

Patni Computer Systems LTD
Form 6-K
February 09, 2011

**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 February 9, 2011

PATNI COMPUTER SYSTEMS LIMITED

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

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

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

Form 20-F Form 40-F

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

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Yes No

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



Patni Computer Systems Limited

FAX To SE

Registered Office : S-1A Irani Market Compound, Yerawada , Pune - 411 006, India.

Corporate Office : Akruti , MIDC Cross Road No 21, Andheri (E) , Mumbai - 400 093, India.

Summary of Consolidated financial results of Patni Computer Systems Limited and its subsidiaries for the quarter and year ended 31 December 2010, prepared as per US GAAP

USD in lakhs except share data

	Quarter ended 31 December		Year ended December 31	
	2010 (Unaudited)	2009 (Unaudited)	2010 (Unaudited)	2009 (Audited)
Net Revenues	1,830	1,702	7,017	6,559
Cost of revenues	1,224	1,057	4,559	4,213
Gross profit	606	645	2,458	2,346
Selling, general and administrative expenses	356	344	1,348	1,243
Foreign exchange (gain)/loss, net	(81)	(32)	(220)	97
Operating income	331	333	1,330	1,006
Interest and dividend income	22	31	134	112
Interest expense	8	(6)	(11)	(15)
Interest expense reversed		15	11	28
Gain on sale of investments, net	24	1	56	95
Equity in losses of affiliate			(1)	
Other (expense)/income, net	2	2	6	19
Income before income taxes	387	376	1,525	1,245
Income taxes	(7)	(29)	193	47
Net Income	394	405	1,332	1,198
Earnings per share				
- Basic	\$ 0.30	\$ 0.31	\$ 1.02	\$ 0.93
- Diluted	\$ 0.29	\$ 0.31	\$ 0.99	\$ 0.92
Weighted average number of common shares used in computing earnings per share				
- Basic	131,142,633	128,640,543	130,101,442	128,254,916
- Diluted	134,506,173	132,730,301	133,848,374	130,241,085
Total assets	8,728	9,012	8,728	9,012
Cash and cash equivalents	787	635	787	635
Investments	2,836	3,842	2,836	3,842

Notes:

- (1) The consolidated financial statements of Patni Computer Systems Limited and its subsidiaries have been prepared in accordance with the accounting principles generally accepted in the United States of America (US GAAP). All inter-company transactions have been eliminated on consolidation.
- (2) The Company's share holders approved final dividend of ` 3/- per equity share of ` 2/- each in Annual General Meeting held on June 23, 2010. The Company's Board of Directors approved special interim dividend of ` 63/- per equity share of ` 2/- each in their meeting held on August 13, 2010. The total amount paid was \$ 2,164 (including dividend tax of \$ 309) during fiscal year ended December 31, 2010.

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- (3) The subsidiaries considered in the consolidated financial statements as at 31 December 2010 are wholly owned subsidiaries, namely Patni Americas, Inc., Patni Computer Systems (UK) Limited, Patni Computer Systems GmbH, Patni Telecom Solutions Inc., Patni Telecom Solutions Private Limited, Patni Telecom Solutions (UK) Limited, Patni Life Sciences Inc.(Merged with Patni Americas Inc effective 1 October 2010), Patni Computer Systems Brasil Ltda (till October 2010), Patni Computer Systems (Czech) s.r.o, PCS Computer Systems Mexico SA de CV, Patni (Singapore) Pte. Ltd., Patni Computer Systems Japan Inc. (with effect from 3 June 2010), CHCS Services Inc. (with effect from 9 June 2010), Patni Computer Systems (Suzhou) Co., Ltd (with effect from 18 August 2010) and Patni Computer Systems Software (Dalian) Limited (with effect from 9 November 2010).
- (4) The US Internal Revenue Service (IRS) completed its assessment of tax returns for the years ended 2003 and 2004 of Patni USA and for the years ended March 31, 2003, 2004 and 2005 of the US branch of the Company in 2008, and completed its assessment of tax returns for the years ended 2005 and 2006 of Patni USA in 2009. Based on the completion of assessment of these years, the Company reviewed the adequacy of the previously established tax exposure reserves with respect to these years and re-measured the established tax positions for the latter years based on the experience gained from the tax examination. Accordingly, the following amounts have been included in the income statement for the fiscal year ended December 31, 2009 as a change in estimate:

