WNS (HOLDINGS) LTD
Form 6-K
October 19, 2011

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 September 30, 2011
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 o

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): o

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): o

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 o 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

Part I FINANCIAL INFORMATION

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME	4
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	5
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	6
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS	8
Part II MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	74
Part III RISK FACTORS	94
SIGNATURE	110

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 (File 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 and references to or rupees or Indian rupees are to the legal currency of India. References to pound sterling or £ or pence are to the currency of the UK. References to the Euro are to the legal currency of the European Monetary Union. Our financial statements are prepared in US dollars. Until March 31, 2011, we prepared our financial statements in accordance with US generally accepted accounting principles (US GAAP), which is considered our Previous GAAP. With effect from April 1, 2011, we adopted the International Financial Reporting Standards and its interpretations (IFRS), as issued by International Accounting Standards Board (IASB). Our financial statements included in this report are prepared in accordance with IFRS, as issued by IASB, as in effect as at September 30, 2011. To the extent IASB issues any amendments or any new standards subsequent to September 30, 2011, 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, 2012.

The financial statements included in this report are our second IFRS condensed interim consolidated financial statements and IFRS 1, *First-time Adoption of International Financial Reporting Standards* has been applied. These unaudited condensed interim consolidated financial statements do not include all the information required for full audited annual consolidated financial statements and are prepared in accordance with IAS 34, *Interim Financial Reporting* . An explanation of how the transition to IFRS has affected our reported financial position and financial performance is provided in Note 2.w. to the unaudited condensed interim consolidated financial statements included in this report. Note 2.w. includes reconciliations of equity as at April 1, 2010, September 30, 2010 and March 31, 2011, and profit and comprehensive income for the three months and six months ended September 30, 2010 and for the year ended March 31, 2011. 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, 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 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, seek, should and simi

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 and the impact of our adoption of IFRS, as issued by IASB. 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;

Table of Contents

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;

increasing competition in the business process outsourcing industry;

our ability to successfully grow our revenue, expand our service offerings and market share and achieve accretive benefits from our acquisition of 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, 2011. 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.

Page 2

Table of Contents

Part I FINANCIAL INFORMATION
WNS (HOLDINGS) LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited, amounts in thousands, except share and per share data)

	Notes	As at September 30, 2011	As at March 31, 2011	As at April 1, 2010
ASSETS				
Current assets:				
Cash and cash equivalents	4	$ 16,134	$ 27,090	$ 32,311
Bank deposits and marketable securities			12	45
Trade receivables	5	55,951	78,586	44,821
Unbilled revenue		37,606	30,837	40,892
Funds held for clients		12,114	8,799	11,372
Current tax assets		3,405	8,502	5,602
Derivative assets	10	5,840	11,182	22,808
Prepayments and other current assets	6	22,754	16,447	16,694
Total current assets		153,804	181,455	174,545
Non-current assets:				
Investments		2	2	
Goodwill	7	87,555	93,533	90,662
Intangible assets	8	132,162	156,587	188,079
Property and equipment	9	48,501	47,178	48,547
Derivative assets	10	1,919	2,282	8,375
Deferred tax assets		39,586	33,518	25,200
Other non-current assets	6	7,450	8,040	8,611
Total non-current assets		317,175	341,140	369,474
TOTAL ASSETS		**$ 470,979**	**$ 522,595**	**$ 544,019**
LIABILITIES AND EQUITY				
Current liabilities:				
Trade payables		$ 32,611	$ 43,748	$ 27,900
Provisions		35,011	32,933	43,390
Derivative liabilities	10	15,699	9,963	17,597
Pension and other employee obligations		25,654	31,029	31,023
Short term line of credit		18,982	14,593	
Current portion of long term debt		70,075	49,392	39,567
Deferred revenue		5,559	6,962	4,891
Income taxes payable		4,166	3,088	2,550
Other liabilities	12	3,919	4,126	8,745

Total current liabilities		211,676	195,834	175,663
Non-current liabilities:				
Derivative liabilities	10	2,318	431	7,600
Pension and other employee obligations		4,387	4,485	4,286
Long term debt		2,128	42,889	94,658
Deferred revenue		5,095	5,976	3,515
Other non-current liabilities	12	2,359	2,978	3,727
Deferred tax liabilities		4,487	5,146	8,226
Total non-current liabilities		20,774	61,905	122,012
TOTAL LIABILITIES		232,450	257,739	297,675
Shareholders equity:				
Share capital (ordinary shares $0.16 (10 pence) par value, authorized 50,000,000 shares; issued: 44,603,519, 44,443,726 and 43,743,953 shares, respectively)		6,981	6,955	6,848
Share premium		214,609	211,430	206,968
Retained earnings		50,676	46,589	28,676
Other components of equity		(33,737)	(118)	3,852
Total shareholders equity		238,529	264,856	246,344
TOTAL LIABILITIES AND EQUITY		$ **470,979**	$ **522,595**	$ **544,019**

See accompanying notes.

