

WNS (HOLDINGS) LTD
Form 6-K
July 19, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the quarter ended June 30, 2013

Commission File Number 001 32945

WNS (HOLDINGS) LIMITED

(Exact name of registrant as specified in the charter)

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Not Applicable

(Translation of Registrant's name into English)

Jersey, Channel Islands

(Jurisdiction of incorporation or organization)

Gate 4, Godrej & Boyce Complex

Pirojshanagar, Vikhroli (W)

Mumbai 400 079, India

+91-22 - 4095 -2100

(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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

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 number assigned to registrant in connection with Rule 12g3-2(b): **Not applicable.**

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WNS (Holdings) Limited is incorporating by reference the information and exhibits set forth in this Form 6-K into its registration statements on Form S-8 (Registration No: 333-136168), Form S-8 (File No. 333-157356), and Form S-8 (File No. 333-176849).

CONVENTIONS USED IN THIS REPORT

In this report, references to "US" are to the United States of America, its territories and its possessions. References to "UK" are to the United Kingdom. References to "India" are to the Republic of India. References to "China" are to the People's Republic of China. References to "South Africa" are to the Republic of South Africa. References to "\$" or "dollars" or "US dollars" are to the legal currency of the US, references to "pence" or "Indian rupees" are to the legal currency of India, references to "pound sterling" or "£" are to the legal currency of the UK, references to "pence" are to the legal currency of Jersey, Channel Islands, references to "Euro" are to the legal currency of the European Monetary Union and references to "RMB" are to the legal currency of China. Our financial statements are presented in US dollars and prepared in accordance with International Financial Reporting Standards and its interpretations, or IFRS, as issued by the International Accounting Standards Board, or the IASB, as in effect as at June 30, 2013. To the extent IASB issues any amendments or any new standards subsequent to June 30, 2013, there may be differences between IFRS applied to prepare the financial statements included in this report and those that will be applied in our annual financial statements for the year ending March 31, 2014. Unless otherwise indicated, references to "GAAP" in this report are to IFRS, as issued by the IASB.

References to a particular "fiscal year" are to our fiscal year ended March 31 of that calendar year. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

In this report, unless otherwise specified or the context requires, the term "WNS" refers to WNS (Holdings) Limited, a public company incorporated under the laws of Jersey, Channel Islands, and the terms "our company," "the Company," "we," "our" and "us" refer to WNS (Holdings) Limited and its subsidiaries.

In this report, references to "Commission" are to the United States Securities and Exchange Commission.

We also refer in various places within this report to "revenue less repair payments," which is a non-GAAP financial measure that is calculated as (a) revenue less (b) in our auto claims business, payments to repair centers (1) for "fault" repair cases where we act as the principal in our dealings with the third party repair centers and our clients and (2) for "non fault" repair cases with respect to one client (whose contract with us has been terminated with effect from April 18, 2012) as more fully explained in "Management's Discussion and Analysis of Financial Condition and Results of Operations." This non-GAAP financial information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" that are based on our current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking

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statements can be identified by the use of forward-looking terminology such as anticipate, believe, estimate, expect, intend, will, project, should and similar expressions. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources, tax assessment orders and future capital expenditures. We caution you that reliance on any forward-looking statement inherently involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be materially incorrect. These risks and uncertainties include but are not limited to:

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- worldwide economic and business conditions;
- political or economic instability in the jurisdictions where we have operations;
- regulatory, legislative and judicial developments;
- our ability to attract and retain clients;
- technological innovation;
- telecommunications or technology disruptions;
- future regulatory actions and conditions in our operating areas;
- our dependence on a limited number of clients in a limited number of industries;
- our ability to expand our business or effectively manage growth;
- our ability to hire and retain enough sufficiently trained employees to support our operations;
- negative public reaction in the US or the UK to offshore outsourcing;
- the effects of our different pricing strategies or those of our competitors;

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- increasing competition in the business process outsourcing industry;
- our ability to successfully grow our revenue, expand our service offerings and market share and achieve accretive benefits from our acquisition of (1) Fusion Outsourcing Services (Proprietary) Limited, or Fusion (which we have renamed as WNS Global Services SA (Pty) Ltd following our acquisition) or (2) Aviva Global Services Singapore Pte. Ltd., or Aviva Global (which we have renamed as WNS Customer Solutions (Singapore) Private Limited, or WNS Global Singapore, following our acquisition) and our master services agreement with Aviva Global Services (Management Services) Private Limited, or Aviva MS, as described below;
- our liability arising from fraud or unauthorized disclosure of sensitive or confidential client and customer data;
- our ability to successfully consummate and integrate strategic acquisitions; and
- volatility of our ADS price.

These and other factors are more fully discussed in our other filings with the Securities and Exchange Commission, or the SEC, including in Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in our annual report on Form 20-F for our fiscal year ended March 31, 2013. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans, objectives or projected financial results referred to in any of the forward-looking statements. Except as required by law, we do not undertake to release revisions of any of these forward-looking statements to reflect future events or circumstances.

Table of Contents**Part I- FINANCIAL INFORMATION****WNS (HOLDINGS) LIMITED****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Amounts in thousands, except share and per share data)

	Notes	As at June 30, 2013 (Unaudited)	As at March 31, 2013
ASSETS			
Current assets:			
Cash and cash equivalents	5	\$ 23,437	\$ 27,878
Investments	6	79,030	46,473
Trade receivables, net	7	57,602	64,438
Unbilled revenue		28,284	25,530
Funds held for clients		19,705	19,877
Derivative assets	13	4,156	7,589
Prepayments and other current assets	8	15,669	12,021
Total current assets		227,883	203,806
Non-current assets:			
Goodwill	9	83,092	87,132
Intangible assets	10	82,055	92,104
Property and equipment	11	46,175	48,440
Derivative assets	13	1,697	3,756
Deferred tax assets		42,177	41,642
Investments	6	2	43,218
Other non-current assets	8	16,107	14,795
Total non-current assets		271,305	331,087
TOTAL ASSETS		\$ 499,188	\$ 534,893
LIABILITIES AND EQUITY			
Current liabilities:			
Trade payables		\$ 27,686	\$ 29,321
Provisions and accrued expenses	15	27,640	26,743
Derivative liabilities	13	7,960	3,857
Pension and other employee obligations	14	24,239	32,749
Short term line of credit	12	53,316	54,921
Current portion of long term debt	12	7,764	7,701
Deferred revenue	16	5,588	6,508
Current taxes payable		5,570	5,188
Other liabilities	17	9,008	15,397
Total current liabilities		168,771	182,385
Non-current liabilities:			
Derivative liabilities	13	5,074	1,265
Pension and other employee obligations	14	4,739	5,596
Long term debt	12	33,118	33,741
Deferred revenue	16	3,043	3,308
Other non-current liabilities	17	3,505	4,395
Deferred tax liabilities		3,481	3,606
Total non-current liabilities		52,960	51,911
TOTAL LIABILITIES		221,731	234,296
Shareholders' equity:			

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Share capital (ordinary shares \$0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 50,770,710 and 50,588,044 shares each as at June 30, 2013 and March 31, 2013, respectively)	18	7,950	7,922
Share premium		270,966	269,300
Retained earnings		86,829	80,084
Other components of equity		(88,288)	(56,709)
Total shareholders' equity		277,457	300,597
TOTAL LIABILITIES AND EQUITY		\$ 499,188	\$ 534,893

See accompanying notes.

Table of Contents**WNS (HOLDINGS) LIMITED****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited, amounts in thousands, except share and per share data)**

		Three months ended June 30,	
	Notes	2013	2012
Revenue		\$ 122,146	\$ 107,814
Cost of revenue	19	84,397	73,438
Gross profit		37,749	34,376
Operating expenses:			
Selling and marketing expenses	19	7,845	7,448
General and administrative expenses	19	14,978	12,649
Foreign exchange loss, net		543	2,439
Amortization of intangible assets		6,207	6,599
Operating profit		8,176	5,241
Other income, net	21	(2,174)	(991)
Finance expense	20	795	1,005
Profit before income taxes		9,555	5,227
Provision for income taxes	23	2,810	2,386
Profit		\$ 6,745	\$ 2,841
Earnings per share of ordinary share	24		
Basic		\$ 0.13	\$ 0.06
Diluted		\$ 0.13	\$ 0.06

See accompanying notes.

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited, amounts in thousands)

	Notes	Three months ended June 30,	
		2013	2012
Profit		\$ 6,745	\$ 2,841
Other comprehensive income/(loss), net of taxes	23		
Items that may not be reclassified to profit or loss:			
Pension adjustment		988	(208)
		988	(208)
Items that are or may be reclassified subsequently to profit or loss:			
Changes in fair value of cash flow hedges:			
Current period loss		(13,741)	(8,263)
Reclassification to profit/(loss)		135	3,795
Foreign currency translation		(22,874)	(23,221)
Income tax relating to above		3,913	1,641
		(32,567)	(26,048)
Total other comprehensive loss, net of taxes		\$ (31,579)	\$ (26,256)
Total comprehensive loss		\$ (24,834)	\$ (23,415)

See accompanying notes.

