WNS (HOLDINGS) LTD
Form 6-K
July 23, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For the quarter ended June 30, 2014

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 x 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 x

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

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WNS (Holdings) Limited is incorporating by reference the information and exhibits set forth in this Form 6-K into its registration statements on Form S-8 (Registration No: 333-136168), Form S-8 (File No. 333-157356), Form S-8 (File No. 333-176849), and Form S-8 (File No. 333-191416).

CONVENTIONS USED IN THIS REPORT

In this report, references to US are to the United States of America, its territories and its possessions. References to UK are to the United Kingdom. References to India are to the Republic of India. References to China are to the People s Republic of China. References to South Africa are to the Republic of South Africa. References to $ or dollars or US dollars are to the legal currency of the US, references to 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 pence are to the legal currency of Jersey, Channel Islands, references to Euro are to the legal currency of the European Monetary Union and references to RMB are to the legal currency of China. Our financial statements are presented in US dollars and prepared in accordance with International Financial Reporting Standards and its interpretations, or IFRS, as issued by the International Accounting Standards Board, or the IASB, as in effect as at June 30, 2014. To the extent IASB issues any amendments or any new standards subsequent to June 30, 2014, 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, 2015. Unless otherwise indicated, references to GAAP in this report are to IFRS, as issued by the IASB .

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

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

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

We also refer in various places within this report to revenue less repair payments, which is a non-GAAP financial measure that is calculated as (a) revenue less (b) in our auto claims business, payments to repair centers for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients. This non-GAAP financial information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP.

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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, tax assessment orders and future capital expenditures. We caution you that reliance on any forward-looking statement inherently involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be materially incorrect. These risks and uncertainties include but are not limited to:

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

the effects of our different pricing strategies or those of our competitors;

increasing competition in the business process management industry;

our ability to successfully grow our revenue, expand our service offerings and market share and achieve accretive benefits from our acquisition of (1) Fusion Outsourcing Services (Proprietary) Limited, or Fusion (which we have renamed as WNS Global Services SA (Pty) Ltd following our acquisition) or (2) Aviva Global Services Singapore Pte. Ltd., or Aviva Global (which we have renamed as WNS Customer Solutions (Singapore) Private Limited, or WNS Global Singapore, following our acquisition) and our master services agreement with Aviva Global Services (Management Services) Private Limited, or Aviva MS, as described below;

our liability arising from fraud or unauthorized disclosure of sensitive or confidential client and customer data;

our ability to successfully consummate and integrate strategic acquisitions; and

volatility of our ADS price.

These and other factors are more fully discussed in our other filings with the Securities and Exchange Commission, or the SEC, including in Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in our annual report on Form 20-F for our fiscal year ended March 31, 2014. 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 STATEMENTS OF FINANCIAL POSITION

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

	Notes	As at June 30, 2014 (Unaudited)	As at March 31, 2014
ASSETS			
Current assets:			
Cash and cash equivalents	5	$ 31,463	$ 33,691
Investments	6	124,972	83,817
Trade receivables, net	7	66,539	61,983
Unbilled revenue		32,863	34,716
Funds held for clients		14,563	15,936
Derivative assets	13	6,689	6,792
Prepayments and other current assets	8	18,041	16,925
Total current assets		295,130	253,860
Non-current assets:			
Goodwill	9	86,465	85,654
Intangible assets	10	61,657	67,222
Property and equipment	11	43,802	45,165
Derivative assets	13	2,626	4,131
Deferred tax assets		36,372	37,066
Investments	6		28,674
Other non-current assets	8	17,987	16,653
Total non-current assets		248,909	284,565
TOTAL ASSETS		**$ 544,039**	**$ 538,425**
LIABILITIES AND EQUITY			
Current liabilities:			
Trade payables		$ 27,625	$ 29,059
Provisions and accrued expenses	15	26,185	23,897
Derivative liabilities	13	8,071	9,076
Pension and other employee obligations	14	27,196	36,302
Short term line of credit	12	56,346	58,583
Current portion of long term debt	12	17,911	12,637
Deferred revenue	16	5,779	5,371
Current taxes payable		4,514	3,269
Other liabilities	17	6,581	6,650

Total current liabilities		180,208	184,844
Non-current liabilities:			
Derivative liabilities	13	631	1,399
Pension and other employee obligations	14	5,656	5,168
Long term debt	12	8,728	13,509
Deferred revenue	16	1,382	1,677
Other non-current liabilities	17	4,218	3,909
Deferred tax liabilities		2,780	2,949
Total non-current liabilities		23,395	28,611
TOTAL LIABILITIES		**203,603**	**213,455**
Shareholders equity:			
Share capital (ordinary shares $0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 51,478,976 and 51,347,538 shares each as at June 30, 2014 and March 31, 2014, respectively)	18	8,066	8,044
Share premium		279,011	276,601
Retained earnings		133,800	121,731
Other components of equity		(80,441)	(81,406)
Total shareholders equity		340,436	324,970
TOTAL LIABILITIES AND EQUITY		**$ 544,039**	**$ 538,425**

See accompanying notes.

