

Financial and Operating Information

for the quarter ended March 31, 2010

April 29, 2010

NOTES:

- **Fiscal Year**

Patni follows a January - December fiscal year. The current review covers the financial and operating performance of the Company for the quarter ended March 31, 2010.

- **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.

- **Reclassification**

Certain reclassifications have been made in the financial statements of prior years to conform to classifications used in the current year.

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A1) UNAUDITED CONSOLIDATED STATEMENT OF INCOME - US GAAP (US\$ '000) for the quarter / period ended						NON GAAP Dec 31 2009			GAAP	NON GAAP 2009	
Particulars	GAAP					Extra Ordinary Items **	Dec 31 2009 (Excluding Extra Ordinary Items)	QoQ change %	2009 (Audited)	Extra Ordinary Items	2009 (Excluding Extra Ordinary Items)
	Mar 31 2010	Mar 31 2009	YoY change %	Dec 31 2009	QoQ change %						
Revenue	172,312	156,655	10.0%	170,174	1.3%		170,174	1.3%	655,918		655,918
Cost of revenues	102,236	101,098	1.1%	101,226	1.0%		101,226	1.0%	405,079	(1,158)	406,237
Depreciation	4,038	3,768	7.2%	4,399	-8.2%		4,399	-8.2%	16,230		16,230
Gross Profit	66,038	51,789	27.5%	64,549	2.3%		64,549	2.3%	234,609	1,158	233,451
Sales and marketing expenses	15,856	13,303	19.2%	14,225	11.5%		14,225	11.5%	53,770		53,770
General and administrative expenses	18,173	16,094	12.9%	18,379	-1.1%		18,379	-1.1%	68,240		68,240
Provision for doubtful debts and advances	581	(82)	-809.9%	1,834	-68.4%		1,834	-68.4%	2,267		2,267
Foreign exchange (gain) / loss, net	(4,767)	6,503	-173.3%	(3,199)	49.0%		(3,199)	49.0%	9,693		9,693
Operating income	36,196	15,970	126.6%	33,310	8.7%		33,310	8.7%	100,639	1,158 ²	99,481
Other income / (expense), net	4,409	2,525	74.6%	4,254	3.6%	1,544	2,710	62.7%	23,900	3,039 ³	20,861
Income before income taxes	40,605	18,495	119.5%	37,564	8.1%	1,544	36,020	12.7%	124,539	4,197 ⁴	120,342
Income taxes	7,299	3,542	106.1%	(2,919)	-350.0%	(9,500)	6,581	10.9%	4,759	(17,814) ⁵	22,573
Net income/(loss)	33,306	14,954	122.7%	40,483	-17.7%	11,044	29,439	13.1%	119,780	22,011 ⁶	97,769
Earning per share											
- Basic	\$ 0.26	\$ 0.12	120.7%	\$ 0.31	-18.1%		\$ 0.23	12.6%	\$ 0.93		\$ 0.76
- Diluted	\$ 0.25	\$ 0.12	114.4%	\$ 0.31	-18.0%		\$ 0.22	12.7%	\$ 0.92		\$ 0.75
Weighted average number of common shares used in computing earnings per share											
- Basic	129,251,485	128,105,007		128,640,543			128,640,543		128,254,916		128,254,916
- Diluted	133,200,892	128,238,563		132,730,301			132,730,301		130,241,085		130,241,085

** Reviews of certain tax positions for previous years has resulted in net reversal leading to an increase in 2009 Gross Profit, Operating Income and Net Income.