Table of Contents**WNS (HOLDINGS) LIMITED****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Unaudited, amounts in thousands, except share and per share data)

	Share Number	Capital Par value	Share premium	Retained earnings	Other components of equity			Total shareholders equity
					Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	
Balance as at April 1, 2012	50,078,881	\$ 7,842	\$ 263,529	\$ 58,685	\$ (41,784)	\$ (5,373)	\$ 791	\$ 283,690
Shares issued for exercised options and restricted share units (RSUs)	59,753	9	(9)					
Reversal of share issuance cost			5					5
Share-based compensation			1,668					1,668
Excess tax benefits from exercise of share-based options and RSUs			(32)					(32)
Transactions with owners	59,753	9	1,632					1,641
Profit				2,841				2,841
Other comprehensive loss, net of taxes					(23,221)	(2,827)	(208)	(26,256)
Total comprehensive income/(loss) for the period				2,841	(23,221)	(2,827)	(208)	(23,415)
Balance as at June 30, 2012	50,138,634	\$ 7,851	\$ 265,161	\$ 61,526	\$ (65,005)	\$ (8,200)	\$ 583	\$ 261,916

Table of Contents**WNS (HOLDINGS) LIMITED****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Unaudited, amounts in thousands, except share and per share data)

	Share Number	Capital Par value	Share premium	Retained earnings	Other components of equity			Total shareholders equity
					Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	
Balance as at April 1, 2013	50,588,044	\$ 7,922	\$ 269,300	\$ 80,084	\$ (62,056)	\$ 4,673	\$ 674	\$ 300,597
Shares issued for exercised options and RSUs	182,666	28	69					97
Share-based compensation			1,484					1,484
Excess tax benefits from exercise of share-based options and RSUs			113					113
Transactions with owners	182,666	28	1,666					1,694
Profit				6,745				6,745
Other comprehensive income/(loss), net of taxes					(22,874)	(9,693)	988	(31,579)
Total comprehensive income/(loss) for the period				6,745	(22,874)	(9,693)	988	(24,834)
Balance as at June 30, 2013	50,770,710	\$ 7,950	\$ 270,966	\$ 86,829	\$ (84,930)	\$ (5,020)	\$ 1,662	\$ 277,457

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, amounts in thousands)

	Three months ended June 30,	
	2013	2012
Cash flows from operating activities:		
Cash generated from operations	\$ 11,236	\$ 9,282
Interest paid	(888)	(1,094)
Interest received	41	42
Income taxes paid	(2,252)	(2,068)
Net cash provided by operating activities	8,137	6,162
Cash flows from investing activities:		
Acquisition, net of cash acquired (Refer note 4)		(6,256)
Purchase of property and equipment and intangibles	(5,530)	(4,393)
Proceeds from sale of property and equipment	49	52
Deferred consideration paid towards acquisition of Fusion (Refer note 4)	(7,608)	
Dividend received	615	631
Marketable securities sold, net	4,241	11,725
Net cash (used in) provided by investing activities	(8,233)	1,759
Cash flows from financing activities:		
Direct cost incurred in relation to public offering		(16)
Proceeds from exercise of stock options	97	
Proceeds from long term debt		5,000
Excess tax benefit from share based compensation	32	8
Payment of debt issuance cost		(133)
Repayment of short term borrowings, net	(1,802)	(2,616)
Net cash provided by (used in) financing activities	(1,673)	2,243
Exchange difference on cash and cash equivalents	(2,672)	(4,674)
Net change in cash and cash equivalents	(4,441)	5,490
Cash and cash equivalents at the beginning of the period	27,878	46,725
Cash and cash equivalents at the end of the period	\$ 23,437	\$ 52,215
Non-cash transactions:		
Note: Liability towards property and equipment and intangible assets purchased on credit/deferred credit	\$ 2,366	\$ 1,183

See accompanying notes.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

1. Company overview

WNS (Holdings) Limited ("WNS Holdings"), along with its subsidiaries (collectively, "the Company"), is a global business process outsourcing ("BPO") company with client service offices in Australia, London (UK), New Jersey (US) and Singapore and delivery centers in Costa Rica, India, the People's Republic of China ("China"), the Philippines, Poland, Republic of South Africa ("South Africa"), Romania, Sri Lanka, the UK and the US. The Company's clients are primarily in the banking, consumer product, financial services, healthcare and utilities, insurance, public sector, retail and travel industries.

WNS Holdings is incorporated in Jersey, Channel Islands and maintains a registered office in Jersey at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on July 16, 2013.

2. Summary of significant accounting policies

a. Basis of preparation

These condensed interim consolidated financial statements are prepared in compliance with International Accounting Standard (IAS) 34, *Interim financial reporting* as issued by IASB. They do not include all of the information required in annual financial statements in accordance with IFRS, as issued by IASB and should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's annual report on Form 20-F for the fiscal year ended March 31, 2013.

The accounting policies applied are consistent with the policies that were applied for the preparation of the consolidated financial statements for the year ended March 31, 2013.

3. New accounting pronouncements not yet adopted by the Company

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after April 1, 2014 or later periods. Those which are considered to be relevant to the Company's operations are set out below.

i. In November 2009, the IASB issued IFRS 9 Financial Instruments: Classification and Measurement (~~IFRS 9~~) This standard introduces certain new requirements for classifying and measuring financial assets and liabilities and divides all financial assets that are currently in the scope of IAS 39 into two classifications, viz. those measured at amortized cost and those measured at fair value. In October 2010, the IASB issued a revised version of IFRS 9, Financial Instruments (IFRS 9 R). The revised standard adds guidance on the classification and measurement of financial liabilities. IFRS 9 R requires entities with financial liabilities designated at fair value through profit or loss to recognize changes in the fair value due to changes in the liability's credit risk in other comprehensive income. However, if recognizing these changes in other comprehensive income creates an accounting mismatch, an entity would present the entire change in fair value within profit or loss. There is no subsequent recycling of the amounts recorded in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity.

IFRS 9 R is effective for fiscal years beginning on or after January 1, 2015. Earlier application is permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

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(Amounts in thousands, except share and per share data)

ii In May 2013, the IASB has issued an amendment to IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. This Amendment is effective from annual period on or after January 1, 2014.

The Company has evaluated the requirements of the above amendment and does not believe that the adoption of this amendment will have a material effect on its consolidated financial statements.

(iii) In May 2013, the IASB has issued an Interpretation IFRIC 21 Levies. This Interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This interpretation is effective from January 1, 2014.

The Company has evaluated the requirements of the above interpretation and does not believe that the adoption of this interpretation will have a material effect on its consolidated financial statements.

(iv) In June 2013, the IASB has issued an amendment to IAS 39 Financial Instruments: Recognition and Measurement, which clarifies that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met. A novation indicates an event where the original parties to a derivative agreement agree that one or more clearing counterparties replace their original counterparty to become the new counterparty to each of the parties. In order to apply the amendments and continue hedge accounting, novation to a central counterparty (CCP) must happen as a consequence of laws or regulations or the introduction of laws or regulations. This Amendment is effective from annual period on or after January 1, 2014.

The Company has evaluated the requirements of the above amendment and does not believe that the adoption of this amendment will have a material effect on its consolidated financial statements.

4. Acquisition

On June 21, 2012, the Company acquired all outstanding equity shares of Fusion Outsourcing Services (Proprietary) Limited (Fusion) (subsequently renamed as WNS Global Services SA (Pty) Ltd), a provider of a range of outsourcing services including contact center, customer care and business continuity services to both South African and international clients.

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The purchase price for the acquisition was £10,000 (\$15,680 based on the exchange rate on June 21, 2012) plus £399 (\$644 based on the exchange rate on October 30, 2012) towards adjustment for cash and working capital.

In accordance with the terms of the sale and purchase agreement entered in connection with the acquisition of Fusion, £5,000 (\$7,840 based on the exchange rate on June 21, 2012) was paid at the completion arrangement on June 21, 2012, £399 (\$644 based on the exchange rate on October 30, 2012) was paid based on completion accounts on October 30, 2012 and the remainder £5,000 (\$7,840 based on the exchange rate on June 21, 2012) was payable on or before May 31, 2013 along with interest of 3% per annum above the base rate of Barclays Bank Plc. to be calculated on a daily accrual basis.

Consequently on May 31, 2013, the Company paid £5,151 (\$7,838 based on the exchange rate on May 31, 2013) towards settlement of the final installment of the purchase consideration including an interest of £151.

5. Cash and cash equivalents

The Company considers all highly liquid investments with an initial maturity of up to three months to be cash equivalents. Cash and cash equivalents consist of the following:

	As at	
	June 30, 2013	March 31, 2013
Cash and bank balance	\$ 19,494	\$ 21,323
Short term deposits with bank	3,943	6,555
Total	\$ 23,437	\$ 27,878

Short term deposits can be withdrawn by the Company at any time without prior notice and are readily convertible into known amounts of cash with an insignificant risk of changes in value.

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Investments consist of the following:

	June 30, 2013	As at	March 31, 2013
Marketable securities(1)	\$ 38,496	\$	46,473
Investments in Fixed Maturity Plan	40,534		43,216
Others	2		2
Total	\$ 79,032	\$	89,691

The current and non-current classifications of investments are as follows:

	June 30, 2013	As at	March 31, 2013
Current investments	\$ 79,030	\$	46,473
Non-current investments	2		43,218
Total	\$ 79,032	\$	89,691

Note:

(1) Marketable securities represent short term investments and are acquired principally for the purpose of earning dividend income.

7. Trade receivables

Trade receivables consist of the following:

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	As at	
	June 30, 2013	March 31, 2013
Trade receivables	\$ 62,984	\$ 69,583
Allowances for doubtful trade receivables	(5,382)	(5,145)
Total	\$ 57,602	\$ 64,438

The movement in the allowances for doubtful trade receivables is as follows:

	As at	
	June 30, 2013	March 31, 2013
Balance at the beginning of the period	\$ 5,145	\$ 5,470
Charged to operations	371	1,190
Write-off		(955)
Reversal	(158)	(349)
Translation adjustment	24	(211)
Balance at the end of the period	\$ 5,382	\$ 5,145

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

8. Prepayment and other assets

Prepayment and other assets consist of the following:

	June 30, 2013	As at	March 31, 2013
Current:			
Service tax and other tax receivables	\$ 4,894	\$	4,588
Deferred transition cost	862		498
Employee receivables	1,550		1,190
Advances to suppliers	1,419		774
Prepaid expenses	4,465		3,329
Other assets	2,479		1,642
Total	\$ 15,669	\$	12,021
Non-current:			
Deposits	\$ 5,776	\$	6,085
Non-current tax assets	3,629		3,826
Service tax and other tax receivables	4,273		4,199
Deferred transition cost	448		274
Others	1,981		411
Total	\$ 16,107	\$	14,795

9. Goodwill

The movement in goodwill balance by reportable segment as at June 30, 2013 and March 31, 2013 is as follows:

	WNS Global BPO	WNS Auto Claims	Total
Balance as at April 1, 2012	\$ 53,570	\$ 33,125	\$ 86,695
Goodwill arising from acquisition of Fusion (See Note 4)	6,199		6,199
Foreign currency translation	(3,883)	(1,879)	(5,762)
Balance as at March 31, 2013	\$ 55,886	\$ 31,246	\$ 87,132
Foreign currency translation	(4,311)	271	(4,040)
Balance as at June 30, 2013	\$ 51,575	\$ 31,517	\$ 83,092

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

10. Intangible assets

The changes in the carrying value of intangible assets for the year ended March 31, 2013 are as follows:

Gross carrying value	Customer contracts	Customer relationship	Intellectual property rights	Leasehold benefits	Covenant not-to-compete	Software	Total
Balance as at April 1, 2012	\$ 175,967	\$ 64,482	\$ 4,956	\$ 1,835	\$ 353	\$ 1,017	\$ 248,610
Additions						4,890	4,890
On acquisition of Fusion	1,427	2,148				383	3,958
Translation adjustments	(6,536)	(1,155)	(281)		(15)	(147)	(8,134)
Balance as at March 31, 2013	\$ 170,858	\$ 65,475	\$ 4,675	\$ 1,835	\$ 338	\$ 6,143	\$ 249,324
Accumulated amortization							
Balance as at April 1, 2012	\$ 89,372	\$ 37,043	\$ 4,956	\$ 1,707	\$ 343	\$ 48	\$ 133,469
Amortization	17,887	7,425		128	10	900	26,350
Translation adjustments	(1,401)	(912)	(281)		(15)	10	(2,599)
Balance as at March 31, 2013	\$ 105,858	\$ 43,556	\$ 4,675	\$ 1,835	\$ 338	\$ 958	\$ 157,220
Net carrying value as at March 31, 2013	\$ 65,000	\$ 21,919	\$	\$	\$	\$ 5,185	\$ 92,104

The changes in the carrying value of intangible assets for the three months ended June 30, 2013 are as follows:

Gross carrying value	Customer contracts	Customer relationship	Intellectual property rights	Leasehold benefits	Covenant not-to-compete	Software	Total
Balance as at April 1, 2013	\$ 170,858	\$ 65,475	\$ 4,675	\$ 1,835	\$ 338	\$ 6,143	\$ 249,324
Additions	167					1,496	1,663
Translation adjustments	(7,883)	(660)	40		2	(511)	(9,012)

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Balance as at June 30, 2013	\$	163,142	\$	64,815	\$	4,715	\$	1,835	\$	340	\$	7,128	\$	241,975
Accumulated amortization														
Balance as at April 1, 2013	\$	105,858	\$	43,556	\$	4,675	\$	1,835	\$	338	\$	958	\$	157,220
Amortization		4,379		1,503								325		6,207
Translation adjustments		(3,030)		(528)		40				2		9		(3,507)
Balance as at June 30, 2013	\$	107,207	\$	44,531	\$	4,715	\$	1,835	\$	340	\$	1,292	\$	159,920
Net carrying value as at June 30, 2013	\$	55,935	\$	20,284	\$		\$		\$		\$	5,836	\$	82,055

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

11. Property and equipment

The changes in the carrying value of property and equipment for the year ended March 31, 2013 are as follows:

Gross carrying value	Buildings	Computers and software	Furniture, fixtures and office equipment	Vehicles	Leasehold improvements	Total
Balance as at April 1, 2012	\$ 11,495	\$ 64,668	\$ 55,861	\$ 1,648	\$ 47,924	\$ 181,596
Additions		4,148	5,595	363	4,932	15,038
On acquisition of Fusion		805	1,014		496	2,315
Disposal/Retirements		790	3,131	811	2,773	7,505
Translation adjustments	(363)	(3,662)	(2,988)	(101)	(2,694)	(9,808)
Balance as at March 31, 2013	\$ 11,132	\$ 65,169	\$ 56,351	\$ 1,099	\$ 47,885	\$ 181,636
Accumulated depreciation						
Balance as at April 1, 2012	\$ 1,846	\$ 57,804	\$ 44,419	\$ 1,177	\$ 34,175	\$ 139,421
Depreciation	555	4,668	5,145	134	4,207	14,709
Disposal/Retirements		783	2,992	268	2,733	6,776
Translation adjustments	(57)	(3,467)	(2,424)	(71)	(2,026)	(8,045)
Balance as at March 31, 2013	\$ 2,344	\$ 58,222	\$ 44,148	\$ 972	\$ 33,623	\$ 139,309
Capital work-in-progress						6,113
Net carrying value as at March 31, 2013						\$ 48,440

The changes in the carrying value of property and equipment for the three months ended June 30, 2013 are as follows:

Gross carrying value	Buildings	Computers and software	Furniture, fixtures and office equipment	Vehicles	Leasehold improvements	Total
Balance as at April 1, 2013	\$ 11,132	\$ 65,169	\$ 56,351	\$ 1,099	\$ 47,885	\$ 181,636
Additions		1,403	2,066	6	1,332	4,807
Disposal/Retirements			42			42
Translation adjustments	(467)	(3,732)	(4,070)	(93)	(3,694)	(12,056)
Balance as at June 30, 2013	\$ 10,665	\$ 62,840	\$ 54,305	\$ 1,012	\$ 45,523	\$ 174,345

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Accumulated depreciation

Balance as at April 1, 2013	\$	2,344	\$	58,222	\$	44,148	\$	972	\$	33,623	\$	139,309
Depreciation		137		1,099		1,134		54		1,005		3,429
Disposal/Retirements						42						42
Translation adjustments		(102)		(3,339)		(3,240)		(108)		(2,782)		(9,571)
Balance as at June 30, 2013	\$	2,379	\$	55,982	\$	42,000	\$	918	\$	31,846	\$	133,125

Capital work-in-progress												4,955
Net carrying value as at June 30, 2013											\$	46,175

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12. Loans and borrowings*Short-term line of credit*

The Company's Indian subsidiary, WNS Global Services Private Limited (WNS Global), set up secured and unsecured lines of credit with banks amounting to \$50,365. Out of the available lines of credit, as at June 30, 2013, \$40,222 was utilized for working capital requirements.

The Company has also established a line of credit in UK amounting £9,880 (\$15,069 based on the exchange rate on June 30, 2013) out of which £8,316 (\$12,686 based on the exchange rate on June 30, 2013) was utilized for working capital requirements. Further, the Company has established a term loan facility of \$202 and a line of credit of \$405 in China, out of which \$84 and \$324 was utilized, respectively. The term loan facility in China is repayable on August 2, 2013.

Long-term debt

The long-term loans and borrowings consist of the following:

Interest rate	June 30, 2013		As at		Repayment schedule		
	Foreign currency	Total	Foreign currency	Total	2014	2015	2016
10.30%*	510,000	\$ 8,580	510,000	\$ 9,384		\$ 8,580	
3M USD LIBOR + 3.5%	\$	6,910	\$	6,889			6,910
3M USD LIBOR + 3.0%	\$	1,065		1,065	1,065		
Bank of England base rate							
+ 2.25%	£	9,880	£	14,887	2,992	6,008	6,024
Bank of England base rate							
+ 2.25%	£	6,120	£	9,217	3,716	5,587	
		\$ 40,882		\$ 41,442	\$ 7,773	\$ 20,175	\$ 12,934
Current portion of long term debt		\$ 7,764		\$ 7,701			
Long term debt		\$ 33,118		\$ 33,741			

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* The Company has entered into a currency swap to effectively reduce the overall cost.

The Company has pledged trade receivables, other financial assets, property and equipment with a carrying amount of \$139,019 and \$166,996 as of June 30, 2013 and March 31, 2013, respectively, as collateral for the above borrowings. In addition, the above facility agreements contain certain restrictive covenants on the indebtedness of the Company, total borrowings to tangible net worth ratio, total borrowings to EBITDA ratio and a minimum interest coverage ratio. As of June 30, 2013 the Company was in compliance with all of the covenants.

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

13. Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by class as at June 30, 2013 are as follows:

Financial assets

	Loans and receivables	Financial assets at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Available for sale	Total carrying value	Total fair value
Cash and cash equivalents	\$ 23,437	\$	\$	\$	\$ 23,437	\$ 23,437
Investments		40,534		38,498	79,032	79,032
Trade receivables	57,602				57,602	57,602
Unbilled revenue	28,284				28,284	28,284
Funds held for clients	19,705				19,705	19,705
Prepayments and other assets(1)	3,510				3,510	3,510
Other non-current assets(2)	5,776				5,776	4,761
Derivative assets		1,628	4,225		5,853	5,853
Total carrying value	\$ 138,314	\$ 42,162	\$ 4,225	\$ 38,498	\$ 223,199	\$ 222,184

Financial liabilities

	Financial liabilities at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value	Total fair value
Trade payables	\$	\$	\$ 27,686	\$ 27,686	\$ 27,686
Current portion of long term debt			7,764	7,764	7,764
Long term debt			33,118	33,118	33,094
Short term line of credit			53,316	53,316	53,316

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Other employee obligations(3)				20,826				20,826				20,826
Provision and accrued expenses(4)				26,877				26,877				26,877
Other liabilities(5)				5,016				5,016				5,016
Derivative liabilities		3,211		9,823				13,034				13,034
Total carrying value		\$ 3,211	\$	9,823	\$	174,603	\$	187,637	\$			187,613

Notes:

(1) Excluding non-financial assets \$12,159.

(2) Excluding non-financial assets \$10,331.

(3) Excluding non-financial liabilities \$8,152.

(4) Excluding non-financial liabilities \$763.

(5) Excluding non-financial liabilities \$7,497

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

The carrying value and fair value of financial instruments by class as at March 31, 2013 are as follows:

Financial assets

	Loans and receivables	Financial assets at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Available for sale	Total carrying value	Total fair value
Cash and cash equivalents	\$ 27,878	\$	\$	\$	\$ 27,878	\$ 27,878
Investments		43,216		46,475	89,691	89,691
Trade receivables	64,438				64,438	64,438
Unbilled revenue	25,530				25,530	25,530
Funds held for clients	19,877				19,877	19,877
Prepayments and other assets (1)	2,186				2,186	2,186
Other non-current assets (2)	6,085				6,085	4,996
Derivative assets		817	10,528		11,345	11,345
Total carrying value	\$ 145,994	\$ 44,033	\$ 10,528	\$ 46,475	\$ 247,030	\$ 245,941

Financial liabilities

	Financial liabilities at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value	Total fair value
Trade payables	\$	\$	\$ 29,321	\$ 29,321	\$ 29,321
Current portion of long term debt			7,701	7,701	7,701
Long term debt			33,741	33,741	33,717
Short term line of credit			54,921	54,921	54,921
Other employee obligations (3)			28,542	28,542	28,542
Provision and accrued expenses (4)			26,069	26,069	26,069
Other liabilities (5)			11,819	11,819	11,819
Derivative liabilities	3,842	1,280		5,122	5,122
Total carrying value	\$ 3,842	\$ 1,280	\$ 192,114	\$ 197,236	\$ 197,212

Notes:

(1) Excluding non-financial assets \$9,835.

(2) Excluding non-financial assets \$8,710.

(3) Excluding non-financial liabilities \$9,803.

(4) Excluding non-financial liabilities \$674.

(5) Excluding non-financial liabilities \$7,973.