Table of Contents

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

		Three months ended September 30,		Six months ended September 30,	
	Notes	**2011**	**2010**	**2011**	**2010**
Revenue	13	$ 117,898	$ 154,159	$ 243,561	$ 304,123
Cost of revenue	13,14	85,231	120,396	180,641	243,136
Gross profit		32,667	33,763	62,920	60,987
Operating expenses:					
Selling and marketing expenses	14	6,988	6,385	13,617	11,440
General and administrative expenses	14	13,118	12,985	25,867	27,092
Foreign exchange gains, net		(1,838)	(1,632)	(3,163)	(4,666)
Amortization of intangible assets		7,548	7,922	15,388	15,902
Operating profit		6,851	8,103	11,211	11,219
Other expenses (income), net		88	(166)	(116)	(341)
Finance expense		931	1,542	2,107	9,086
Profit before income taxes		5,832	6,727	9,220	2,474
Provision for income taxes	16	2,404	742	5,133	2,324
Profit		$ 3,428	$ 5,985	$ 4,087	$ 150
Earnings per share of ordinary share	17				
Basic		$ 0.08	$ 0.14	$ 0.09	$ 0.00
Diluted		$ 0.08	$ 0.13	$ 0.09	$ 0.00

See accompanying notes.

Page 4

Table of Contents

WNS (HOLDINGS) LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited, amounts in thousands)

		Three months ended September 30,		Six months ended September 30,	
	Notes	**2011**	**2010**	**2011**	**2010**
Profit		$ 3,428	$ 5,985	$ 4,087	$ 150
Other comprehensive income (loss), net of taxes	16				
Pension adjustment		146	69	73	82
Changes in fair value of cash flow hedges					
Current year gain (loss)		(4,188)	132	(2,544)	(3,304)
Reclassification to profit (loss)		(1,293)	(3,379)	(3,698)	(2,449)
Foreign currency translation		(27,150)	9,469	(27,450)	4,557
Total other comprehensive income (loss), net of taxes		$ (32,485)	$ 6,291	$ (33,619)	$ (1,114)
Total comprehensive income (loss)		$ (29,057)	$ 12,276	$ (29,532)	$ (964)

See accompanying notes.

Table of Contents

WNS (HOLDINGS) LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Unaudited, amounts in thousands, expect 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	$ (4,273)	$ 3,459	$ 696	$ 264,856
Shares issued for exercised options and restricted share units (RSUs)	159,793	26	73					99
Share-based compensation			2,527					2,527
Excess tax benefits from exercise of share-based options and RSUs			579					579
Profit				4,087				4,087
Other comprehensive income (loss), net of taxes					(27,450)	(6,242)	73	(33,619)
Balance as at September 30, 2011	44,603,519	$ 6,981	$ 214,609	$ 50,676	$ (31,723)	$ (2,783)	$ 769	$ 238,529

	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, 2010	43,743,953	$ 6,848	$ 206,968	$ 28,676	$ (11,578)	$ 15,430	$	$ 246,344
Shares issued for exercised options and restricted share units (RSUs)	586,006	89	625					714
Share-based compensation			638					638

Excess tax benefits from exercise of share-based options and RSUs			313					313
Profit				150				150
Other comprehensive income (loss), net of taxes					4,557	(5,753)	82	(1,114)
Balance as at September 30, 2010	44,329,959	$ 6,937	$ 208,544	$ 28,826	$ (7,021)	$ 9,677	$ 82	$ 247,045

See accompanying notes.

Table of Contents

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

	Six months ended September 30, 2011	Six months ended September 30, 2010
Cash flows from operating activities		
Cash generated from operations	$ 32,261	$ 18,096
Interest paid	(2,757)	(5,152)
Interest received	27	82
Income tax paid	(5,467)	(4,045)
Net cash provided by operating activities	24,064	8,981
Cash flows from investing activities		
Earn-out payment		(494)
Purchase of property and equipment	(12,962)	(6,779)
Proceeds from sale of property and equipment, net	141	158
Marketable securities and deposits sold, net	11	34
Net cash used in investing activities	(12,810)	(7,081)
Cash flows from financing activities		
Proceeds from exercise of stock options	99	714
Excess tax benefits from share based compensation	579	313
Proceeds from long term debt		64,895
Repayment of long term debt	(20,000)	(87,750)
Payment of debt issuance cost	(53)	(890)
Proceeds from short term borrowings, net	4,614	10,631
Net cash used in financing activities	(14,761)	(12,087)
Exchange difference on cash and cash equivalents	(7,449)	2,524
Net change in cash and cash equivalents	(10,956)	(7,663)
Cash and cash equivalents at the beginning of period	27,090	32,311
Cash and cash equivalents at the end of period	**$ 16,134**	**$ 24,648**

See accompanying notes.