	Year ended 31 December 2010	Year ended 31 December 2009
Reduction of accrual for payroll taxes (1)		
Reduction in interest expense (2)		(16)
Reduction in other expense (3)		(2)
Reduction in income taxes - current		(94)
Increase in income taxes - deferred		11
Total		(101)

(1) Included under cost of revenues

(2) Included under Interest expense reversed

(3) Included under Other income, net

- (5) The statute of limitation period applicable to tax return of the US Branch of the Company, for the year ended March 2006, expired on 15 December 2009 i.e. on expiry of 3 years from the date of filing, which was 15 December 2006. The company has, therefore, reversed the tax exposure reserves for taxes and interest pertaining to the US branch of the Company for the year ended March 2006. Accordingly, the following amounts have been included in the income statement for the year ended 31 December 2009:

	Year ended 31 December 2010	Year ended 31 December 2009
Reversal of interest expense (i)		(12)
Decrease in income taxes -current		(74)
Increase in income taxes -deferred		2
Total		(84)

(i) Included in Interest expense reversed

- (6) In December 2008, the Company received a demand of approximately ₹ 4,590 for the Assessment Year 2003-04 including an interest demand of ₹ 2,590 (\$ 103 including an interest demand of approximately \$ 58) and another demand in January 2009 of approximately ₹ 11,330 for the Assessment Year 2005-06 including an interest demand of approximately ₹ 4,230 (\$ 253 including an interest demand of approximately \$ 95). These demands concern the same issue of disallowance of tax benefits under Section 10A of the Indian Income Tax Act, 1961 (ACT) as per earlier assessments. Subsequently, in June 2010, the Company has filed an further extension for stay of demand.

As per stay of demand order, till December 2010, the Company has paid sum of ₹ 660 (\$ 15) for the Assessment Year 2003-04 and ₹ 2,390 (\$ 53) for the Assessment Year 2005-06 in respect of the matters under appeal. Management considers these demands as not tenable against the Company, and therefore no provision for this tax contingency has been established.

The tax department had earlier rejected the Company's claim under section 10A of the Act and raised a demand of approximately ₹ 6,300 (\$ 141 including an interest demand of approximately \$ 42) for Assessment Year 2004-05 and ₹ 2,620 (\$ 59 including an interest demand of approximately \$ 31) for Assessment Year 2002-03 in December 2006 and December 2007, respectively. However on appeal, in 2008 the CIT (Appeals) had allowed the claim in favour of the Company under section 10A of the Act. The Indian Income tax department has appealed against the CIT (Appeals) orders in respect of Assessment Year 2002-03 and 2004-05 in the Indian Income Tax Appellate Tribunal. Management considers these demands as not tenable against the Company, and therefore no provision for this tax contingency has been established.

In November 2010, the Company has received demand order for Assessment Year 2006-07 for a sum of ₹ 12,620 including an interest demand of ₹ 4,420 (\$ 282 including an interest demand approximately \$ 99) disallowing tax benefits under Section 10A of the Act as per the earlier assessments, as well as making a Transfer Pricing Adjustment for the Company's BPO operations. The Company has filed the appeal before the Indian Income Tax Appellate Tribunal and also filed an appeal for the stay of demand with the tax department. Management considers these disallowances as not tenable against the Company, and therefore no provision for this tax contingency has been established.