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Financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements as at June 30, 2013 are as follows:

Description of types of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amount not set off in financial instruments		Net amount
				Financial instruments	Cash collateral received	
Derivative assets	\$ 5,853	\$	\$ 5,853	\$ (3,739)	\$	\$ 2,114
Total	\$ 5,853	\$	\$ 5,853	\$ (3,739)	\$	\$ 2,114

Description of types of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amount not set off in financial instruments		Net amount
				Financial instruments	Cash collateral pledged	
Derivative liabilities	\$ 13,034	\$	\$ 13,034	\$ (3,739)	\$	\$ 9,295
Total	\$ 13,034	\$	\$ 13,034	\$ (3,739)	\$	\$ 9,295

Fair value hierarchy

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 other techniques for which all inputs have a significant effect on the recorded fair value are observable, either directly or indirectly.

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Level 3 techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

For financial instruments that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The assets and liabilities measured at fair value on a recurring basis as at June 30, 2013 are as follows:

Description	June 30, 2013	Fair value measurement at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
<i>Financial assets at FVTPL</i>				
Foreign exchange contracts	\$ 1,628	\$	\$ 1,628	\$
Investment in FMPs	40,534	40,534		
<i>Financial assets at fair value through other comprehensive income</i>				
Foreign exchange contracts	4,225		4,225	
Investments available for sale	38,498	38,496	2	
Total assets	\$ 84,885	\$ 79,030	\$ 5,855	\$
Liabilities				
<i>Financial liabilities at FVTPL</i>				
Foreign exchange contracts	\$ 1,487	\$	\$ 1,487	\$
Currency swap	1,724		1,724	
<i>Financial liabilities at fair value through other comprehensive income</i>				
Foreign exchange contracts	9,823		9,823	
Total liabilities	\$ 13,034	\$	\$ 13,034	\$

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

The assets and liabilities measured at fair value on a recurring basis as at March 31, 2013 are as follows:-

Description	March 31, 2013	Fair value measurement at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
<i>Financial assets at FVTPL</i>				
Foreign exchange contracts	\$ 817	\$	\$ 817	\$
Investment in FMPs	43,216	43,216		
<i>Financial assets at fair value through other comprehensive income</i>				
Foreign exchange contracts	10,528		10,528	
Investments available for sale	46,475	46,473	2	
Total assets	\$ 101,036	\$ 89,689	\$ 11,347	\$
Liabilities				
<i>Financial liabilities at FVTPL</i>				
Foreign exchange contracts	\$ 2,782	\$	\$ 2,782	\$
Currency swap	1,060		1,060	
<i>Financial liabilities at fair value through other comprehensive income</i>				
Foreign exchange contracts	1,280		1,280	
Total liabilities	\$ 5,122	\$	\$ 5,122	\$

The fair value is estimated using the discounted cash flow approach and market rates of interest. The valuation technique involves assumption and judgments regarding risk characteristics of the instruments, discount rates, future cash flows and other factors. During the three months ended June 30, 2013 and the year ended March 31, 2013, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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The primary risks managed by using derivative instruments are foreign currency exchange risk and interest rate risk. Forward and option contracts up to 24 months on various foreign currencies are entered into to manage the foreign currency exchange rate risk on forecasted revenue denominated in foreign currencies and monetary assets and liabilities held in non-functional currencies. The Company has entered into a currency swap to convert Rupee liability into a US dollar liability, thereby reducing the overall borrowing cost. The Company's primary exchange rate exposure is with the US dollars, pound sterling and the Indian rupee. For derivative instruments which qualify for cash flow hedge accounting, the Company records the effective portion of gain or loss from changes in the fair value of the derivative instruments in other comprehensive income (loss), which is reclassified into earnings in the same period during which the hedged item affects earnings. Derivative instruments qualify for hedge accounting when the instrument is designated as a hedge; the hedged item is specifically identifiable and exposes the Company to risk; and it is expected that a change in fair value of the derivative instrument and an opposite change in the fair value of the hedged item will have a high degree of correlation. Determining the high degree of correlation between the change in fair value of the hedged item and the derivative instruments involves significant judgment including the probability of the occurrence of the forecasted transaction. When it is probable that a forecasted transaction will not occur, the Company discontinues the hedge accounting and recognizes immediately in the consolidated statement of income, the gains and losses attributable to such derivative instrument that were accumulated in other comprehensive income (loss).

The following table presents the notional values of outstanding foreign exchange forward contracts and foreign exchange option contracts:

	June 30, 2013	As at	March 31, 2013
Forward contracts (Sell)			
In US dollars	\$ 175,178	\$	166,109
In United Kingdom Pound Sterling	179,007		116,798
In Euro	7,353		8,152
In Australian dollars	18,928		14,675
Others	4,646		26,578
	\$ 385,112	\$	332,312
Option contracts (Sell)			
In US dollars	\$ 44,750	\$	74,332
In United Kingdom Pound Sterling	65,429		106,535
In Euro	9,618		10,096
In Australian dollars	11,067		9,657
Others	4,569		4,748
	\$ 135,433	\$	205,368

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The amount of gain/(loss) reclassified from other comprehensive income into consolidated statement of income in respective line items for the three months ended June 30, 2013 and 2012 are as follows:

	Three months ended June 30,	
	2013	2012
Revenue	\$ 27	\$ (1,098)
Foreign exchange loss, net	(161)	(2,706)
Finance expense		9
Income tax related to amounts reclassified into statement of income	175	1,262
Total	\$ 41	\$ (2,533)

As at June 30, 2013, the loss amounting to \$5,020 on account of cash flow hedges, is expected to be reclassified from other comprehensive income into statement of income over a period of 24 months.

Due to the discontinuation of cash flow hedge accounting on account of non-occurrence of original forecasted transactions by the end of the originally specified time period, the Company recognized in the consolidated statement of income for the three months ended June 30, 2013 and 2012 gains of \$126 and \$636 respectively.

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14. Employee benefits

Pension and other employee obligations consist of the following:

	June 30, 2013	As at	March 31, 2013
Current:			
Salaries and bonus	\$ 20,787		\$ 28,506
Pension	888		1,181
Withholding taxes on salary and statutory payables	2,525		3,026
Other employees payable	39		36
Total	\$ 24,239		\$ 32,749
Non-current:			
Pension	\$ 4,739		\$ 5,596

15. Provisions and accrued expenses

Provisions and accrued expenses consist of the following:

	June 30, 2013	As at	March 31, 2013
Provisions	\$ 763		\$ 674
Accrued expenses	26,877		26,069
Total	\$ 27,640		\$ 26,743

A summary of activity for provision is as follows:

	June 30, 2013	As at	March 31, 2013
Balance at the beginning of the year	\$ 674		\$ 805

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Additional provision		681		627
Provision used		(584)		(710)
Translation adjustments		(8)		(48)
Balance at the end of the period	\$	763	\$	674

16. Deferred revenue

Deferred revenue consists of the following:

		June 30, 2013	As at	March 31, 2013
Current:				
Payments in advance of services	\$	851	\$	885
Advance billings		3,264		3,712
Claims handling		658		646
Others		815		1,265
Total	\$	5,588	\$	6,508

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	June 30, 2013	As at	March 31, 2013
Non-current:			
Payments in advance of services	\$ 716	\$	780
Advance billings	1,948		2,183
Claims handling	173		257
Others	206		88
Total	\$ 3,043	\$	3,308

17. Other liabilities

Other liabilities consist of the following:

	June 30, 2013	As at	March 31, 2013
Current:			
Withholding taxes and value added tax payables	\$ 3,194	\$	3,482
Deferred purchase consideration payable			7,766
Deferred rent	531		485
Other liabilities	5,283		3,664
Total	\$ 9,008	\$	15,397
Non-current:			
Deferred rent	\$ 3,257	\$	3,225
Other liabilities	248		1,170
Total	\$ 3,505	\$	4,395

18. Share capital

As at June 30, 2013, the authorized share capital was £6,100 divided into 60,000,000 ordinary shares of 10 pence each and 1,000,000 preferred shares of 10 pence each. The Company had 50,770,710 ordinary shares outstanding as at June 30, 2013. There were no preferred shares outstanding as at June 30, 2013.

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As at March 31, 2013, the authorized share capital was £6,100 divided into 60,000,000 ordinary shares of 10 pence each and 1,000,000 preferred shares of 10 pence each. The Company had 50,588,044 ordinary shares outstanding as at March 31, 2013. There were no preferred shares outstanding as at March 31, 2013.

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19. Expenses by nature

Expenses by nature consist of the following:

	Three months ended June 30,	
	2013	2012
Employee cost	\$ 63,885	\$ 56,118
Repair payments	8,370	5,202
Facilities cost	17,882	14,528
Depreciation	3,429	3,550
Legal and professional expenses	4,139	3,504
Travel expenses	4,212	4,072
Others	5,303	6,561
Total cost of revenue, selling and marketing and general and administrative expenses	\$ 107,220	\$ 93,535

20. Finance expense

Finance expense consists of the following:

	Three months ended June 30,	
	2013	2012
Interest expense	\$ 744	\$ 879
Interest on deferred purchase consideration	23	7
Interest rate swap		13
Debt issue cost	28	106
Total	\$ 795	\$ 1,005

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Other income, net consists of the following:

	Three months ended June 30,	
	2013	2012
Income from interest and dividend on marketable securities	\$ 662	\$ 646
Net gain arising on financial assets designated as FVTPL	1,104	
Others, net	408	345
Total	\$ 2,174	\$ 991

22. Share-based payments

The Company has two share-based incentive plans, the 2002 Stock Incentive Plan adopted on July 1, 2002 and the 2006 Incentive Award Plan adopted on June 1, 2006, as amended and restated in February 2009 and September 2011 (collectively referred to as the "Plans"). Under the Plans, share based options may be granted to eligible participants. Options are generally granted for a term of ten years and have a graded vesting period of up to four years. The Company settles employee share-based option exercises with newly issued ordinary shares. As at June 30, 2013, the Company had 978,287 ordinary shares available for future grants.

Share-based compensation expense during the three months ended June 30, 2013 and 2012 are as follows:

	Three months ended June 30,	
	2013	2012
Share-based compensation expense recorded in	\$	\$
Cost of revenue	296	394
Selling and marketing expenses	92	139
General and administrative expenses	1,097	1,134
Total share-based compensation expense	\$ 1,485	\$ 1,667

Upon exercise of share options and RSUs, the Company issued 182,666 and 59,753 shares, respectively, for the three months ended June 30, 2013 and 2012.

