

WNS (HOLDINGS) LTD
Form 6-K
January 18, 2011

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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 December 31, 2010
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, Vikroli (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 statement on Form S-8 (Registration No: 333-136168).

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 and references to Rs. or rupees 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 the Euro are to the legal currency of the European Monetary Union. References to pence are to the legal currency of Jersey, Channel Islands. Our financial statements are presented in US dollars and are prepared in accordance with US generally accepted accounting principles, or US GAAP. References to a particular fiscal year are to our fiscal year ended March 31 of that 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 measure that is calculated as revenue less payments to automobile repair centers and more fully explained in Management's Discussion and Analysis of Financial Condition and Results of Operations. The presentation of this non-GAAP information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with US 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 statements can be identified by the use of forward-looking terminology such as anticipate, believe, estimate, expect, intend, will, project, seek, should and similar. 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. We caution you that reliance on any forward-looking statement 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;

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the implications of the accounting changes and restatement of our financial statements described in Explanatory Note Regarding our Consolidated Financial Statements for our reporting with the Commission, and any adverse developments in existing legal proceedings or the initiation of new legal proceedings;

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;

increasing competition in the BPO industry;

our ability to successfully grow our revenue, expand our service offerings and market share and achieve accretive benefits from our acquisition of 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 ability to successfully consummate 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, 2010. 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.

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Part I FINANCIAL INFORMATION
WNS (HOLDINGS) LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

	December 31,	March 31,
	2010	2010
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 30,231	\$ 32,311
Bank deposits and marketable securities	12	45
Accounts receivable, net of allowance of \$3,962 and \$3,152 respectively	79,576	44,082
Accounts receivable related parties	303	739
Unbilled revenue	32,625	40,892
Funds held for clients	6,026	11,372
Employee receivables	1,842	1,526
Prepaid expenses	2,600	2,101
Prepaid income taxes	6,043	5,602
Deferred tax assets	1,923	1,959
Other current assets	26,369	36,308
Total current assets	187,550	176,937
Goodwill	92,319	90,662
Intangible assets, net	164,368	188,079
Property and equipment, net	46,404	51,700
Other assets	4,698	10,242
Deposits	7,591	7,086
Deferred tax assets	32,128	25,184
TOTAL ASSETS	\$ 535,058	\$ 549,890
LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY		
Current liabilities:		
Accounts payable	\$ 40,351	\$ 27,900
Current portion of long term debt	40,000	40,000
Short term debt	8,700	
Accrued employee cost	27,404	30,977
Deferred revenue	6,242	4,891
Income taxes payable	2,375	2,550
Other current liabilities	53,672	67,585
Total current liabilities	178,744	173,903
Long term debt	72,457	95,000
Deferred revenue	6,630	3,515
Other liabilities	2,675	3,727
Accrued pension liability	4,319	3,921

Deferred tax liabilities	7,614	8,343
Derivatives	1,491	7,600
TOTAL LIABILITIES	273,930	296,009
Commitments and contingencies		
Redeemable noncontrolling interest		278
WNS (Holdings) Limited shareholders' equity:		
Ordinary shares, \$0.16 (10 pence) par value, authorized: 50,000,000 shares; Issued and outstanding: 44,413,118 and 43,743,953 shares, respectively	6,951	6,848
Ordinary shares subscribed: 2000 and nil shares, respectively	4	
Additional paid-in-capital	206,472	203,531
Retained earnings	55,353	50,797
Accumulated other comprehensive loss	(7,652)	(7,573)
Total WNS (Holdings) Limited shareholders' equity	261,128	253,603
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND EQUITY	\$ 535,058	\$ 549,890

See accompanying notes.

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WNS (HOLDINGS) LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited, amounts in thousands, except per share data)

	Three months ended December 31,		Nine months ended December 31,	
	2010	2009 (As restated See Note 2)	2010	2009 (As restated See Note 2)
Revenue:				
Third parties	\$ 151,799	\$ 144,953	\$ 453,943	\$ 423,338
Related parties	852	887	2,831	1,572
	152,651	145,840	456,774	424,910
Cost of revenue	121,520	110,745	365,737	315,768
Gross profit	31,131	35,095	91,037	109,142
Operating expenses:				
Selling, general and administrative expenses	20,202	20,584	59,436	63,448
Amortization of intangible assets	7,951	8,088	23,853	24,369
Operating income	2,978	6,423	7,748	21,325
Other (income) expenses, net	(5,061)	2,948	(4,662)	7,830
Interest expense	1,825	3,505	6,439	11,066
Income (loss) before income taxes	6,214	(30)	5,971	2,429
Provision for income taxes	547	46	1,796	587
Net income (loss)	5,667	(76)	4,175	1,842
Less: Net loss attributable to redeemable noncontrolling interest	(121)	(374)	(489)	(844)
Net income attributable to WNS (Holdings) Limited shareholders	\$ 5,788	\$ 298	\$ 4,664	\$ 2,686
Earnings per share of ordinary share				
Basic	\$ 0.13	\$ 0.01	\$ 0.10	\$ 0.06
Diluted	\$ 0.13	\$ 0.01	\$ 0.10	\$ 0.06

See accompanying notes.

