

PATNI COMPUTER SYSTEMS LTD.



Company Background

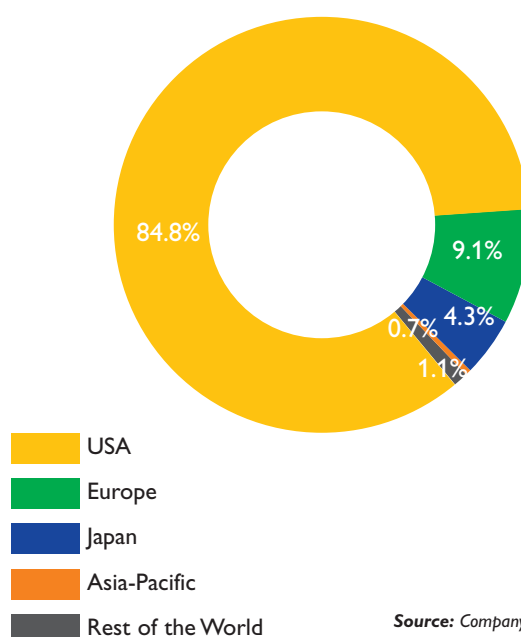
Patni Computer Systems Ltd. (Patni), incorporated in 1978, is a leading IT consulting services and business solutions provider based in India. The majority of the services offered include those in the domains of insurance, manufacturing, retail, telecom, etc. Patni has a strong team of over 12,500 professionals, with 23 sales and marketing offices across the globe and multiple offshore development centres across eight cities in India.

The business processes at Patni are in compliance with Six Sigma and BS 7799. The company has been accredited with the ISO 9001:2000 certification and is assessed at SEI-CMMI level 5 and P-CMM level 3.

Patni has alliances with many leading IT vendors such as Microsoft, SAP, Siebel and Oracle. The company generates approximately 60 per cent of its revenues from its clients in the manufacturing and BFSI. However, its telecom domain is also gaining momentum and is now contributing significantly to its overall revenues.

Though the USA is the company's key market, its contribution to the overall revenue has declined from 88.8 per cent in 2003 to 84.8 per cent in 2005. The European region's contribution has been steadily increasing from 7.2 per cent in 2003 to 9.1 per cent in 2005. The geography-wise revenue break-up for the company in 2005 is in the table beside. Patni is listed on the Bombay Stock Exchange and the National Stock Exchange.

Geography-wise Revenue Break-up of Patni (2005)



Source: Company Annual Report

It is also listed on the New York Stock Exchange. In 2005, the company had consolidated revenues of EUR 361.8 million, exhibiting a CAGR of 33 per cent.

Patni Computer Systems in the EU

Europe is a strategic market for the company. As a result of its increased sales and marketing efforts, Patni witnessed an 80-per cent revenue growth in 2005 from its European business. Telecom and BFSI were the business verticals that witnessed the maximum growth in the European region. The company provides services to various clients in the different member countries of the EU, including Germany, the UK, the Netherlands and Sweden. It has five offices across EU.

Patni Computer Systems in the UK

Patni has the following two subsidiaries in the UK:

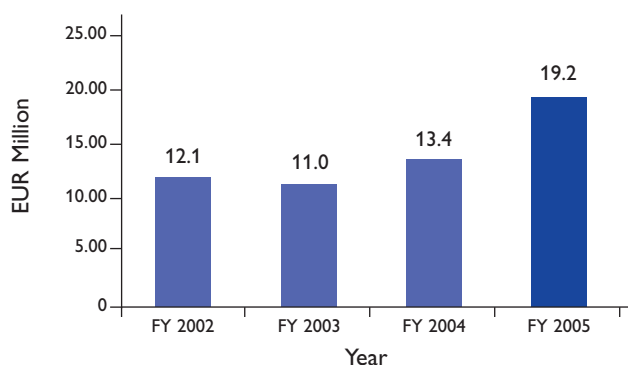
Patni Computer Systems (UK) Ltd.

Patni Computer Systems (UK) Ltd. is a wholly owned subsidiary of Patni Computer Systems Limited, India. The company provides IT solutions to its clients globally. The majority of its revenues are generated from the software services segment.

Patni Computers Systems (UK) Ltd. has recently acquired an outsourcing contract from ABN AMRO bank. As a part of the contract, the company is among several partners who will cater to the global IT requirements of the bank through application development, enhancement and support services.

For the year ending 2005, the company recorded revenues of EUR 19.2 million, registering a CAGR of 17 per cent for 2002-05

Revenues of Patni Computer Systems (UK) Ltd.
(EUR million): 2002-05



Source: Company Annual Report

Patni Telecom Solutions (UK) Ltd.