- 1 - Due to write back of provision for payroll taxes of earlier years
- 2 - Impact of 1
- 3 - Due to write back of provision for interest/ penalties of earlier years
- 4 - Impact of 2 and 3
- 5 - Due to write back of provision for income tax of earlier years
- 6 - Impact of 4 and 5

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A2) CONSOLIDATED BALANCE SHEET USGAAP (US\$ '000)			
Particulars	31-Mar-10 (Unaudited)	31-Dec-09 (Audited)	31-Mar-09 (Unaudited)
Assets			
Total current assets	663,397	602,966	474,906
Goodwill	65,504	65,839	65,227
Intangible assets, net	21,840	22,895	26,010
Property, plant, and equipment, net	144,403	147,632	144,321
Other assets	76,284	61,850	45,150
Total assets	971,428	901,181	755,613
Liabilities			
Total current liabilities	116,292	110,253	145,285
Capital lease obligations excluding current installments	79	91	151
Other liabilities	42,390	43,803	41,447
Total liabilities	158,761	154,147	186,882
Total shareholders' equity	812,667	747,034	568,731
Total liabilities & shareholders' equity	971,428	901,181	755,613

A3) CONSOLIDATED CASH FLOW STATEMENT USGAAP (US\$ '000)				
Particulars	Mar 31 2010 (Unaudited)	Dec 31 2009 (Unaudited)	Mar 31 2009 (Unaudited)	2009 (Audited)
Net cash provided by operating activities	13,275	48,087	8,270	137,206
Net cash used in investing activities	(21,317)	(52,055)	(18,055)	(132,699)
Capital expenditure, net	(2,469)	(3,830)	(5,840)	(18,711)
Investment in securities, net	(18,848)	(48,225)	(12,215)	(113,987)
Net cash provided / (used) in financing activities	1,410	5,414	(66)	(3,150)
Others	(50)	(53)	(66)	(225)
Common shares issued / (Buy Back)	1,459	5,467	-	6,332
Dividend on common shares	0	(0)	(0)	(9,257)
Net increase / (decrease) in cash and equivalents	(6,633)	1,446	(9,852)	1,358
Effect of exchange rate changes on cash and equivalents	1,892	4,366	(3,661)	1,963
Cash and equivalents at the beginning of the period	63,459	57,647	60,138	60,138
Cash and equivalents at the end of the period	58,718	63,459	46,625	63,459

B1) CONSOLIDATED STATEMENT OF INCOME - INDIAN GAAP (RS. '000)						
For the quarter / period ended						
Particulars	Mar 31 2010 (Audited)	Mar 31 2009 (Audited)	YoY Change %	Dec 31 2009 (Unaudited)	QoQ Change %	2009 (Audited)
Sales and service income	7,816,300	7,764,443	0.7%	7,883,311	-0.9%	31,461,457
Other income	528,829	(133,383)	-496.5%	364,223	45.2%	824,648
Total income	8,345,129	7,631,060	9.4%	8,247,533	1.2%	32,286,105
Staff costs	4,562,003	4,679,425	-2.5%	4,503,345	1.3%	18,357,288
Selling, general and administration expenses	1,861,287	1,965,300	-5.3%	1,922,121	-3.2%	7,864,280
Interest	21,906	39,048	-43.9%	13,514	62.1%	77,200
Total expenditure	6,445,196	6,683,773	-3.6%	6,438,979	0.1%	26,298,768
Net profit before tax and adjustments	1,899,933	947,287	100.6%	1,808,554	5.1%	5,987,337
Provision for taxation	329,575	182,107	81.0%	(246,964)	-233.5%	121,195
Profit/(loss) for the period after taxation	1,570,358	765,180	105.2%	2,055,518	-23.6%	5,866,141
Profit and loss account, brought forward	22,972,249	18,102,057	26.9%	21,912,675	4.8%	18,102,057
Amount available for appropriation	24,542,607	18,867,237	30.1%	23,968,193	2.4%	23,968,198
Proposed dividend on equity shares	-	-	0.0%	387,378	-100.0%	387,383
Dividend on equity shares	-	-	0.0%	-	0.0%	-
Dividend tax	-	-	0.0%	65,835	-100.0%	65,836
Transfer to general reserve	-	-	0.0%	542,731	-100.0%	542,731
Profit and loss account, carried forward	24,542,607	18,867,237	30.1%	22,972,248	6.8%	22,972,248
Earning per share (Rs. per equity share of Rs. 2 each)						
- Basic	12.15	5.97	103.4%	15.98	-24.0%	45.74
- Diluted	11.75	5.96	97.1%	15.47	-24.0%	44.93
Weighted average number of common shares used in computing earnings per share						
- Basic	129,251,485	128,105,007		128,640,543		128,254,916
- Diluted	133,642,520	128,371,535		132,877,290		130,560,132

