WNS (HOLDINGS) LTD
Form 6-K
January 16, 2013
Table of Contents

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 December 31, 2012

Commission File Number 001 32945

WNS (HOLDINGS) LIMITED

(Exact name of registrant as specified in the charter)

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 þ 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 þ

If Yes is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b): **Not applicable.**

TABLE OF CONTENTS

Table of Contents

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), Form S-8 (File No. 333-176849), and Form F-3 (File No. 333-177250).

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 $ or dollars or US dollars are to the legal currency of the US, references to or rupees or Indian rupees are to the legal currency of India, references to pound sterling or £ are to the legal currency of the references to the Euro are to the legal currency of the European Monetary Union and references to pence are to the legal currency of Jersey, Channel Islands. 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 December 31, 2012. To the extent IASB issues any amendments or any new standards subsequent to December 31, 2012, 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, 2013.

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.

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 IFRS. Unless otherwise indicated, references to GAAP in this report are to IFRS, as issued by IASB.

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 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:

- 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;

increasing competition in the business process outsourcing industry;

Table of Contents

- 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;

- 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, 2012. 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 December 31, 2012 (Unaudited)	As at March 31, 2012
ASSETS			
Current assets:			
Cash and cash equivalents	5	$ 26,697	$ 46,725
Marketable securities	6	59,630	26,384
Trade receivables, net	7	61,584	66,421
Unbilled revenue		35,824	35,878
Funds held for clients		24,307	20,706
Current tax assets		4,141	3,860
Derivative assets	13	3,070	3,724
Prepayments and other current assets	8	22,537	21,925
Total current assets		237,790	225,623
Non-current assets:			
Investments		2	2
Goodwill	9	89,654	86,695
Intangible assets	10	97,536	115,141
Property and equipment, net	11	49,522	45,418
Derivative assets	13	1,636	1,550
Deferred tax assets		45,410	43,712
Other non-current assets	8	6,420	6,880
Total non-current assets		290,180	299,398
TOTAL ASSETS		**$ 527,970**	**$ 525,021**
LIABILITIES AND EQUITY			
Current liabilities:			
Trade payables		$ 29,065	$ 47,304
Provisions and accrued expenses	15	32,439	31,854
Derivative liabilities	13	7,918	9,849
Pension and other employee obligations	14	29,713	29,027
Short term line of credit	12	40,573	23,965
Current portion of long term debt	12	4,081	26,031
Deferred revenue	16	6,924	6,180
Current taxes payable		10,736	8,183
Other liabilities	17	19,920	5,208
Total current liabilities		181,369	187,601
Non-current liabilities:			
Derivative liabilities	13	1,835	1,210
Pension and other employee obligations	14	4,703	4,565

Long term debt	12	39,979	36,674
Deferred revenue	16	3,550	4,072
Other non-current liabilities	17	4,435	2,675
Deferred tax liabilities		3,594	4,097
Total non-current liabilities		58,096	53,293
TOTAL LIABILITIES		239,465	240,894
Shareholders equity:			
Share capital (ordinary shares $0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 50,452,199 and 50,078,881 shares each as at December 31, 2012 and March 31, 2012, respectively)	18	7,901	7,842
Share premium		268,043	263,529
Retained earnings		72,349	59,122
Other components of equity		(59,788)	(46,366)
Total shareholders equity		288,505	284,127
TOTAL LIABILITIES AND EQUITY		**$ 527,970**	**$ 525,021**

See accompanying notes.

Page **3**

Table of Contents

WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Notes	Three months ended December 31, 2012	Three months ended December 31, 2011	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Revenue	19	$ 120,171	$ 117,228	$ 341,061	$ 360,789
Cost of revenue	19, 20	80,829	82,098	229,592	262,739
Gross profit		39,342	35,130	111,469	98,050
Operating expenses:					
Selling and marketing expenses	20	7,773	6,446	22,440	20,063
General and administrative expenses	20	15,081	12,521	42,910	38,388
Foreign exchange loss/ (gains), net		2,068	1,060	6,550	(2,103)
Amortization of intangible assets		6,574	7,005	19,678	22,393
Operating profit		7,846	8,098	19,891	19,309
Other income, net	22	(1,255)	(161)	(3,200)	(277)
Finance expense	21	859	972	2,763	3,079
Profit before income taxes		8,242	7,287	20,328	16,507
Provision for income taxes	24	2,174	3,241	7,101	8,374
Profit		**$ 6,068**	**$ 4,046**	**$ 13,227**	**$ 8,133**
Earnings per share of ordinary share	25				
Basic		$ 0.12	$ 0.09	$ 0.26	$ 0.18
Diluted		$ 0.12	$ 0.09	$ 0.26	$ 0.18

See accompanying notes.

Table of Contents

WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited, amounts in thousands)

	Notes	Three months ended December 31, 2012	Three months ended December 31, 2011	Nine months ended December 31, 2012	Nine months ended December 31, 2011
Profit		$ 6,068	$ 4,046	$ 13,227	$ 8,133
Other comprehensive income/ (loss), net of taxes	24				
Pension adjustment		107	(90)	456	34
Changes in fair value of cash flow hedges					
Current period loss		(2,817)	(8,272)	(2,872)	(11,848)
Reclassification to profit/(loss)		1,368	708	5,709	(2,191)
Foreign currency translation		(9,336)	(21,312)	(16,715)	(48,580)
Total other comprehensive loss, net of taxes		$ (10,678)	$ (28,966)	$ (13,422)	$ (62,585)
Total comprehensive loss		$ (4,610)	$ (24,920)	$ (195)	$ (54,452)