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(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 York (US), Singapore and delivery centers in Costa Rica, India, the Philippines, Romania, Sri Lanka, and the UK. The Company s clients are primarily in the travel, banking, financial services, insurance, healthcare and utilities, retail and consumer product 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 condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 18, 2011.

2. Summary of significant accounting policies

a. Basis of preparation

These condensed interim consolidated financial statements are covered by International Financial Reporting Standards (IFRS) 1, *First-time Adoption of International Financial Reporting Standards* (IFRS 1), as they are part of the period covered by the Company s first IFRS financial statements for the fiscal year ending March 31, 2012 and are prepared in accordance with International Accounting Standard (IAS) 34, *Interim Financial Reporting* . They do not include all of the information required in annual financial statements in accordance with IFRS.

The condensed interim consolidated statement of financial position corresponds to the classification provisions contained in IAS 1 (revised), *Presentation of Financial Statements* . For clarity, various items are aggregated in the statements of income and statements of financial position. These items are disaggregated separately in the Notes, where applicable.

The Company has adopted IFRS and the adoption was carried out in accordance with IFRS 1. The transition was carried out from accounting principles generally accepted in the United States of America (US GAAP) which is considered as the Previous GAAP. An explanation of the effect of the transition from Previous GAAP to IFRS on the Company s equity and profit and comprehensive income is provided in note 2.w.

Accounting policies have been applied consistently to all periods presented in the consolidated financial statements including the preparation of the IFRS opening statement of financial position as at April 1, 2010 (Transition Date) for the purpose of the transition to IFRS and as required by IFRS 1.

b. Basis of measurement

The condensed interim consolidated financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant IFRS:-

a. Derivative financial instruments; and

b. Share based payment transactions.

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

c. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future period affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the condensed interim consolidated financial statements is included in the following notes:

i. Revenue recognition:

The Company has, in limited instances, minimum commitment arrangements, wherein the service contracts provide for a minimum revenue commitment on a cumulative basis over multiple years, stated in terms of annual minimum amounts. However, when the shortfall in a particular year can be offset with revenue received in excess of minimum commitments in subsequent years, the Company recognizes deferred revenue for the shortfall which has been invoiced and received. To the extent the Company has sufficient experience to conclude that the shortfall will not be satisfied by excess revenue in a subsequent period, the deferred revenue will be recognized as revenue in that period.

Key factors that are used to determine whether the Company has sufficient experience include:

- the historical volume of business done with a client as compared with initial projections of volume as agreed to by the client and the Company;
- the length of time for which the Company has such historical experience;
- future volume expected based on projections received from the client; and
- the Company s internal expectations of the ongoing volume with the client.

Otherwise the deferred revenue will remain until such time the Company concludes that it will not receive revenue in excess of the minimum commitment.

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

For certain agreements, the Company has retroactive discounts related to meeting agreed volumes. In such situations, the Company records revenue at the discounted rate, although the Company initially bill at the higher rate, unless the Company can determine that the agreed volumes will not be met, based on the factors discussed above.

The Company provides automobile claims handling services, wherein the Company enters into contracts with its clients to process all their claims over the contract period, where the fees are determined either on a per claim basis or is a fixed payment for the contract period. Where the contracts are on a per claim basis, the Company invoices the client at the inception of the claim process. The Company estimates the processing period for the claims and recognizes revenue over the estimated processing period. This processing period generally ranges between one to two months. The processing time may be greater for new clients and the estimated service period is adjusted accordingly. The processing period is estimated based on historical experience and other relevant factors, if any.

ii. Allowance for doubtful accounts:

The allowance for doubtful accounts is evaluated on a regular basis and adjusted based upon management s best estimate of probable losses inherent in accounts receivable. In estimating probable losses, the Company reviews accounts that are past due, non-performing or in bankruptcy. The Company determines an estimated loss for specific accounts and estimates an additional amount for the remainder of receivables based on historical trends and other factors. Adverse economic conditions or other factors that might cause deterioration of the financial health of customers could change the timing and levels of payments received and necessitate a change in estimated losses.

iii. Current income taxes:

The major tax jurisdictions for the Company are India, United Kingdom and the United States of America, though the Company also files tax returns in other foreign jurisdictions. Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

iv. Deferred income taxes:

The assessment of the probability of future taxable profit in which deferred tax assets can be utilized is based on the Company s latest approved budget forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

v. Impairment:

An impairment loss is recognized for the amount by which an asset s or cash-generating unit s carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company s assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

vi. Valuation of derivative financial instrument:

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm s length transaction at the reporting date.

vii. Accounting for defined benefit plans:

In accounting for pension and post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by the Company may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

viii. Share-based compensation:

The share based compensation expense is determined based on the Company s estimate of equity instruments that will eventually vest.

