at 16x CY06E and 13.4x CY07E earnings. We maintain our **Neutral** recommendation.

## Patni Computers Systems: an investment profile

### Company description

Patni is the sixth largest Indian IT services company, employing more than 12,000 people. It services over 200 clients and is one of the largest vendors for GE, with annual business of about US\$100m from it. Its other key clients include SBC, Guardian, MetLife, Gillette, Coca Cola, Oracle and State Farm Insurance.

### Key investment arguments

- One of the beneficiaries of the current preference for offshore vendors by global clients
- Significant presence in the BFSI and Manufacturing segments

### Key investment risks

- High client concentration, with GE accounting for around 15% of revenues
- Limited diversification in services and domains would necessitate acquisitions, which could be earnings dilutive
- Cost pressures due to high attrition could lead to severe erosion in margins

### Recent developments

- Announced ADS offering of around 6.2m shares in December 2005
- Inked a multi-million deal with Carphone for a period of three years

### Valuation and view

- Expect revenue CAGR of 28.2% and net profit CAGR of 16.1% over CY05-07
- The stock is trading at 16x CY06E and 13.4x CY07E earnings. We maintain our **Neutral** recommendation.

### Sector view

- Various CIO surveys indicate increasing share of offshore spending in IT budgets
- Indian offshore vendors gaining market share in competition with MNCs
- Prefer large companies as bulk of volumes are going to them; niche players are also benefiting due to lack of offshore competition

#### COMPARATIVE VALUATIONS

|               |       | PATNI | HCL TECH. | SATYAM |
|---------------|-------|-------|-----------|--------|
| P/E (x)       | FY07E | 16.0  | 16.0      | 18.3   |
|               | FY08E | 13.4  | 12.8      | 14.2   |
| P/BV (x)      | FY07E | 1.7   | 3.5       | 4.4    |
|               | FY08E | 1.5   | 3.4       | 3.4    |
| EV/Sales (x)  | FY07E | 1.1   | 2.1       | 3.0    |
|               | FY08E | 0.8   | 1.7       | 2.0    |
| EV/EBITDA (x) | FY07E | 6.5   | 10.2      | 13.0   |
|               | FY08E | 5.3   | 8.0       | 8.9    |

#### SHAREHOLDING PATTERN (%)

|                       | MAR.06 | DEC.05 | MAR.05 |
|-----------------------|--------|--------|--------|
| Promoters             | 44.7   | 44.7   | 51.2   |
| Domestic Institutions | 2.0    | 1.8    | 4.0    |
| FII/Foreigners        | 51.5   | 51.7   | 42.6   |
| Others                | 1.8    | 1.8    | 2.2    |

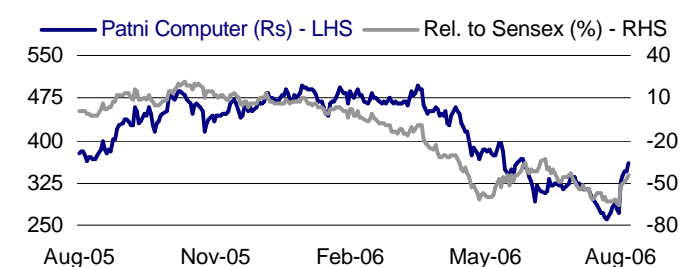
#### EPS: MOST FORECAST VS CONSENSUS (RS)

|      | MOST FORECAST | CONSENSUS FORECAST | VARIATION (%) |
|------|---------------|--------------------|---------------|
| CY07 | 22.5          | 28.7               | -21.7         |
| CY08 | 26.7          | 34.8               | -23.4         |

#### TARGET PRICE AND RECOMMENDATION

| CURRENT PRICE (RS) | TARGET PRICE (RS) | UPSIDE (%) | RECO.   |
|--------------------|-------------------|------------|---------|
| 359                | -                 | -          | Neutral |

