WNS (HOLDINGS) LTD
Form 6-K
July 29, 2016
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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 under

the Securities Exchange Act of 1934

For the quarter ended June 30, 2016

Commission File Number 001 32945

WNS (HOLDINGS) LIMITED

(WNS (Holdings) Limited)

Gate 4, Godrej & Boyce Complex

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Mumbai 400 079, India

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(Address of principal executive office)

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): ¨

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

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): ¨

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant s home country), or under the rules of the home country exchange on which the registrant s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant s security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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WNS (Holdings) Limited is incorporating by reference the information set forth in this Form 6-K into its registration statements on Form S-8 filed on July 31, 2006 (Registration No: 333-136168), Form S-8 filed on July 31, 2006 (File No. 333-157356), Form S-8 filed on September 15, 2011 (File No. 333-176849), and Form S-8 filed on September 27, 2013 (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 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, references to South African rand or R or ZAR are to the legal currency of South Africa, references to A$ or AUD Australian dollars are to the legal currency of Australia 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, 2016. To the extent the IASB issues any amendments or any new standards subsequent to June 30, 2016, 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, 2017. Unless otherwise indicated, the financial information in this interim report on Form 6-K has been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the IASB, which is referred to as GAAP and any references to GAAP in this report are to IFRS, as issued by the IASB . References to our ADSs in this report are to our American Depositary Shares, each representing one of our ordinary shares.

References to a particular fiscal year are to our fiscal year ended March 31 of that calendar year, also referred to as fiscal . 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;
- our dependence on a limited number of clients in a limited number of industries;
- regulatory, legislative and judicial developments;
- increasing competition in the business process management industry;
- technological innovation;
- telecommunications or technology disruptions;
- our liability arising from fraud or unauthorized disclosure of sensitive or confidential client and customer data;
- our ability to attract and retain clients;
- negative public reaction in the US or the UK to offshore outsourcing;
- our ability to expand our business or effectively manage growth;

our ability to hire and retain enough sufficiently trained employees to support our operations;

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

our ability to successfully consummate, integrate and achieve accretive benefits from our strategic acquisitions, and to successfully grow our revenue and expand our service offerings and market share;

future regulatory actions and conditions in our operating areas; 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, 2016. 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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	As at June 30, 2016 (Unaudited)	As at March 31, 2016
ASSETS			
Current assets:			
Cash and cash equivalents	5	$ 64,414	$ 41,854
Investments	6	82,088	132,989
Trade receivables, net	7	58,137	54,911
Unbilled revenue		45,543	44,318
Funds held for clients		11,309	11,895
Derivative assets	13	19,363	13,890
Prepayments and other current assets	8	23,122	22,601
Total current assets		303,976	322,458
Non-current assets:			
Goodwill	9	73,251	76,242
Intangible assets	10	21,962	27,117
Cash consideration, pending allocation	4 (a)	11,748	
Property and equipment	11	47,771	50,417
Derivative assets	13	6,755	4,847
Deferred tax assets		21,273	22,522
Investments	6	87	
Other non-current assets	8	27,036	21,848
Total non-current assets		209,883	202,993
TOTAL ASSETS		**$ 513,859**	**$ 525,451**
LIABILITIES AND EQUITY			
Current liabilities:			
Trade payables		$ 18,676	$ 19,862
Provisions and accrued expenses	15	23,103	24,741
Derivative liabilities	13	11,673	3,259
Pension and other employee obligations	14	35,771	44,814
Short term line of credit	12		
Deferred revenue	16	4,485	2,924
Current taxes payable		5,052	1,746
Other liabilities	17	8,435	5,985

Total current liabilities		107,195	103,331
Non-current liabilities:			
Derivative liabilities	13	666	451
Pension and other employee obligations	14	9,861	6,899
Deferred revenue	16	244	256
Other non-current liabilities	17	4,703	4,536
Deferred tax liabilities		2,080	1,789
Total non-current liabilities		17,554	13,931
TOTAL LIABILITIES		**$ 124,749**	**$ 117,262**
Shareholders equity:			
Share capital (ordinary shares $0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 52,667,089 shares and 52,406,304 shares; outstanding: 50,817,089 shares and 51,306,304 shares; each as at June 30, 2016 and March 31, 2016, respectively)	18	8,248	8,211
Share premium		312,423	306,874
Retained earnings		252,387	240,225
Other components of equity		(130,556)	(116,660)
Total shareholders equity, including shares held in treasury		442,502	438,650
Less: 1,850,000 shares as of June 30, 2016 and 1,100,000 shares as of March 31, 2016, held in treasury, at cost	18	(53,392)	(30,461)
Total shareholders equity		389,110	408,189
TOTAL LIABILITIES AND EQUITY		**$ 513,859**	**$ 525,451**

See accompanying notes.