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

		Three months ended June 30,	
	Notes	**2014**	**2013**
Revenue		$ 131,004	$ 122,146
Cost of revenue	19	86,239	84,397
Gross profit		44,765	37,749
Operating expenses:			
Selling and marketing expenses	19	7,658	7,845
General and administrative expenses	19	16,207	14,978
Foreign exchange loss, net		1,305	543
Amortization of intangible assets		6,100	6,207
Operating profit		13,495	8,176
Other income, net	21	(3,078)	(2,174)
Finance expense	20	475	795
Profit before income taxes		16,098	9,555
Provision for income taxes	23	4,029	2,810
Profit		$ 12,069	$ 6,745
Earnings per share of ordinary share	24		
Basic		$ 0.23	$ 0.13
Diluted		$ 0.23	$ 0.13

See accompanying notes.

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/ (LOSS)

(Unaudited, amounts in thousands)

	Three months ended June 30, 2014	2013
Profit	$ 12,069	$ 6,745
Other comprehensive income/(loss), net of taxes		
Items that may not be reclassified to profit or loss:		
Pension adjustment	(307)	988
	(307)	988
Items that are or may be reclassified subsequently to profit or loss:		
Changes in fair value of cash flow hedges:		
Current period gain/ (loss)	505	(13,741)
Reclassification to profit/(loss)	618	135
Foreign currency translation	172	(22,874)
Income tax provision/ (benefit) relating to above	(23)	3,913
	$ 1,272	$ (32,567)
Total other comprehensive income/(loss), net of taxes	$ 965	$ (31,579)
Total comprehensive income/ (loss)	$ 13,034	$ (24,834)

See accompanying notes.

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

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

	Other components of equity		
	Foreign currency	Cash flow	Total

	Share Capital Number	Par value	Share premium	Retained Earnings	translation reserve	hedging reserve	Pension adjustments	shareholders Equity
Balance as at April 1, 2014	51,347,538	$ 8,044	$ 276,601	$ 121,731	$ (81,941)	$ (1,744)	$ 2,279	$ 324,970
Shares issued for exercised options and RSUs	131,438	22	98					120
Share-based compensation			2,224					2,224
Excess tax benefits relating to share-based options and RSUs			88					88
Transactions with owners	131,438	22	2,410					2,432
Profit				12,069				12,069
Other comprehensive income/(loss), net of taxes					172	1,100	(307)	965
Total comprehensive income/(loss) for the period				12,069	172	1,100	(307)	13,034
Balance as at June 30, 2014	51,478,976	$ 8,066	$ 279,011	$ 133,800	$ (81,769)	$ (644)	$ 1,972	$ 340,436

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, amounts in thousands)

	Three months ended June 30, 2014	Three months ended June 30, 2013
Cash flows from operating activities:		
Cash generated from operations	$ 16,162	$ 11,236
Interest paid	(455)	(888)
Interest received	76	41
Income taxes paid	(2,578)	(2,252)
Net cash provided by operating activities	**13,205**	**8,137**
Cash flows from investing activities:		
Purchase of property and equipment and intangibles	(3,868)	(5,530)
Proceeds from sale of property and equipment	117	49
Deferred consideration paid towards acquisition of Fusion (Refer note 4)		(7,608)
Dividend received	1,091	615
Marketable securities sold/(purchased), net	(54,415)	4,241
Fixed Maturity Plan (FMP) purchased		
Proceeds from sale of Fixed Maturity Plan (FMP)	42,812	
Net cash used in investing activities	**(14,263)**	**(8,233)**
Cash flows from financing activities:		
Proceeds from exercise of stock options	120	97
Excess tax benefit from share based compensation	64	32
(Repayments)/proceeds from short term borrowings, net	(3,012)	(1,802)
Net cash used in financing activities	**(2,828)**	**(1,673)**
Exchange difference on cash and cash equivalents	1,658	(2,672)
Net change in cash and cash equivalents	(2,228)	(4,441)
Cash and cash equivalents at the beginning of the period	33,691	27,878
Cash and cash equivalents at the end of the period	**$ 31,463**	**$ 23,437**
Non-cash transactions:		
Note: Liability towards property and equipment and intangible assets purchased on credit/deferred credit	$ 2,008	$ 2,366

See accompanying notes.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. Company overview

WNS (Holdings) Limited (WNS Holdings), along with its subsidiaries (collectively, the Company), is a global business process management (BPM) company with client service offices in Australia, Dubai (United Arab Emirates), London (UK), New Jersey (US) and Singapore and delivery centers in the People s Republic of China (China), Costa Rica, India, the Philippines, Poland, Romania, Republic of South Africa(South Africa), Sri Lanka, the United Kingdom (UK) and the United States (US). The Company s clients are primarily in the insurance; travel and leisure; diversified businesses including manufacturing, retail, consumer packaged goods (CPG), media and entertainment and telecommunications; utilities industries; consulting and professional services, banking and financial services; healthcare; shipping and logistics; telecommunications; and public sector.

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

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on July 23, 2014.

2. Summary of significant accounting policies

a. Basis of preparation

These condensed interim consolidated financial statements are prepared in compliance with International Accounting Standard (IAS) 34, *Interim financial reporting* as issued by IASB. They do not include all of the information required in annual financial statements in accordance with IFRS, as issued by IASB and should be read in conjunction with the audited consolidated financial statements and related notes included in the Company s annual report on Form 20-F for the fiscal year ended March 31, 2014.

The accounting policies applied are consistent with the policies that were applied for the preparation of the consolidated financial statements for the year ended March 31, 2014.