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 capital				Other components of equity			
	Number	Par value	Share premium	Retained earnings	Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	Total shareholders equity
Balance as at April 1, 2011	44,443,726	$ 6,955	$ 211,430	$ 46,589	$ (4,387)	$ 3,586	$ 683	$ 264,856
Shares issued for exercised options and restricted share units (RSUs)	222,065	36	95					131
Share-based compensation			3,618					3,618
Excess tax benefits from exercise of share-based options and RSUs			895					895
Transactions with owners	222,065	36	4,608					4,644
Profit				8,133				8,133
Other comprehensive (loss)/gain, net of taxes					(48,580)	(14,039)	34	(62,585)
Total comprehensive (loss)/gain for the period				8,133	(48,580)	(14,039)	34	(54,452)
Balance as at December 31, 2011	44,665,791	$ 6,991	$ 216,038	$ 54,722	$ (52,967)	$ (10,453)	$ 717	$ 215,048

	Share capital				Other components of equity			
	Number	Par value	Share premium	Retained earnings	Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	Total shareholders Equity
Balance as at April 1, 2012	50,078,881	$ 7,842	$ 263,529	$ 59,122	$ (41,784)	$ (5,373)	$ 791	$ 284,127
Shares issued for exercised options and RSUs	373,318	59	91					150
Reversal of share issuance cost			10					10
Share-based compensation			4,401					4,401
Excess tax benefits from exercise of share-based options and RSUs			12					12
Transactions with owners	373,318	59	4,514					4,573
Profit				13,227				13,227
Other comprehensive (loss)/gain, net of taxes					(16,715)	2,837	456	(13,422)

Total comprehensive (loss)/gain for the period				13,227	(16,715)	2,837	456	(195)
Balance as at December 31, 2012	50,452,199	$ 7,901	$ 268,043	$ 72,349	$ (58,499)	$ (2,536)	$ 1,247	$ 288,505

See accompanying notes.

Table of Contents

WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, amounts in thousands)

	Nine months ended December 31,	
	2012	**2011**
Cash flows from operating activities		
Cash generated from operations	$ 58,582	$ 54,330
Interest paid	(2,843)	(3,907)
Interest received	138	43
Income tax paid	(8,931)	(9,527)
Net cash provided by operating activities	46,946	40,939
Cash flows from investing activities		
Acquisition, net of cash acquired	(7,053)	
Purchase of remaining (35%) share of noncontrolling interest		(2,157)
Purchase of property and equipment and intangibles	(17,783)	(17,867)
Proceeds from sale of property and equipment	212	195
Dividend received	1,848	
Government grant received	250	
Marketable securities purchased, net	(35,407)	(12,821)
Net cash used in investing activities	(57,933)	(32,650)
Cash flows from financing activities		
Direct cost incurred in relation to public offering	(16)	
Proceeds from exercise of stock options	150	131
Repayment of long term debt	(25,067)	(20,000)
Proceeds from long term debt	7,000	
Payment of debt issuance cost	(243)	(53)
Proceeds from short term borrowings, net	16,439	19,540
Excess tax benefit from share based compensation	33	895
Net cash used in financing activities	(1,704)	513
Exchange difference on cash and cash equivalents	(7,337)	(12,565)
Net change in cash and cash equivalents	(20,028)	(3,763)
Cash and cash equivalents at the beginning of the period	46,725	27,090
Cash and cash equivalents at the end of the period	**$ 26,697**	**$ 23,327**

Note: There is a deferred consideration payable on account of acquisition of Fusion Outsourcing Services (Proprietary) Limited (subsequently renamed as WNS Global Services SA (Pty) Ltd) of £5,000 ($8,083 based on exchange rate of December 31, 2012). (Refer note 4)

See accompanying notes.

Table of Contents

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), Singapore and delivery centers in Costa Rica, India, 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 January 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, 2012.

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, 2012.

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, 2012 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 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.

ii. In May, 2011, the IASB issued IFRS 13 *Fair Value Measurements* (IFRS 13). IFRS 13 defines fair value, provides single IFRS framework for measuring fair value and requires disclosure about fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

iii. In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements (IFRS 10) which replaces consolidation requirements in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation Special Purpose Entities and builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. This pronouncement is effective for the annual period beginning on or after January 1, 2013 with earlier application permitted so long as each of this standard is applied together with other four standards as mentioned below:

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interest in Other Entities

IAS 27 (Revised) Separate Financial Statements

IAS 28 (Revised) Investments in Associates and Joint Ventures

The remainder of IAS 27, Separate Financial Statements , now contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates only when an entity prepares separate financial statements and is therefore not applicable in the Company s consolidated financial statements.

IFRS 11 Joint Arrangements (IFRS 11), which replaces IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities Non-monetary Contributions by Ventures , requires a single method, known as the equity method, to account for interests in jointly controlled entities. The proportionate consolidation method in joint ventures is prohibited. IAS 28, Investments in Associates and Joint Ventures , was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investment in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The application of the equity method has not changed as a result of this amendment.

IFRS 12 Disclosure of Interest in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11.

Further, in June 2012, IASB published Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance as amendments to IFRS 10, IFRS 11 and IFRS 12. These amendments are intended to provide additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

The Company will be adopting IFRS 10, IFRS 11 and IFRS 12 effective April 1, 2013. The Company is currently evaluating the impact of the above pronouncements on the Company s consolidated financial statements.

iv. In June 2011, the IASB published amendments to IAS 1 *Presentation of Financial Statements* (IAS 1). The amendments to IAS 1 require companies preparing financial statements in accordance with IFRS to group items within other comprehensive income that may be reclassified to the profit or loss separately from those items which would not be recyclable in the profit or loss section of the statement of income. It also requires the tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax).

The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. This amendment is applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted. The Company is required to adopt IAS 1 (Amended) by accounting year commencing April 1, 2013.

The Company has evaluated the requirements of IAS 1 (Amended) and the Company does not believe that the adoption of IAS 1 (Amended) will have a material effect on the consolidated financial statements.

v. In June 2011, the IASB issued an amended IAS 19 *Employee Benefits*. This amendment is applicable on a modified retrospective basis to annual periods beginning on or after January 1, 2013, with early adoption permitted. Apart from certain miscellaneous changes, key changes are:

a) recognition of changes in the net defined liability(assets)

b) introduced enhanced disclosures about defined benefit plans

c) modified accounting for termination benefits

The Company is currently evaluating the impact that this amendment will have on its consolidated financial statements.

