

Patni Computer Systems LTD
Form 6-K
October 27, 2006

**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 October 27, 2006

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.

Yes No

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

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Patni Computer Systems Limited

Registered Office: S-1A Irani Market Compound, Yerawada , Pune-411006, India

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

FAX TO SE

Summary of Consolidated financial results of Patni Computer Systems Limited and its subsidiaries for the quarter and nine months ended 30 September 2006, prepared as per US GAAP

USD in thousands except share data

| | Quarter ended 30 September | | Nine months ended 30 September | | Year ended 31 |
|---|----------------------------|-------------|--------------------------------|-------------|---------------|
| | 2006 | 2005 | 2006 | 2005 | December |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | 2005 |
| | | | | | (Audited) |
| Revenues | 151,707 | 118,277 | 424,580 | 326,430 | 450,332 |
| Cost of revenues | 97,617 | 77,522 | 270,712 | 209,085 | 288,481 |
| Gross profit | 54,090 | 40,755 | 153,868 | 117,345 | 161,851 |
| Selling, general and administrative expenses | 27,742 | 23,287 | 84,494 | 65,550 | 89,881 |
| Provision for doubtful debts and advances | | 195 | | 75 | (152) |
| Foreign exchange (gain) / loss , net | 1,262 | (542) | 2,158 | (648) | 1,693 |
| Operating income | 25,086 | 17,815 | 67,216 | 52,368 | 70,429 |
| Interest and dividend income | 2,315 | 1,110 | 7,223 | 3,106 | 4,190 |
| Interest expense | (477) | (538) | (4,342) | (898) | (2,044) |
| Gain on sale of investments, net | 1,017 | 977 | 1,633 | 1,054 | 1,128 |
| Other income/(expense), net | 91 | 14 | 3,470 | 362 | 967 |
| Income before income taxes | 28,032 | 19,378 | 75,200 | 55,992 | 74,670 |
| Income taxes | 5,751 | 3,138 | 41,679 | 9,829 | 13,803 |
| Net Income | 22,281 | 16,240 | 33,521 | 46,163 | 60,867 |
| Earning per share | | | | | |
| - Basic | \$ 0.16 | \$ 0.13 | \$ 0.24 | \$ 0.37 | \$ 0.48 |
| - Diluted | \$ 0.16 | \$ 0.13 | \$ 0.24 | \$ 0.36 | \$ 0.48 |
| Weighted average number of common and redeemable common shares used in computing earnings per share | | | | | |
| - Basic | 137,940,096 | 125,116,730 | 137,882,995 | 125,071,300 | 125,736,592 |
| - Diluted | 138,861,054 | 126,835,729 | 138,753,997 | 126,662,402 | 127,457,632 |
| Total assets | 598,259 | 425,479 | 598,259 | 425,479 | 553,886 |
| Cash and cash equivalents | 45,350 | 31,806 | 45,350 | 31,806 | 148,820 |
| Investments in mutual funds | 224,797 | 132,570 | 224,797 | 132,570 | 141,776 |

Notes

1 The above financial results have been reviewed under SAS 100 by the Independent Accountants of the Company.

2 The above statement of financial results were taken on record by the Board of Directors at its adjourned meeting held on 27 October 2006.

3 The consolidated financial statements of Patni Computer Systems Limited and its subsidiaries have been prepared on a consolidated basis in accordance with accounting principles generally accepted in the United States (US GAAP). All significant inter-company transactions have been eliminated on consolidation.

4 The subsidiaries considered in the consolidated financial statements as at 30 September 2006 are wholly owned subsidiaries, namely Patni Computer Systems Inc. USA, Patni Computer Systems (UK) Ltd., Patni Computer Systems GmbH, Patni Telecom Solutions Inc., Patni Telecom Solutions Private Limited and Patni Telecom Solutions (UK) Limited.

5 Previous period figures have been appropriately reclassified to conform to the current period s presentations.

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

Rs. in thousands except share data (Unaudited)

| | Quarter ended 30 September 2006 (Unaudited) | 2005 (Unaudited) | Nine months ended 30 September 2006 (Unaudited) | 2005 (Unaudited) | Year ended 31 December 2005 (Audited) |
|--|---|---------------------|---|---------------------|--|
| Exchange Rate (Rs.) | 45.95 | 43.94 | 45.95 | 43.94 | 44.95 |
| Revenues | 6,970,944 | 5,197,093 | 19,509,451 | 14,343,352 | 20,242,423 |
| Cost of revenues | 4,485,487 | 3,406,312 | 12,439,220 | 9,187,201 | 12,967,221 |
| Gross profit | 2,485,457 | 1,790,781 | 7,070,231 | 5,156,151 | 7,275,202 |
| Selling, general and administrative expenses | 1,274,750 | 1,023,223 | 3,882,493 | 2,880,249 | 4,040,149 |
| Provision for doubtful debts and advances | | 8,576 | | 3,298 | (6,830) |
| Foreign exchange (gain) / loss , net | 57,988 | (23,800) | 99,148 | (28,452) | 76,107 |
| Operating income | 1,152,719 | 782,782 | 3,088,590 | 2,301,056 | 3,165,777 |
| Interest and dividend income | 106,363 | 48,781 | 331,871 | 136,467 | 188,330 |
| Interest expense | (21,912) | (23,625) | (199,499) | (39,452) | (91,878) |
| Gain on sale of investments, net | 46,717 | 42,932 | 75,048 | 46,309 | 50,704 |
| Other income/(expense), net | 4,172 | 604 | 159,455 | 15,914 | 43,467 |
| Income before income taxes | 1,288,059 | 851,474 | 3,455,465 | 2,460,294 | 3,356,400 |
| Income taxes | 264,254 | 137,892 | 1,915,162 | 431,882 | 620,445 |
| Net Income | 1,023,805 | 713,582 | 1,540,303 | 2,028,412 | 2,735,955 |
| Earning per share | | | | | |
| - Basic | 7.42 | 5.70 | 11.17 | 16.22 | 21.76 |
| - Diluted | 7.37 | 5.63 | 11.10 | 16.01 | 21.47 |
| Total assets | 27,489,997 | 18,695,544 | 27,489,997 | 18,695,544 | 24,897,181 |
| Cash and cash equivalents | 2,083,854 | 1,397,545 | 2,083,854 | 1,397,545 | 6,689,441 |
| Investments in mutual funds | 10,329,409 | 5,825,112 | 10,329,409 | 5,825,112 | 6,372,828 |

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 to not rely on such translated amounts.

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

**Narendra K. Patni
Chairman and Chief Executive Officer**

**Mumbai
27 October 2006**

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Audited Consolidated financial results of Patni Computer Systems Limited and its subsidiaries for the quarter and six months ended 30 September 2006, as per Indian GAAP.