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B2) AUDITED CONSOLIDATED BALANCE SHEET - INDIAN GAAP (RS. '000)			
Particulars	31-Mar-10	31-Dec-09	31-Mar-09
Assets			
Current assets, loans and advances	12,786,771	11,521,915	11,472,319
Goodwill	4,629,076	4,765,305	5,048,944
Fixed assets (Net of Depreciation)	8,103,057	8,269,096	8,947,131
Investments	18,644,419	17,751,943	12,384,722
Deferred tax asset, net	778,338	893,334	935,117
Total assets	44,941,661	43,201,593	38,788,233
Liabilities			
Current liabilities and provisions	7,593,076	7,616,163	9,242,803
Secured loans	7,599	9,447	15,526
Deferred tax liability, net	65,820	66,589	138,926
Total liabilities	7,666,495	7,692,199	9,397,255
Total shareholders' equity	37,275,166	35,509,394	29,390,978
Total liabilities & shareholders' equity	44,941,661	43,201,593	38,788,233

B3) CONSOLIDATED CASH FLOW STATEMENT - INDIAN GAAP (RS '000)				
Particulars	Mar 31 2010 (Audited)	Dec 31 2009 (Unaudited)	Mar 31 2009 (Audited)	2009 (Audited)
Cash flows from / (used in) operating activities (A)	449,134	2,241,852	226,604	6,124,977
Cash flows used in investing activities (B)	(802,967)	(2,353,242)	(762,375)	(5,895,967)
Cash flows from / (used in) from financing activities (C)	64,892	196,153	(2,415)	(199,718)
Effect of changes in exchange rates (D)	(26,651)	95,047	(29,652)	(8,420)
Net increase / (decrease) in cash and cash equivalents during the period (A+B+C+D)	(315,592)	179,810	(567,838)	20,872
Cash and cash equivalents at the beginning of the period	2,952,622	2,772,812	2,931,750	2,931,750
Cash and cash equivalents at the end of the period	2,637,030	2,952,622	2,363,912	2,952,622

C) Reconciliation of Income as per Indian GAAP and US GAAP (RS. '000)				
Particulars	Mar 31 2010	Mar 31 2009	Dec 31 2009	2009
Consolidated net income as per Indian GAAP	1,570,400	765,181	2,055,500	5,866,100
Income taxes	(200)	(9,549)	(109,500)	(31,800)
Foreign currency differences	(20,500)	42,852	(16,000)	50,900
Employee retirement benefits	15,400	(61,963)	11,600	(41,900)
ESOP related Compensation Cost	(16,100)	25,163	(7,700)	(47,100)
Impairment of Intangible				139,600
Amortisation of Intangibles, arising on Business acquisition	(23,600)	(19,210)	(25,300)	(90,300)
Others	1,300	906	(1,300)	(400)
Total	(43,700)	(21,801)	(148,200)	(21,000)
Consolidated net income as per US GAAP	1,526,700	743,380	1,907,300	5,845,100