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

vi. In December 2011, the IASB amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing an amendment to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosure . The amendment to IFRS 7 requires companies to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are effective for interim or annual periods beginning on or after January 1, 2013. It requires retrospective application for comparative periods.

The IASB has amended IAS 32 to clarify the meaning of currently has a legally enforceable right of set off and simultaneous realization and settlement . The amendment clarifies that in order to result in an offset of a financial asset and financial liability, a right to set off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy. Also the amendments clarify that the determination of whether the rights meets the legally enforceable criterion will depend on both the contractual terms entered into between the counterparties as well as the law governing the contract and the bankruptcy process in the event of bankruptcy or insolvency. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively for comparative periods.

The Company is currently evaluating the impact that the above amendments will have 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. The acquisition of Fusion will enable the Company to further assist global customers in having finance and accounting and insurance specific services delivered from South Africa and to take advantage of the English language capabilities, skilled talent pool and strong cultural work ethics. This acquisition is in line with Company s strategy of expanding its global delivery footprint and entering emerging growth markets.

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) is 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.

The Company incurred acquisition related cost of $401 which has been included in general and administrative expense in the condensed consolidated statements of income.

The purchase price has been allocated as set out below on a provisional basis pending finalization of the valuation of intangible assets to be allocated to the assets acquired and liabilities assumed:

	Amount
Cash	$ 1,431
Trade receivable	3,309
Prepayments and other current assets	185
Property and equipment	2,315

Deferred tax assets, net	1,722
Intangible assets	
Customer relationship	2,148
Customer contracts	1,427
Software	383
Current liabilities	(2,795)
Net assets acquired	$ 10,125
Less: Purchase consideration	16,324
Goodwill on acquisition	$ 6,199

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The trade receivables comprise gross contractual amounts due of $3,309 and the Company, based on its best estimate at the acquisition date, expects to collect the entire amount.

Goodwill arising from this acquisition is not expected to be deductible for tax purposes.

Goodwill is attributable mainly to benefit of expected synergies, revenue growth, future market development and the assembled workforce of Fusion.

Impact of acquisitions on the results of the Company

The acquisition of Fusion contributed $4,516 and $9,111 to the Company s revenue for the three and nine months ended December 31, 2012, respectively, and $(931) and $(2,121) to the Company s profit for the three and nine months ended December 31, 2012, respectively.

Had the acquisition occurred on April 1, 2012, the Company s revenue and profit for the nine months ended December 31, 2012 would have been $345,016 and $12,813, respectively.

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	
	December 31, 2012	**March 31, 2012**
Cash and bank balance	$ 24,686	$ 34,821
Short term deposits with bank	2,011	11,904
Total	**$ 26,697**	**$ 46,725**

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.

6. Marketable securities

The Company s marketable securities (Available-for-sale) represent short term investments and are acquired principally for the purpose of earning dividend income.

7. Trade receivables

Trade receivables consist of the following:

	As at	
	December 31, 2012	**March 31, 2012**
Trade receivables	$ 66,874	$ 71,287
Trade receivables from related parties	635	604
Allowances for doubtful trade receivables	(5,925)	(5,470)
Total	**$ 61,584**	**$ 66,421**

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

	As at	
	December 31, 2012	**March 31, 2012**
Balance at the beginning of the period	$ 5,470	$ 4,397
Charged to operations	824	1,381
Write-off, net of collections		(27)
Reversal	(403)	(226)
Translation adjustment	34	(55)
Balance at the end of the period	**$ 5,925**	**$ 5,470**

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

8. Prepayments and other assets

Prepayment and other assets consist of the following:

	As at December 31, 2012	As at March 31, 2012
Current		
Service tax and other tax receivables	$ 11,144	$ 10,118
Deferred transition cost	1,764	517
Employee receivables	1,251	1,504
Advances to suppliers	1,673	2,341
Deposit with client	1,555	3,206
Prepaid expenses	4,026	3,551
Other assets	1,124	688
Total	**$ 22,537**	**$ 21,925**
Non-current		
Deferred transition cost	$ 357	$ 490
Deposits	5,990	6,262
Other assets	73	128
Total	**$ 6,420**	**$ 6,880**

9. Goodwill

The movement in goodwill balance by reportable segment as at December 31, 2012 and March 31, 2012 is as follows:

	WNS Global BPO	WNS Auto Claims	Total
Balance as at April 1, 2011	$ 60,289	$ 33,244	$ 93,533
Foreign currency translation	(6,719)	(119)	(6,838)
Balance as at March 31, 2012	$ 53,570	$ 33,125	$ 86,695
Goodwill arising from acquisition of Fusion (See Note 4)	6,199		6,199
Foreign currency translation	(3,520)	280	(3,240)
Balance as at December 31, 2012	**$ 56,249**	**$ 33,405**	**$ 89,654**

Table of Contents

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, 2012 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, 2011	$ 190,210	$ 65,508	$ 4,974	$ 1,835	$ 353	$	$ 262,880
Additions						1,053	1,053
Translation adjustments	(14,243)	(1,026)	(18)			(36)	(15,323)
Balance as at March 31, 2012	$ 175,967	$ 64,482	$ 4,956	$ 1,835	$ 353	$ 1,017	$ 248,610
Accumulated amortization							
Balance as at April 1, 2011	$ 70,819	$ 29,135	$ 4,812	$ 1,248	$ 279	$	$ 106,293
Amortization	19,949	8,792	161	459	64	51	29,476
Translation adjustments	(1,396)	(884)	(17)			(3)	(2,300)
Balance as at March 31, 2012	$ 89,372	$ 37,043	$ 4,956	$ 1,707	$ 343	$ 48	$ 133,469
Net carrying value as at March 31, 2012	**$ 86,595**	**$ 27,439**	**$**	**$ 128**	**$ 10**	**$ 969**	**$ 115,141**