Patni Telecom Solutions (UK) Ltd. was established to cater to the IT requirements of its clients in the telecom industry. The subsidiary provides services in the domains of OSS and BSS systems. For the year ending December 2005, the company generated revenues of approximately EUR 8.84 million.

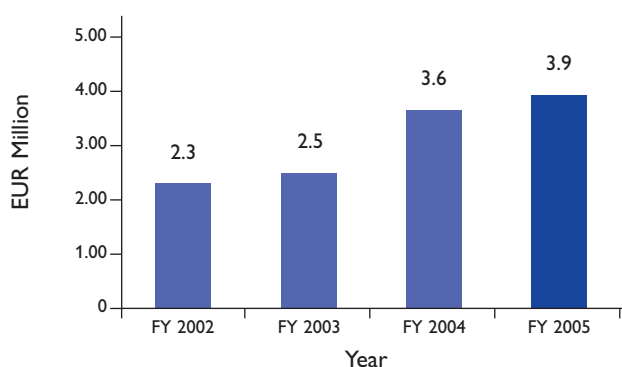
Patni Telecom Solutions (UK) Ltd. was recently awarded with a multi-services telecom contract by

The Carphone Warehouse (UK-based retailer of mobile communications). The company will support The Carphone Warehouse's delivery platform of fixed-line, wireless and mobile virtual network operator capabilities across the European market.

Patni Computer Systems in Germany

Patni Computer is present in Germany through its wholly owned subsidiary Patni Computer Systems GmbH. Patni Computer Systems GmbH has two offices in Germany (in Stuttgart and Munich). It intends to increase its presence in the E U by adopting aggressive sales and marketing strategies. In 2005, the company generated revenues of EUR 3.9 million, which grew at a CAGR of 19 per cent for 2002-05.

Revenues of Patni Computer Systems GmbH
(EUR million): 2002-05



Source: Company Annual Report

Patni Computer Systems in Other EU Countries

Patni also has sales and marketing offices in other regions of the E U, such as those in Sweden and the Netherlands. These offices help the company in catering to its clients across Europe and in generating more business. The company has identified the Benelux and the Scandinavian regions as its emerging markets in the E U. The company's office in Amsterdam (The Netherlands) will cater to the requirements of clients there. Apart from the UK and Germany, Patni has offices Sweden, The Netherlands, Denmark and Finland

Factors for Success

Focus on Key Vertical Domains

Patni has six key business verticals – BFSI, manufacturing, telecom, product engineering services, independent software vendors and retail. These verticals help the company cater to niche segments and build domain expertise. The company has been continuously gaining domain knowledge and targetting its customers with advanced IT services and solutions. Such strategic steps have assisted the company in acquiring a good amount of business from its customers and in creating a brand name for itself. This focussed approach ensured success for the company in verticals such as retail and telecom.

Valued Acquisitions

Patni has been acquiring companies to facilitate its entry into a particular segment or for focussing on a particular geography. This has helped the company to penetrate desired markets with the requisite skill set. Patni has witnessed strong traction for its offerings for SAP, particularly in CPG and hi-tech both in the US and the EU markets. The company has acquired small- and mid-sized firms in various domains such as financial services, telecom, storage, automotive, CAD/CAM, etc.

Focus on Knowledge Management Tools

Patni has efficiently developed a knowledge management infrastructure to foster growth, effectively handle competition and enhance productivity. The company has gathered the knowledge base of each strategic business unit across the globe and stored it in a central database. This data is available to every employee of the company from any location, thereby creating high quality proposals that generate more business for the company. This knowledge management initiative has helped the company increase its productivity by more than five per cent.

Build Local Presence and Enhance Marketing Activities

The company is supporting the expansion in physical locations with appointments of senior local European staff to help grow business in the region. Currently, approximately 450 out of 12,500 employees of Patni are based in the EU.

Future Plans

As a part of its growth strategy, Patni is targeting major markets in the EU. The company has opened new offices in Amsterdam and Helsinki, and in Copenhagen to cater to the Benelux and Scandinavian regions, respectively. The next few years will witness some acquisition activity by the company in Europe, thereby developing domain expertise and a brand name in the market. Patni is planning to tap the outsourcing potential available in the EU market.

The company is planning to increase its focus on the BFSI and telecom sectors in the EU, which hosts some of the major players in these sectors. With an enhanced understanding of customer needs, Patni is focussing on capitalising on the market requirement for outsourcing IT services.

It has placed emphasis on identifying technologies for the future and developing intellectual property rights to provide better-quality services to its clients. In the EU, Patni expects application services to register strong growth. Patni has high focus on the new technologies, such as SAP NetWeaver and Oracle Fusion Middleware which will help in faster growth of its revenues from the EU. The company has established a SAP NetWeaver center of excellence in India, which supports the development of solutions based on this technology.

www.patni.com