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

For the quarter / period ended

Particulars	Mar 31 2010	Mar 31 2009	Dec 31 2009	2009
Exchange rate \$1 = INR	44.95	50.87	46.40	46.40
Revenues	7,745,434	7,969,058	7,896,066	30,434,601
Cost of revenues	4,595,495	5,142,876	4,696,878	18,795,688
Depreciation	181,529	191,668	204,114	753,060
Gross Profit	2,968,411	2,634,514	2,995,073	10,885,852
Sales and marketing expenses	712,705	676,740	660,054	2,494,951
General and administrative expenses	816,881	818,694	852,782	3,166,329
Provision for doubtful debts and advances	26,095	(4,160)	85,114	105,188
Foreign exchange (gain) / loss, net	(214,278)	330,822	(148,452)	449,749
Operating income	1,627,008	812,418	1,545,576	4,669,636
Other income / (expense), net	198,191	128,445	197,383	1,108,958
Income before income taxes	1,825,199	940,863	1,742,959	5,778,593
Income taxes	328,094	180,161	(135,455)	220,812
Net income/(loss)	1,497,105	760,702	1,878,413	5,557,781
Earning per share				
- Basic	11.58	5.94	14.60	43.33
- Diluted	11.24	5.93	14.15	42.67
Weighted average number of common shares used in computing earnings per share				
- Basic	129,251,485	128,105,007	128,640,543	128,254,916
- Diluted	133,200,892	128,238,563	132,730,301	130,241,085

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

Particulars	As on 31-Mar-10	As on 31-Dec-09	As on 31-Mar-09
Exchange rate \$1 = INR	44.95	46.40	50.87
Assets			
Total current assets	29,819,716	27,977,605	24,158,448
Goodwill	2,944,383	3,054,908	3,318,113
Intangible assets, net	981,689	1,062,318	1,323,116
Property, plant, and equipment, net	6,490,917	6,850,120	7,341,601
Other assets	3,428,968	2,869,832	2,296,763
Total assets	43,665,673	41,814,783	38,438,042
Liabilities			
Total current liabilities	5,227,338	5,115,758	7,390,639
Capital lease obligations excl. installments	3,555	4,208	7,667
Other liabilities	1,905,409	2,032,457	2,108,399
Total liabilities	7,136,302	7,152,423	9,506,705
Total shareholders' equity	36,529,370	34,662,361	28,931,337
Total liabilities & shareholders' equity	43,665,673	41,814,783	38,438,042

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

Particulars	Mar 31 2010	Dec 31 2009	Mar 31 2009	2009
Exchange rate \$1 = INR	44.95	46.40	50.87	46.40
Net cash provided by operating activities	596,725	2,231,224	420,671	6,366,367
Net cash used in investing activities	(958,219)	(2,415,343)	(918,481)	(6,157,214)
Capital expenditure, net	(110,999)	(177,719)	(297,105)	(868,202)
Investment in securities, net	(847,220)	(2,237,624)	(621,376)	(5,289,012)
Investment in subsidiary, net of cash acquired	-	-	-	-
Net cash provided / (used) in financing activities	63,360	251,208	(3,355)	(146,155)
Others	(2,246)	(2,444)	(3,345)	(10,448)
Common shares issued, net of expenses	65,604	253,666	-	293,800
Dividend on common shares	2	(14)	(10)	(429,507)
Net increase / (decrease) in cash and equivalents	(298,134)	67,090	(501,165)	62,998
Effect of exchange rate changes on cash and equivalents	85,026	202,601	(186,240)	91,080
Cash and equivalents at the beginning of the period	2,852,487	2,674,812	3,059,243	2,790,424
Cash and equivalents at the end of the period	2,639,379	2,944,503	2,371,838	2,944,503

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E1) REVENUE ANALYSIS				
Revenue By Geographical Segments	Mar 31 2010	Dec 31 2009	Mar 31 2009	2009
Americas	79.7%	80.5%	78.9%	80.1%
EMEA	13.4%	14.0%	15.1%	14.2%
APAC	6.8%	5.5%	6.0%	5.7%
Total	100.0%	100.0%	100.0%	100.0%

Revenue by Industry Verticals	Mar 31 2010	Dec 31 2009	Mar 31 2009	2009
Insurance	29.0%	30.5%	27.3%	29.7%
Manufacturing, Retail and Distribution	30.8%	30.3%	29.2%	29.0%
Financial Services	11.7%	12.0%	13.7%	12.8%
Communications,Media & Utilities	12.2%	12.3%	14.4%	13.5%
Product Engineering Services	16.3%	14.8%	15.3%	15.0%
Total	100.0%	100.0%	100.0%	100.0%