In December 2010, the Income tax department has issued draft assessment order for Assessment Year 2007-08 disallowing tax benefits under Section 10A of the Act as per the earlier assessments, as well as making a Transfer Pricing Adjustment for delayed recoveries from Associate's Enterprises. The Company has filed the objections against the draft order before the Dispute Resolution Panel (DRP) newly set up under the Income Tax Act, 1961. Management considers these disallowances as not tenable against the Company, and therefore no provision for this tax contingency has been established.

Certain other income tax related legal proceedings are pending against the Company. Potential liabilities, if any, have been adequately provided for, and the Company does not currently estimate any incremental liability in respect of these proceedings. Additionally, the Company is also involved in lawsuits and claims which arise in ordinary course of business. There are no such matters pending that the Company expects to be material in relation to its business.

(7)

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Pan-Asia iGATE Solutions and iGATE Global Solutions Limited entered into share and securities purchase agreement, on 10 January 2011, with the promoter group of Patni and General Atlantic Mauritius Limited to acquire 63% equity interest of the Company at a price of ₹ 503.5 per share, subject to fulfillment of certain condition.

- (8) Certain reclassifications have been made in the financial statements of prior years to conform to classifications used in the current year.
 - (9) The above statement of financial results was reviewed by the Audit Committee and approved by the Board of Directors at its adjourned meeting held on 9 February 2011.
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Patni Computer Systems Limited

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Summary of financial statements prepared as per US GAAP - Convenience translation

` in lakhs except share data

	Quarter ended 31 December		Year ended 31 December	
	2010 (Unaudited)	2009 (Unaudited)	2010 (Unaudited)	2009 (Audited)
Exchange Rate (Rs.)	44.80	46.40	44.80	46.40
Net Revenues	82,003	78,961	314,361	304,346
Cost of revenues	54,842	49,010	204,264	195,487
Gross profit	27,161	29,951	110,097	108,859
Selling, general and administrative expenses	15,967	15,979	60,357	57,665
Foreign exchange (gain)/loss, net	(3,638)	(1,485)	(9,860)	4,497
Operating income	14,832	15,457	59,600	46,697
Interest and dividend income	990	1,434	6,000	5,208
Interest expense	373	(298)	(472)	(693)
Interest expense reversed		716	477	1,303
Gain on sale of investments, net	1,075	25	2,510	4,393
Equity in losses of affiliate	2		(49)	
Other (expense)/income, net	78	96	261	879
Income before income taxes	17,350	17,430	68,327	57,787
Income taxes	(297)	(1,355)	8,663	2,208
Net Income	17,647	18,785	59,664	55,579
Earnings per share				
- Basic	13.46	14.60	45.86	43.33
- Diluted	13.12	14.15	44.58	42.67
Total assets	391,007	418,148	391,007	418,148
Cash and cash equivalents	35,273	29,445	35,273	29,445
Investments	127,069	178,268	127,069	178,268

Disclaimer:

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

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

**Mumbai
9 February 2011**

Jeya Kumar
Chief Executive Officer

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Audited consolidated financial results of Patni Computer Systems Limited and its subsidiaries for the year ended 31 December 2010, as per Indian GAAP.

₹ in lakhs except share data

	Year ended 31 December 2010 (Audited)	Year ended 31 December 2009 (Audited)
Income		
Sales and service income	318,808	314,615
Other operating income	14,056	(2,720)
	332,864	311,895
Expenditure		
Personnel costs	188,981	183,573
Selling, general and administration costs	68,758	64,550
Depreciation (net of transfer from revaluation reserves)	11,846	14,208
	269,585	262,331
Profit from Operations before Other Income and Interest		
	63,279	49,564
Other income	7,887	11,081
Profit Before Interest	71,166	60,645
Interest costs	478	772
Profit from Ordinary Activities before tax	70,688	59,873
Provision for taxation	15,464	5,445
MAT credit entitlement	(7,093)	(4,391)
Provision for taxation-Fringe benefits	8,371	158
Net profit for the year	62,317	58,661
Paid up equity share capital (Face value per equity share of ₹2 each)	2,628	