Rs. in thousands except share data

| | Quarter ended 30 September | | Nine months ended 30 September | | Year ended 31 |
|---|----------------------------|-----------|--------------------------------|------------|---------------|
| | 2006 | 2005 | 2006 | 2005 | December |
| | (Audited) | (Audited) | (Audited) | (Audited) | 2005 |
| | | | | | (Audited) |
| Income | | | | | |
| Sales and service income | 6,999,399 | 5,163,772 | 19,239,862 | 14,242,863 | 19,869,306 |
| Other income | 174,396 | 112,189 | 436,972 | 221,435 | 381,932 |
| | 7,173,795 | 5,275,961 | 19,676,834 | 14,464,298 | 20,251,238 |
| Expenditure | | | | | |
| Personnel costs | 3,976,536 | 3,289,503 | 10,738,445 | 8,352,310 | 11,197,700 |
| Selling, general and administration costs | 1,517,662 | 1,230,458 | 4,544,413 | 3,404,154 | 4,931,281 |
| Depreciation (net of transfer from revaluation reserves) | 202,229 | 175,825 | 600,374 | 487,348 | 678,077 |
| Interest costs | 22,103 | 56,083 | 195,748 | 76,531 | 81,234 |
| | 5,718,530 | 4,751,869 | 16,078,980 | 12,320,343 | 16,888,292 |
| Profit for the period before prior period items, taxation and exceptional item | 1,455,265 | 524,092 | 3,597,854 | 2,143,955 | 3,362,946 |
| Prior period items | | | 281,394 | | 909,687 |
| Profit for the period before taxation and exceptional item | 1,455,265 | 524,092 | 3,316,460 | 2,143,955 | 2,453,259 |
| Provision for taxation (prior periods) | | | 418,976 | | (196,413) |
| Provision for taxation - Fringe benefits | 11,075 | 10,400 | 33,343 | 18,007 | 31,977 |
| Provision for taxation | 264,582 | 16,358 | 1,911,703 | 318,661 | 630,602 |
| Profit for the period after taxation | 1,179,608 | 497,334 | 952,438 | 1,807,287 | 1,987,093 |
| Paid up equity share capital (Rs. per equity share of Rs 2 each) | 275,922 | 250,565 | 275,922 | 250,565 | 275,597 |
| Reserves excluding revaluation reserves | | | | | 20,962,256 |
| Earnings per share (Rs. per equity share of Rs.2 each) | | | | | |
| - Basic | 8.55 | 3.97 | 6.91 | 14.45 | 15.80 |
| - Diluted | 8.49 | 3.92 | 6.85 | 14.27 | 15.59 |

Notes:

1 The consolidated financial statements of Patni Computer Systems Limited and its subsidiaries are prepared in accordance with the principles and procedures prescribed by AS 21 - Consolidated Financial Statements issued by the Institute of Chartered Accountants of India for the purpose of preparation and presentation of consolidated financial statements. The financial statements of Patni Computer Systems Limited and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealized profits in full. Unrealized losses

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resulting from intra-group transactions have also been eliminated unless cost cannot be recovered in full. The amounts shown in respect of accumulated reserves comprises the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post acquisition increase/decrease in the relevant reserves/accumulated deficit of its subsidiaries. Consolidated financials statements are prepared using uniform accounting policies across the Group.

2 The subsidiaries considered in the consolidated financial statements as at 30 September 2006 are wholly owned subsidiaries, namely Patni Computer Systems Inc. USA, Patni Computer Systems (UK) Ltd., Patni Computer Systems GmbH, Patni Telecom Solutions Inc., Patni Telecom Solutions Private Limited, Patni Telecom Solutions(UK) Limited.

3 Paid up equity share capital does not include Rs 19,470 (2005 : Nil) which represents share application money received from employees, on exercise of stock options, pending allotment of shares.

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4 Segment Information:

As on 30 September 2006 and for the quarter ended

| Particulars | Financial services | Insurance services | Manufacturing | Telecom | Independent Software Vendor | Product Engineering Services | Others | Total |
|---|--------------------|--------------------|---------------|-----------|-----------------------------|------------------------------|-----------|------------|
| For the three months ended 30 September 2006 | | | | | | | | |
| Sales and service income | 1,092,860 | 1,628,863 | 1,582,221 | 1,189,946 | 277,040 | 746,747 | 481,722 | 6,999,399 |
| For the nine months ended 30 September 2006 | | | | | | | | |
| Sales and service income | 3,012,302 | 4,526,380 | 4,139,179 | 3,578,376 | 766,470 | 1,960,665 | 1,256,490 | 19,239,862 |
| As at 30 September 2006 | | | | | | | | |
| Sundry debtors | 805,008 | 818,001 | 1,065,311 | 959,149 | 156,989 | 606,079 | 482,996 | 4,893,533 |
| Cost and estimated earnings in excess of billings | 194,226 | 276,082 | 242,064 | 315,969 | 75,932 | 93,481 | 62,527 | 1,260,280 |
| Billings in excess of cost and estimated earnings | (5,627) | (4,781) | (22,653) | (37,152) | (1,135) | (22,911) | (5,606) | (99,864) |
| Advance from customers | 958 | 1,129 | 3,438 | | 1,556 | 2,669 | 112 | 9,862 |

As on 30 September 2005 and for the quarter ended

| Particulars | Financial services | Insurance services | Manufacturing | Telecom | Independent Software Vendor | Product Engineering Services | Others | Total |
|---|--------------------|--------------------|---------------|-----------|-----------------------------|------------------------------|---------|------------|
| For the three months ended 30 September 2005 | | | | | | | | |
| Sales and service income | 915,688 | 1,418,107 | 1,141,101 | 766,969 | 236,721 | 365,400 | 319,786 | 5,163,772 |
| For the nine months ended 30 September 2005 | | | | | | | | |
| Sales and service income | 2,310,462 | 4,076,607 | 3,177,051 | 2,063,748 | 733,724 | 951,764 | 929,507 | 14,242,863 |
| As at 31 December 2005 | | | | | | | | |

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| | | | | | | | | |
|---|----------|----------|----------|----------|---------|---------|----------|-----------|
| Sundry debtors | 591,486 | 714,793 | 747,836 | 394,507 | 162,309 | 330,142 | 289,039 | 3,230,112 |
| Cost and estimated earnings in excess of billings | 116,184 | 232,032 | 160,162 | 412,979 | 73,212 | 135,558 | 45,936 | 1,176,063 |
| Billings in excess of cost and estimated earnings | (8,492) | (17,280) | (34,186) | (20,351) | (3,113) | (9,378) | (13,130) | (105,930) |
| Advance from customers | (54,467) | (4,277) | (3,242) | | (76) | | (583) | (62,645) |

The Group evaluates segment performance and allocates resources based on revenue growth. Revenue in relation to segments is categorized based on items that are individually identifiable to that segment. Costs are not specifically allocable to individual segments as the underlying resources and services are used interchangeably. Fixed assets used in Group's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments.

Reconciliation of significant differences between Consolidated Net Income determined in accordance with Indian Generally Accepted Accounting Principles (Indian GAAP) and Consolidated Net Income determined in accordance with US Generally Accepted Accounting Principles (US GAAP) (Unaudited)

Rs. in thousands except share data

| | Quarter ended 30 September | | Nine months ended 30 September | | Year ended 31 |
|--|----------------------------|-----------|--------------------------------|-----------|---------------|
| | 2006 | 2005 | 2006 | 2005 | December 2005 |
| Consolidated net income as per Indian GAAP | 1,179,608 | 497,334 | 952,438 | 1,807,287 | 1,987,093 |
| Income taxes | (2,028) | (3,902) | (73,595) | 11,087 | (52,991) |
| Foreign currency differences | (85,115) | 17,802 | 26,194 | 23,852 | 51,364 |
| Employee retirement benefits | (12,830) | (17,727) | 3,606 | (15,317) | (22,082) |
| ESOP related Compensation Cost | (42,631) | | (131,176) | | |
| Business acquisition | (10,933) | (11,677) | (30,504) | (30,156) | (32,754) |
| Prior Period Adjustments | | 227,539 | 774,816 | 227,539 | 746,661 |
| Others | 6,646 | 81 | 6,403 | (9,074) | 5,319 |
| Total | (146,891) | 212,116 | 575,744 | 207,931 | 695,517 |
| Consolidated net income as per US GAAP | 1,032,717 | 709,450 | 1,528,182 | 2,015,218 | 2,682,610 |

Note:

The consolidated net income as per USGAAP shown in the table above differs from the consolidated net income shown under Summary of financials statements prepared as per USGAAP - Convenience Translation for reasons explained below the same table.