The changes in the carrying value of intangible for the nine months ended December 31, 2012 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						3,954	3,954
On acquisition of Fusion	1,427	2,148				383	3,958
Translation adjustments	(7,018)	(486)	42		1	(179)	(7,640)
Balance as at December 31, 2012	$ 170,376	$ 66,144	$ 4,998	$ 1,835	$ 354	$ 5,175	$ 248,882
Accumulated amortization							
Balance as at April 1, 2012	$ 89,372	$ 37,043	$ 4,956	$ 1,707	$ 343	$ 48	$ 133,469
Amortization	13,679	5,304		128	10	557	19,678
Translation adjustments	(1,706)	(133)	42		1	(5)	(1,801)
Balance as at December 31, 2012	$ 101,345	$ 42,214	$ 4,998	$ 1,835	$ 354	$ 600	$ 151,346
Net carrying value as at December 31, 2012	**$ 69,031**	**$ 23,930**	**$**	**$**	**$**	**$ 4,575**	**$ 97,536**

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

11. Property and equipment, net

The changes in the carrying value of property and equipment for the year ended March 31, 2012 are as follows:

Gross carrying value	**Buildings**	**Computers and software**	**Furniture, fixtures and office equipment**	**Vehicles**	**Leasehold improve-ments**	**Total**
Balance as at April 1, 2011	$ 12,673	$ 66,482	$ 56,717	$ 2,327	$ 44,443	$ 182,642
Additions		4,846	6,678	939	8,526	20,989
Disposal		790	1,325	1,359	26	3,500
Translation adjustments	(1,178)	(5,870)	(6,209)	(259)	(5,019)	(18,535)
Balance as at March 31, 2012	$ 11,495	$ 64,668	$ 55,861	$ 1,648	$ 47,924	$ 181,596
Accumulated depreciation						
Balance as at April 1, 2011	$ 1,539	$ 58,163	$ 46,417	$ 1,683	$ 33,254	$ 141,056
Depreciation	594	5,843	4,376	234	4,913	15,960
Disposal		822	1,089	551	15	2,477
Translation adjustments	(287)	(5,380)	(5,285)	(189)	(3,977)	(15,118)
Balance as at March 31, 2012	$ 1,846	$ 57,804	$ 44,419	$ 1,177	$ 34,175	$ 139,421
Capital work-in-progress						3,243
Net carrying value as at March 31, 2012						**$ 45,418**

The changes in the carrying value of property and equipment for the nine months ended December 31, 2012 are as follows:

Gross carrying value	**Buildings**	**Computers and software**	**Furniture, fixtures and office equipment**	**Vehicles**	**Leasehold improve-ments**	**Total**
Balance as at April 1, 2012	$ 11,495	$ 64,668	$ 55,861	$ 1,648	$ 47,924	$ 181,596
Additions		5,027	3,641	259	3,705	12,632
On acquisition of Fusion		806	1,014		495	2,315
Disposal		443	660	386	202	1,691
Translation adjustments	(412)	(2,780)	(3,078)	(113)	(2,898)	(9,281)
Balance as at December 31, 2012	$ 11,083	$ 67,278	$ 56,778	$ 1,408	$ 49,024	$ 185,571
Accumulated depreciation						
Balance as at April 1, 2012	$ 1,846	$ 57,804	$ 44,419	$ 1,177	$ 34,175	$ 139,421
Depreciation	416	3,897	3,454	108	3,213	11,088

Disposal		452	654	246	40	1,392
Translation adjustments	(67)	(2,543)	(2,621)	(80)	(2,235)	(7,546)
Balance as at December 31, 2012	$ 2,195	$ 58,706	$ 44,598	$ 959	$ 35,113	$ 141,571
Capital work-in-progress						5,522
Net carrying value as at December 31, 2012						**$ 49,522**

Page **14**

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

12. Borrowings

Short-term line of credit:

The Company s Indian subsidiary, WNS Global Services Private Limited (WNS Global), set up a secured line of credit of 960,000 ($17,528 based on the exchange rate on December 31, 2012) from The Hongkong and Shanghai Banking Corporation Limited and an unsecured line of credit of $15,000 from BNP Paribas and 720,000 ($13,146 based on exchange rate on December 31, 2012) from Citibank N.A, interest on which would be determined on the date of the borrowing.

Out of the available lines of credit, as at December 31, 2012, $11,850 was utilized for working capital requirements from The Hongkong and Shanghai Banking Corporation Limited, $14,466 was utilized for working capital requirements from BNP Paribas and $12,850 was utilized for working capital requirements from Citibank N.A. These lines of credit can be withdrawn by the relevant bank at any point of time. Further, as discussed below, an amount of £870 ($1,407 based on the exchange rate on December 31, 2012) was outstanding under the working capital facility in UK.

Long-term debt:

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

			As at			
			December 31, 2012		March 31, 2012	
Currency	**Interest rate**	**Final maturity (fiscal year)**	**Foreign currency**	**Total**	**Foreign currency**	**Total**
Indian Rupee	11.25%*	2015	510,000	$ 9,297	510,000	$ 10,026
US dollars	3M USD Libor +2%	2013	$		$	23,907
US dollars	3M USD Libor +3.5%	2016	$	$ 6,879	$	
US dollars	3M USD Libor +3%	2014	$	2,130	$	3,189
Pound Sterling	Bank of England base rate+2.25%	2016	£ 9,880	$ 15,908	£ 9,880	15,822
Pound Sterling	Bank of England base rate+2.25%	2015	£ 6,120	$ 9,846	£ 6,120	9,761
				$ 44,060		$ 62,705
Current portion of long term debt				$ 4,081		$ 26,031
Long term debt				$ 39,979		$ 36,674

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

On July 12, 2010 the Company entered into a term loan facility of \$94,000 in Mauritius with interest equal to the three month US dollar LIBOR plus a margin of 2% per annum. On January 10, 2011, July 11, 2011, January 10, 2012 and July 10, 2012, the Company made scheduled installment repayments of \$20,000, \$20,000, \$30,000 and \$24,000, respectively, following which there is no amount outstanding under the facility.