3. New accounting pronouncements not yet adopted by the Company

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Company s accounting periods beginning on or after April 1, 2015 or later periods. Those which are considered to be relevant to the Company s operations are set out below.

i. In November 2009, the IASB issued IFRS 9 Financial Instruments (IFRS 9), Classification and Measurement . This standard introduces certain new requirements for classifying and measuring financial assets and liabilities and divides all financial assets that are currently in the scope of IAS 39 into two classifications, those measured at amortized cost and those measured at fair value. In October 2010, the IASB issued a revised version of IFRS 9. The revised standard adds guidance on the classification and measurement of financial liabilities. IFRS 9 requires entities with financial liabilities designated at fair value through profit or loss to recognize changes in the fair value due to changes in the liability s credit risk in other comprehensive income. However, if recognizing these changes in other comprehensive income creates an accounting mismatch, an entity would present the entire change in fair value within profit or loss. There is no subsequent recycling of the amounts recorded in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity. In November 2013, IASB finalized the new hedge accounting guidance which forms part of IFRS 9. There have been significant changes to the types of transactions eligible for hedge accounting. In addition, the ineffectiveness test was overhauled and replaced with the principle of an economic relationship .

The mandatory effective date for IFRS 9 is removed temporarily and IASB will determine a new mandatory effective date when it has finalized the requirements for all the other phases of the project to replace IAS 39. Earlier application is permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

ii. In May 2014, the IASB issued two amendments with respect to IAS 16 Property, Plant and Equipment (IAS 16) and IAS 38 Intangible Assets (IAS 38) dealing with acceptable methods of depreciation and amortization.

The amended IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. Further the amendment under IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible assets. However this presumption can only be rebutted in two limited circumstances;

a) the intangible asset is expressed as a measure of revenue i.e. when the predominant limiting factor inherent in an intangible asset is the achievement of a contractually specified revenue threshold; or

b) it can be demonstrated that revenue and the consumption of economic benefits of the intangible assets are highly correlated.

In these circumstances, revenue expected to be generated from the intangible assets can be an appropriate basis for amortization of the intangible asset.

The amendments apply prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

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

iii. In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers (IFRS 15). This standard provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

The five steps in the model under IFRS 15 are : (i) identify the contract with the customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contracts; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 replaces the following standards and interpretations:

<u>IAS 11</u> Construction contracts

IAS 18 Revenue

IFRIC 13 Customer Loyalty Programmes

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 18 Transfers of Assets from Customers

SIC-31 Revenue - Barter Transactions Involving Advertising Services

When first applying IFRS 15, it should be applied in full for the current period, including retrospective application to all contracts that were not yet complete at the beginning of that period. In respect of prior periods, the transition guidance allows an option to either:

- apply IFRS 15 in full to prior periods (with certain limited practical expedients being available); or

- retain prior period figures as reported under the previous standards, recognizing the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application (beginning of current reporting period).

IFRS 15 is effective for fiscal years beginning on or after January 1, 2017. Earlier application is permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

4. Acquisition

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

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

In accordance with the terms of the sale and purchase agreement entered in connection with the acquisition of Fusion, £5,000 ($7,840 based on the exchange rate on June 21, 2012) was paid at the completion arrangement on June 21, 2012, £399 ($644 based on the exchange rate on October 30, 2012) was paid based on completion accounts on October 30, 2012 and the remainder £5,000 ($7,840 based on the exchange rate on June 21, 2012) was payable on or before May 31, 2013 along with interest of 3% per annum above the base rate of Barclays Bank Plc. amounting to £151.

5. Cash and cash equivalents

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

	As at	
	June 30, 2014	**March 31, 2014**
Cash and bank balance	$ 22,398	$ 25,546
Short term deposits with bank	9,065	8,145
Total	**$ 31,463**	**$ 33,691**

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

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

6. Investments

Investments consist of the following:

	As at	
	June 30, 2014	**March 31, 2014**
Marketable securities(1)	$ 72,439	$ 18,332
Investments in Fixed Maturity Plan	52,533	94,159
Total	**$ 124,972**	**$ 112,491**

Note:

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

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

	As at	
	June 30, 2014	**March 31, 2014**
Current investments	$ 124,972	$ 83,817
Non-current investments		28,674
Total	**$ 124,972**	**$ 112,491**

7. Trade receivables

Trade receivables consist of the following:

	As at	
	June 30,	**March 31,**

	2014	2014
Trade receivables	$ 71,743	$ 66,982
Allowances for doubtful trade receivables	(5,204)	(4,999)
Total	**$ 66,539**	**$ 61,983**

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

	Three months ended June 30,	
	2014	2013
Balance at the beginning of the period/year	$ 4,999	$ 5,145
Charged to operations	325	371
Write-off	(134)	
Reversal	(68)	(158)
Translation adjustment	82	24
Balance at the end of the period/year	**$ 5,204**	**$ 5,382**

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

8. Prepayment and other assets

Prepayment and other assets consist of the following:

	As at	
	June 30, 2014	March 31, 2014
Current:		
Service tax and other tax receivables	$ 5,108	$ 5,710
Deferred transition cost	873	702
Employee receivables	1,466	1,398
Advances to suppliers	987	1,041
Prepaid expenses	6,399	4,683
Other assets	3,208	3,391
Total	**$ 18,041**	**$ 16,925**
Non-current:		
Deposits	$ 6,675	$ 6,355
Non-current tax assets	4,604	4,288
Service tax and other tax receivables	4,208	3,324
Deferred transition cost	661	747
Others	1,839	1,939
Total	**$ 17,987**	**$ 16,653**