Financial results of Patni Computer Systems Limited for the quarter and nine months ended 30 September 2006, as per Indian GAAP (Standalone)

Rs. in thousands except share data

| | Quarter ended 30 September | | Nine months ended 30 September | | Year ended 31 |
|---|----------------------------|------------------|--------------------------------|------------------|------------------|
| | 2006 | 2005 | 2006 | 2005 | December |
| | (Audited) | (Audited) | (Unaudited) | (Audited) | 2005 |
| | | | | | (Audited) |
| Income | | | | | |
| Sales and service income | 2,538,418 | 2,351,112 | 7,299,222 | 6,366,411 | 8,755,962 |
| Other income | 162,942 | 83,123 | 386,445 | 245,370 | 362,660 |
| | 2,701,360 | 2,434,235 | 7,685,667 | 6,611,781 | 9,118,622 |
| Expenditure | | | | | |
| Personnel costs | 1,197,718 | 1,118,982 | 3,369,321 | 2,900,303 | 3,928,003 |
| Selling, general and administration costs | 531,067 | 531,650 | 1,715,820 | 1,352,251 | 2,063,700 |
| Depreciation | 172,058 | 156,568 | 517,140 | 435,656 | 600,264 |
| Interest costs | 283 | 8,804 | 89,744 | 28,418 | 40,787 |
| | 1,901,126 | 1,816,004 | 5,692,025 | 4,716,628 | 6,632,754 |
| Profit for the period before prior period items and taxation | 800,234 | 618,231 | 1,993,642 | 1,895,153 | 2,485,868 |
| Prior period items | | | | | 43,423 |
| Profit for the period before taxation | 800,234 | 618,231 | 1,993,642 | 1,895,153 | 2,442,445 |
| Provision for taxation (prior periods) | | | | | 113,196 |
| Provision for taxation-Fringe benefits | 10,491 | 9,533 | 31,991 | 16,979 | 30,349 |
| Provision for taxation | 78,711 | 80,183 | 926,185 | 262,751 | 354,771 |
| Profit for the period after taxation | 711,032 | 528,515 | 1,035,466 | 1,615,423 | 1,944,129 |
| Paid up equity share capital (Rs. per equity share of Rs 2 each) | 275,922 | 250,565 | 275,922 | 250,565 | 275,597 |
| Reserves excluding revaluation reserves | | | | | 20,135,730 |
| Earnings per equity share of Rs 2 each | | | | | |
| - Basic | 5.15 | 4.22 | 7.51 | 12.92 | 15.46 |
| - Diluted | 5.12 | 4.17 | 7.44 | 12.75 | 15.25 |

Notes

1 The above statement of financial results were reviewed by the audit committee and approved by the Board of Directors at its adjourned meeting held on 27 October 2006.

2 Investor complaints for the quarter ended 30 September 2006:

| Pending as on 1 July 2006 | Received during the quarter | Disposed of during the quarter | Unresolved at the end of the quarter |
|---------------------------|-----------------------------|--------------------------------|--------------------------------------|
|---------------------------|-----------------------------|--------------------------------|--------------------------------------|

3 Statement of Utilisation of ADS Funds as of 30 September 2006

| | No of shares | Price | Amount |
|--|--------------|-------|------------------|
| Amount raised through ADS (61,56,250 ADSs @ \$20.34 per ADS) | 12,312,500 | 466 | 5,739,262 |
| Share issue expenses | | | 369,406 |
| Net proceeds | | | 5,369,856 |
| Deployment : | | | |
| 1 Held as short term investments | | | 4,184,800 |
| 2 Utilised for Capital expenditure for office facilities | | | 715,768 |
| 3 Exchange loss | | | 120,823 |
| 4 Bank deposits | | | 348,465 |
| Total | | | 5,369,856 |

4 Aggregate of Non-Promoter Shareholding

| | As of 30 September 2006 | | As of 31 December 2005 | |
|------------------------------|----------------------------|---|---------------------------|------------|
| - Number of Shares | 76,988,026 | | 63,689,932 | 76,205,597 |
| - Percentage of Shareholding | 55.80 | % | 50.84 | % 55.30 |

5 Previous period figures have been appropriately reclassified to conform to the current period's presentations.

6 Text of this advertisement was approved by the Board of Directors at the adjourned meeting held on 27 October 2006.

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

**Narendra K. Patni
Chairman and Chief Executive Officer**

**Mumbai
27 October 2006**

For Press Release

**Patni Q3, 2006 Net Income up 37% at \$22.3 Million (Rs 1,024 Million),
and
Revenues up 28% at \$ 151.7 Million (Rs 6,971 million), YoY**

Mumbai, India, Cambridge MA, USA, 27th October 2006: Patni Computer Systems Limited (**Patni**) today announced its financial results for the third quarter ended 30 September 2006.

Performance Highlights

Important note:

As stated in our Q2 2006 release, prior years tax review by the IRS and a review by the Department of Labor of Patni's US operations had resulted in additional provisions which led to an increase in gross profit and operating income by approximately US\$ 7.0 million and decrease in net income by US\$ 19.9 million for Q2 2006. Variations in Patni's Q2 2006 financial performance as a result of these reviews had been referred to as additional provisions in the said press release. Financial Performance for Q2 2006 excluding these additional provisions has been considered for comparative performance review with Q3 2006 in this release.

Performance Highlights for the quarter ended Sept 30th 2006

- **Revenues for the quarter at US\$ 151.7 million (Rs 6,971 million)**
- up 6.1% sequentially from US\$ 143.0 million (Rs 6,561 million) in quarter ended June 30, 2006
- 28.3% higher compared to US\$ 118.3 million (Rs 5,197 million) in quarter ended Sep 30, 2005
- **Operating Income at US\$ 25.1 Million (Rs 1,153 million) on the back of improved operating efficiencies**
- up 46.4% sequentially from US\$ 17.1 million (Rs 786 million) in quarter ended June 30, 2006
- 40.8% higher compared to US\$ 17.8 million (Rs 783 million) in quarter ended Sep 30, 2005
- **Net Income at US\$ 22.3 million (Rs 1,024 million)**
- up 33.4% sequentially US\$ 16.7 million (Rs 766 million) in quarter ended June 30, 2006
- 37.2% higher compared to US\$ 16.2 million (Rs 714 million) in quarter ended Sep 30, 2005
- **EPS for the quarter at US\$ 0.16 per share, (Rs 7.42 per share); US\$ 0.32 per ADS**
- Top Customer contribution towards revenue decreased to 14.1% during the quarter from 14.5% in Q2 2006. Revenue concentration of Top 10 clients also reduced to 51.6% from 54.1% in the previous quarter.
- Number of active clients was 235 at quarter end as compared to 220 in Q2 2006. Patni acquired 27 new

clients during the quarter.

1

Key Corporate Developments in Q3 2006:

- Patni ranked highest in Forrester survey- Customer Satisfaction Survey among Indian Offshore Supply Chain Solution providers.
- Patni and Savvion entered strategic alliance- Offering industry-leading Business Process Management solutions.
- Patni received CIO 100 award at CIO Symposium- Acknowledged as one of The Giant 100 companies at the first CIO 100 awards in India.
- PatniConnect Annual customer event concluded successfully

Future Outlook:

- Q4 2006 revenues are expected to be US\$ 152 million and net income is expected to be in the range of US\$ 20.4 - \$20.6 million excluding foreign exchange gain/loss and taking the operations at a constant dollar value of Rs 45.50 per US\$.

Management comments

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Commenting on the Q3 2006 performance, **Mr. Narendra K Patni, Chairman and CEO, Patni Computer Systems Ltd.**, said, *I am delighted to report a strong increase in revenue and net income in the quarter under review which is a result of new client acquisitions and efficient management of our cost structure. We are witnessing healthy demand escalation across all our verticals and service lines. To ensure adequate preparedness to meet this demand, we are expanding our facilities. Further, in continuation of our drive towards profitable growth we have reorganized our management team, as a result of which I expect greater focus and accountability thrust across the organisation.*

Over the medium to long term, I remain confident of our ability to capture the growth opportunities and translate them into ongoing value enhancement for all our stakeholders

Commenting on the performance, **Mr. Mrinal Sattawala, Chief Operating Officer, Patni**, said, *This quarter saw us delivering good operating efficiencies. We improved our resource utilization for both offshore and onsite projects in addition to improvements in other operating parameters. During the period under review we have added 27 new clients, bringing our tally of active clients to 235. Additionally, in line with our overall business strategy, we maintained our thrust on diversifying our revenue stream which is reflected in reduced reliance on our Top 5 and Top 10 clients. These developments strengthens our confidence in our ability to maintain our strong & profitable growth momentum*

Speaking on the occasion, **Mr. Surjeet Singh, Chief Financial Officer, Patni**, added, *In Q3 2006, we executed well on our operating efficiency improvement plan. A reduction in G&A, improvement in operating parameters including utilization coupled with revenue growth has led to sustainable margin expansion in the quarter. We continue to focus on managing our cost base more efficiently and driving profitable growth through our investments in service capabilities.*

2

Corporate developments in Q3 2006

Patni Ranked Highest among Indian Offshore Supply Chain Solution Providers in Customer Satisfaction

Patni received the highest customer satisfaction rating among Indian offshore supply chain solution providers in a Forrester survey. The survey, Ranking Supply Chain Management Tools and Services , conducted by Forrester Research, Inc., in June 2006, queried 167 supply chain decision makers in North America. It examined their satisfaction with supply chain software and service providers, as well as their plans for additional investments.