The Company has also established a £19,760 (\$31,944 based on the exchange rate on December 31, 2012) line of credit in UK pursuant to a facility agreement dated June 30, 2010. This facility consists of a two year term loan facility of £9,880 (\$15,972 based on the exchange rate on December 31, 2012) at the Bank of England (BOE) base rate plus a margin of 1.95% per annum and a working capital facility of £9,880 (\$15,972 based on the exchange rate on December 31, 2012) at the BOE base rate plus a margin of 2.45% per annum which has been renewed on June 30, 2011.

On March 30, 2012, the Company signed a facility agreement in UK to roll over its existing term loan of £9,880 (\$15,972 based on the exchange rate on December 31, 2012) from HSBC Bank plc (which was originally scheduled to mature on July 7, 2012) for three years until July 7, 2015 and obtained from HSBC Bank plc an additional three-year term loan facility of £6,120 (\$9,894 based on the exchange rate on December 31, 2012). The facilities will bear interest at BOE base rate plus a margin of 2.25% per annum with 20% of the principal amount of each loan to be repayable at the end of each of 18, 24 and 30 months and a final installment of 40% at the end of 36 months after drawdown. The Company has also renewed its working capital facility of £9,880 (\$15,972 based on the exchange rate on December 31, 2012) in UK (which was originally scheduled to mature on July 1, 2012) up to March 31, 2013 at an interest rate of BOE base rate plus a margin of 2.45% per annum. As at December 31, 2012, the amount outstanding under the term loan facility was £16,000 (\$25,866 based on the exchange rate on December 31, 2012) and the amount outstanding under the working capital facility was £870 (\$1,407 based on the exchange rate on December 31, 2012).

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The Company has also established a $3,200 line of credit in the Philippines pursuant to a facility agreement dated September 8, 2010. This facility consists of a three year term loan facility at the three-month US dollar LIBOR plus a margin of 3% per annum. As at December 31, 2012, the amount outstanding under the facility was $2,133.

On March 9, 2012, WNS Global entered into a three year term loan facility of 510,000 ($9,312 based on the exchange rate on December 31, 2012) in India with interest equal to 11.25% per annum for the first year with reset at the end of the first year. This term loan is repayable in two installments of 255,000 ($4,656 based on the exchange rate on December 31, 2012) on each of January 30, 2015 and February 27, 2015. In order to reduce the cost on this rupee denominated term loan, the Company also entered into a currency swap to convert the rupee-denominated loan to a US dollar-denominated loan. The facility was fully drawn on March 12, 2012.

On March 30, 2012, WNS Global also signed a facility agreement with HSBC Bank (Mauritius) Limited for a three year external commercial borrowing of $7,000. Out of this facility an amount of $2,000, $3,000 and $ 2,000 was drawn on April 16, 2012, June 20, 2012 and August 16, 2012 respectively. This facility bears interest at a rate equivalent to three-month US dollar LIBOR plus a margin of 3.5% per annum. The principal amount of each tranche will be repayable at the end of three years from the date of each drawdown.

The Company has pledged trade receivables, other financial assets, property and equipment with a carrying amount of $198,268 and $196,652 as of December 31, 2012 and March 31, 2012, 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 at December 31, 2012 the Company was in compliance with all of the covenants.

13. Financial instruments
Financial instruments by category

The carrying value and fair value of financial instruments by categories as at December 31, 2012 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
Cash and cash equivalents	$ 26,697	$	$	$	$ 26,697
Marketable securities				59,630	59,630
Trade receivables	61,584				61,584
Unbilled revenue	35,824				35,824
Funds held for clients	24,307				24,307
Prepayments and other assets (1)	1,883				1,883
Investments				2	2
Other non-current assets(2)	5,990				5,990
Derivative assets		617	4,089		4,706
Total carrying value	**$ 156,285**	**$ 617**	**$ 4,089**	**$ 59,632**	**$ 220,623**

Total fair value	**$ 155,107**	**$ 617**	**$ 4,089**	**$ 59,632**	**$ 219,445**

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Financial Liabilities

	Financial liabilities at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value
Trade payables	$	$	$ 29,065	$ 29,065
Current portion of long term debt			4,081	4,081
Long term debt			39,979	39,979
Short term line of credit			40,573	40,573
Other employee obligations[3]			25,231	25,231
Provision and accrued expenses[4]			31,835	31,835
Other liabilities[5]			11,442	11,442
Derivative liabilities	3,159	6,594		9,753
Total carrying value	**$ 3,159**	**$ 6,594**	**$ 182,206**	**$ 191,959**
Total fair value	**$ 3,159**	**$ 6,594**	**$ 182,178**	**$ 191,931**

Notes:

1. Excluding non-financial assets $20,654.
2. Excluding non-financial assets $430.
3. Excluding non-financial liabilities $9,185.
4. Excluding non-financial liabilities $604.
5. Excluding non-financial liabilities $12,913.

The carrying value and fair value of financial instruments by categories as at March 31, 2012 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
Cash and cash equivalents	$ 46,725	$	$	$	$ 46,725
Marketable securities				26,384	26,384
Trade receivables	66,421				66,421
Unbilled revenue	35,878				35,878
Funds held for clients	20,706				20,706
Prepayments and other assets[1]	1,765				1,765

Investments				2	2
Other non-current assets[(2)]	6,262				6,262
Derivative assets		1,787	3,487		5,274
Total carrying value	**$ 177,757**	**$ 1,787**	**$ 3,487**	**$ 26,386**	**$ 209,417**
Total fair value	**$ 176,192**	**$ 1,787**	**$ 3,487**	**$ 26,386**	**$ 207,852**

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Financial Liabilities

	Financial liabilities at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value
Trade payables	$	$	$ 47,304	$ 47,304
Current portion of long term debt			26,031	26,031
Long term debt			36,674	36,674
Short term line of credit			23,965	23,965
Other employee obligations(3)			25,621	25,621
Provision and accrued expenses(4)			31,049	31,049
Other liabilities(5)			961	961
Derivative liabilities	1,131	9,928		11,059
Total carrying value	**$ 1,131**	**$ 9,928**	**$ 191,605**	**$ 202,664**
Total fair value	**$ 1,131**	**$ 9,928**	**$ 191,319**	**$ 202,378**

Notes:

1. Excluding non-financial assets $20,160.
2. Excluding non-financial assets $618.
3. Excluding non-financial liabilities $7,971.
4. Excluding non-financial liabilities $805.
5. Excluding non-financial liabilities $4,247.