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

		Three months ended June 30,	
	Notes	2016	2015
Revenue		$ 147,980	$ 134,132
Cost of revenue	19	98,684	88,800
Gross profit		49,296	45,332
Operating expenses:			
Selling and marketing expenses	19	7,698	7,435
General and administrative expenses	19	20,863	18,043
Foreign exchange loss/ (gain), net		(130)	(1,753)
Amortization of intangible assets		6,325	6,172
Operating profit		14,540	15,435
Other income, net	21	(2,329)	(2,161)
Finance expense	20	68	112
Profit before income taxes		16,801	17,484
Provision for income taxes	23	4,639	4,722
Profit		$ 12,162	$ 12,762
Earnings per share of ordinary share	24		
Basic		$ 0.24	$ 0.25
Diluted		$ 0.23	$ 0.24

See accompanying notes.

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

(Amounts in thousands)

	Three months ended June 30, 2016	Three months ended June 30, 2015
Profit	$ 12,162	$ 12,762
Other comprehensive income, net of taxes		
Items that will not be reclassified to profit or loss:		
Pension adjustment	(2,833)	(597)
Items that will be reclassified subsequently to profit or loss:		
Changes in fair value of cash flow hedges:		
Current period gain/ (loss)	10,786	(9,394)
Reclassification to profit/(loss)	(3,729)	(3,720)
Foreign currency translation	(15,912)	(2,554)
Income tax (provision)/ benefit relating to above	(2,208)	4,116
	$ (11,063)	$ (11,552)
Total other comprehensive loss, net of taxes	$ (13,896)	$ (12,149)
Total comprehensive (loss)/ income	$ (1,734)	$ 613

See accompanying notes.

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Share capital		Share premium	Retained earnings	Other components of equity			Treasury shares		Total shareholder equity
	Number	Par value			Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	Number	Amount	
alance as at pril 1, 2015	51,950,662	$ 8,141	$ 286,805	$ 180,345	$ (103,529)	$ 15,445	$ 1,899		$	$ 389,106
hares issued or exercised ptions and estricted share nits (RSUs)	149,574	23	602							625
urchase of easury shares Refer to note 8)								770,000	(20,671)	(20,671
hare-based ompensation Refer to note 2)			3,714							3,714
xcess tax enefits elating to hare-based ptions and SUs			149							149
ransactions ith owners	149,574	23	4,465					770,000	(20,671)	(16,183
rofit				12,762						12,762
ther omprehensive ncome/(loss), et of taxes					(2,554)	(8,998)	(597)			(12,149

otal omprehensive ncome/(loss) or the period				12,762	(2,554)	(8,998)	(597)			613
alance as at une 30, 2015	52,100,236	$ 8,164	$ 291,270	$ 193,107	$ (106,083)	$ 6,447	$ 1,302	770,000	$ (20,671)	$ 373,536

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(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	Treasury shares Number	Amount	Total sharehold equity
lance as at ril 1, 2016	52,406,304	$ 8,211	$ 306,874	$ 240,225	$ (124,357)	$ 5,928	$ 1,769	1,100,000	$ (30,461)	$ 408,18
ares issued exercised tions and tricted share ts (RSUs)	260,785	37	602							63
rchase of asury shares efer to note)								750,000	(22,931)	(22,93
are-based mpensation efer to note)			5,386							5,38
cess tax nefits ating to are-based tions and Us			(439)							(43
ansactions th owners	260,785	37	5,549					750,000	(22,931)	(17,34
ofit				12,162						12,16
her mprehensive ome/(loss), t of taxes					(15,912)	4,849	(2,833)			(13,89

tal mprehensive ome/(loss) the period				12,162	(15,912)	4,849	(2,833)			(1,73
lance as at ne 30, 2016	52,667,089	$ 8,248	$ 312,423	$ 252,387	$ (140,269)	$ 10,777	$ (1,064)	1,850,000	$ (53,392)	$ 389,11

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Three months ended June 30, 2016	Three months ended June 30, 2015
Cash flows from operating activities:		
Cash generated from operations	$ 20,688	$ 19,765
Income taxes paid	(3,155)	(3,115)
Interest paid	(31)	(133)
Interest received	180	477
Net cash provided by operating activities	**17,682**	**16,994**
Cash flows from investing activities:		
Acquisition of Value Edge, net of cash acquired (Refer to note 4(a))	(11,956)	
Restricted cash balance (Refer to note 4(a))	(5,112)	
Purchase of property and equipment and intangible assets	(5,174)	(8,598)
Proceeds from sale of property and equipment	29	57
Dividend received	1,322	1,335
Marketable securities sold/(purchased), net	48,824	8,881
Proceeds from sale of fixed maturity plans (FMPs)		30,698
Net cash provided by investing activities	**27,933**	**32,373**
Cash flows from financing activities:		
Buyback of shares	(22,931)	(20,671)
Proceeds from exercise of share-based options	639	625
Excess tax benefit from share-based compensation expense	191	36
Repayments of short-term borrowings, net		(13,051)
Repayment of long-term debt		(5,000)
Net cash used in financing activities	**(22,101)**	**(38,061)**
Exchange difference on cash and cash equivalents	(954)	(1,489)
Net change in cash and cash equivalents	22,560	9,817
Cash and cash equivalents at the beginning of the period	41,854	32,448
Cash and cash equivalents at the end of the period	**$ 64,414**	**$ 42,265**
Non-cash transactions:		
Note: Liability towards property and equipment and intangible assets purchased on credit/deferred credit	$ 3,376	$ 1,449
Liability towards business combination (Refer to note 4(b))		3,313