Patni and Savvion enter into a strategic alliance

Patni has formed a strategic alliance with Savvion, the industry s leading business process management (BPM) company. Patni will leverage its deep domain expertise and knowledge of industry best practices to help people within organizations to collaborate, control, and improve business processes to drive business success with Savvion BusinessManager.

Patni received award at CIO 100

Patni was recognized as one of The Giant 100 companies at the CIO 100 awards in India for demonstrating excellence in deploying technology solutions to deliver optimum business value. Patni received the awards at the CIO Symposium and Award ceremony in Mumbai. The award was presented to Patni for its technology vision in building a Corporate Performance Management System (CPMS).

Patni Connect

Patni successfully concluded its third annual customer forum Patni Connect 2006 in the U.S. The Patni leadership team exchanged views with IT and business leaders representing their customer organizations, other pre-eminent industry analysts and professionals.

Management Discussion & Analysis of Performance*(Figures in Million US\$ except EPS and Share Data)***CONSOLIDATED STATEMENT OF INCOME****For the quarter / period ended**

| Particulars | Q3 2006 | Q3 2005 | YoY Change | Q2 2006 | QoQ Change | Additional provisions in Q2 2006** | Q2 2006 (Excluding Additional Provisions) | QoQ Change Excluding Additional Provisions |
|--|-------------|-------------|---------------|-------------|---------------|------------------------------------|---|--|
| Revenues | 151.7 | 118.3 | 28.3 % | 143.0 | 6.1 % | | 143.0 | 6.1 % |
| Cost of revenues | 94.5 | 74.8 | 26.5 % | 86.2 | 9.7 % | -7.0 | (1) 93.2 | 1.4 % |
| Depreciation | 3.1 | 2.8 | 11.5 % | 3.2 | -3.1 % | | 3.2 | -3.1 % |
| Gross Profit | 54.1 | 40.8 | 32.7 % | 53.7 | 0.8 % | 7.0 | (1) 46.6 | 16.1 % |
| Sales and marketing expenses | 11.0 | 9.6 | 15.3 % | 11.0 | 0.1 % | | 11.0 | 0.1 % |
| General and administrative expenses | 16.2 | 13.7 | 18.0 % | 18.4 | -12.0 % | | 18.4 | -12.0 % |
| Provision for doubtful debt and advances | 0.5 | 0.2 | | 0.2 | | | 0.2 | |
| Foreign exchange (gain) / loss, net | 1.3 | -0.5 | | -0.1 | | | -0.1 | |
| Operating income | 25.1 | 17.8 | 40.8 % | 24.2 | 3.6 % | 7.0 | (1) 17.1 | 46.4 % |
| Other income / (expenses), net | 2.9 | 1.6 | 88.4 % | 4.1 | -27.7 % | 0.2 | 4.0 | -25.8 % |
| Income before income taxes | 28.0 | 19.4 | 44.7 % | 28.3 | -0.9 % | 7.2 | (2) 21.1 | 32.8 % |
| Income taxes | 5.8 | 3.1 | 83.3 % | 31.5 | -81.7 % | 27.1 | 4.4 | 30.5 % |
| Net income | 22.3 | 16.2 | 37.2 % | -3.2 | | -19.9 | (3) 16.7 | 33.4 % |
| Earning per share | | | | | | | | |
| Basic | 0.16 | 0.13 | | -0.02 | | | | |
| Diluted | 0.16 | 0.13 | | -0.02 | | | | |
| Weighted average number of common shares used in computing earnings per | | | | | | | | |
| Basic | 137,940,096 | 125,116,730 | | 137,889,376 | | | | |
| Diluted | 138,861,054 | 126,835,729 | | 137,889,376 | | | | |

2 shares = IADS

** Prior years tax review by IRS and the Department of Labor Review by Patni's US Operations has resulted in the net reversals of additional provisions leading to an increase in Q2 2006 Gross Profit and Operating Income and a decrease in Q2 2006 Net Income.

- (1) due to reversal of payroll taxes for earlier years, net of accrual from DOL review
- (2) impact of 1, net of write-back of interest/penalty for earlier years
- (3) impact of re-assessed corporate taxes for earlier years, net of 2

Revenues

Revenues during the quarter grew sequentially by 6.1% to US\$ 151.7 million (Rs 6,971 million) from US\$ 143.0 million (Rs 6,561 million) in Q2 2006. Revenue improvement was driven by volume growth of 5.9% and price increases of about 0.2%. On YoY basis the revenues grew by 28.3% as compared to Q3 2005 revenues of US\$ 118.3 m (Rs 5,197million).

Gross profit

Gross profit was higher by 16.1% at US\$ 54.0 million (Rs 2,485 million) when compared to Q2 2006 gross profit (adjusted for a net reversal of additional provisions) of US\$ 46.6 million (Rs 2,138 million) in the previous sequential quarter. Gross margin improved from 32.6% to 35.7% as a result of the following factors:

- Improvement in Utilization, resulting in gross margin improvement of 1%, US\$ 1.5 million.
- Reduction in immigration / visa costs, resulting in gross margins improvement of 0.9%, US\$ 1.3 million.
- Other operating efficiencies, resulting in gross margin improvement of 1.3%, US\$ 1.9 million.

Gross profit grew by 32.7% when compared to the corresponding quarter last year.

Selling and Marketing Expenses

Sales and marketing expenses remained steady at US\$ 11.0 million (Rs 507 million) in Q3 2006 in comparison to Q2 2006, the overall expense as percentage to sales reduced from 7.7% in Q2 2006 to 7.3 % due to increased absorption.

G&A expenses

Continued focus on G&A cost optimization led to a reduction in overall spend by US\$ 2.2 million from US\$ 18.4 million (Rs 843 million) in Q2 2006 to US\$ 16.2 million (Rs 744 million) in Q3 2006. Overall spend as percentage of sales reduced from 12.9% in Q2 2006 to 10.7% in Q3 2006. This was achieved by the following:

- Non recurring expenses of US\$ 1.3 million incurred in Q2 2006, saving of 0.9 % on sales
- Structural reduction of US\$ 0.9 million, savings of 0.6% on sales
- Higher absorption on increased revenues of 0.6% on sales

Provision for doubtful debts

For Q3 2006 Provision for doubtful debts increased to US\$ 0.5 million (Rs 24 million) from US\$ 0.2 million (Rs 7 million) in the previous quarter and US\$ 0.2 million (Rs 9 million) in Q3 2005.

Foreign exchange gain/loss

Mark to market impact of forex contracts taken earlier and revaluation of debtors at the quarter end rate resulted in Foreign exchange loss of US\$ 1.3 million (Rs 58 million) for the quarter as compared to a foreign exchange gain of US\$ 0.1 million (Rs 5 million) in Q2 2006. In the corresponding quarter last year, the foreign exchange gain stood at US\$ 0.5 million (Rs 24 million).