9. Goodwill

The movement in goodwill balance by reportable segment as at June 30, 2014 and March 31, 2014 is as follows:

	WNS Global BPM	WNS Auto Claims BPM	Total
Balance as at April 1, 2013	$ 55,886	$ 31,246	$ 87,132
Foreign currency translation	(4,580)	3,102	(1,478)

Balance as at March 31, 2014	$ **51,306**	$ **34,348**	$ **85,654**
Foreign currency translation	(29)	840	811
Balance as at June 30, 2014	**$ 51,277**	**$ 35,188**	**$ 86,465**

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

10. Intangible assets

The changes in the carrying value of intangible assets for the year ended March 31, 2014 are as follows:

Gross carrying value	**Customer contracts**	**Customer relationship**	**Intellectual property rights**	**Leasehold benefits**	**Covenant not-to-compete**	**Software**	**Total**
Balance as at April 1, 2013	$ 170,858	$ 65,475	$ 4,675	$ 1,835	$ 338	$ 6,143	$ 249,324
Additions	167					5,083	5,250
Translation adjustments	(8,469)	(76)	464		23	(403)	(8,461)
Balance as at March 31, 2014	$ 162,556	$ 65,399	$ 5,139	$ 1,835	$ 361	$ 10,823	$ 246,113
Accumulated amortization							
Balance as at April 1, 2013	$ 105,858	$ 43,556	$ 4,675	$ 1,835	$ 338	$ 958	$ 157,220
Amortization	16,379	5,798				1,612	23,789
Translation adjustments	(2,802)	142	464		23	55	(2,118)
Balance as at March 31, 2014	$ 119,435	$ 49,496	$ 5,139	$ 1,835	$ 361	$ 2,625	$ 178,891
Net carrying value as at March 31, 2014	**$ 43,121**	**$ 15,903**	**$**	**$**	**$**	**$ 8,198**	**$ 67,222**

The changes in the carrying value of intangible assets for the three months ended June 30**,** 2014 are as follows:

Gross carrying value	**Customer contracts**	**Customer relationship**	**Intellectual property rights**	**Leasehold benefits**	**Covenant not-to-compete**	**Software**	**Total**
Balance as at April 1, 2014	$ 162,556	$ 65,399	$ 5,139	$ 1,835	$ 361	$ 10,823	$ 246,113
Additions						681	681
Translation adjustments	(249)	195	126		6	(3)	75
Balance as at June 30, 2014	**$ 162,307**	**$ 65,594**	**$ 5,265**	**$ 1,835**	**$ 367**	**$ 11,501**	**$ 246,869**
Accumulated amortization							
Balance as at April 1, 2014	$ 119,435	$ 49,496	$ 5,139	$ 1,835	$ 361	$ 2,625	$ 178,891

Amortization	4,119	1,432				549	6,100
Translation adjustments	(148)	197	126		6	40	221
Balance as at June 30, 2014	**$ 123,406**	**$ 51,125**	**$ 5,265**	**$ 1,835**	**$ 367**	**$ 3,214**	**$ 185,212**
Net carrying value as at June 30, 2014	**$ 38,901**	**$ 14,469**	**$**	**$**	**$**	**$ 8,287**	**$ 61,657**

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

11. Property and equipment

The changes in the carrying value of property and equipment for the year ended March 31, 2014 are as follows:

Gross carrying value	**Buildings**	**Computers and software**	**Furniture, fixtures and office equipment**	**Vehicles**	**Leasehold improvements**	**Total**
Balance as at April 1, 2013	$ 11,132	$ 65,169	$ 56,351	$ 1,099	$ 47,885	$ 181,636
Additions		5,552	4,819	6	3,708	14,085
Disposal/Retirements			(124)	(513)	(394)	(1,031)
Translation adjustments	(509)	(2,609)	(4,367)	(104)	(4,025)	(11,614)
Balance as at March 31, 2014	$ 10,623	$ 68,112	$ 56,679	$ 488	$ 47,174	$ 183,076
Accumulated depreciation						
Balance as at April 1, 2013	$ 2,344	$ 58,222	$ 44,148	$ 972	$ 33,623	$ 139,309
Depreciation	530	4,358	4,796	75	4,201	13,960
Disposal/Retirements			(117)	(498)	(395)	(1,010)
Translation adjustments	(105)	(2,230)	(3,400)	(92)	(2,947)	(8,774)
Balance as at March 31, 2014	$ 2,769	$ 60,350	$ 45,427	$ 457	$ 34,482	$ 143,485
Capital work-in-progress						5,574
Net carrying value as at March 31, 2014						**$ 45,165**

The changes in the carrying value of property and equipment for the three months ended June 30, 2014 are as follows:

Gross carrying value	**Buildings**	**Computers and software**	**Furniture, fixtures and office equipment**	**Vehicles**	**Leasehold improvements**	**Total**
Balance as at April 1, 2014	$ 10,623	$ 68,112	$ 56,679	$ 488	$ 47,174	$ 183,076
Additions		1,199	1,736	121	2,706	5,762

Disposal/Retirements		(1,718)	(685)	(6)	(366)	(2,775)
Translation adjustments	(15)	376	79	(3)	59	496
Balance as at June 30, 2014	$ 10,608	$ 67,969	$ 57,809	$ 600	$ 49,573	$ 186,559
Accumulated depreciation						
Balance as at April 1, 2014	$ 2,769	$ 60,350	$ 45,427	$ 457	$ 34,482	$ 143,485
Depreciation	133	1,183	1,164	15	1,110	3,605
Disposal/Retirements		(1,379)	(607)	(4)	(364)	(2,354)
Translation adjustments	(4)	347	29	(2)	(14)	356
Balance as at June 30, 2014	$ 2,898	$ 60,501	$ 46,013	$ 466	$ 35,214	$ 145,092
Capital work-in-progress						2,335
Net carrying value as at June 30, 2014						**$ 43,802**

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

12. Loans and borrowings

Short-term line of credit

The Company s Indian subsidiary, WNS Global Services Private Limited (WNS Global), has secured and unsecured lines of credit with banks amounting to $63,448. Out of these available lines of credit, as at June 30, 2014, $54,609 was utilized for working capital requirements.