23. Income taxes

The domestic and foreign source component of profit (loss) before income taxes is as follows:

	Three months ended June 30,	
	2013	2012
Domestic	\$ (1,047)	\$ 317
Foreign	10,602	4,910
Profit before income taxes	\$ 9,555	\$ 5,227

The Company's provision for income taxes consists of the following:

	Three months ended June 30,	
	2013	2012
Current taxes		
Domestic taxes	\$	\$
Foreign taxes	2,863	3,239
	2,863	3,239
Deferred taxes		
Domestic taxes		
Foreign taxes	(53)	(853)
	(53)	(853)
	\$ 2,810	\$ 2,386

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Domestic taxes are nil as there are no statutory taxes applicable in Jersey, Channel Islands. Foreign taxes are based on applicable tax rates in each subsidiary's jurisdiction.

Provision (credit) for income taxes has been allocated as follows:

	Three months ended June 30,	
	2013	2012
Income taxes on profit	\$ 2,810	\$ 2,386
Income taxes on other comprehensive income		
Unrealized gain on cash flow hedging derivatives	(3,913)	(1,641)
Total income taxes	\$ (1,103)	\$ 745

The Company had 13 delivery centers in India which were eligible to claim income-tax exemption with respect to profits earned from export revenue from operating units registered under the Software Technology Parks of India (STPI) which expired on April 1, 2011. The Company has a delivery center located in Gurgaon, India registered under the Special Economic Zone (SEZ) scheme and eligible for 100% income tax exemption until fiscal 2012, and 50% income tax exemption from fiscal 2013 till fiscal 2022. The Company in fiscal 2012 started operations in delivery centers in Pune, Navi Mumbai and Chennai, India registered under the SEZ scheme and eligible for 100% income tax exemption until fiscal 2016 and 50% income tax exemption from fiscal 2017 till fiscal 2026. The Government of India pursuant to the Indian Finance Act, 2011 has also levied minimum alternate tax (MAT) on the book profits earned by the SEZ units at the prevailing rate which is currently 20.96%. The Company's operations in Costa Rica are eligible for a 100% income tax exemption until fiscal 2017 and 50% income tax exemption from fiscal 2018 to fiscal 2021. The Company's operations in Philippines are eligible for tax exemptions which expire in fiscal 2014. During fiscal 2013, the Company has started its operations in new delivery center in Philippines which is also eligible for tax exemption which expires in fiscal 2017. The Company's operations in Sri Lanka were also eligible for tax exemptions which expired in fiscal 2011. However, the Government of Sri Lanka has exempted the profits earned from export revenue from tax. This has enabled the Company's Sri Lankan subsidiary to continue to claim tax exemption under the Sri Lanka Inland Revenue Act following the expiry of the tax holiday provided by Board of Investment, Sri Lanka.

From time to time, the Company receives orders of assessment from the Indian tax authorities assessing additional taxable income on the Company and/or its subsidiaries in connection with their review of their tax returns. The Company currently has orders of assessment outstanding for various years through fiscal 2010, which assess additional taxable income that could in the aggregate give rise to an estimated \$47,614 in additional taxes, including interest of \$17,337. These orders of assessment allege that the transfer prices the Company applied to certain of the international transactions between WNS Global and its other wholly-owned subsidiaries were not on arm's length terms, disallow a tax holiday benefit claimed by the Company, deny the set off of brought forward business losses and unabsorbed depreciation and disallow certain expenses claimed as tax deductible by WNS Global. The Company has appealed against these orders of assessment before higher appellate authorities.

In addition, the Company has orders of assessment pertaining to similar issues that have been decided in favor of the Company by first level appellate authorities, vacating the tax demands of \$40,431 in additional taxes, including interest of \$12,609. The income tax authorities have

filed appeals against these orders at higher appellate authorities.

Uncertain tax positions are reflected at the amount likely to be paid to the taxation authorities. A liability is recognized in connection with each item that is not probable of being sustained on examination by taxing authority. The liability is measured using single best estimate of the most likely outcome for each position taken in the tax return. Thus the provision would be the aggregate liability in connection with all uncertain tax positions. As of June 30, 2013, the Company has provided a tax reserve of \$15,779 primarily on account of the Indian tax authorities denying the set off of brought forward business losses and unabsorbed depreciation.

Based on the facts of these cases, the nature of the tax authorities disallowances and the orders from first level appellate authorities deciding similar issues in favor of the Company in respect of assessment orders for earlier fiscal years and after consultation with the Company's external tax advisors, the Company believe these orders are unlikely to be sustained at the higher appellate authorities. The Company has deposited \$11,202 of the disputed amounts with the tax authorities and may be required to deposit the remaining portion of the disputed amounts with the tax authorities pending final resolution of the respective matters.

Others

On March 21, 2009, the Company received an assessment order from the Indian service tax authority, demanding payment of \$5,863 of service tax and related penalty for the period from March 1, 2003 to January 31, 2005. The assessment order alleges that service tax is payable in India on BPO services provided by the Company to clients based abroad as the export proceeds are repatriated outside India by the Company. In response to the appeal filed by the Company with appellate tribunal against the assessment order in April 2009, the appellate tribunal has remanded the matter back to lower tax authorities to be adjudicated afresh. After consultation with Indian tax advisors, the Company believes this order of assessment is more likely than not to be upheld in favor of the Company. The Company intends to continue to vigorously dispute the assessment.

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(Amounts in thousands, except share and per share data)****24. Earnings per share**

The following table sets forth the computation of basic and diluted earnings per share:

	Three months ended June 30,	
	2013	2012
Numerator:		
Profit	\$ 6,745	\$ 2,841
Denominator:		
Basic weighted average ordinary shares outstanding	50,647,781	50,100,467
Dilutive impact of equivalent stock options and RSUs	1,627,123	1,429,605
Diluted weighted average ordinary shares outstanding	52,274,904	51,530,072

The computation of earnings per ordinary share (EPS) was determined by dividing profit by the weighted average ordinary shares outstanding during the respective periods.

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(Amounts in thousands, except share and per share data)****25. Subsidiaries**

The following is a list of the Company's subsidiaries as at June 30, 2013:

Direct subsidiaries	Step subsidiaries	Place of incorporation	
WNS Global Services Netherlands Cooperative U.A.		The Netherlands	
	WNS Global Services Philippines Inc.	Philippines	
	WNS Global Services (Romania) S.R.L.	Romania	
WNS North America Inc.		Delaware, USA	
	WNS Business Consulting Services Private Limited	India	
	WNS Global Services Inc.	Delaware, USA	
	WNS BPO Services Costa Rica, S.R.L.	Costa Rica	
WNS Global Services (UK) Limited		United Kingdom	
	WNS Workflow Technologies Limited	United Kingdom	
	Accidents Happen Assistance Limited	United Kingdom	
	WNS Global Services SA (Pty) Ltd.	South Africa	
WNS (Mauritius) Limited		Mauritius	
	WNS Capital Investment Limited	Mauritius	
	WNS Customer Solutions (Singapore) Private Limited	Singapore	
		WNS Customer Solutions (Private) Limited	Sri Lanka
		WNS Global Services (Australia) Pty Ltd	Australia

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	Business Applications Associates Beijing Limited	China
WNS Global Services Private Limited(1)		India
WNS Global Services (Private) Limited		Sri Lanka

Notes:

(1) WNS Global Services Private Limited is being held jointly by WNS (Mauritius) Limited and WNS Customer Solutions (Singapore) Private Limited. The percentage of holding for WNS (Mauritius) Limited is 81% and for WNS Customer Solutions (Singapore) Limited is 19%.

(2) All the above subsidiaries are wholly owned and primarily engaged in providing BPO services.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share and per share data)

26. Operating segments

The Company has several operating segments based on a mix of industry and the types of services. The composition and organization of these operating segments currently is designed in such a way that the back office shared processes, i.e. the horizontal structure, delivers service to industry specific back office and front office processes i.e. the vertical structure. These structures represent a matrix form of organization structure, accordingly operating segments have been determined based on the core principle of segment reporting in accordance with IFRS 8 Operating segments (IFRS 8). These operating segments include travel, insurance, banking and financial services, healthcare, utilities, retail and consumer products groups, auto claims and others. The Company believes that the business process outsourcing services that it provides to customers in industries other than auto claims such as travel, insurance, banking and financial services, healthcare, utilities, retail and consumer products groups and others that are similar in terms of services, service delivery methods, use of technology, and long-term gross profit and hence meet the aggregation criteria in accordance with IFRS 8. WNS Assistance and Accidents Happen Assistance Limited (which constitutes WNS Auto Claims BPO), which provide automobile claims handling services, do not meet the aggregation criteria. Accordingly, the Company has determined that it has two reportable segments WNS Global BPO and WNS Auto Claims BPO .

The Chief Operating Decision Maker (CODM) has been identified as the Group Chief Executive Officer. The CODM evaluates the Company s performance and allocates resources based on revenue growth of vertical structure.

In order to provide accident management services, the Company arranges for the repair through a network of repair centers. Repair costs paid to automobile repair centers are invoiced to customers and recognized as revenue except the cases where the Company has concluded that it is not the principal in providing claims handling services and hence it would be appropriate to record revenue from repair services on a net basis i.e. net of repair cost. The Company uses revenue less repair payments for Fault repairs as a primary measure to allocate resources and measure segment performance. Revenue less repair payments is a non-GAAP measure which is calculated as (a) revenue less (b) in the Company s auto claims business, payments to repair centers (1) for Fault repair cases where the Company acts as the principal in its dealings with the third party repair centers and its clients and (2) for Non fault repair cases with respect to one client (whose contract with the Company has been terminated with effect from April 18, 2012). For this one client in the Company s Non fault repairs business (whose contract with the Company has been terminated with effect from April 18, 2012), the Company provides only repair management services where the Company wholly subcontracts the repairs to the repair centers (similar to the Company s Fault repairs). Accordingly, the Company evaluates the financial performance of its business with this client in a manner similar to how it evaluates its financial performance for its Fault repairs business, that is, based on revenue less repair payments. For Non-fault repairs , revenue including repair payments is used as a primary measure. As the Company provides a consolidated suite of accident management services including credit hire and credit repair for its Non-fault repairs business, the Company believes that measurement of that line of business has to be on a basis that includes repair payments in revenue.