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WNS (HOLDINGS) LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited, amounts in thousands)

	Nine months ended	
	December 31,	
	2010	2009
		(As restated See Note 2)
Cash flows from operating activities		
Net cash provided by operating activities	\$ 21,166	\$ 46,723
Cash flows from investing activities		
Acquisition, net of cash acquired	(494)	(1,461)
Facility and property cost	(10,476)	(8,920)
Proceeds from sale of property and equipment	219	576
Marketable securities sold and deposits, net	34	9,455
Net cash used in investing activities	(10,717)	(350)
Cash flows from financing activities		
Ordinary shares issued and subscribed	767	1,671
Excess tax benefits from share-based compensation	336	1,222
Proceeds from issue of shares by subsidiary to redeemable noncontrolling interest		698
Proceeds from long term debt	64,895	
Repayment of long term debt	(87,750)	(30,000)
Payment of debt issuance cost	(1,071)	(87)
Proceeds from (repayments of) short term borrowings, net	8,000	(4,153)
Principal payments under capital leases		(58)
Net cash used in financing activities	(14,823)	(30,707)
Effect of exchange rate changes on cash	2,294	4,922
Net change in cash and cash equivalents	(2,080)	20,588
Cash and cash equivalents at beginning of period	32,311	38,931
Cash and cash equivalents at end of period	\$ 30,231	\$ 59,519

See accompanying notes.

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**WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010**

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

1. Basis of presentation

The accompanying unaudited condensed consolidated financial statements of WNS (Holdings) Limited (the Company or WNS) have been prepared in accordance with United States generally accepted accounting principles (US GAAP) for interim financial reporting and with the instructions of Rule 10-01 of Regulation S-X. Accordingly, they do not include all information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended December 31, 2010 are not necessarily indicative of the results that may be expected for the year ending March 31, 2011. The balance sheet at March 31, 2010 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by US GAAP for complete financial statements. These condensed consolidated financial statements is to be read in conjunction with the consolidated financial statements and notes thereto included in the Company s Annual Report on Form 20-F for the fiscal year ended March 31, 2010.

Consolidation

The Company consolidates all the subsidiaries where it holds, directly or indirectly, more than 50% of the total voting power or where it exercises control.

2. Restatement and reclassification of previously issued consolidated financial statements

In the audited consolidated financial statements for the year ended March 31, 2010, the Company restated its previously issued consolidated financial statements for the years ended March 31, 2009 and 2008. The Company also restated its previously issued condensed consolidated income statements for the first, second and third quarters of fiscal year ended March 31, 2010 included in its annual report on Form 20-F for the year ended March 31, 2010 filed with the US Securities and Exchange Commission. The restatement resulted from a correction in the income statement characterization of referral fees and the timing of recognition of revenue and cost for completed but unbilled repair costs. The restatement adjustments resulted in an increase in previously reported net loss by \$45 and a decrease in net income by \$79 for the three and nine month periods ended December 31, 2009, respectively. The restatement also had the effect of reducing revenue by \$3,274 and \$13,946 and cost of revenue by \$3,211 and \$13,836 for the three and nine month periods ended December 31, 2009, respectively. Accordingly, the consolidated financial information presented in the accompanying unaudited condensed consolidated financial statements for the three and nine month periods ended December 31, 2009 is restated to give effect to such adjustments.

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WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

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

3. Acquisitions**Business Applications Associates Limited (BizAps)**

On June 12, 2008, the Company acquired all outstanding shares of BizAps, a provider of systems applications and products solutions to optimize enterprise resource planning functionality for finance and accounting processes. The purchase price for the acquisition was a cash payment of £5,000 (\$9,749) plus direct transaction costs of \$469. The consideration also included a contingent earn-out consideration of up to £4,500 (\$9,000) based on satisfaction of certain performance obligation over a two-year period up to June 2010 as set out in the share purchase agreement. Consequent to the satisfaction of certain performance obligations for the 12 month period ended June 30, 2009; the Company paid an earn-out consideration of \$1,111. Such amount was recorded as an addition to goodwill. On June 6, 2010, the Company entered into an amendment to the acquisition agreement with the sellers, pursuant to which, the Company settled the earn-out consideration for performance obligations for the period ended on June 30, 2010 at \$471. Such amount is recorded as an addition to goodwill.