The Company has also established a line of credit in UK amounting to £9,880 ($16,825 based on the exchange rate on June 30, 2014), out of which £1,020 ($1,737 based on the exchange rate on June 30, 2014) was utilized for working capital requirements as at June 30, 2014.

Long-term debt

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

	As at				Repayment schedule	
	June 30, 2014		March 31, 2014		Fiscal year	
Interest rate	**Foreign currency**	**Total**	**Foreign currency**	**Total**	**2015**	**2016**
3M USD LIBOR + 3.5%*	$	6,956	$	6,944		6,956
Bank of England base rate + 2.25%	£ 7,904	13,441	£ 7,904	13,113	6,715	6,726
Bank of England base rate + 2.25%	£ 3,672	6,242	£ 3,672	6,089	6,242	
		$ 26,639		**$ 26,146**	**$ 12,957**	**$ 13,682**
Current portion of long term debt		**$** 17,911		**$ 12,637**		
Long term debt		**$ 8,728**		**$ 13,509**		

* Effective July 16, 2014, the interest rate has been reduced to three months USD LIBOR + 3.1%.

The Company has pledged trade receivables, other financial assets, property and equipment with a carrying amount of $147,310 and $145,523 as at June 30, 2014 and March 31, 2014, respectively, as collateral for the aforesaid borrowings. In addition, the facility agreements for the aforesaid borrowings contain certain restrictive covenants on the indebtedness of the Company, total borrowings to tangible net worth ratio, total borrowings to EBITDA ratio and a minimum interest coverage ratio. As at June 30, 2014 the Company was in compliance with all of the covenants.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

13. Financial instruments
Financial instruments by category

The carrying value and fair value of financial instruments by class as at June 30, 2014 are as follows:

Financial assets

	Loans and receivables	Financial assets at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Available for sale	Total carrying value/fair value*
Cash and cash equivalents	$ 31,463	$	$	$	$ 31,463
Investments		52,533		72,439	124,972
Trade receivables	66,539				66,539
Unbilled revenue	32,863				32,863
Funds held for clients	14,563				14,563
Prepayments and other assets(1)	3,619				3,619
Other non-current assets(2)	6,675				6,675
Derivative assets		828	8,487		9,315
Total carrying value	**$ 155,722**	**$ 53,361**	**$ 8,487**	**$ 72,439**	**$ 290,009**

Financial liabilities

	Financial liabilities at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value/fair value*
Trade payables	$	$	$ 27,625	$ 27,625
Current portion of long term debt			17,911	17,911
Long term debt			8,728	8,728
Short term line of credit			56,346	56,346
Other employee obligations(3)			23,195	23,195
Provision and accrued expenses(4)			25,519	25,519

Other liabilities[5]						1,814		1,814
Derivative liabilities		506		8,196				8,702
Total carrying value	**$**	**506**	**$**	**8,196**	**$**	**161,138**	**$**	**169,840**

* Fair value approximates to carrying value.

Notes:

(1) Excluding non-financial assets $14,422.
(2) Excluding non-financial assets $11,312.
(3) Excluding non-financial liabilities $9,657.
(4) Excluding non-financial liabilities $666.
(5) Excluding non-financial liabilities $8,985.

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WNS (HOLDINGS) LIMITED

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

The carrying value and fair value of financial instruments by class as at March 31, 2014 are as follows:

Financial assets

	Loans and receivables	Financial assets at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Available for sale	Total carrying value/ fair value*
Cash and cash equivalents	$ 33,691	$	$	$	$ 33,691
Investments		94,159		18,332	112,491
Trade receivables	61,983				61,983
Unbilled revenue	34,716				34,716
Funds held for clients	15,936				15,936
Prepayments and other assets(1)	3,716				3,716
Other non-current assets(2)	6,355				6,355
Derivative assets		1,118	9,805		10,923
Total carrying value	**$ 156,397**	**$ 95,277**	**$ 9,805**	**$ 18,332**	**$ 279,811**

Financial liabilities

	Financial liabilities at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value/ fair value*
Trade payables	$	$	$ 29,059	$ 29,059
Current portion of long term debt			12,637	12,637
Long term debt			13,509	13,509
Short term line of credit			58,583	58,583
Other employee obligations(3)			32,369	32,369
Provision and accrued expenses(4)			23,204	23,204
Other liabilities(5)			1,660	1,660
Derivative liabilities	674	9,801		10,475

Total carrying value	**$**	**674**	**$**	**9,801**	**$**	**171,021**	**$**	**181,496**

* Fair value approximates to carrying value.