Derivative financial instruments

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 statement of income, the gains and losses attributable to such derivative instrument that were accumulated in other comprehensive income/(loss).

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The notional values of outstanding foreign exchange forward contracts and foreign exchange option contracts are as follows:

	As at	
	December 31, 2012	**March 31, 2012**
Forward contracts (Sell)		
In US dollars	$ 168,766	$ 140,306
In United Kingdom Pound Sterling	115,677	104,554
In Euro	4,315	8,953
In Australian dollars	10,527	5,511
Others	25,474	9,715
	$ 324,759	**$ 269,039**
Option Contracts (Sell)		
In US dollars	$ 78,513	$ 116,145
In United Kingdom Pound Sterling	110,275	126,336
In Euro	10,359	11,233
In Australian dollars	7,631	6,008
Others	4,849	4,500
	$ 211,627	**$ 264,222**

The amount of gain/(loss) reclassified from other comprehensive income into statement of income, net of taxes in respective line items for the three months and nine months ended December 31, 2012 and 2011 are as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Revenue	$ (350)	$ 327	$ (1,270)	$ 765
Foreign exchange gains, net	(1,048)	(1,071)	(4,507)	1,160
Finance expense	30	36	68	266
Total	**$ (1,368)**	**$ (708)**	**$ (5,709)**	**$ 2,191**

As at December 31, 2012 the loss amounting to $2,536 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.

The ineffectiveness due to discontinuance of cash flow hedge on account of non-occurrence of original forecasted transactions by the end of the originally specified time period recognized in the statement of income for the three months ended December 31, 2012 and 2011 amounted to a gain of $248 and $811, respectively, and for the nine months ended December 31, 2012 and 2011 amounted to a gain of $1,050 and $1,504, respectively.

14. Pension and other employee obligations

Pension and other employee obligations consist of the following:

	As at	
	December 31, 2012	**March 31, 2012**
Current		
Salaries and bonus	$ 25,206	$ 25,569
Pension	1,245	1,201
Withholding taxes on salary and statutory payables	3,237	2,205
Other employees payable	25	52
Total	**$ 29,713**	**$ 29,027**
Non-current		
Pension	**$ 4,703**	**$ 4,565**

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

15. Provisions and accrued expenses

Provisions and accrued expenses consist of the following:

	As at	
	December 31, 2012	March 31, 2012
Provisions	$ 604	$ 805
Accrued expenses	31,835	31,049
Total	**$ 32,439**	**$ 31,854**

A summary of activity for provision is as follows:

	As at	
	December 31, 2012	March 31, 2012
Balance at the beginning of the year	$ 805	$ 1,512
Additional provision	574	1,169
Provision used	(726)	(1,729)
Translation adjustments	(49)	(147)
Balance at the end of the period	**$ 604**	**$ 805**

16. Deferred revenue

Deferred revenue consists of the following:

	As at	
	December 31, 2012	March 31, 2012
Payments in advance of services	$ 1,546	$ 1,898
Advance billings	7,108	6,591
Claims handling	362	585
Others	1,458	1,178
Total	**$ 10,474**	**$ 10,252**

17. Other liabilities

Other liabilities consist of the following:

	As at	
	December 31, 2012	**March 31, 2012**
Current		
Withholding taxes and value added tax payables	$ 8,906	$ 3,830
Deferred purchase consideration payable	8,233	
Deferred rent	461	417
Other liabilities	2,320	961
Total	**$ 19,920**	**$ 5,208**
Non-current		
Deferred rent expenses	$ 3,046	$ 2,675
Other liabilities	1,389	
Total	**$ 4,435**	**$ 2,675**

18. Share capital

As at December 31, 2012, 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 50,452,199 ordinary shares outstanding as at December 31, 2012. There were no preferred shares outstanding as at December 31, 2012.

As at March 31, 2012, 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 50,078,881 ordinary shares outstanding as at March 31, 2012. There were no preferred shares outstanding as at March 31, 2012.

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

On February 9, 2012, the Company completed a public offering of its American Depositary Shares (ADS). The Company sold 5,400,000 ADSs and certain selling stockholders sold an aggregate of 6,847,500 ADSs at a price of $9.25 per ADS less underwriting discount. The Company received net proceeds of $46,297 from the offering.

19. Revenue recognition

In the WNS Auto Claims BPO segment, the Company has been re-negotiating contractual terms with insurance companies and the repair centers as and when they come up for renewal. The Company renewed its contract with one of its customers and negotiated a new contract with a repair center in April 2011. In May 2011, the Company further negotiated a new contract with a repair center, which is appended as part of the main revenue contract with two other insurance customers.

The key changes to the Principal Agent Consideration are summarized below:

a) The primary responsibility of the repair work has now shifted from the Company to the repair center.

b) The credit risk is now passed on from the Company to the insurance company.

c) The true economic benefit which the Company earns in the process is the claims handling fee with the repairs cost being a pass through from the insurance company to the repair center without any significant risk and reward involved on the Company s part.

The Company evaluated the principal or agent recognition criteria as per IAS 18. Based on the evaluation of the terms of the contracts with these repair centers and arrangements with these insurance companies, the Company 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.