4. Property and equipment, net

Property and equipment, net consist of the following:

	As at	
	December 31, 2010	March 31, 2010
Property and equipment, gross	\$ 180,398	\$ 171,505
Less: Accumulated depreciation	(133,994)	(119,805)
Property and equipment, net	\$ 46,404	\$ 51,700

Depreciation expense on property and equipment for the three months ended December 31, 2010 and 2009 was \$4,742 and \$5,292, respectively, and for the nine months ended December 31, 2010 and 2009 was \$14,889 and \$15,855, respectively.

5. Share-based compensation

Share-based compensation expense during the three and nine months ended December 31, 2010 and 2009 are as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2010	2009	2010	2009
Share-based compensation recorded in				
Cost of revenue	\$ 240	\$ 714	\$ 644	\$ 2,766
Selling, general and administrative expenses	888	2,378	1,987	7,951
Total share-based compensation expense	1,128	3,092	2,631	10,717
Estimated income tax benefit	(65)	(646)	(297)	(2,112)
Share-based compensation expense, net of estimated taxes	\$ 1,063	\$ 2,446	\$ 2,334	\$ 8,605

Upon exercise of stock options and Restricted Share Units (RSUs) the Company issued 83,159 and 234,664 shares, respectively, for the three months ended December 31, 2010 and 2009 and 669,165 and 703,720 shares, respectively, for the nine months ended December 31, 2010 and 2009.

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WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

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

6. Comprehensive income (loss)

The changes in the components of comprehensive income (loss), net of taxes for the three and nine month periods ended December 31, 2010 and 2009 are as follows:

	Three months ended		Nine months ended	
	December 31,		December 31,	
	2010	2009	2010	2009
		(As restated See Note 2)		(As restated See Note 2)
Net income (loss)	\$ 5,667	\$ (76)	\$ 4,175	\$ 1,842
Cumulative translation adjustment	(869)	5,252	3,643	19,827
Change in fair value of cash flow hedges, net of tax	1,186	12,174	(3,979)	6,754
Unrecognized actuarial gain (loss) and prior service cost on pension liability	468	(192)	360	289
 Total comprehensive income	 6,452	 17,158	 4,199	 28,712
Less: Comprehensive loss attributable to redeemable noncontrolling interest	(105)	(358)	(386)	(832)
 Comprehensive income attributable to WNS (Holdings) Limited shareholders	 \$ 6,557	 \$ 17,516	 \$ 4,585	 \$ 29,544

The components of accumulated other comprehensive loss, net of taxes, were as follows:

	As at	
	December 31, 2010	March 31, 2010
Net unrealized gain on cash flow hedges	\$ 363	\$ 4,415
Cumulative translation adjustment	(7,887)	(11,534)
Unamortized net actuarial loss and prior service cost on pension plans	(128)	(454)
 Accumulated other comprehensive loss	 \$ (7,652)	 \$ (7,573)

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WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2010

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

7. Equity and redeemable noncontrolling interest

A summary of the changes in equity and redeemable noncontrolling interest for the three and nine month periods ended December 31, 2010 and 2009 is provided below:

	Three months ended December 31,			
	2010		2009	
	WNS (Holdings) Limited shareholders equity	Redeemable noncontrolling interest	WNS (Holdings) Limited shareholders equity (As restated See Note 2)	Redeemable noncontrolling interest
Balance at beginning of period	\$ 253,499	\$	\$ 208,478	\$
Shares issued for exercised options	49		714	
Ordinary shares subscribed	4		(63)	
Share-based compensation charge	1,128		3,081	
Excess tax benefits from exercise of share-based options, net	(4)		34	
Issue of shares by subsidiary to redeemable noncontrolling interest				688
Accretion to redeemable noncontrolling interest (Refer note 17)	(105)	105	330	(330)
Comprehensive income (loss):				
Consolidated net income (loss)	5,788	(121)	298	(374)
Foreign currency translation gain (loss)	(870)	1	5,258	(6)
Change in fair value of cash flow hedges, net of tax	1,203	(17)	12,152	22
Pension adjustments	436	32	(192)	
Balance at end of period	\$ 261,128	\$	\$ 230,090	\$

	Nine months ended December 31,			
	2010		2009	
	WNS (Holdings) Limited shareholders equity	Redeemable noncontrolling interest	WNS (Holdings) Limited shareholders equity (As restated See Note 2)	Redeemable noncontrolling interest
Balance at beginning of period	\$ 253,603	\$ 278	\$ 188,126	\$ 13
Shares issued for exercised options	763		1,667	

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Ordinary shares subscribed	4		5	
Share-based compensation charge	2,631		10,709	
Excess tax benefits from exercise of share-based options, net	(350)		170	
Issue of shares by subsidiary to redeemable noncontrolling interest				688
Accretion to redeemable noncontrolling interest (Refer note 17)	(108)	108	(131)	131
Comprehensive income (loss):				
Consolidated net income (loss)	4,664			