#### STOCK PERFORMANCE (1 YEAR)



| INCOME STATEMENT    |               |               |               |               |               |
|---------------------|---------------|---------------|---------------|---------------|---------------|
| (Rs Million)        |               |               |               |               |               |
| Y/E DECEMBER        | 2003          | 2004          | 2005          | 2006E         | 2007E         |
| <b>Sales</b>        | <b>11,607</b> | <b>14,574</b> | <b>20,242</b> | <b>26,626</b> | <b>33,285</b> |
| Change (%)          | 27.1          | 25.6          | 38.9          | 31.5          | 25.0          |
| Cost of Goods Sold  | 6,575         | 8,395         | 12,499        | 17,080        | 22,166        |
| <b>Gross Profit</b> | <b>5,032</b>  | <b>6,179</b>  | <b>7,743</b>  | <b>9,547</b>  | <b>11,120</b> |
| % of Net Sales      | 43.4          | 42.4          | 38.3          | 35.9          | 33.4          |
| SG&A Expenses       | 2,442         | 2,688         | 3,818         | 5,244         | 6,111         |
| % of Net Sales      | 21.0          | 18.4          | 18.9          | 19.7          | 18.4          |
| <b>EBITDA</b>       | <b>2,590</b>  | <b>3,491</b>  | <b>3,925</b>  | <b>4,303</b>  | <b>5,009</b>  |
| % of Net Sales      | 22.3          | 24.0          | 19.4          | 16.2          | 15.0          |
| % Growth            | 6.4           | 34.8          | 2.5           | 9.6           | 16.4          |
| Depreciation        | 49            | 505           | 684           | 841           | 1,098         |
| Other Income        | 152           | 48            | 115           | 455           | 599           |
| Interest expense    | 0             | 0             | 0             | 0             | 0             |
| <b>PBT</b>          | <b>2,323</b>  | <b>3,034</b>  | <b>3,356</b>  | <b>3,916</b>  | <b>4,509</b>  |
| Tax                 | 372           | 423           | 620           | 820           | 821           |
| Rate (%)            | 16.0          | 13.9          | 18.5          | 20.9          | 18.2          |
| <b>PAT</b>          | <b>1,951</b>  | <b>2,612</b>  | <b>2,736</b>  | <b>3,096</b>  | <b>3,688</b>  |
| Change (%)          | 116           | 33.9          | 4.7           | 13.2          | 19.1          |
| Extr-ord Items      | 0.0           | 44.3          | 0.0           | 917.4         | 0.0           |
| <b>Net Income</b>   | <b>1,951</b>  | <b>2,567</b>  | <b>2,736</b>  | <b>2,179</b>  | <b>3,688</b>  |
| Change (%)          | 116           | 31.6          | 6.5           | -20.3         | 69.3          |

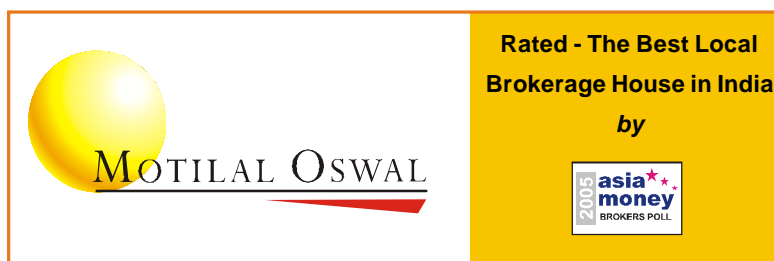
| BALANCE SHEET                   |              |               |               |               |               |
|---------------------------------|--------------|---------------|---------------|---------------|---------------|
| (Rs Million)                    |              |               |               |               |               |
| Y/E DECEMBER                    | 2003         | 2004          | 2005          | 2006E         | 2007E         |
| Share Capital                   | 223          | 240           | 256           | 276           | 276           |
| Share Premium                   | 250          | 7,828         | 12,771        | 17,337        | 17,337        |
| Other Reserves                  | 7,320        | 5,073         | 7,391         | 9,243         | 12,489        |
| <b>Net Worth</b>                | <b>7,793</b> | <b>13,141</b> | <b>20,418</b> | <b>26,857</b> | <b>30,102</b> |
| Loans                           | 25           | 28            | 129           | 75            | 50            |
| <b>Capital Employed</b>         | <b>7,817</b> | <b>13,170</b> | <b>20,547</b> | <b>26,932</b> | <b>30,152</b> |
| Gross Block                     | 3,193        | 4,001         | 6,630         | 9,830         | 12,580        |
| Less : Depreciation             | 1,302        | 1,810         | 2,494         | 3,336         | 4,434         |
| <b>Net Block</b>                | <b>1,891</b> | <b>2,191</b>  | <b>4,136</b>  | <b>6,494</b>  | <b>8,146</b>  |
| Other assets                    | 168          | 1,846         | 2,135         | 1,922         | 2,009         |
| Investments                     | 2,243        | 3,705         | 0             | 500           | 700           |
| <b>Curr. Assets</b>             | <b>5,306</b> | <b>7,570</b>  | <b>18,544</b> | <b>23,957</b> | <b>26,915</b> |
| Debtors                         | 2,579        | 3,116         | 4,405         | 5,516         | 6,887         |
| Cash & Bank Balance             | 2,184        | 3,338         | 13,062        | 16,589        | 18,220        |
| Loans & Advances                | 13           | 0             | 0             | 0             | 0             |
| Other Current Assets            | 531          | 1,117         | 1,076         | 1,852         | 1,809         |
| <b>Current Liab. &amp; Prov</b> | <b>1,966</b> | <b>2,269</b>  | <b>3,878</b>  | <b>5,418</b>  | <b>6,949</b>  |
| Creditors                       | 90           | 159           | 126           | 312           | 235           |
| Other liabilities               | 1,653        | 2,006         | 2,614         | 3,282         | 4,214         |
| Provisions                      | 223          | 104           | 1,138         | 1,824         | 2,500         |
| <b>Net Current Assets</b>       | <b>3,340</b> | <b>5,301</b>  | <b>14,666</b> | <b>18,539</b> | <b>19,966</b> |
| Deferred Tax                    | 175          | -65           | -389          | -524          | -669          |
| <b>Application of Funds</b>     | <b>7,817</b> | <b>13,170</b> | <b>20,547</b> | <b>26,932</b> | <b>30,152</b> |