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

d. Basis of consolidation

The Company consolidates entities over which it owns or controls. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. Subsidiaries are consolidated from the date control commences until the date control ceases.

i. Business Combinations

Business combinations consummated subsequent to the Transition Date are accounted for using the acquisition method under the provisions of IFRS 3 (Revised), *Business Combinations"*.

The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable tangible and intangible assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

Transaction costs that the Company incurs in connection with a business combination such as finders fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

ii. Transactions with noncontrolling interest

The joint venture between the Company and Paxys Inc. Philippines (Paxys) in the Philippines is majority owned by the Company (65%) and the balance by Paxys. Pursuant to the joint venture agreement, the Company has a call option to acquire from Paxys the remaining shares owned by Paxys and Paxys has a put option to sell all of its shareholding in the joint venture to the Company, upon the occurrence of certain conditions, as set forth in the joint venture agreement, or after August 6, 2012.

In accordance with IAS 32, *Financial Instruments: Presentation* , the Company has derecognized noncontrolling interest since the Company had the risk and rewards for the ownership of the joint venture. However, with the existence of the put option, the Company has a contractual obligation to deliver cash and hence the put option has been classified as a financial liability. The Company s Board of Directors, in its meeting held in September 2011, has determined that its call option has become exercisable as a result of the non-performance event triggered in the prior quarter on account of the joint venture making six months of continuous losses for the period from January 2011 to June 2011, and approved the exercise of the call option. Accordingly, the Company has shared its intention to exercise the call option with Paxys. As of September 30, 2011, the Company has not yet exercised its call option but has assessed that the event of the Company exercising the call option is highly probable as against Paxys exercising their put option and since the Company anticipates that there will be an outflow of cash in connection with the exercise of the call option in the near future, the liability is re-measured at the fair value of the call option as at September 30, 2011.

iii. Transactions eliminated on consolidation

All intra-company balances, transactions, income and expenses including unrealized income or expenses are eliminated in full on consolidation.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

e. Functional and presentation currency

The condensed interim consolidated financial statements of each of the Company s subsidiaries are measured using the currency of the primary economic environment in which these entities operate (i.e. the functional currency). The condensed interim consolidated financial statements are presented in US dollars (USD) which is the presentation currency of the Company and has been rounded off to the nearest thousands.

f. Foreign currency transactions and translation

i. Transactions in foreign currency

Transactions in foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of income. Gains/losses relating to translation or settlement of trading activities are disclosed under foreign exchange gains/losses and translation or settlements of financing activities are disclosed under finance expenses.

ii. Foreign operations

For the purpose of presenting condensed interim consolidated financial statements, the assets and liabilities of the Company s foreign operations that have local functional currency are translated into US dollars using exchange rates prevailing at the reporting date. Income and expense are translated at the average exchange rates for the period. Exchange differences arising, if any, are recorded in equity as part of the Company s other comprehensive income. Such exchange differences are recognized in the statement of income in the period in which such foreign operations are disposed. Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

iii. Others

Foreign currency differences arising on the translation or settlement of a financial liability designated and effective as a hedge of a net investment in foreign operation are recognized directly in equity as part of the Company s other comprehensive income. The amount recognized in equity is transferred to the statement of income, as an adjustment to the profit or loss upon disposal of the related foreign operation.

g. Financial instruments initial recognition and subsequent measurement

Financial instruments are classified in the following categories:

Non-derivative financial assets comprising loans and receivables and available-for-sale.

Non-derivative financial liabilities comprising long term and short term borrowings and trade and other payables.

Derivative financial instruments under the category of financial assets or financial liabilities at fair value through profit or loss (FVTPL) and fair value through other comprehensive income.

The classification of financial instruments depends on the purpose for which those were acquired. Management determines the classification of the Company s financial instruments at initial recognition.

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

i. Non-derivative financial assets

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss or provisions for doubtful accounts. Loans and receivables are represented by trade receivables, net of allowances for impairment, unbilled revenue, cash and cash equivalents and other assets.

b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or are not classified in any of the other categories. Available-for-sale financial assets are recognized initially at fair value plus transactions costs. Subsequent to initial recognition, these are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognized directly in other comprehensive income. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to the statement of income. These are presented as current assets unless management intends to dispose of the assets after 12 months from the balance sheet date.

ii. Non derivative financial liabilities

All financial liabilities are recognized initially at fair value, except in the case of loans and borrowings which are recognized at fair value net of directly attributable transaction costs. The Company s financial liabilities include trade and other payables, bank overdrafts, loans and borrowings.

Trade and other payables maturing later than 12 months after the balance sheet date are presented as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the effective interest rate method amortization process.

iii. Derivative financial instruments and hedge accounting

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations and forecasted cash flows denominated in foreign currency. The Company limits the effect of foreign exchange rate fluctuation by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments where the counter party is a bank. The Company holds derivative financial instruments such as foreign exchange forward and option contracts and interest rate swaps to hedge certain foreign currency and interest rate exposures.