Notes:

(1) Excluding non-financial assets $13,209.
(2) Excluding non-financial assets $10,298.
(3) Excluding non-financial liabilities $9,102.
(4) Excluding non-financial liabilities $693.
(5) Excluding non-financial liabilities $8,899.

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements as at June 30, 2014 are as follows:

Description of types of financial assets	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amount not set off in financial instruments: Financial instruments	Related amount not set off in financial instruments: Cash collateral received	Net amount
Derivative assets	$ 9,315	$	$ 9,315	$ (3,322)	$	$ 5,993
Total	**$ 9,315**	**$**	**$ 9,315**	**$ (3,322)**	**$**	**$ 5,993**

Description of types of financial liabilities	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets offset in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amount not set off in financial instruments: Financial instruments	Related amount not set off in financial instruments: Cash collateral pledged	Net amount
Derivative liabilities	$ 8,702	$	$ 8,702	$ (3,322)	$	$ 5,380
Total	**$ 8,702**	**$**	**$ 8,702**	**$ (3,322)**	**$**	**$ 5,380**

Fair value hierarchy

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

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

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

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

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

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The assets and liabilities measured at fair value on a recurring basis as at June 30, 2014 are as follows:

		Fair value measurement at reporting date using		
Description	June 30, 2014	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets				
Financial assets at FVTPL				
Foreign exchange contracts	$ 828	$	$ 828	$
Investment in FMPs	52,533	52,533		
Financial assets at fair value through other comprehensive income				
Foreign exchange contracts	8,487		8,487	
Investments available for sale	72,439	72,439		
Total assets	**$ 134,287**	**$ 124,972**	**$ 9,315**	**$**
Liabilities				
Financial liabilities at FVTPL				
Foreign exchange contracts	$ 506	$	$ 506	$
Currency swap				
Financial liabilities at fair value through other comprehensive income				
Foreign exchange contracts	8,196		8,196	
Total liabilities	**$ 8,702**	**$**	**$ 8,702**	**$**

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The assets and liabilities measured at fair value on a recurring basis as at March 31, 2014 are as follows:-

		Fair value measurement at reporting date using		
Description	**March 31, 2014**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets				
Financial assets at FVTPL				
Foreign exchange contracts	$ 1,118	$	$ 1,118	$
Investment in FMPs	94,159	94,159		
Financial assets at fair value through other comprehensive income				
Foreign exchange contracts	9,805		9,805	
Investments available for sale	18,332	18,332		
Total assets	**$ 123,414**	**$ 112,491**	**$ 10,923**	**$**
Liabilities				
Financial liabilities at FVTPL				
Foreign exchange contracts	$ 674	$	$ 674	$
Currency swap				
Financial liabilities at fair value through other comprehensive income				
Foreign exchange contracts	9,801		9,801	
Total liabilities	**$ 10,475**	**$**	**$ 10,475**	**$**

The fair value is estimated using a valuation technique which involves assumptions and judgments regarding risk characteristics of the instruments, discount rates, future cash flows and foreign exchange spot and forward premium rates. During the three months ended June 30, 2014 and the year ended March 31, 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

Derivative financial instruments

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

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

	As at	
	June 30, 2014	**March 31, 2014**
Forward contracts (Sell)		
In US dollars	$ 158,333	$ 139,980
In United Kingdom Pound Sterling	164,453	140,357
In Euro	10,956	10,241
In Australian dollars	18,131	21,102
Others	17, 043	19,421
	$ 368,916	**$ 331,101**
Option contracts (Sell)		
In US dollars	$ 62,171	$ 75,843
In United Kingdom Pound Sterling	101,700	126,280
In Euro	8,757	8,995
In Australian dollars	19,536	19,408
Others	4,391	4,279
	$ 196,555	**$ 234,805**

The amount of gain/(loss) reclassified from other comprehensive income into consolidated statement of income in respective line items for the three months ended June 30, 2014 and 2013 are as follows:

	Three months ended June 30,	
	2014	**2013**
Revenue	$ (158)	$ 27
Foreign exchange loss, net	(460)	(161)
Income tax related to amounts reclassified into statement of income	192	175
Total	**$ (426)**	**$ 41**

As at June 30, 2014, the loss amounting to $644 on account of cash flow hedges is expected to be reclassified from other comprehensive income into statement of income over a period of 24 months.

Due to the discontinuation of cash flow hedge accounting on account of non-occurrence of original forecasted transactions by the end of the originally specified time period, the Company recognized in the consolidated statement of income for the three months ended June 30, 2014 and 2013, a gain of $99 and $126, respectively.

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14. Employee benefits

Pension and other employee obligations consist of the following:

	As at	
	June 30, 2014	**March 31, 2014**
Current:		
Salaries and bonus	$ 23,119	$ 32,234
Pension	373	363
Withholding taxes on salary and statutory payables	3,628	3,572
Other employees payable	76	133
Total	**$ 27,196**	**$ 36,302**
Non-current:		
Pension	**$ 5,656**	**$ 5,168**

15. Provisions and accrued expenses

Provisions and accrued expenses consist of the following:

	As at	
	June 30, 2014	**March 31, 2014**
Provisions	$ 666	$ 693
Accrued expenses	25,519	23,204
Total	**$ 26,185**	**$ 23,897**

A summary of activity for provision is as follows:

As at

	June 30, 2014	March 31, 2014
Balance at the beginning of the year	$ 693	$ 674
Additional provision	664	649
Provision used	(693)	(622)
Translation adjustments	2	(8)
Balance at the end of the period	**$ 666**	**$ 693**