Operating income

On account of improved gross margins, reduction in G&A costs and net of changes in forex gain/ loss and reserves for doubtful debts, Q3 2006 Operating income increased by 46.4% to US\$ 25.1 million (Rs 1,153 million) as compared to operating income of US\$ 17.1 million (Rs 786 million) in Q2 2006 (adjusted to give effect to a net reversal of additional provisions). Operating Margin during the quarter expanded to 16.5% as compared to 12% in Q2 2006. Operating income was up 40.8% compared to the corresponding quarter last year of US\$ 17.8 million

(Rs 783 million)

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Other income

For Q3 2006, Other income (including interest and dividend income net of interest expenses, profit/loss on sale of investments and other miscellaneous income) stood at US\$ 2.9 million (Rs 135 million) lower than US\$ 4.0 million (Rs 187 million) in Q2 2006. Other income was higher by 88.4% when compared to US\$ 1.6 million (Rs 69 million) in Q3 2005.

Profit before tax

Profit before tax increased 32.8% to US\$ 28.0 million (Rs 1,288 million) when compared to PBT adjusted for additional provisions at US\$ 21.1 million (Rs 968 million) in Q2 2006. Profit before tax was higher by 44.7% yoy as compared to Q3 2005.

Income taxes

Income tax for the quarter was at US\$ 5.8 million (Rs 264 million) at 20.5% effective tax rate on Profit before tax. The adjusted Income tax for Q2 was at US\$ 4.4 million (Rs 202 million) at effective tax rate of 20.9% on profit before tax. Total income tax in Q2 2006 of US\$ 31.5 million (Rs 1,444 million) included US\$ 27.1 million pertaining to re-assessed corporate taxes for earlier years.

Net income

In Q3 2006 Net income was at US\$ 22.3 million (Rs 1,024 million) higher by 33.4% when compared to net income of US\$ 16.7 million (Rs 766 million) in Q2 2006, which is adjusted for additional provisions. Unadjusted net income for the previous quarter was at (-) US\$ 3.2 million ((-)Rs 147 million). Net income increased 37.2% from Q3 2005.

Balance Sheet and Cash Flow changes

Against Net Income of US\$ 22.3 million (Rs 1,024 million), cash from operating activities was US\$ 11.0 million (Rs 507 million) net of changes in current assets and liabilities of US\$ 19.8 million and Non cash charges of US\$ 7.8 million comprising of depreciation and amortization (US\$ 4.6 million), deferred taxes (US\$ 2.7 million), and other charges of (US\$ 0.5 million).

Net Cash used in investing activities was US\$ 17.9 million (Rs 825 million) including capital expenditure of US\$ 13.5 million (Rs 620 million).

Net cash used in financing activities was US\$ 1.1 million (Rs 51 million) comprising largely of dividend payouts on common shares.

With these changes the overall cash and cash equivalent position at the end of the quarter was US\$ 45.4 million (Rs 2,084 million) lower by around US\$ 7.6 million in comparison to US\$ 53.0 million (Rs 2,432 million) at the end of Q2 2006.

At the close of Q3 2006, cash & cash equivalents (including short term investments) were at US\$ 270.1 million (Rs 12,413 million), compared to US\$ 271.06 (Rs 12,433 million) at close of Q2 2006

Receivables at the end of the Q3 2006 were at US\$ 108.4 million (Rs 4,982 million) representing a small increase in number of days outstanding at 67 days against 64 days in Q2 2006 at US\$ 98.5 million.

Figures in Million INR except EPS and Share Data

CONSOLIDATED STATEMENT OF INCOME BASED ON CONVENIENCE TRANSLATION

For the quarter / period ended

| Particulars | Q3 2006 | Q3 2005 | YoY Change | Q2 2006 | QoQ Change | Additional provisions in Q2 2006** | Q2 2006 (Excluding Additional Provisions) | QoQ Change Excluding Additional Provisions |
|--|----------------|----------------|---------------|----------------|---------------|--|--|---|
| Exchange rate \$1 = INR | 45.95 | 43.94 | | 45.87 | | 45.87 | 45.87 | |
| Revenues | 6,970.9 | 5,197.1 | 34.1 % | 6,560.7 | 6.3 % | | 6,560.7 | 6.3 % |
| Cost of revenues | 4,343.5 | 3,284.6 | 32.2 % | 3,951.7 | 9.9 % | -324.7 | (1) 4,276.4 | 1.6 % |
| Depreciation | 142.0 | 121.8 | 16.6 % | 146.3 | -2.9 % | | 146.3 | -2.9 % |
| Gross Profit | 2,485.5 | 1,790.8 | 38.8 % | 2,462.6 | 0.9 % | % 324.7 | (1) 2,137.9 | 16.3 % |
| Sales and marketing expenses | 507.2 | 420.8 | 20.5 % | 505.7 | 0.3 % | | 505.7 | 0.3 % |
| General and administrative expenses | 743.7 | 602.4 | 23.4 % | 843.4 | -11.8 % | | 843.4 | -11.8 % |
| Provision for doubtful debt and advances | 23.9 | 8.6 | | 7.4 | | | 7.4 | |
| Foreign exchange (gain) / loss, net | 58.0 | -23.8 | | -4.5 | | | -4.5 | |
| Operating income | 1,152.7 | 782.8 | 47.3 % | 1,110.7 | 3.8 % | % 324.7 | (1) 786.0 | 46.7 % |
| Initial public offering related expenses | | | | | | | | |
| Other income / (expenses), net | 135.3 | 68.7 | 97.0 % | 186.8 | -27.6 % | % 4.8 | 182.1 | -25.7 % |
| Income before income taxes | 1,288.1 | 851.5 | 51.3 % | 1,297.6 | -0.7 % | % 329.5 | (2) 968.1 | 33.1 % |
| Income taxes | 264.3 | 137.9 | 91.6 % | 1,444.5 | -81.7 % | % 1,242.4 | 202.1 | 30.8 % |
| Net income | 1,023.8 | 713.6 | 43.5 % | -147.0 | | -912.9 | (3) 766.0 | 33.7 % |
| Earning per share | | | | | | | | |
| Basic | 7.42 | 5.70 | | -1.07 | | | | |
| Diluted | 7.37 | 5.63 | | -1.07 | | | | |
| Weighted average number of common shares used in computing earnings per | | | | | | | | |
| Basic | 137,940,096 | 125,116,730 | | 137,889,376 | | | | |
| Diluted | 138,861,054 | 126,835,729 | | 137,889,376 | | | | |

2 shares = IADS

** Prior years tax review by IRS and the Department of Labor Review by Patni's US Operations has resulted in the net reversals of additional provisions leading to an increase in Q2 2006 Gross Profit and Operating Income and a decrease in Q2 2006 Net Income.

- (1) due to reversal of payroll taxes for earlier years, net of accrual from DOL review
- (2) impact of 1, net of write-back of interest/penalty for earlier years
- (3) impact of re-assessed corporate taxes for earlier years, net of 2

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Important Notes to this release:

- **Fiscal Year**

Patni follows a January – December fiscal year. The current review covers the financial and operating performance of the Company for the third quarter ended 30th September 2006.

- **U.S. GAAP**

A Consolidated Statement of Income in US GAAP is available on page 3 of the Fact Sheet attached to this release

- **Percentage analysis**

Any percentage amounts, as set forth in this release, unless otherwise indicated, have been calculated on the basis of the U.S. Dollar amounts derived from our consolidated financial statements prepared in accordance with U.S. GAAP, and not on the basis of any translated Rupee amount. Calculation of percentage amounts on the basis of Rupee amounts may lead to results that are different, in a material way, from those calculated as per U.S. Dollar amounts.

- **Convenience translation**

A Consolidated Statement of Income as per Convenience Translation prepared in accordance with US GAAP is available on page 8 of the Fact Sheet attached to this release. We have translated the financial data derived from our consolidated financial statements prepared in accordance with U.S. 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 elsewhere in this document, or at all. Investors are cautioned to not rely on such translated amounts.