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

Cash flow hedges

The Company recognizes derivative instruments as either assets or liabilities in the statement of financial position at fair value. 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.

For derivative instruments where hedge accounting is applied, the Company records the effective portion of derivative instruments that are designated as cash flow hedges in other comprehensive income (loss) in the statement comprehensive income, which is reclassified into earnings in the same period during which the hedged item affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, if any (i.e., the ineffective portion) or hedge components excluded from the assessment of effectiveness, and changes in fair value of other derivative instruments not designated as qualifying hedges is recorded as gains / losses, net in the statement of income. Gains/losses on cash flow hedges on intercompany forecasted revenue transactions are recorded in foreign exchange gains/losses and cash flow hedge on interest rate swaps are recorded in finance expense. Cash flows from the derivative instruments are classified within cash flows from operating activities in the statement of cash flows.

iv. Offsetting of financial instruments

Financial assets and financial liabilities are offset against each other and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

v. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit risk, foreign exchange rates, and forward and spot prices for currencies.

vi. Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

a) Loans and receivables

Impairment loss in respect of loans and receivables measured at amortized cost are calculated as the difference between their carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Such impairment loss is recognized in the statement of income.

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

b) Available-for-sale financial assets

Significant or prolonged decline in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. The cumulative loss that was recognized in the equity is transferred to the statement of income upon impairment.

h. Equity and share capital

i. Share capital and share premium

The Company has only one class of equity shares. The authorized share capital of the Company is 50,000,000 equity shares, par value $0.16 (10 pence) per share. Par value of the equity share is recorded as the share capital and the amount received in excess of par value is classified as share premium. The credit corresponding to the share-based compensation and excess tax benefit related to the exercise of share options is recorded in share premium.

ii. Retained earnings

Retained earnings comprise the Company s undistributed earnings after taxes.

iii. Other components of equity

Other components of equity consist of the following:

Cash flow hedging reserve

Changes in fair value of derivative hedging instruments designated and effective as a cash flow hedge are recognized net of taxes.

Foreign currency translation reserve

Foreign currency translation consists of the exchange difference arising from the translation of financial statement of foreign subsidiaries.

Pension adjustments

This reserve represents cumulative actuarial gain and losses recognized on defined benefits plans.

i. Bank deposits and marketable securities

Bank deposits consist of term deposits with an original maturity of more than three months. The Company s marketable securities represent highly liquid investments and are acquired principally for the purpose of generating a profit from short-term fluctuation in prices. All purchases and sales of such investments are recognized on the trade date. Investments are initially measured at cost, which is the fair value of the consideration paid, including transaction costs. All marketable securities are classified and accounted as trading investments and accordingly, reported at fair value, with changes in fair value recognized in the consolidated statement of income. Interest and dividend income is recognized when earned.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

j. Funds held for clients

Some of the Company s agreements in the Auto Claims handling services allow the Company to temporarily hold funds on behalf of the client. The funds are segregated from the Company s funds and there is usually a short period of time between when the Company receives these funds from the client and when the payments are made on their behalf.

k. Property and equipment

Property and equipment are stated at historical cost, except for certain items of furniture, fixture and office equipment and leasehold improvements for which fair value as of the Transition Date is taken as its deemed cost (see note 2 v. a) ii.), and depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, which are as follows:

Asset description	Asset life (in years)
Buildings	20
Computers and software	3-4
Furniture, fixtures and office equipment	2-5
Vehicles	3
Leasehold improvements	Lesser of estimated useful life or lease term

Assets acquired under finance leases are capitalized as assets by the Company at the lower of the fair value of the leased property or the present value of the related lease payments or where applicable, the estimated fair value of such assets. Assets under finance leases and leasehold improvements are depreciated over the shorter of the lease term or the estimated useful life of the assets. Where the fair valuation of an asset on the Transition Date is taken as the deemed cost, the depreciation is calculated over its estimated remaining useful life.

Advances paid towards the acquisition of property and equipment and the cost of property and equipment not put to use before the balance sheet date are disclosed under the caption capital work-in-progress.

Property and equipment are reviewed for impairment, if indicators of impairment arise. The evaluation of impairment is based upon a comparison of the carrying amount of the property and equipment to the estimated future undiscounted net cash flows expected to be generated by the property and equipment. If estimated future undiscounted cash flows are less than the carrying amount of the property and equipment, the asset is considered impaired. The impairment expense is determined by comparing the estimated fair value of the property and equipment to its carrying value, with any shortfall from fair value recognized as an expense in the current period. The fair value is determined based on valuation techniques such as discounted cash flows or comparison to fair values of similar assets.