Accordingly, the Company no longer accounts for the amount received from three of the Company s clients in the WNS Auto Claims BPO segment for payments to repair centers as its revenue and the payments made to repair centers for cases referred by these customers as its cost of revenue, resulting in lower revenue and cost of revenue being recognized in respect of the services rendered to these clients, as the revenues have been recorded net of repair cost. The change in revenue accounting for one of its clients is effective from April 2011 and the balance two clients are effective from May 2011. The process of re-negotiation of the contracts with other clients is ongoing and is aimed at establishing consistent accounting for all such contracts entered into by the Company.

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

20. Expenses by nature

Expenses by nature consist of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Employee cost	$ 61,809	$ 51,197	$ 176,540	$ 162,831
Repair payments	6,657	20,022	17,681	65,554
Facilities cost	17,396	14,215	47,734	43,008
Depreciation charges	3,868	3,965	11,088	12,160
Legal and professional expenses	3,678	2,847	11,580	10,290
Travel expenses	3,999	3,051	11,807	10,497
Other cost	6,276	5,768	18,512	16,850
Total cost of revenue, selling and marketing and general and administrative expenses	**$ 103,683**	**$ 101,065**	**$ 294,942**	**$ 321,190**

21. Finance expense

Finance expense consists of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Interest expense	$ 757	$ 727	$ 2,452	$ 2,045
Interest on deferred purchase consideration	71		147	
Interest rate swap		71	(15)	472
Debt issue cost	31	174	179	562
Total	**$ 859**	**$ 972**	**$ 2,763**	**$ 3,079**

22. Other income, net

Other income, net consists of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Income from interest and dividend on marketable securities	$ (765)	$ (96)	$ (2,012)	$ (232)
Others	(490)	(65)	(1,188)	(45)

Total	**$ (1,255)**	**$ (161)**	**$ (3,200)**	**$ (277)**

23. 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 (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 December 31, 2012 the Company had 312,034 ordinary shares available for future grants.

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Share-based compensation expense during the three and nine months ended December 31, 2012 and 2011 are as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Share-based compensation expense recorded in				
Cost of revenue	$ 20	$ 202	$ 706	$ 712
Selling and marketing expenses	103	37	351	258
General and administrative expenses	1,214	851	3,344	2,646
Total share-based compensation expense	**$ 1,337**	**$ 1,090**	**$ 4,401**	**$ 3,616**

Upon exercise of stock options and RSUs the Company issued 116,862 and 62,272 shares, respectively, for the three months ended December 31, 2012 and 2011 and 373,318 and 222,065 shares, respectively, for the nine months ended December 31, 2012 and 2011.

24. Income taxes

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

	Three months ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Domestic	$ 253	$ (1,102)	$ (152)	$ (2,695)
Foreign	7,989	8,389	20,480	19,202
Profit before income taxes	**$ 8,242**	**$ 7,287**	**$ 20,328**	**$ 16,507**

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

	Three months ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Current taxes				
Domestic taxes	$	$	$	$
Foreign taxes	4,313	6,565	11,347	18,484
	$ 4,313	$ 6,565	$ 11,347	$ 18,484
Deferred taxes				

Domestic taxes	$	$	$	$
Foreign taxes	(2,139)	(3,324)	(4,246)	(10,110)
	$ (2,139)	$ (3,324)	$ (4,246)	$ (10,110)
	$ 2,174	**$ 3,241**	**$ 7,101**	**$ 8,374**

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 December 31,		**Nine months ended December 31,**	
	2012	**2011**	**2012**	**2011**
Income taxes on profits	$ 2,174	$ 3,241	$ 7,101	$ 8,374
Income taxes on other comprehensive income				
Unrealized gain on cash flow hedging derivatives	$ (856)	$ (3,305)	$ 807	$ (6,383)
Total income taxes	**$ 1,318**	**$ (64)**	**$ 7,908**	**$ 1,991**

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The Company has 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 its operations in delivery centers in Pune, Navi Mumbai & 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 levied minimum alternate tax (MAT) on the profits earned by the SEZ units at the rate of 20.01%. The Company s operations in Costa Rica and Philippines are also eligible for tax exemptions which expire in fiscal 2017 and fiscal 2014, respectively. 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 will enable the Company s Sri Lankan subsidiary to continue to claim tax exemption under 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 for fiscal 2003 through fiscal 2009 pending before various appellate authorities. These orders assess additional taxable income that could in the aggregate give rise to an estimated $50,366 in additional taxes, including interest of $12,221. These orders of assessment allege that the transfer price 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.

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 $43,834 in additional taxes, including interest of $13,453. The income tax authorities have filed appeals against these orders.

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 our 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 at December 31, 2012, the Company has provided a tax reserve of $17,434 ($16,725 as of September 30, 2012) 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, certain legal opinions from counsel, 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 $7,493 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 $6,321 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 WNS Global to clients based abroad as the export proceeds are repatriated outside India by WNS Global. In response to an appeal filed by the Company with the 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)

25. Earnings per share

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

	Three months ended December 31,		Nine months ended December 31,	
	2012	**2011**	**2012**	**2011**
Numerator:				
Profit	$ 6,068	$ 4,046	$ 13,227	$ 8,133
Denominator:				
Basic weighted average ordinary shares outstanding	50,369,934	44,643,494	50,237,476	44,552,596
Dilutive impact of equivalent stock options and RSUs	1,384,188	1,109,721	1,610,579	1,162,728
Diluted weighted average ordinary shares outstanding	51,754,121	45,753,215	51,848,055	45,715,324

The computation of earnings per ordinary share (EPS) was determined by dividing profit/(loss) 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)

26. Subsidiaries

The list of the Company s subsidiaries as at December 31, 2012 is as follows:

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 Global Services (UK) Limited				United Kingdom
	WNS Workflow Technologies Limited			United Kingdom
	Accidents Happen Assistance Limited			United Kingdom
	WNS Global Services SA (Pty) Ltd (formerly known as Fusion Outsourcing Services (Proprietary) Limited) (from June 21, 2012)			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 Limited	Australia
		Baizan International Software Technology (Beijing) Co. Limited	China
	WNS Global Services Private Limited [(1)]		India
	WNS Global Services (Private) Limited		Sri Lanka
	WNS BPO Services Costa Rica, S.A.		Costa Rica

Note:

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

27. 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 matrix form of organization structure, accordingly operating segments have been determined based on core principle of segments 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 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 (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 Chief Executive Officer (CEO). The CODM evaluates the Company s performance and allocates resources based on revenue growth of vertical structure.