E: MOf Estimates

| RATIOS                          |             |             |             |             |             |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| Y/E DECEMBER                    | 2003        | 2004        | 2005        | 2006E       | 2007E       |
| <b>Basic (Rs)</b>               |             |             |             |             |             |
| <b>EPS</b>                      | <b>15.6</b> | <b>20.6</b> | <b>21.8</b> | <b>22.5</b> | <b>26.7</b> |
| EPS - Diluted                   | -           | -           | -           | 21.6        | 25.8        |
| Cash EPS                        | 25.9        | 35.2        | 416         | 512         | 64.6        |
| Book Value                      | 62.0        | 104.5       | 162.4       | 213.6       | 239.4       |
| <b>Valuation (x)</b>            |             |             |             |             |             |
| P/E                             |             | 17.5        | 16.5        | 16.0        | 13.4        |
| Cash P/E                        |             | 10.2        | 8.6         | 7.0         | 5.6         |
| EV/EBITDA                       |             | 10.9        | 8.2         | 6.5         | 5.3         |
| EV/Sales                        |             | 2.6         | 1.6         | 1.1         | 0.8         |
| Price/Book Value                |             | 3.4         | 2.2         | 1.7         | 1.5         |
| <b>Profitability Ratios (%)</b> |             |             |             |             |             |
| RoE                             | 28.1        | 25.0        | 16.3        | 13.1        | 12.9        |
| RoCE                            | 33.4        | 28.9        | 19.9        | 16.5        | 15.8        |
| <b>Turnover Ratios</b>          |             |             |             |             |             |
| Debtors (Days)                  | 81          | 78          | 79          | 76          | 76          |
| Asset Turnover (x)              | 3.6         | 3.6         | 3.1         | 2.7         | 2.6         |
| <b>Leverage Ratio</b>           |             |             |             |             |             |
| Debt/Equity (x)                 | 0.0         | 0.0         | 0.0         | 0.0         | 0.0         |

Post IPO the equity share capital would increase to Rs250m  
# (Price assumed at Rs230) : \* Jan-Sep

| CASH FLOW STATEMENT          |               |               |               |               |               |
|------------------------------|---------------|---------------|---------------|---------------|---------------|
| (Rs Million)                 |               |               |               |               |               |
|                              | 2003          | 2004          | 2005          | 2006E         | 2007E         |
| CF from Operations           | 2,370         | 3,116         | 3,419         | 3,938         | 4,785         |
| Cash for Working Capital     | 211           | 807           | -360          | 382           | -183          |
| <b>Net Operating CF</b>      | <b>2,158</b>  | <b>2,310</b>  | <b>3,779</b>  | <b>3,556</b>  | <b>4,968</b>  |
| Net Purchase of FA           | -662          | -809          | -2,629        | -3,200        | -2,750        |
| Net Purchase of Invest.      | -704          | -7,696        | 3,829         | -1,035        | -120          |
| <b>Net Cash from Invest.</b> | <b>-1,366</b> | <b>-8,504</b> | <b>1,200</b>  | <b>-4,235</b> | <b>-2,870</b> |
| Proceeds from Equity Raising | -62           | 7,595         | 4,959         | 4,587         | 0             |
| Proceeds from LTB/STB        | 5             | 4             | 101           | -54           | -25           |
| Dividend Payments            | -125          | -250          | -314          | -327          | -443          |
| <b>Cash Flow from Fin.</b>   | <b>-182</b>   | <b>7,349</b>  | <b>4,745</b>  | <b>4,206</b>  | <b>-468</b>   |
| Free Cash Flow               | 1,496         | 1,501         | 1,150         | 356           | 2,218         |
| <b>Net Cash Flow</b>         | <b>610</b>    | <b>1,154</b>  | <b>9,725</b>  | <b>3,527</b>  | <b>1,631</b>  |
| <b>Opening Cash Balance</b>  | <b>1,574</b>  | <b>2,184</b>  | <b>3,338</b>  | <b>13,062</b> | <b>16,589</b> |
| Add: Net Cash                | 610           | 1,154         | 9,725         | 3,527         | 1,631         |
| <b>Closing Cash Balance</b>  | <b>2,184</b>  | <b>3,338</b>  | <b>13,063</b> | <b>16,589</b> | <b>18,220</b> |



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**Disclosure of Interest Statement**

**Patni Computer Systems**

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|---|----|
| 1. Analyst ownership of the stock                       | No |
| 2. Group/Directors ownership of the stock               | No |
| 3. Broking relationship with company covered            | No |
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