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

l. Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is allocated to the cash-generating units expected to benefit from the synergies of the combination for the purpose of impairment testing. Goodwill is tested, at the cash-generating unit (or group of cash generating units) level, for impairment annually or if events or changes in circumstances indicate that the carrying amount may not be recoverable. Goodwill is carried at cost less accumulated impairment losses. Impairment loss on goodwill is not reversed. See further, discussion on impairment testing under Impairment of intangible assets and goodwill below.

m. Intangible assets

Intangible assets are recognized only when it is probable that the expected future economic benefits attributable to the assets will accrue to the Company and the cost can be reliably measured. Intangible assets acquired in a business combination are recorded at fair value using generally accepted valuation methods appropriate for the type of intangible asset. Intangible assets with definite lives are amortized over the estimated useful lives and are reviewed for impairment, if indicators of impairment arise. See further, discussion on impairment testing under Impairment of intangible assets and goodwill below.

The Company s definite lived intangible assets are amortized over the estimated useful life of the assets:

Asset description	Weighted average amortization period (in months)
Customer contracts	100
Customer relationship	90
Intellectual property rights	36
Leasehold benefits	48
Covenant not-to-compete	48

n. Impairment of intangible assets and goodwill

Goodwill is not subject to amortization and tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the cash generating unit level which is the lowest level for which there are separately identifiable cash flows. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating units (or group of cash generating units) and then, to reduce the carrying amount of the other assets in the cash generating unit (or group of cash generating units) on a pro rata basis. Intangible assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

o. Employee benefits

i. Defined contribution plans

US Savings Plan

Eligible employees of the Company in the United States participate in a savings plan (the Plan) under Section 401(k) of the United States Internal Revenue Code (the Code). The Plan allows for employees to defer a portion of their annual earnings on a pre-tax basis through voluntary contributions to the Plan. The Plan provides that the Company can make optional contributions up to the maximum allowable limit under the Code.

UK Pension Scheme

Eligible employees in the UK contribute to a defined contribution pension scheme operated in the UK. The assets of the scheme are held separately in an independently administered fund. The pension expense represents contributions payable to the fund maintained by the Company.

Provident Fund

Eligible employees of the Company in India, the Philippines, Sri Lanka and United Kingdom participate in a defined contribution fund in accordance with the regulatory requirements in the respective jurisdictions. Both the employee and the Company contribute an equal amount to the fund which is equal to a specified percentage of the employee s salary.

The Company has no further obligation under defined contribution plans beyond the contributions made under these plans. Contributions are charged to income in the year in which they accrue and are included in the consolidated statement of income.

ii. Defined benefit plan

Employees in India, the Philippines and Sri Lanka are entitled to a defined benefit retirement plan covering eligible employees of the Company. The plan provides for a lump-sum payment to eligible employees, at retirement, death, and incapacitation or on termination of employment, of an amount based on the respective employees salary and tenure of employment (subject to a maximum of approximately $20 per employee in India). In India contributions are made to funds administered and managed by the Life Insurance Corporation of India and AVIVA Life Insurance Company Private Limited (together, the Fund Administrators) to fund the gratuity liability of an Indian subsidiary. Under this scheme, the obligation to pay gratuity remains with the Company, although the Fund Administrators administer the scheme. The Company s Sri Lanka subsidiary, Philippines subsidiary and one Indian subsidiary have unfunded gratuity obligations.

Gratuity liabilities are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability, respectively, in accordance with IAS 19, *Employee Benefits* . The discount rate is based on the Government securities yield. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in other comprehensive income in the statement of comprehensive income in the period in which they arise.

iii. Compensated absence

The Company s liability for compensated absences is determined on an accrual basis for the entire unused vacation balance standing to the credit of each employee as at year-end and were charged to income in the year in which they accrue.

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

p. Share based payment

The Company accounts for share-based compensation expense relating to share-based payments using a fair-value method in accordance with IFRS 2, *Share-based Payments"*. Grants issued by the Company vest in graded manner. Under the fair value method, the estimated fair value of awards is charged to income over the requisite service period, which is generally the vesting period of the award, for each separately vesting portion of the award as if the award was, in substance, multiple awards. The Company includes a forfeiture estimate in the amount of compensation expense being recognized based on the Company s estimate of equity instruments that will eventually vest.

q. Provisions

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are recognized at present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

r. Revenue recognition

The Company derives revenue from BPO services comprised of back office administration, data management, contact center management and auto claims handling services.

Revenue is recognized to the extent it is probable that the economic benefit will flow to the Company, the amount of revenue can be measured reliably, collection is probable, the cost incurred or to be incurred can be measured reliably. Revenue from rendering services is recognized on an accrual basis when services are performed.