- **Attached Fact Sheet** (results & analysis tables)

About Patni Computer Systems Ltd:

About Patni: Patni Computer Systems Limited (BSE: PATNI COMPUT, NSE: PATNI, NYSE: PTI) is a global IT Services provider servicing Global 2000 clients. Patni caters to its clients through its industry-focused practices, including insurance, manufacturing, financial services, telecommunications, and its technology-focused practices. With employee strength of over 12,000 and multiple offshore development facilities across eight cities; Patni has 23 international offices across the Americas, Europe and Asia-Pacific. Patni has registered revenues of US\$ 450 million for the year 2005. Patni's service offerings include application development, application maintenance and support, packaged software implementation, infrastructure management services, product engineering services, business process outsourcing and quality assurance services.

Committed to quality, Patni adds value to its client's businesses through well-established and structured methodologies, tools and techniques. Patni is an ISO 9001: 2000 certified and SEI-CMMi Level 5 organization, assessed enterprise wide at P-CMM Level 3. In keeping with its focus on continuous process improvements, Patni adopts Six Sigma practices as an integral part of its quality and process frameworks. For more information on Patni, please visit www.patni.com.

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Safe Harbor:

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, intense competition in IT services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks, liability for damages on our service contracts, the success of the companies in which Patni has made strategic investments, withdrawal of governmental fiscal incentives, political instability, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. The company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

-Ends-

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PATNI COMPUTER SYSTEMS LIMITED
FINANCIAL AND OPERATIONS INFORMATION FOR THE
FISCAL YEAR AND SECOND QUARTER ENDED SEP 30, 2006

October 27, 2006

NOTES:

- **Fiscal Year**

Patni follows a January - December fiscal year. The current review covers the financial and operating performance of the Company for the third quarter ended Sep 30, 2006.

- **U.S. GAAP**

All figures in this release pertain to accounts presented as per U.S. GAAP unless stated otherwise.

- **Percentage analysis**

Any percentage amounts, as set forth in this release, unless otherwise indicated, have been calculated on the basis of the U.S. Dollar amounts derived from our consolidated financial statements prepared in accordance with U.S. GAAP, and not on the basis of any translated Rupee amount. Calculation of percentage amounts on the basis of Rupee amounts may lead to results that are different, in a material way, from those calculated as per U.S. Dollar amounts.

- **Convenience translation**

We have translated the financial data derived from our consolidated financial statements prepared in accordance with U.S. 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 elsewhere, or at all. Investors are cautioned to not rely on such translated amounts.

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Fact Sheet Summary Index

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A1) CONSOLIDATED STATEMENT OF INCOME - US GAAP (US\$ '000)

For the quarter / period ended

| Particulars | Sept 30 2006 | Sept 30 2005 | YoY Change % | June 30 2006 | QoQ Change % | 2005 |
|--|-----------------|-----------------|--------------|-------------------|--------------|------------------|
| Revenues | 151,707 | 118,277 | 28.3 | % 143,027 | 6.1 | % 450,332 |
| Cost of revenues | 94,526 | 74,751 | 26.5 | % 86,150 | 9.7 | % 278,068 |
| Depreciation | 3,091 | 2,771 | 11.5 | % 3,190 | -3.1 | % 10,413 |
| Gross Profit | 54,090 | 40,755 | 32.7 | % 53,687 | 0.8 | % 161,851 |
| Sales and marketing expenses | 11,037 | 9,576 | 15.3 | % 11,024 | 0.1 | % 36,059 |
| General and administrative expenses | 16,185 | 13,711 | 18.0 | % 18,386 | -12.0 | % 53,822 |
| Provision for doubtful debts and advances | 520 | 195 | | 161 | | (152) |
| Foreign exchange (gain) / loss, net | 1,262 | (542) | | (98) | | 1,693 |
| Operating income | 25,086 | 17,815 | 40.8 | % 24,214 | 3.6 | % 70,429 |
| Other income / (expense), net | 2,946 | 1,563 | 88.4 | % 4,073 | -27.7 | % 4,241 |
| Income before income taxes | 28,032 | 19,378 | 44.7 | % 28,287 | -0.9 | % 74,670 |
| Income taxes | 5,751 | 3,138 | 83.3 | % 31,492 | -81.7 | % 13,803 |
| Net income/(loss) | 22,281 | 16,240 | 37.2 | % (3,205) | | 60,867 |
| Earning per share | | | | | | |
| - Basic | \$ 0.16 | \$ 0.13 | | \$ (0.02) | | \$ 0.48 |
| - Diluted | \$ 0.16 | \$ 0.13 | | \$ (0.02) | | \$ 0.48 |
| Weighted average number of common shares used in computing earnings per share | | | | | | |
| - Basic | 137,940,096 | 125,116,730 | | 137,889,376 | | 125,736,592 |
| - Diluted | 138,861,054 | 126,835,729 | | 137,889,376 | | 127,457,632 |

A2) CONSOLIDATED BALANCE SHEET USGAAP (US\$ 000)

| Particulars | As on 30-Sep-06 | As on 30-Jun-06 | As on 30-Sep-05 |
|--|----------------------------|----------------------------|----------------------------|
| Assets | | | |
| Total current assets | 427,882 | 428,945 | 292,280 |
| Goodwill | 40,172 | 39,883 | 30,357 |
| Intangible assets, net | 9,950 | 10,212 | 11,297 |
| Property, plant, and equipment, net | 114,654 | 105,042 | 85,316 |
| Other assets | 5,601 | 7,899 | 6,229 |
| Total assets | 598,259 | 591,980 | 425,479 |
| Liabilities | | | |
| Total current liabilities | 123,410 | 144,228 | 75,356 |
| Capital lease obligations excluding current installments | 524 | 480 | 449 |
| Other liabilities | 12,556 | 12,525 | 14,097 |
| Total liabilities | 136,490 | 157,232 | 89,902 |
| Total shareholders equity | 461,769 | 434,747 | 335,577 |
| Total liabilities & shareholders equity | 598,259 | 591,980 | 425,479 |

A3) CONSOLIDATED CASH FLOW STATEMENT USGAAP (US\$ 000)

| Particulars | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 |
|---|-------------------------|-------------------------|-------------------------|-------------------|
| Net cash provided by operating activities | 11,027 | 16,787 | 31,033 | 69,584 |
| Net cash used in investing activities | (17,944) | (12,046) | (23,059) | (113,854) |
| Capital expenditure, net | (13,495) | (12,656) | (15,672) | (51,050) |
| Investment in securities, net | (4,448) | 609 | (7,387) | (57,225) |
| Investment in subsidiary, net of cash acquired | | | | (5,579) |
| Net cash provided / (used) in financing activities | (1,106) | (7,303) | (463) | 111,875 |
| Others | (94) | (99) | (120) | (329) |
| Common shares issued, net of expenses | 161 | 184 | 639 | 118,736 |
| Dividend on common shares | (1,174) | (7,388) | (983) | (6,532) |
| Net increase / (decrease) in cash and equivalents | (8,023) | (2,563) | 7,511 | 67,605 |
| Effect of exchange rate changes on cash and equivalents | 346 | (5,061) | (852) | (1,508) |
| Cash and equivalents at the beginning of the period | 53,027 | 60,652 | 25,147 | 77,143 |
| Cash and equivalents at the end of the period | 45,350 | 53,027 | 31,806 | 143,241 |

B1) CONSOLIDATED STATEMENT OF INCOME - INDIAN GAAP (RS. 000)