16. Deferred revenue

Deferred revenue consists of the following:

	As at	
	June 30, 2014	**March 31, 2014**
Current:		
Payments in advance of services	$ 892	$ 775
Advance billings	3,438	3,651
Claims handling		11
Others	1,449	934
Total	**$ 5,779**	**$ 5,371**

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	As at	
	June 30, 2014	**March 31, 2014**
Non-current:		
Payments in advance of services	$ 452	$ 495
Advance billings	930	1,182
Total	**$ 1,382**	**$ 1,677**

17. Other liabilities

Other liabilities consist of the following:

	As at	
	June 30, 2014	**March 31, 2014**
Current:		
Withholding taxes and value added tax payables	$ 3,164	$ 3,265
Deferred rent	701	644
Other liabilities	2,716	2,741
Total	**$ 6,581**	**$ 6,650**
Non-current:		
Deferred rent	$ 3,719	$ 3,609
Other liabilities	499	300
Total	**$ 4,218**	**$ 3,909**

18. Share capital

As at June 30, 2014, the authorized share capital was £6,100 divided into 60,000,000 ordinary shares of 10 pence each and 1,000,000 preferred shares of 10 pence each. The Company had 51,478,976 ordinary shares outstanding as at June 30, 2014. There were no preferred shares outstanding as at June 30, 2014.

As at March 31, 2014, the authorized share capital was £6,100 divided into 60,000,000 ordinary shares of 10 pence each and 1,000,000 preferred shares of 10 pence each. The Company had 51,347,538 ordinary shares outstanding as at March 31, 2014. There were no preferred shares outstanding as at March 31, 2014.

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19. Expenses by nature

Expenses by nature consist of the following:

	Three months ended June 30, 2014	Three months ended June 30, 2013
Employee cost	$ 66,164	$ 63,885
Repair payments	8,941	8,370
Facilities cost	17,456	17,882
Depreciation	3,605	3,429
Legal and professional expenses	3,662	4,139
Travel expenses	3,870	4,212
Others	6,406	5,303
Total cost of revenue, selling and marketing and general and administrative expenses	**$ 110,104**	**$ 107,220**

20. Finance expense

Finance expense consists of the following:

	Three months ended June 30, 2014	Three months ended June 30, 2013
Interest expense	$ 452	$ 744
Interest on deferred purchase consideration		23
Debt issue cost	23	28
Total	**$ 475**	**$ 795**

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21. Other income, net

Other income, net consists of the following:

	Three months ended June 30, 2014	Three months ended June 30, 2013
Income from interest and dividend on marketable securities	$ 1,175	$ 662
Net gain arising on financial assets designated as FVTPL	1,284	1,104
Others, net	619	408
Total	**$ 3,078**	**$ 2,174**

22. Share-based payments

The Company has two share-based incentive plans, the 2002 Stock Incentive Plan adopted on July 1, 2002 and the 2006 Incentive Award Plan adopted on June 1, 2006, as amended and restated in February 2009 and September 2011 (collectively referred to as the Plans). Under the Plans, share based options may be granted to eligible participants. Options are generally granted for a term of ten years and have a graded vesting period of up to four years. The Company settles employee share-based option exercises with newly issued ordinary shares. As at June 30, 2014, the Company had 379,775 ordinary shares available for future grants.

Share-based compensation expense is as follows:

	Three months ended June 30, 2014	Three months ended June 30, 2013
Share-based compensation expense recorded in		
Cost of revenue	$ 422	$ 296
Selling and marketing expenses	190	92
General and administrative expenses	1,612	1,097
Total share-based compensation expense	**$ 2,224**	**$ 1,485**

Upon exercise of share options and RSUs, the Company issued 131,438 and 182,666 shares, respectively, for the three months ended June 30, 2014 and 2013, respectively.

23. Income taxes

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

	Three months ended June 30, 2014	Three months ended June 30, 2013
Domestic	$ (1,154)	$ (1,047)
Foreign	17,252	10,602
Profit before income taxes	**$ 16,098**	**$ 9,555**

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

	Three months ended June 30,	
	2014	**2013**
Current taxes		
Domestic taxes	$	$
Foreign taxes	3,573	2,863
	$ 3,573	$ 2,863
Deferred taxes		
Domestic taxes		
Foreign taxes	456	(53)
	456	(53)
	$ 4,029	**$ 2,810**

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

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

	Three months ended June 30,	
	2014	**2013**
Income taxes on profit	$ 4,029	$ 2,810
Income taxes on other comprehensive income		
Unrealized gain on cash flow hedging derivatives	23	(3,913)
Total income taxes	**$ 4,052**	**$ (1,103)**

The Company has a delivery center located in Gurgaon, India registered under the Special Economic Zone (SEZ) scheme that was eligible for 100% income tax exemption until fiscal 2012, and is eligible for 50% income tax exemption from fiscal 2013 to fiscal 2022. The Company started operations in fiscal 2012 in delivery centers in Pune, Mumbai and Chennai, India, each of which registered under the SEZ scheme and are eligible for 100% income tax exemption until fiscal 2016 and 50% income tax exemption from fiscal 2017 to fiscal 2026. The Government of India, pursuant to the Indian Finance Act, 2011, has also levied a minimum alternate tax (MAT) on the book profits earned by the SEZ units at the prevailing rate which is currently 20.96%. The Company s operations in Costa Rica are eligible for a 100% income tax exemption until fiscal 2017 and 50% income tax exemption from fiscal 2018 to fiscal 2021. The Company s operations in Philippines are eligible for tax exemptions which expire in fiscal 2014. The Company has applied to the Philippines Economic Zone Authority for an extension of this tax exemption. During fiscal 2013, the Company started its operations in new delivery center in Philippines which is also eligible for tax exemption which expires in fiscal 2017. The Government of Sri Lanka has exempted the profits earned from export revenue from tax, which enables the Company s Sri Lankan subsidiary to continue to claim a tax exemption.