The segment results for the three months ended June 30, 2013 are as follows:

Three months ended June 30, 2013

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	WNS Global BPO	WNS Auto Claims BPO	Inter segments*	Total
Revenue from external customers	\$ 105,719	\$ 16,427	\$	\$ 122,146
Segment revenue	\$ 105,796	\$ 16,427	\$ (77)	\$ 122,146
Payments to repair centers		8,370		8,370
Revenue less repair payments	105,796	8,057	(77)	113,776
Depreciation	3,249	180		3,429
Other costs	88,676	5,880	(77)	94,479
Segment operating profit	13,871	1,997		15,868
Other income, net	(1,947)	(227)		(2,174)
Finance expense	795			795
Segment profit before income taxes	15,023	2,224		17,247
Provision for income taxes	2,207	603		2,810
Segment profit	12,816	1,621		14,437
Amortization of intangible assets				6,207
Share based compensation expense				1,485
Profit				\$ 6,745
Addition to non-current assets	\$ 5,004	\$ 388	\$	\$ 5,392
Total assets, net of elimination	389,994	109,194		499,188
Total liabilities, net of elimination	\$ 180,523	\$ 41,208	\$	\$ 221,731

* Transactions between inter segments represent invoices raised by WNS Global BPO on WNS Auto Claims BPO for business process outsourcing services rendered by the former to latter.

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

(Amounts in thousands, except share and per share data)

The segment results for the three months ended June 30, 2012 are as follows:

	Three months ended June 30, 2012			Total
	WNS Global BPO	WNS Auto Claims BPO	Inter segments*	
Revenue from external customers	\$ 94,864	\$ 12,950	\$	\$ 107,814
Segment revenue	\$ 94,978	\$ 12,950	\$ (114)	\$ 107,814
Payments to repair centers		5,203		5,203
Revenue less repair payments	94,978	7,747	(114)	102,611
Depreciation	3,227	323		3,550
Other costs	79,663	6,005	(114)	85,554
Segment operating profit	12,088	1,419		13,507
Other income, net	(803)	(188)		(991)
Finance expense	1,005			1,005
Segment profit before income taxes	11,886	1,607		13,493
Provision for income taxes	2,025	361		2,386
Segment profit	9,861	1,246		11,107
Amortization of intangible assets				6,599
Share based compensation expense				1,667
Profit				2,841
Addition to non-current assets	\$ 4,721	\$ 110	\$	\$ 4,831
Total assets, net of elimination	382,006	121,830		503,836
Total liabilities, net of elimination	\$ 169,460	\$ 72,460	\$	\$ 241,920

* Transactions between inter segments represent invoices raised by WNS Global BPO on WNS Auto Claims BPO for business process outsourcing services rendered by the former to latter.

External Revenue

Revenues from the geographic segments based on domicile of the customer. The Company's external revenue by geographic area is as follows:

	Three months ended June 30,	
	2013	2012
Jersey, Channel Islands	\$	\$
UK	62,965	57,467
US	35,539	36,599
Europe (excluding UK)	7,492	7,284
Rest of the world	16,150	6,464

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Total	\$	122,146	\$	107,814
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The Company has entered into various non-cancelable operating lease agreements for certain delivery centers and offices with original lease periods expiring between 2013 and 2027. The details of future minimum lease payments under non-cancelable operating leases as at June 30, 2013 are as follows:

	Operating lease
Less than 1 year	\$ 18,258
1-3 years	28,497
3-5 years	15,857
More than 5 years	19,198
Total minimum lease payments	\$ 81,810

Rental expenses were \$5,914 and \$5,145, respectively for the three months ended June 30, 2013 and 2012.

Capital commitments

As at June 30, 2013 and March 31, 2013, the Company had committed to spend approximately \$2,428 and \$4,376, respectively, under agreements to purchase property and equipment. These amounts are net of capital advances paid in respect of these purchases.

Bank guarantees and others

Certain subsidiaries of the Company hold bank guarantees aggregating \$373 and \$526 as at June 30, 2013 and March 31, 2013, respectively. These guarantees have a remaining expiry term ranging from one to five years.

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Restricted time deposits placed with bankers as security for guarantees given by them to regulatory authorities in India and lessors in Romania aggregating \$800 and \$309 as at June 30, 2013 and March 31, 2013, respectively, are included in other current assets. These deposits represent cash collateral against bank guarantees issued by the banks on behalf of the Company to third parties.

Contingencies

In the ordinary course of business, the Company is involved in lawsuits, claims and administrative proceedings. While uncertainties are inherent in the final outcome of these matters, the Company believes, after consultation with counsel, that the disposition of these proceedings will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

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**Part II MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

You should read the following discussion in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this report. We urge you to carefully review and consider the various disclosures made by us in this report and in our other SEC filings, including our annual report on Form 20-F for our fiscal year ended March 31, 2013. Some of the statements in the following discussion are forward-looking statements. See Special note regarding forward-looking statements.

Overview

We are a leading global provider of BPO services, offering comprehensive data, voice, analytical and business transformation services with a blended onshore, nearshore and offshore delivery model. We transfer the business processes of our clients to our delivery centers, located in China, Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, the UK and the US, as well as to our subcontractor's delivery center in China, with a view to offer cost savings, operational flexibility, improved quality and actionable insights to our clients. We seek to help our clients transform their businesses by identifying business and process optimization opportunities through technology-enabled solutions, process design improvements, analytics and improved business understanding.

We win outsourcing engagements from our clients based on our domain knowledge of their business, our experience in managing the specific processes they seek to outsource and our customer-centric approach. Our company is organized into vertical business units in order to provide more specialized focus on each of the industries that we target, to more effectively manage our sales and marketing process and to develop in-depth domain knowledge. The major industry verticals we currently target are the insurance; travel and leisure; manufacturing, retail, consumer products, media and entertainment, telecom and diversified businesses; consulting and professional services; utilities; healthcare; banking and financial services; shipping and logistics; and public sector industries.

Our portfolio of services includes vertical-specific processes that are tailored to address our clients' specific business and industry practices. In addition, we offer a set of shared services that are common across multiple industries, including customer care, finance and accounting, legal services, procurement, research and analytics and technology services. In fiscal 2013, we established a new horizontal unit that offers human resources outsourcing services.

Although we typically enter into long-term contractual arrangements with our clients, these contracts can usually be terminated with or without cause by our clients and often with short notice periods. Nevertheless, our client relationships tend to be long-term in nature given the scale and complexity of the services we provide coupled with risks and costs associated with switching processes in-house or to other service providers. We structure each contract to meet our clients' specific business requirements and our target rate of return over the life of the contract. In addition, since the sales cycle for offshore business process outsourcing is long and complex, it is often difficult to predict the timing of new client engagements. As a result, we may experience fluctuations in growth rates and profitability from quarter to quarter, depending on the timing and nature of new contracts. Our operating results may also differ significantly from quarter to quarter due to seasonal changes in the operations of our clients. For example, our clients in the travel and leisure industry typically experience seasonal changes in their operations in connection with the US summer holiday season, as well as episodic factors such as adverse weather conditions. Our focus, however, is on

deepening our client relationships and maximizing shareholder value over the life of a client's relationship with us.

Our revenue is generated primarily from providing business process outsourcing services. We have two reportable segments for financial statement reporting purposes: WNS Global BPO and WNS Auto Claims BPO. In our WNS Auto Claims BPO segment, we provide both fault and non-fault repairs. For fault repairs, we provide claims handling and repair management services, where we arrange for automobile repairs through a network of third-party repair centers. In our repair management services, where we act as the principal in our dealings with the third-party repair centers and our clients, the amounts which we invoice to our clients for payments made by us to third-party repair centers are reported as revenue. Where we are not the principal in providing the services, we record revenue from repair services net of repair cost. See Note 2.5 of the consolidated financial statements included in our annual report on Form 20-F for the fiscal year ended March 31, 2013. Since we wholly subcontract the repairs to the repair centers, we evaluate the financial performance of our fault repair business based on revenue less repair payments to third-party repair centers, which is a non-GAAP financial measure. We believe that revenue less repair payments for fault repairs reflects more accurately the value addition of the business process outsourcing services that we directly provide to our clients.

For our non-fault repairs business, we generally provide a consolidated suite of accident management services including credit hire and credit repair, and we believe that measurement of such business on a basis that includes repair payments in revenue is appropriate. Revenue including repair payments is therefore used as a primary measure to allocate resources and measure operating performance for accident management services provided in our non-fault repairs business. For one client in our non-fault repairs business (whose contract with us has been terminated with effect from April 18, 2012), we provide only repair management services where we wholly subcontract the repairs to the repair centers (similar to our fault repairs). Accordingly, we evaluate the financial performance of our business with this client in a manner similar to how we evaluate our financial performance for our fault repairs business, that is, based on revenue less repair payments. Our non-fault repairs business where we provide accident management services accounts for a relatively small portion of our revenue for our WNS Auto Claims BPO segment.

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Revenue less repair payments is a non-GAAP financial measure which is calculated as (a) revenue less (b) in our auto claims business, payments to repair centers (1) for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients and (2) for non fault repair cases with respect to one client as discussed above. This non-GAAP financial information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP. Our revenue less repair payments may not be comparable to similarly titled measures reported by other companies due to potential differences in the method of calculation.

The following table reconciles our revenue (a GAAP financial measure) to revenue less repair payments (a non-GAAP financial measure) for the periods indicated:

	Three months ended June 30,	
	2013	2012
	(US dollars in millions)	
Revenue	\$ 122.1	\$ 107.8
Less: Payments to repair centers(1)	8.4	5.2
Revenue less repair payments	\$ 113.8	\$ 102.6

Note:

(1) Consists of payments to repair centers in our auto claims business (a) for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients and (b) for non fault repair cases with respect to one client as discussed above.

The following table sets forth our constant currency revenue less repair payments for the periods indicated. Constant currency revenue less repair payments is a non-GAAP financial measure. We present constant currency revenue less repair payments so that revenue less repair payments may be viewed without the impact of foreign currency exchange rate fluctuations, thereby facilitating period-to-period comparisons of business performance. Constant currency revenue less repair payments is calculated by restating prior year revenue less repair payments denominated in pound sterling or Euro using the foreign exchange rate used for the latest period.