For the quarter / period ended

| Particulars | Sept 30 2006 | Sept 30 2005 | Change % | June 30 2006 | Change % | 2005 |
|--|------------------|------------------|--------------|---------------------|-------------|---------------------|
| Sales and service income | 6,999,399 | 5,163,772 | 35.5 | % 6,490,885 | 7.8 | % 19,869,306 |
| Other income | 174,396 | 112,189 | 55.4 | % 131,212 | 32.9 | % 381,932 |
| Total income | 7,173,795 | 5,275,961 | 36.0 | % 6,622,097 | 8.3 | % 20,251,238 |
| Staff costs | 3,976,536 | 3,289,503 | 20.9 | % 3,538,407 | 12.4 | % 11,197,700 |
| Selling, general and administration expenses | 1,719,891 | 1,406,283 | 22.3 | % 1,729,778 | -0.6 | % 5,609,358 |
| Interest | 22,103 | 56,083 | -60.6 | % 128,655 | -82.8 | % 81,234 |
| Total expenditure | 5,718,530 | 4,751,869 | 20.3 | % 5,396,840 | 6.0 | % 16,888,292 |
| Net profit before tax and adjustments | 1,455,265 | 524,092 | 177.7 | % 1,225,257 | 18.8 | % 3,362,946 |
| Provision for taxation | 275,657 | 26,758 | 930.2 | % 1,866,598 | -85.2 | % 466,166 |
| Prior period adjustment | | | | 291,898 | | 909,687 |
| Profit/(loss) for the year after taxation | 1,179,608 | 497,334 | 137.2 | % (933,239) | | 1,987,093 |
| Profit and loss account, brought forward | 8,649,780 | 8,787,364 | -1.6 | % 9,583,348 | -9.7 | % 7,480,016 |
| Equity in earning of affiliate | | | | | | |
| Amount available for appropriation | 9,829,388 | 9,284,698 | 5.9 | % 8,650,109 | 13.6 | % 9,467,109 |
| Proposed dividend on equity shares | | | | 289 | | 344,684 |
| Dividend on equity shares of subsidiary | | | | | | |
| Dividend tax | | | | 40 | | 50,733 |
| Transfer to general reserve | | | | | | 194,413 |
| Profit and loss account, carried forward | 9,829,388 | 9,284,698 | 5.9 | % 8,649,780 | 13.6 | % 8,877,279 |
| Earning per share (Rs. per equity share of Rs. 2 each) | | | | | | |
| - Basic | 8.55 | 3.97 | | (6.77) | | 15.80 |
| - Diluted | 8.49 | 3.92 | | (6.77) | | 15.59 |
| Weighted average number of common shares used in computing earnings per share | | | | | | |
| - Basic | 137,940,096 | 125,116,730 | | 137,889,376 | | 125,736,592 |
| - Diluted | 138,926,189 | 126,835,729 | | 137,889,376 | | 127,457,632 |

B2) CONSOLIDATED BALANCE SHEET - INDIAN GAAP (RS. 000):

| Particulars | As on 30-Sep-06 | As on 30-Jun-06 | As on 30-Sep-05 |
|--|--------------------|--------------------|--------------------|
| Assets | | | |
| Current assets, loans and advances | 9,014,490 | 9,233,033 | 6,901,675 |
| Goodwill | 3,512,601 | 3,506,131 | 2,886,750 |
| Fixed assets(Net of Depreciation) | 5,314,294 | 4,887,766 | 3,794,912 |
| Investments | 10,179,064 | 9,921,888 | 5,805,091 |
| Deferred tax asset, net | 481,789 | 594,815 | 436,523 |
| Total assets | 28,502,238 | 28,143,633 | 19,824,951 |
| Liabilities | | | |
| Current liabilities and provisions | 5,970,221 | 6,884,978 | 3,693,057 |
| Secured loans | 30,635 | 31,462 | 33,253 |
| Deferred tax liability, net | 154,775 | 95,354 | 133,879 |
| Total liabilities | 6,155,631 | 7,011,794 | 3,860,189 |
| Total shareholders equity | 22,346,607 | 21,131,839 | 15,964,762 |
| Total liabilities & shareholders equity | 28,502,238 | 28,143,633 | 19,824,951 |

B3) CONSOLIDATED CASH FLOW STATEMENT - INDIAN GAAP (RS 000)

| Particulars | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 |
|--|-------------------|-------------------|------------------|------------------|
| Cash flows from / (used in) operating activities (A) | 351,524 | 891,573 | 1,066,468 | 2,631,142 |
| Cash flows used in investing activities (B) | (781,855) | (572,121) | (720,239) | (4,378,746) |
| Cash flows from / (used in) from financing activities (C) | (53,478) | (594,040) | (27,673) | 5,158,724 |
| Effect of changes in exchange rates (D) | 58,100 | 6,673 | (13,178) | (68,037) |
| Net decrease in cash and cash equivalents during the period (A+B+C+D) | (425,709) | (267,915) | 305,378 | 3,343,083 |
| Cash and cash equivalents at the beginning of the period | 2,436,582 | 2,704,497 | 1,094,393 | 3,364,246 |
| Cash and cash equivalents at the end of the period | 2,010,873 | 2,436,582 | 1,399,771 | 6,707,329 |

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C) Reconciliation of Income as per Indian GAAP and US GAAP(RS. 000):

| Particulars | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 |
|---|-------------------|-------------------|-----------------|------------------|
| Consolidated net income as per Indian GAAP | 1,179,608 | (933,239) | 497,334 | 1,987,093 |
| Income taxes | (2,028) | (83,933) | (3,902) | (52,991) |
| Foreign currency differences | (85,115) | 145,296 | 17,802 | 51,364 |
| Employee retirement benefits | (12,830) | 10,530 | (17,727) | (22,082) |
| ESOP related Compensation Cost | (42,631) | (48,833) | | |
| Amortisation of Intangibles , arising on Business acquisition | (10,933) | (9,904) | (11,677) | (32,754) |
| Prior period adjustment - Impact of prior period tax estimate | | 774,816 | 227,539 | 746,661 |
| Others | 6,646 | (436) | 81 | 5,319 |
| Total | (144,344) | 787,106 | 212,402 | 702,681 |
| Consolidated net income as per US GAAP | 1,035,263 | (146,133) | 709,736 | 2,689,774 |

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D1) CONSOLIDATED STATEMENT OF INCOME (RS. 000): BASED ON CONVENIENCE TRANSLATION

For the quarter / period ended

| Particulars | Sept 30 2006 | Sept 30 2005 | June 30 2006 | 2005 |
|--|------------------|------------------|-------------------|------------------|
| Exchange rate \$1 = INR | 45.95 | 43.94 | 45.87 | 44.95 |
| Revenues | 6,970,944 | 5,197,093 | 6,560,658 | 20,242,423 |
| Cost of revenues | 4,343,464 | 3,284,553 | 3,951,697 | 12,499,165 |
| Depreciation | 142,023 | 121,759 | 146,314 | 468,056 |
| Gross Profit | 2,485,457 | 1,790,781 | 2,462,647 | 7,275,202 |
| Sales and marketing expenses | 507,174 | 420,778 | 505,678 | 1,620,845 |
| General and administrative expenses | 743,698 | 602,445 | 843,363 | 2,419,304 |
| Provision for doubtful debts and advances | 23,878 | 8,576 | 7,387 | (6,830) |
| Foreign exchange (gain) / loss, net | 57,988 | (23,800) | (4,497) | 76,107 |
| Operating income | 1,152,719 | 782,782 | 1,110,716 | 3,165,777 |
| Initial public offering related expenses | | | | |
| Other income / (expense), net | 135,340 | 68,692 | 186,850 | 190,623 |
| Income before income taxes | 1,288,059 | 851,474 | 1,297,566 | 3,356,400 |
| Income taxes | 264,254 | 137,892 | 1,444,527 | 620,445 |
| Net income/(loss) | 1,023,805 | 713,582 | (146,961) | 2,735,955 |
| Earning per share | | | | |
| - Basic | 7.42 | 5.70 | (1.07) | 21.76 |
| - Diluted | 7.37 | 5.63 | (1.07) | 21.47 |
| Weighted average number of common shares used in computing earnings per share | | | | |
| - Basic | 137,940,096 | 125,116,730 | 137,889,376 | 125,736,592 |
| - Diluted | 138,861,054 | 126,835,729 | 137,889,376 | 127,457,632 |