Revenue earned by back office administration, data management and contact center management services

Depending on the terms of the arrangement, revenue from back office administration, data management and contact center management is recognized based on three pricing models per full-time-equivalent; per transaction; or cost-plus as follows:

a) per full-time-equivalent arrangements typically involve billings based on the number of full-time employees (or equivalent) deployed on the execution of the business process outsourced;

b) per transaction arrangements typically involve billings based on the number of transactions processed (such as the number of e-mail responses, or airline coupons or insurance claims processed); and

c) cost-plus arrangements typically involve billing the contractually agreed direct and indirect costs and a fee based on the number of employees deployed under the arrangement.

Amounts billed or payments received, where revenue recognition criteria have not been met, are recorded as deferred revenue and are recognized as revenue when all the recognition criteria have been met. However, the costs related to the performance of BPO services unrelated to transition services (see discussion below) are recognized in the period in which the services are rendered. An upfront payment received towards future services is recognized ratably over the period when such services are provided.

The Company has certain minimum commitment arrangements that provide for a minimum revenue commitment on an annual basis or a cumulative basis over multiple years, stated in terms of annual minimum amounts. Where a minimum commitment is specific to an annual period, any revenue shortfall is invoiced and recognized at the end of this period. When the shortfall in a particular year can be offset with revenue received in excess of minimum commitments in a subsequent year, the Company recognizes deferred revenue for the shortfall which has been invoiced and received. To the extent the Company has sufficient experience to conclude that the shortfall will not be satisfied by excess revenue in a subsequent period, the deferred revenue will be recorded as revenue in that period. In order to determine whether the Company has sufficient experience, the Company considers several factors which include (i) the historical volume of business done with a client as compared with initial projections of volume as agreed to by the client and the Company, (ii) the length of time for which the Company has such historical experience, (iii) future volume expected based on projections received from the client, and (iv) the Company s internal expectations of ongoing volume with the client. Otherwise, the deferred revenue will remain until such time when the Company can conclude that it will not receive revenue in excess of the minimum commitment.

For certain BPO customers, the Company performs transition activities at the outset of entering into a new contract. The Company has determined these transition activities do not meet the criteria using the guidance in IAS 18 *Revenue* (IAS 18), to be accounted for as a separate unit of accounting with stand-alone value separate

from the ongoing BPO contract. Accordingly, transition revenue and costs are subsequently recognized ratably over the period in which the BPO services are performed. Further, the deferral of costs is limited to the amount of the deferred revenue. Any costs in excess of the deferred transition revenue are recognized in the period incurred.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

Revenue earned by auto claims handling services

Auto claims handling services include claims handling and administration (Claims Handling), car hire and arranging for repairs with repair centers across the United Kingdom and the related payment processing for such repairs (Accident Management).With respect to Claims Handling, the Company receives either a per-claim fee or a fixed fee. Revenue for per claim fee is recognized over the estimated processing period of the claim, which currently ranges from one to two months and revenue for fixed fee is recognized on a straight line basis over the period of the contract. In certain cases, the fee is contingent upon the successful recovery of a claim on behalf of the customer. In these circumstances, the revenue is deferred until the contingency is resolved. Revenue in respect of car hire is recognized over the car hire term.

In order to provide Accident Management services, the Company arranges for the repair through a network of repair centers. The repair costs are invoiced to customers. In determining whether the receipt from the customers related to payments to repair centers should be recognized as revenue, the Company considers the criteria established by IAS 18, Illustrative example (IE) 21 *Determining whether an entity is acting as a principal or as an agent* . When the Company determines that it is the principal in providing Accident Management services, amounts received from customers are recognized and presented as third party revenue and the payments to repair centers are recognized as cost of revenue in the consolidated statement of income. Factors considered in determining whether the Company is the principal in the transaction include whether

a) the Company has the primary responsibility of providing the services,

b) the Company negotiates labor rates with repair centers,

c) the Company is responsible for timely and satisfactory completion of repairs, and

d) the Company bears the risk that the customer may not pay for the services provided (credit risk).

If there are circumstances where the above criteria are not met and therefore the Company is not the principal in providing Accident Management services, amounts received from customers are recognized and presented net of payments to repair centers in the consolidated statement of income. Revenue from Accident Management services is recorded net of the repairer referral fees passed on to customers.

s. Leases

The Company leases most of its delivery centers and office facilities under operating lease agreements that are renewable on a periodic basis at the option of the lessor and the lessee. The lease agreements contain rent free periods and rent escalation clauses. Rental expenses for operating leases with step rents are recognized on a straight-line basis over the lease term. When a lease agreement undergoes a substantial modification of the existing terms, it would be accounted as a new lease agreement with the resultant deferred rent liability credited to the statement of income.

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

t. Income taxes

Income tax comprises current and deferred tax. Income tax expense is recognized in statements of income except to the extent it relates to items directly recognized in equity, in which case it is recognized in equity.

i. Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable profit for the period. The tax rates and tax laws used to compute the amount are those that are enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and liability simultaneously.