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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 revenues have been recorded net of repair cost as explained in note 19. 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 Company believes that the presentation of this non-GAAP measure in the segmental information provides useful information for investors regarding the segment s financial performance. The presentation of this non-GAAP information is not meant to be considered in isolation or as a substitute for the Company s financial results prepared in accordance with IFRS.

The segment results for the three months ended December 31, 2012 are as follows:

	Three months ended December 31, 2012			
	WNS Global BPO	WNS Auto Claims BPO	Inter segments*	Total
Revenue from external customers	$ 105,236	$ 14,935	$	$ 120,171
Segment revenue	$ 105,316	$ 14,935	$ (80)	$ 120,171
Payments to repair centers		6,657		6,657
Revenue less repair payments	105,316	8,278	(80)	113,514
Depreciation	3,651	217		3,868
Other costs	87,247	6,722	(80)	93,889
Segment operating profit	14,418	1,339		15,757
Other income, net	(1,048)	(207)		(1,255)
Finance expense	859			859
Segment profit before income taxes	14,607	1,546		16,153
Provision for income taxes	1,850	324		2,174
Segment profit	12,757	1,222		13,979
Amortization of intangible assets				6,574
Share based compensation expense				1,337
Profit				$ 6,068
Addition to non-current assets	$ 5,807	$ 175	$	$ 5,982
Total assets, net of elimination	407,195	120,775		527,970
Total liabilities, net of elimination	$ 188,875	$ 50,590	$	$ 239,465

* Transactions between inter segments represent invoices raised by WNS Global BPO on WNS Auto Claims BPO on an arm s length basis 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 December 31, 2011 are as follows:

	Three months ended December 31, 2011			
	WNS Global BPO	WNS Auto Claims BPO	Inter segments*	Total
Revenue from external customers	$ 88,411	$ 28,817	$	$ 117,228
Segment revenue	$ 88,564	$ 28,817	$ (153)	$ 117,228
Payments to repair centers		20,022		20,022
Revenue less repair payments	88,564	8,795	(153)	97,206
Depreciation	3,587	378		3,965
Other costs	70,674	6,527	(153)	77,048
Segment operating profit	14,303	1,890		16,193
Other income, net	(85)	(76)		(161)
Finance expense	972			972
Segment profit before income taxes	13,416	1,966		15,382
Provision for income taxes	2,799	442		3,241
Segment profit	10,617	1,524		12,141
Amortization of intangible assets				7,005
Share based compensation expense				1,090
Profit				$ 4,046
Addition to non-current assets	$ 4,557	$ 130	$	$ 4,687
Total assets, net of elimination	359,701	112,718		472,419
Total liabilities, net of elimination	$ 207,941	$ 49,430	$	$ 257,371

* Transactions between inter segments represent invoices raised by WNS Global BPO on WNS Auto Claims BPO on an arm s length basis 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 nine months ended December 31, 2012 are as follows:

	Nine months ended December 31, 2012			
	WNS Global BPO	WNS Auto Claims BPO	Inter segments*	Total
Revenue from external customers	$ 299,478	$ 41,583	$	$ 341,061
Segment revenue	$ 299,713	$ 41,583	$ (235)	$ 341,061
Payments to repair centers		17,681		17,681
Revenue less repair payments	299,713	23,902	(235)	323,380
Depreciation	10,279	809		11,088
Other costs	249,681	18,876	(235)	268,322
Segment operating profit	39,753	4,217		43,970
Other income, net	(2,643)	(557)		(3,200)
Finance expense	2,763			2,763
Segment profit before income taxes	39,633	4,774		44,407
Provision for income taxes	6,054	1,047		7,101
Segment profit	33,579	3,727		37,306
Amortization of intangible assets				19,678
Share based compensation expense				4,401
Profit				$ 13,227
Addition to non-current assets	$ 22,283	$ 741	$	$ 23,024
Total assets, net of elimination	407,195	120,775		527,970
Total liabilities, net of elimination	$ 188,875	$ 50,590	$	$ 239,465

* Transactions between inter segments represent invoices raised by WNS Global BPO on WNS Auto Claims BPO on an arm s length basis 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 nine months ended December 31, 2011 are as follows:

	Nine months ended December 31, 2011			
	WNS Global BPO	WNS Auto Claims BPO	Inter segments*	Total
Revenue from external customers	$ 269,884	$ 90,905	$	$ 360,789
Segment revenue	$ 270,419	$ 90,905	$ (535)	$ 360,789
Payments to repair centers		65,554		65,554
Revenue less repair payments	270,419	25,351	(535)	295,235
Depreciation	10,999	1,161		12,160
Other costs	217,709	20,583	(535)	237,757
Segment operating profit	41,711	3,607		45,318
Other income, net	(119)	(158)		(277)
Finance expense	3,079			3,079
Segment profit before income taxes	38,751	3,765		42,516
Provision for income taxes	7,686	688		8,374
Segment profit	31,065	3,077		34,142
Amortization of intangible assets				22,393
Share based compensation expense				3,616
Profit				$ 8,133
Addition to non-current assets	$ 16,695	$ 954	$	$ 17,649
Total assets, net of elimination	359,701	112,718		472,419
Total liabilities, net of elimination	$ 207,941	$ 49,430	$	$ 257,371

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

The Company s external revenue by geographic area is as follows:

External Revenue

	Three months ended December 31,		Nine months ended December 31,	
	2012	2011	2012	2011
Jersey, Channel Islands	$	$	$	