From time to time, the Company receives orders of assessment from the Indian tax authorities assessing additional taxable income on the Company and/or its subsidiaries in connection with their review of their tax returns. The Company currently has orders of assessment outstanding for various years from fiscal 2003 through fiscal 2011, which assess additional taxable income that could in the aggregate give rise to an estimated $47,990 in additional taxes, including interest of $17,447. These orders of assessment allege that the transfer prices the Company applied to certain of the international transactions between WNS Global and its other wholly-owned subsidiaries were not on arm s length terms, disallow a tax holiday benefit claimed by the Company, deny the set off of brought forward business losses and unabsorbed depreciation and disallow certain expenses claimed as tax deductible by WNS Global. The Company has appealed against these orders of assessment before higher appellate authorities.

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In addition, the Company has orders of assessment pertaining to similar issues that have been decided in favor of the Company by first level appellate authorities, vacating the tax demands of $41,077 in additional taxes, including interest of $12,817. The income tax authorities have filed appeals against these orders with higher appellate authorities.

Uncertain tax positions are reflected at the amount likely to be paid to the taxation authorities. A liability is recognized in connection with each item that is not probable of being sustained on examination by taxing authority. The liability is measured using single best estimate of the most likely outcome for each position taken in the tax return. Thus the provision would be the aggregate liability in connection with all uncertain tax positions. As at June 30, 2014, the Company has provided a tax reserve of $15,195 primarily on account of the Indian tax authorities denying the set off of brought forward business losses and unabsorbed depreciation.

Based on the facts of these cases, the nature of the tax authorities disallowances and the orders from first level appellate authorities deciding similar issues in favor of the Company in respect of assessment orders for earlier fiscal years and after consultation with the Company s external tax advisors, the Company believe these orders are unlikely to be sustained at the higher appellate authorities. The Company has deposited $12,656 of the disputed amounts with the tax authorities and may be required to deposit the remaining portion of the disputed amounts with the tax authorities pending final resolution of the respective matters.

Others

On March 21, 2009, the Company received an assessment order from the Indian service tax authority, demanding payment of $5,796 of service tax and related penalty for the period from March 1, 2003 to January 31, 2005. The assessment order alleges that service tax is payable in India on BPM services provided by the Company to clients based abroad as the export proceeds are repatriated outside India by the Company. In response to the appeal filed by the Company with the appellate tribunal against the assessment order in April 2009, the appellate tribunal has remanded the matter back to lower tax authorities to be adjudicated afresh. After consultation with Indian tax advisors, the Company believes this order of assessment is more likely than not to be upheld in favor of the Company. The Company intends to continue to vigorously dispute the assessment.

24. Earnings per share

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

	Three months ended June 30,	
	2014	**2013**
Numerator:		

Profit	$ 12,069	$ 6,745
Denominator:		
Basic weighted average ordinary shares outstanding	51,404,351	50,647,781
Dilutive impact of equivalent stock options and RSUs	1,493,194	1,627,123
Diluted weighted average ordinary shares outstanding	52,897,545	52,274,904

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

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WNS (HOLDINGS) LIMITED

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25. Subsidiaries

The following is a list of the Company s subsidiaries as at June 30, 2014:

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

	WNS Global Services (Australia) Pty Ltd	Australia
	Business Applications Associates Beijing Limited	China
WNS Global Services Private Limited(1)		India
WNS Global Services (Private) Limited		Sri Lanka
WNS Global Services (Dalian) Co. Ltd.		China

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WNS (HOLDINGS) LIMITED

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

Notes:

(1) WNS Global Services Private Limited is being held jointly by WNS (Mauritius) Limited and WNS Customer Solutions (Singapore) Private Limited. The percentage of holding for WNS (Mauritius) Limited is 80% and for WNS Customer Solutions (Singapore) Limited is 20%.
(2) All the above subsidiaries are wholly owned and primarily engaged in providing BPM services.

26. Operating segments

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

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

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

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WNS (HOLDINGS) LIMITED

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The segment results for the three months ended June 30, 2014 are as follows:

	Three months ended June 30, 2014			
	WNS Global BPM	WNS Auto Claims BPM	Inter segments*	Total
Revenue from external customers	$ 113,157	$ 17,847	$	$ 131,004
Segment revenue	$ 113,212	$ 17,847	$ (55)	$ 131,004
Payments to repair centers		8,941		8,941
Revenue less repair payments	113,212	8,906	(55)	122,063
Depreciation	3,487	118		3,605
Other costs	90,225	6,469	(55)	96,639
Segment operating profit	19,500	2,319		21,819
Other income, net	(2,931)	(147)		(3,078)
Finance expense	475			475
Segment profit before income taxes	21,956	2,466		24,422
Provision for income taxes	3,539	490		4,029
Segment profit	18,417	1,976		20,393
Amortization of intangible assets				6,100
Share based compensation expense				2,224
Profit				