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D2) CONSOLIDATED BALANCE SHEET USGAAP (RS. 000): BASED ON CONVENIENCE TRANSLATION

| Particulars | As on 30-Sep-06 | As on 30-Jun-06 | As on 30-Sep-05 |
|--|--------------------|--------------------|--------------------|
| Exchange rate \$1 = INR | 45.95 | 45.87 | 43.94 |
| Assets | | | |
| Total current assets | 19,661,180 | 19,675,692 | 12,842,769 |
| Goodwill | 1,845,905 | 1,829,424 | 1,333,876 |
| Intangible assets, net | 457,193 | 468,432 | 496,389 |
| Property, plant, and equipment, net | 5,268,351 | 4,818,258 | 3,748,801 |
| Deferred income taxes | | | |
| Security deposits with affiliates | | | |
| Other assets | 257,368 | 362,306 | 273,709 |
| Total assets | 27,489,997 | 27,154,112 | 18,695,544 |
| Liabilities | | | |
| Total current liabilities | 5,670,691 | 6,615,720 | 3,311,126 |
| Capital lease obligations excl. installments | 24,061 | 22,008 | 19,730 |
| Other liabilities | 576,948 | 574,516 | 619,435 |
| Deferred income taxes | | | |
| Total liabilities | 6,271,700 | 7,212,244 | 3,950,291 |
| Total shareholders equity | 21,218,296 | 19,941,868 | 14,745,254 |
| Total liabilities & shareholders equity | 27,489,997 | 27,154,112 | 18,695,544 |

D3) CONSOLIDATED CASH FLOW STATEMENT USGAAP (RS 000): BASED ON CONVENIENCE TRANSLATION

| Particulars | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 |
|---|-------------------|-------------------|---------------------|---------------------|
| Exchange rate \$1 = INR | 45.95 | 45.87 | 43.94 | 44.95 |
| Net cash provided by operating activities | 506,713 | 770,001 | 1,363,599 | 3,127,820 |
| Net cash used in investing activities | (824,513) | (552,570) | (1,013,229) | (4,866,990) |
| Capital expenditure, net | (620,109) | (580,526) | (688,623) | (2,294,712) |
| Investment in securities, net | (204,404) | 27,956 | (324,606) | (2,572,278) |
| Investment in subsidiary, net of cash acquired | | | | |
| Net cash provided / (used) in financing activities | (50,838) | (335,002) | (20,358) | 5,028,801 |
| Others | (4,307) | (4,536) | (5,257) | (14,796) |
| Common shares issued, net of expenses | 7,398 | 8,418 | 28,079 | 5,337,194 |
| Dividend on common shares | (53,929) | (338,884) | (43,179) | (293,597) |
| Net increase / (decrease) in cash and equivalents | (368,639) | (117,570) | 330,012 | 3,289,632 |
| Effect of exchange rate changes on cash and equivalents | 15,881 | (232,164) | (37,422) | (67,791) |
| Cash and equivalents at the beginning of the period | 2,436,612 | 2,782,103 | 1,104,954 | 3,467,600 |
| Cash and equivalents at the end of the period | 2,083,854 | 2,432,370 | 1,397,545 | 6,689,441 |

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E1) REVENUE ANALYSIS

| Revenue By Geographical Segments | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 | |
|---|-------------------------|-------------------------|-------------------------|----------------|----------|
| United States | 82.1 | % 81.0 | % 84.3 | % 84.8 | % |
| Europe | 9.7 | % 11.2 | % 9.2 | % 9.1 | % |
| Japan | 3.8 | % 3.9 | % 4.5 | % 4.3 | % |
| Asia-Pacific (excluding Japan) | 2.8 | % 2.3 | % 0.6 | % 0.7 | % |
| Rest of the world | 1.6 | % 1.7 | % 1.4 | % 1.1 | % |
| Total | 100.0 | % 100.0 | % 100.0 | % 100.0 | % |

| Revenue by Industry Verticals | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 | |
|--------------------------------------|-------------------------|-------------------------|-------------------------|----------------|----------|
| Insurance | 23.2 | % 23.2 | % 27.5 | % 27.7 | % |
| Manufacturing | 22.5 | % 21.4 | % 22.1 | % 21.9 | % |
| Financial Services | 15.6 | % 15.5 | % 17.7 | % 16.0 | % |
| Telecommunications | 17.1 | % 20.2 | % 14.9 | % 15.3 | % |
| Growth Industries | 6.9 | % 5.8 | % 6.1 | % 6.5 | % |
| Independent Software Vendors | 4.0 | % 4.2 | % 4.7 | % 5.0 | % |
| Product Engineering Services | 10.6 | % 9.7 | % 7.1 | % 7.5 | % |
| Total | 100.0 | % 100.0 | % 100.0 | % 100.0 | % |

| Revenue by Service Offerings | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 | |
|---------------------------------------|-------------------------|-------------------------|-------------------------|----------------|----------|
| Application Development & Maintenance | 69.8 | % 71.8 | % 72.4 | % 73.0 | % |
| Enterprise Application Systems | 14.2 | % 13.6 | % 13.4 | % 12.5 | % |
| Embedded Technology Services | 9.7 | % 9.0 | % 7.1 | % 7.4 | % |
| Enterprise Systems Management | 4.6 | % 4.0 | % 5.5 | % 5.3 | % |
| Others | 1.8 | % 1.6 | % 1.8 | % 1.8 | % |
| Total | 100.0 | % 100.0 | % 100.0 | % 100.0 | % |

| Revenue by Project Type | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 | |
|---|-------------------------|-------------------------|-------------------------|----------------|----------|
| Time and Material | 65.1 | % 64.0 | % 56.6 | % 59.5 | % |
| Fixed Price (including Fixed Price SLA) | 34.9 | % 36.0 | % 43.4 | % 40.5 | % |
| Total | 100.0 | % 100.0 | % 100.0 | % 100.0 | % |

E2) CLIENT- REVENUE METRICS

| | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 | |
|---------------------------|-----------------|-----------------|-----------------|--------|---|
| Particulates | | | | | |
| Top client | 14.1 | % 14.5 | % 23.4 | % 22.1 | % |
| Top 5 Clients | 36.9 | % 38.2 | % 48.7 | % 46.8 | % |
| Top 10 Clients | 51.6 | % 54.1 | % 61.2 | % 59.3 | % |
| Client data | | | | | |
| No of \$1 million clients | 71 | 64 | 58 | 61 | |
| No of new clients | 27 | 23 | 18 | 74 | |
| No. of active Clients | 235 | 220 | 191 | 199 | |
| % of Repeat Business | 90.2 | % 92.0 | % 91.1 | % 91.7 | % |

E3) EFFORTS AND UTILISATION

| | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 | |
|--------------------|-----------------|-----------------|-----------------|----------------|----------|
| Efforts Mix | | | | | |
| Onsite efforts | 33.9 | % 33.7 | % 35.0 | % 35.4 | % |
| Offshore efforts | 66.1 | % 66.3 | % 65.0 | % 64.6 | % |
| Total | 100.0 | % 100.0 | % 100.0 | % 100.0 | % |

| | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 | |
|--------------------|-----------------|-----------------|-----------------|--------|---|
| Utilisation | | | | | |
| Utilisation | 72.3 | % 70.2 | % 67.7 | % 67.2 | % |

E4) EMPLOYEE METRICS

| | Sept 30 2006 | June 30 2006 | Sept 30 2005 | 2005 | |
|-------------------------------|-----------------|-----------------|-----------------|---------------|---|
| Offshore | 9,648 | 9,908 | 8,750 | 9,221 | |
| Onsite | 2,780 | 2,700 | 2,506 | 2,581 | |
| Total Employees | 12,428 | 12,608 | 11,256 | 11,802 | |
| Net Additions | (180) | 460 | 379 | 2,141 | |
| Sales & Support Staff | 1,278 | 1,306 | 1,150 | 1,172 | |
| Attrition (LTM) excluding BPO | 24.5 | % 21.0 | % 17.3 | % 18.6 | % |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PATNI COMPUTER SYSTEMS LIMITED

Dated: October 27, 2006

By: /s/ ARUN KANAKAL
Arun Kanakal
Company Secretary