	Three months ended June 30,	
	2013	2012
	(US dollars in millions)	
Constant currency revenue less repair payments	\$ 113.8	\$ 101.1

Global Economic Conditions

Global economic conditions have been, and continue to be, challenging as certain adverse financial developments have caused a significant slowdown in the growth of the European, US and international financial markets, accompanied by a significant reduction in consumer and business spending worldwide. Many key indicators of sustainable economic growth remain under pressure. Ongoing concerns over the pace of economic recovery in the US and its substantial debt burden, the continuing European sovereign debt and economic crisis, as well as concerns of slower economic growth in China and India, have contributed to increased volatility and diminished expectations for the European, US and global economies. If countries in the Eurozone or other countries require additional financial support or if sovereign credit ratings continue to

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decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. In the US, there continue to be concerns over the increasing national debt and rising debt ceiling and its negative impact on the US economy as well as concerns over potential increases in cost of borrowing and reduction in availability of credit when the US Federal Reserve begins tapering its quantitative easing program. Further, there continue to be signs of economic weakness such as relatively high levels of unemployment in major markets including Europe and the US. Continuing conflicts and recent developments in North Korea, the Middle East, including Egypt, and Africa, may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets.

These economic conditions may affect our business in a number of ways. The general level of economic activity, such as decreases in business and consumer spending, could result in a decrease in demand for our services, thus reducing our revenue. The cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Continued turbulence or uncertainty in the European, US and international financial markets and economies may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers. If these market conditions continue or worsen, they may limit our ability to access financing or increase our cost of financing to meet liquidity needs, and affect the ability of our customers to use credit to purchase our services or to make timely payments to us, resulting in adverse effects on our financial condition and results of operations.

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Furthermore, a weakening of the rate of exchange for the US dollar or the pound sterling (in which our revenue is principally denominated) against the Indian rupee (in which a significant portion of our costs are denominated) also adversely affects our results. Fluctuations between the pound sterling or the Indian rupee and the US dollar also expose us to translation risk when transactions denominated in pound sterling or Indian rupees are translated into US dollars, our reporting currency. For example, the average pound sterling/US dollar exchange rate for the three months ended June 30, 2013 depreciated by 3.0% as compared to the average exchange rate for the three months ended June 30, 2012 while the average Indian rupee/US dollar exchange rate for the three months ended June 30, 2013 depreciated by 3.4% as compared to the average exchange rate for the three months ended June 30, 2012. Depreciation of the pound sterling against the US dollar for the three months ended June 30, 2013 adversely impacted our results of operations and the depreciation of the Indian rupee against the US dollar in the same period positively impacted our results of operations.

Uncertainty about current global economic conditions could also continue to increase the volatility of our share price. We cannot predict the timing or duration of an economic slowdown or the timing or strength of a subsequent economic recovery generally or in our targeted industries, including the travel and leisure and insurance industries. If macroeconomic conditions worsen or current global economic conditions continue for a prolonged period of time, we are not able to predict the impact that such worsening conditions will have on our targeted industries in general, and our results of operations specifically.

Revenue

We generate revenue by providing business process outsourcing services to our clients. The following table shows our revenue (a GAAP financial measure) and revenue less repair payments (a non-GAAP financial measure) for the periods indicated:

	Three months ended June 30, (US dollars in millions)		Change	
	2013	2012	\$	%
Revenue	\$ 122.1	\$ 107.8	14.3	13.3%
Revenue less repair payments	\$ 113.8	\$ 102.6	11.2	10.9%

Our revenue is characterized by client, industry, service type, geographic and contract type diversity, as the analysis below indicates.

Revenue by Top Clients

For the three months ended June 30, 2013 and 2012, the percentage of revenue and revenue less repair payments that we derived from our largest clients were in the proportions set forth in the following table:

As a percentage of revenue		As a percentage of revenue less	
Three months ended June 30,		repair payments	
2013	2012	2013	2012

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Top client	14.6%	18.4%	15.7%	19.3%
Top five clients	36.8%	38.5%	39.5%	40.4%
Top ten clients	49.0%	51.4%	52.4%	53.9%
Top twenty clients	65.6%	68.0%	69.1%	69.9%

Revenue by Industry

We organize our company into the following industry-focused business units to provide more specialized focus on each of these industries: insurance; travel and leisure; manufacturing, retail, consumer products, media and entertainment, telecom and diversified businesses; consulting and professional services; utilities; healthcare; banking and financial services; shipping and logistics and the public sector.

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For the three months ended June 30, 2013 and 2012, our revenue and revenue less repair payments were diversified across our industry-focused business units in the proportions set forth in the following table:

Business Unit	As a percentage of revenue		As a percentage of revenue less	
	Three months ended June 30,		repair payments	
	2013	2012	2013	2012
Insurance	36.1%	36.0%	31.4%	32.7%
Travel and leisure	20.2%	21.5%	21.7%	22.6%
Manufacturing, retail, consumer products, media and entertainment, telecom and diversified businesses	14.0%	12.9%	15.0%	13.6%
Utilities	7.6%	6.2%	8.2%	6.5%
Consulting and professional services	6.5%	7.0%	7.0%	7.4%
Banking and financial services	6.5%	5.5%	6.9%	5.8%
Healthcare	6.1%	7.6%	6.6%	8.0%
Shipping and logistics	2.7%	2.8%	2.9%	3.0%
Public sector	0.2%	0.4%	0.2%	0.4%
Total	100.0%	100.0%	100.0%	100.0%

Certain services that we provide to our clients are subject to the seasonality of our clients' business. Accordingly, we see an increase in transaction related services within the travel and leisure industry during holiday seasons, such as during the US summer holidays (our fiscal second quarter); an increase in business in the insurance industry during the beginning and end of the fiscal year (our fiscal first and last quarters) and during the US peak winter season (our fiscal third quarter); and an increase in business in the consumer product industry during the US festive season towards the end of the calendar year when new product launches and campaigns typically happen (our fiscal third quarter).

Revenue by Service Type

For the three months ended June 30, 2013 and 2012, our revenue and revenue less repair payments were diversified across service types in the proportions set forth in the following table:

Service Type	As a percentage of revenue		As a percentage of revenue less	
	Three months ended June 30,		repair payments	
	2013	2012	2013	2012
Industry-specific	31.2%	33.5%	33.5%	35.2%
Contact center	25.3%	22.0%	27.2%	23.1%
Finance and accounting	16.3%	17.8%	17.5%	18.7%
Autoclaim	13.4%	12.0%	7.1%	7.6%
Research and analytics	11.3%	11.9%	12.1%	12.5%
Technology services	1.6%	2.1%	1.7%	2.2%
Legal services	0.6%	0.8%	0.7%	0.8%
Human resources outsourcing	0.2%	0.1%	0.2%	0.1%
Total	100.0%	100.0%	100.0%	100.0%

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Revenue by Geography

For the three months ended June 30, 2013 and 2012, our revenue and revenue less repair payments were derived from the following geographies (based on the location of our clients) in the proportions set forth below in the following table:

Geography	As a percentage of revenue Three months ended June 30,		As a percentage of revenue less repair payments Three months ended June 30,	
	2013	2012	2013	2012
UK	51.5%	53.3%	48.0%	50.9%
North America (primarily the US)	29.1%	33.9%	31.2%	35.7%
Europe (excluding the UK)	6.1%	6.8%	6.6%	7.1%
Rest of world	13.2%	6.0%	14.2%	6.3%
Total	100.0%	100.0%	100.0%	100.0%

Table of Contents**Revenue by Location of Delivery Centers**

For the three months ended June 30, 2013 and 2012, our revenue and revenue less repair payments were derived from the following geographies (based on the location of our delivery centers) in the proportions set forth in the following table:

Location of Delivery Center	As a percentage of revenue		As a percentage of revenue less	
	Three months ended June 30,		repair payments	
	2013	2012	2013	2012
India	65.4%	72.0%	70.2%	75.7%
UK	13.8%	12.7%	7.4%	8.2%
Philippines	5.8%	6.1%	6.3%	6.4%
Romania	2.2%	2.2%	2.3%	2.3%
Sri Lanka	2.2%	2.2%	2.4%	2.3%
Costa Rica	0.9%	1.4%	0.9%	1.5%
United States	1.3%	1.8%	1.4%	1.9%
South Africa(1)	7.4%	1.5%	7.9%	1.6%
Poland(2)	0.4%		0.5%	
China(3)	0.6%		0.7%	
Total	100.0%	100.0%	100.0%	100.0%

Notes:

- (1) This includes revenue from Fusion which we acquired on June 21, 2012. For the period prior to June 21, 2012, this includes revenue from services provided through Fusion under a subcontract arrangement.
- (2) The facility became operational in October 2012.
- (3) This includes revenue from services provided through our subcontractor's delivery center in China, which services commenced during the third quarter of fiscal 2013 and revenue from our new China facility which became operational in May 2013.

Our Contracts

We provide our services under contracts with our clients, the majority of which have terms ranging between three and eight years, with some being rolling contracts with no end dates. Typically, these contracts can be terminated by our clients with or without cause and with short notice periods. However, we tend to have long-term relationships with our clients given the complex and comprehensive nature of the business processes executed by us, coupled with the switching costs and risks associated with relocating these processes in-house or to other service providers.

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Each client contract has different terms and conditions based on the scope of services to be delivered and the requirements of that client. Occasionally, we may incur significant costs on certain contracts in the early stages of implementation, with the expectation that these costs will be recouped over the life of the contract to achieve our targeted returns. Each client contract has corresponding service level agreements that define certain operational metrics based on which our performance is measured. Some of our contracts specify penalties or damages payable by us in the event of failure to meet certain key service level standards within an agreed upon time frame.

When we are engaged by a client, we typically transfer that client's processes to our delivery centers over a two to six month period. This transfer process is subject to a number of potential delays. Therefore, we may not recognize significant revenue until several months after commencing a client engagement.

In the WNS Global BPO segment, we charge for our services based on the following pricing models:

- 1) per full-time equivalent arrangements, which typically involve billings based on the number of full-time employees (or equivalent) deployed on the execution of the business process outsourced;
- 2) per transaction arrangements, which typically involve billings based on the number of transactions processed (such as the number of e-mail responses, or airline coupons or insurance claims processed);
- 3) fixed-price arrangements, which typically involve billings based on achievements of pre-defined deliverables or milestones;
- 4) outcome-based arrangements, which typically involve billings based on the business result achieved by our clients through our service efforts (such as measured based on a reduction in days sales outstanding, an improvement in working capital, an increase in collections or a reduction in operating expenses); or
- 5) other pricing arrangements, including cost-plus arrangements, which typically involve billing the contractually agreed direct and indirect costs and a fee based on the number of employees deployed under the arrangement.

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Apart from the above-mentioned pricing methods, a small portion of our revenue is comprised of reimbursements of out-of-pocket expenses incurred by us in providing services to our clients.