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

ii. Deferred income tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for all deductible temporary differences arising between the tax bases of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of transaction.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax asset in respect of carry forward of unused tax credits and unused tax losses are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

u. Earnings per share

Basic earnings per share is computed using the weighted-average number of ordinary shares outstanding during the period. Diluted earnings per share is computed by considering the impact of the potential issuance of ordinary shares, using the treasury stock method, on the weighted average number of shares outstanding during the period, using the treasury share method for options, except where the results would be anti-dilutive.

v. Transition to IFRS

The Company s consolidated financial statements for the year ending March 31, 2012 will be the first annual consolidated financial statements prepared in compliance with IFRS. Accordingly all interim financial statements during the year ending March 31, 2012 would be prepared in accordance with principles of IFRS.

The adoption of IFRS was carried out in accordance with IFRS 1, using April 1, 2010 as the Transition Date. IFRS 1 requires that all IFRS standards and interpretations that are effective for the first IFRS consolidated financial statements for the year ending March 31, 2012, be applied consistently and retrospectively for all fiscal years presented.

Until the adoption of IFRS, the financial statements included in the Company s annual reports on Form 20-F and reports on Form 6-K were prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP), which is considered as the Previous GAAP.

All applicable IFRS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under IFRS and Previous GAAP as of the Transition Date are recognized directly in equity at the Transition Date.

In preparing these consolidated financial statements, the Company has availed itself of certain exemptions and complied with exceptions in accordance with IFRS 1 as explained below:

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

a) Exemptions from retrospective application

The following are the optional exemptions available and elected by the Company:

i. **Business combinations exemption** The Company has applied the exemption as provided in IFRS 1 on non-application of IFRS 3 (Revised) to business combinations consummated prior to Transition Date, pursuant to which goodwill and other assets acquired under business combinations prior to Transition Date have been stated at the carrying amount as per Previous GAAP.

ii. **Fair value as deemed cost exemption** The Company has applied the exemption as provided in IFRS 1 and measured specific items of property and equipment, on a selective basis within certain classes of assets, at its fair value at the date of transition. The Company has chosen to fair value items of following classes of assets namely, furniture and fixtures, equipment and fittings, generators and leasehold improvements, as at the Transition Date. Consequent to this, the fair value as of Transition Date is taken as its deemed cost for all those assets within these classes of assets where the fair value was lower than the carrying value. Such impact has been taken to retained earnings. For all other assets within these classes of assets where the fair value was greater than the carrying value, those assets have not been restated and their Previous GAAP amount has been considered as cost under IFRS. For all other asset classes namely building, computers and software and vehicles, their Previous GAAP amount have been considered as cost under IFRS.

iii. **Employee benefits exemption** The Company has applied the exemption as provided in IFRS 1 relating to application of the corridor approach and to recognize all cumulative actuarial gains and losses up to the date of transition to retained earnings. Any actuarial gains and losses after Transition Date would be recognized in other comprehensive income.

iv. **Fair value measurement of financial assets or liabilities at initial recognition** The Company has not applied the amendment offered by the revision of IAS 39, *Financial Instruments: Recognition and Measurement*, on the initial recognition of the financial assets and financial liabilities that are not traded in an active market.

b) Exceptions from full retrospective application

The following are the exceptions from full retrospective application:

i. **De-recognition of financial assets and liabilities exception** The Company has chosen not to apply the IAS 39 de-recognition criteria to an earlier date. No arrangements were identified that had to be assessed under this exception.

ii. **Hedge accounting exception** The Company has followed hedge accounting under Previous GAAP which is aligned to IFRS. Accordingly, this exception of not reflecting in its opening IFRS statement of financial position a hedging relationship of a type that does not qualify for hedge accounting under IAS 39, is not applicable to the Company.

iii. **Estimates exception** Upon an assessment of the estimates made under Previous GAAP, the Company has concluded that there was no necessity to revise such estimates under IFRS, except where estimates were required by IFRS and not required by Previous GAAP.

iv. **Noncontrolling Interest** The Company does not have noncontrolling interests under IFRS. Hence this exception is not applicable to the Company.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)

w. Reconciliations

As required under IFRS 1, the Company has prepared the reconciliations of equity and profit and comprehensive income in accordance with IFRS 1 to provide a quantification of the effect of the transition to IFRS from previous GAAP;

equity as at April 1, 2010;

equity as at September 30, 2010;

equity as at March 31, 2011;

profit and comprehensive income for the three months ended September 30, 2010;

profit and comprehensive income for the six months ended September 30, 2010; and

profit and comprehensive income for the year ended March 31, 2011.

There is no material changes in cash flows statements, accordingly the reconciliation is not been presented.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011
(Amounts in thousands, except share and per share data)
Reconciliation of equity as at April 1, 2010

	Notes	Amount as per Previous GAAP	Effect of transition to IFRS	Amount as