Revenue by Service Offerings	Mar 31 2010	Dec 31 2009	Mar 31 2009	2009
Application Development & Maintenance	64.6%	65.8%	65.1%	65.2%
Package software implementation	13.4%	12.8%	13.7%	13.3%
Product Engineering Services	12.1%	11.2%	11.4%	11.2%
Infrastructure Management Services	5.0%	5.3%	3.5%	4.9%
Business Process Outsourcing	4.9%	4.8%	6.3%	5.4%
Total	100.0%	100.0%	100.0%	100.0%

Revenue by Project Type	Mar 31 2010	Dec 31 2009	Mar 31 2009	2009
Time and Material	56.4%	57.6%	62.4%	59.4%
Fixed Price (including Fixed Price SLA)	43.6%	42.4%	37.6%	40.6%
Total	100.0%	100.0%	100.0%	100.0%

E2) CLIENT- REVENUE METRICS				
Particulars	Mar 31 2010	Dec 31 2009	Mar 31 2009	2009
Top client	11.7%	11.1%	12.3%	11.9%
Top 5 Clients	36.4%	37.0%	33.7%	36.5%
Top 10 Clients	48.7%	50.9%	46.8%	49.7%
Client data				
No of \$1 million clients	92	92	94	92
No of \$5 million clients	27	26	26	26
No of \$10 million clients	16	15	20	15
No of \$50 million clients	3	2	2	2
No of new clients	9	20	22	56
No. of active Clients	260	272	320	272
% of Repeat Business	92.5%	93.7%	94.1%	94.0%

E3) REVENUE MIX AND UTILIZATION				
	Mar 31 2010	Dec 31 2009	Mar 31 2009	2009
Efforts				
Onsite	25.2%	26.9%	28.3%	27.4%
Offshore	74.8%	73.1%	71.7%	72.6%
Revenue				
Onsite	53.2%	54.9%	57.9%	55.8%
Offshore	46.8%	45.1%	42.1%	44.2%
Utilization	79.9%	77.4%	70.3%	74.9%

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E4) EMPLOYEE METRICS				
	Mar 31 2010	Dec 31 2009	Mar 31 2009	2009
Total Employees	13,959	13,995	14,540	13,995
Offshore	11,118	11,264	11,693	11,264
Onsite	2,841	2,731	2,847	2,731
Total	13,959	13,995	14,540	13,995
Total Employees				
Sales & Support Staff	1,415	1,484	1,550	1,484
Net Additions	(36)	388	(354)	(899)
Attrition (LTM) excluding BPO	17.7%	13.7%	15.5%	13.7%

E5) FACILITIES - INDIA INFRASTRUCTURE (as on Mar 31, 2010)				
Location	Operational**		Under Construction/Furnishing	
	Built Up Area (Sq ft)	No. of Seats	Built Up Area (Sq ft)	No. of Seats
Mumbai	183,648	1,766	-	-
Navi Mumbai	267,411	3,189	-	-
Airoli	462,845	4,487	-	-
Pune	306,020	3,276	-	-
Gandhinagar	37,014	404	-	-
Noida	501,100	3,751	-	-
Hyderabad	97,497	757	-	-
Bangalore	114,330	1,249	-	-
Chennai	148,000	1,192	-	-
	2,117,865	20,071	-	-

** Owned plus leased

E6) RUPEE - CURRENCY RATES AGAINST US DOLLAR			
	Mar 31 2010	Dec 31 2009	Mar 31 2009
Rupee			
Period end rate	44.91	46.52	50.70
Period average rate	45.89	46.62	50.17
Other Currencies (Average Rate)			
AUD	0.90	0.91	0.66
EURO	1.38	1.48	1.31
GBP	1.56	1.64	1.44
YEN	0.01	0.01	0.01