Outcome-based arrangements are examples of non-linear pricing models where revenues from platforms and solutions and the services we provide are linked to usage or savings by clients rather than the efforts deployed to provide these services. We intend to focus on increasing our service offerings that are based on non-linear pricing models that allow us to price our services based on the value we deliver to our clients rather than the headcount deployed to deliver the services to them. We believe that non-linear pricing models help us to grow our revenue without increasing our headcount. Accordingly, we expect increased use of non-linear pricing models to result in higher revenue per employee and improved margins. Non-linear revenues may be subject to short term pressure on margins, however, as initiatives in developing the products and services take time to deliver. Moreover, in outcome-based arrangements, we bear the risk of failure to achieve clients' business objectives in connection with these projects. For more information, see Part III Risk Factors. If our pricing structures do not accurately anticipate the cost and complexity of performing our work, our profitability may be negatively affected.

In our WNS Auto Claims BPO segment, we earn revenue from claims handling and repair management services. For claims handling, we charge on a per claim basis or a fixed fee per vehicle over a contract period. For automobile repair management services, where we arrange for the repairs through a network of repair centers that we have established, we invoice the client for the amount of the repair. When we direct a vehicle to a specific repair center, we receive a referral fee from that repair center. We also provide a consolidated suite of services towards accident management including credit hire and credit repair for non-fault repairs business.

Revenue by Contract Type

For the three months ended June 30, 2013 and 2012, our revenue and revenue less repair payments were diversified by contract type in the proportions set forth in the following table:

Contract Type	As a percentage of revenue		As a percentage of revenue less	
	Three months ended June 30,		repair payments	
	2013	2012	2013	2012
Full-time-equivalent	59.8%	58.6%	64.2%	61.6%
Transaction	30.0%	29.6%	24.8%	26.0%
Fixed price	5.4%	6.9%	5.8%	7.2%
Outcome-based	1.1%	1.0%	1.2%	1.1%
Others	3.7%	3.9%	4.0%	4.1%
Total	100.0%	100.0%	100.0%	100.0%

In July 2008, we entered into a transaction with Aviva International Holdings Limited, or Aviva, consisting of a share sale and purchase agreement with Aviva and a master services agreement with Aviva MS, or Aviva master services agreement. Pursuant to the share sale and purchase agreement with Aviva, we acquired all the shares of Aviva Global in July 2008.

Pursuant to the Aviva master services agreement (as amended by a variation deed), we are providing BPO services to Aviva's UK business and Aviva's Irish subsidiary, Hibernian Aviva Direct Limited, and certain of its affiliates, for a term of eight years and four months. In addition, we have the exclusive right to provide certain services such as finance and accounting, insurance back-office, customer interaction and analytics services for the first five years, subject to the rights and obligations of the Aviva group under their existing contracts with other providers.

Our clients customarily provide one to three month rolling forecasts of their service requirements. Our contracts with our clients do not generally provide for a committed minimum volume of business or committed amounts of revenue, except for the Aviva master services agreement that we entered into in July 2008 as described above. Aviva MS has agreed to provide a minimum volume of business, or minimum volume commitment, to us during the term of the contract. The minimum volume commitment is calculated as 3,000 billable full-time employees, where one billable full time employee is the equivalent of a production employee engaged by us to perform our obligations under the contract for one working day of at least nine hours for 250 days a year. In the event the mean average monthly volume of business in any rolling three-month period does not reach the minimum volume commitment, Aviva MS has agreed to pay us a minimum commitment fee as liquidated damages. Notwithstanding the minimum volume commitment, there are termination at will provisions which permit Aviva MS to terminate the Aviva master services agreement without cause, with six months' notice upon payment of a termination fee. The annual minimum volume commitment under this contract was met in fiscal 2013. Based on Aviva MS's latest forecast of its service requirements for fiscal 2014 provided to us, we expect them to meet their annual minimum volume commitment under this contract in fiscal 2014.

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Under the terms of an agreement with one of our top five clients negotiated in December 2009, we are the exclusive provider of certain key services from delivery locations outside of the US, including customer service and ticketing support for the client. This agreement became effective on April 1, 2010 and will expire in December 2015. Under our earlier agreement with this client, we were entitled to charge premium pricing because we had absorbed the initial transition cost in 2004. That premium pricing is no longer available in the new contract with this client. The early termination of the old agreement entitled us to a payment by the client of a termination fee of \$5.4 million which was received on April 1, 2010. As the termination fee was related to a renewal of our agreement with the client, we have determined that the recognition of the termination fee as revenue will be deferred over the term of the new agreement (i.e., over the period from April 1, 2010 to December 31, 2015).

Expenses

The majority of our expenses consist of cost of revenue and operating expenses. The key components of our cost of revenue are employee costs, facilities costs, payments to repair centers, depreciation, travel expenses, and legal and professional costs. Our operating expenses include selling and marketing expenses, general and administrative expenses, foreign exchange gains and losses and amortization of intangible assets. Our non-operating expenses include finance expenses as well as other expenses recorded under other income, net.

Cost of Revenue

Employee costs represent the largest component of cost of revenue. In addition to employee salaries, employee costs include costs related to recruitment, training and retention. Historically, our employee costs have increased primarily due to increases in number of employees to support our growth and, to a lesser extent, to recruit, train and retain employees. Salary levels in India and our ability to efficiently manage and retain our employees significantly influence our cost of revenue. See Part I Item 4. Information on the Company B. Business Overview Human Capital of our annual report on Form 20-F for the fiscal year ended March 31, 2013. We expect our employee costs to increase as we expect to increase our headcount to service additional business and as wages continue to increase globally. See Part III Risks Related to Our Business Wage increases may prevent us from sustaining our competitive advantage and may reduce our profit margin. We seek to mitigate these cost increases through improvements in employee productivity, employee retention and asset utilization.

Our WNS Auto Claims BPO segment includes repair management services, where we arrange for automobile repairs through a network of third party repair centers. This cost is primarily driven by the volume of accidents and the amount of the repair costs related to such accidents.

Our facilities costs comprise lease rentals, utilities cost, facilities management and telecommunication network cost. Most of our leases for our facilities are long-term agreements and have escalation clauses which provide for increases in rent at periodic intervals commencing between three and five years from the start of the lease. Most of these agreements have clauses that cap escalation of lease rentals.

We create capacity in our operational infrastructure ahead of anticipated demand as it takes six to nine months to build up a new site. Hence, our cost of revenue as a percentage of revenue may be higher during periods in which we carry such additional capacity.

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Once we are engaged by a client in a new contract, we normally have a transition period to transfer the client's processes to our delivery centers and accordingly incur costs related to such transfer. Therefore, our cost of revenue in relation to our revenue may be higher until the transfer phase is completed, which may last for two to six months.

Selling and Marketing Expenses

Our selling and marketing expenses primarily comprise employee costs for sales and marketing personnel, travel expenses, legal and professional fees, share-based compensation expense, brand building expenses and other general expenses relating to selling and marketing.

General and Administrative Expenses

Our general and administrative expenses primarily comprise employee costs for senior management and other support personnel, travel expenses, legal and professional fees, share-based compensation expense and other general expenses not related to cost of revenue and selling and marketing.

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Foreign Exchange Loss / (Gain), Net

Foreign exchange gains or losses, net include:

- marked to market gains or losses on derivative instruments that do not qualify for hedge accounting and are deemed ineffective;
- realized foreign currency exchange gains or losses on settlement of transactions in foreign currency and derivative instruments; and
- unrealized foreign currency exchange gains or losses on revaluation of other assets and liabilities.

Amortization of Intangible Assets

Amortization of intangible assets is associated with our acquisitions of Marketics in May 2007, Flovate in June 2007, AHA (formerly known as Call 24-7) in April 2008, BizAps in June 2008, Aviva Global in July 2008 and Fusion in June 2012.

Other Income, Net

Other income, net comprise interest income and income or loss from sale of property and equipment and other miscellaneous expenses.

Finance Expense

Finance expense primarily relates to interest charges payable on our term loan and short-term borrowings.

Operating Data

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Our profit margin is largely a function of our asset utilization and the rates we are able to recover for our services. One of the most significant components of our asset utilization is our seat utilization rate which is the average number of work shifts per day, out of a maximum of three, for which we are able to utilize our seats. Generally, an improvement in seat utilization rate will improve our profitability unless there are other factors which increase our costs such as an increase in lease rentals, large ramp-ups to build new seats, and increases in costs related to repairs and renovations to our existing or used seats. In addition, an increase in seat utilization rate as a result of an increase in the volume of work will generally result in a lower cost per seat and a higher profit margin as the total fixed costs of our built up seats remain the same while each seat is generating more revenue.

The following table presents certain operating data as at the dates indicated:

	June 30, 2013	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012	March 31, 2012
Total head count	26,178	25,520	25,931	25,714	25,939	23,874
Built up seats(1)	22,616	21,975	21,547	21,437	20,314	18,928
Used seats(1)	16,159	15,443	15,589	15,928	15,546	14,082
Seat utilization rate(2)	1.16	1.18	1.20	1.24	1.27	1.26

Notes:

(1) Built up seats refer to the total number of production seats (excluding support functions like Finance, Human Resource and Administration) that are set up in any premises. Used seats refer to the number of built up seats that are being used by employees. The remainder would be termed vacant seats. The vacant seats would get converted into used seats when we increase headcount.

(2) The seat utilization rate is calculated by dividing the average total headcount by the average number of built up seats to show the rate at which we are able to utilize our built up seats. Average total headcount and average number of built up seats are calculated by dividing the aggregate of the total headcount or number of built up seats, as the case may be, as at the beginning and end of the quarter by two.

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The following table sets forth certain financial information as a percentage of revenue and revenue less repair payments:

	Revenue		As a percentage of	
	Three months ended June 30, 2013	Three months ended June 30, 2012	Revenue less repair payments Three months ended June 30, 2013	Revenue less repair payments Three months ended June 30, 2012
Cost of revenue	69.1%	68.1%	66.8%	66.5%
Gross profit	30.9%	31.9%	33.2%	33.5%
Operating expenses:				
Selling and marketing expenses	6.4%	6.9%	6.9%	7.3%
General and administrative expenses	12.3%	11.7%	13.2%	12.3%
Foreign exchange loss / (gains), net	0.4%	2.3%	0.5%	2.4%
Amortization of intangible assets	5.1%	6.1%	5.5%	6.4%
Operating profit	6.7%			