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), Switzerland, Germany 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; consulting and professional services, banking and financial services; healthcare; and shipping and logistics industries. In the Auto Claims BPM segment, effective July 1, 2015, WNS Legal Assistance LLP, a subsidiary of WNS Global Services (UK) Limited received an approval from Solicitors Regulatory Authority, UK to provide legal services in relation to personal injury claims.

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 29, 2016.

2. Summary of significant accounting policies

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, 2016.

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, 2016.

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, 2016 or later periods. Those which are considered to be relevant to the Company s operations are set out below.

i. In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers (IFRS 15). This standard provides a single, principle-based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various other related matters. IFRS 15 also introduced new disclosure requirements with respect to revenue.

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:

IAS 11 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).

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

In April 2016, the IASB issued amendments to IFRS 15, clarifying some requirements and providing additional transitional relief for companies. The amendments do not change the underlying principles of IFRS 15 but clarify how those principles should be applied. The amendments clarify how to:

- identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
- determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and
- determine whether the revenue from granting a license should be recognized at a point in time or over time.

In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies IFRS 15. The amendments have the same effective date as IFRS 15.

IFRS 15 is effective for fiscal years beginning on or after January 1, 2018. Earlier application is permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

ii. In July 2014, the IASB finalized and issued IFRS 9 Financial Instruments (IFRS 9). IFRS 9 replaces IAS 39 Financial instruments: recognition and measurement , the previous Standard which dealt with the recognition and measurement of financial instruments in its entirety upon former s effective date.

Key requirements of IFRS 9:

Replaces IAS 39 s measurement categories with the following three categories:

- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVTOCI)
- amortized cost

Eliminates the requirement for separation of embedded derivatives from hybrid financial assets, the classification requirements to be applied to the hybrid financial asset in its entirety.

Requires an entity to present the amount of change in fair value due to change in entity s own credit risk in other comprehensive income.

Introduces new impairment model, under which the expected credit loss are required to be recognized as compared to the existing incurred credit loss model of IAS 39.

Fundamental changes in hedge accounting by introduction of new general hedge accounting model which:

increases the eligibility of hedged item and hedging instruments; and

introduces a more principles based approach to assess hedge effectiveness.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

Earlier application is permitted provided that all the requirements in the Standard are applied at the same time with two exceptions:

(1) The requirement to present changes in the fair value of a liability due to changes in own credit risk may be applied early in isolation; and

(2) Entity may choose as its accounting policy choice to continue to apply hedge accounting requirements of IAS 39 instead of new general hedge accounting model as provided in IFRS 9.

The Company is currently evaluating the impact of this new standard 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)

iii. In January 2016, the IASB has issued IFRS 16 Leases (IFRS 16). Key changes in IFRS 16 include:

- eliminates the requirement to classify a lease as either operating or finance lease in the books of lessee;

- introduces a single lessee accounting model, which requires lessee to recognize assets and liabilities for all leases, initially measured at the present value of unavoidable future lease payment. Entity may elect not to apply this accounting requirement to short term leases and leases for which underlying asset is of low value;

- replaces the straight-line operating lease expense model with a depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs);

- requires lessee to classify cash payments for principal and interest portion of lease arrangement within financing activities and financing/operating activities respectively in the cash flow statements; and

- requires entities to determine whether a contract conveys the right to control the use of an identified asset for a period of time to assess whether that contract is, or contains, a lease.

IFRS 16 replaces IAS 17 Leases and related interpretations viz. IFRIC 4 Determining whether an Arrangement contains a Lease ; SIC-15 Operating Leases Incentives ; and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease .

IFRS 16 substantially carries forward lessor accounting requirements in IAS 17 Leases . Disclosures, however, have been enhanced.

IFRS 16 is effective for annual reporting periods beginning on or after 1 January 2019. Early application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

A lessee shall apply IFRS 16 either retrospectively to each prior reporting period presented or record a cumulative effect of initial application of IFRS 16 as an adjustment to opening balance of equity at the date of initial application.

The Company is currently evaluating the impact of this new standard on its consolidated financial statements.

iv. In January 2016, the IASB issued amendments to IAS 12 Income Taxes to clarify the following:

- the carrying value of an asset does not limit the estimation of probable future taxable profits;
- estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; and.
- an entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The Company expects the adoption of these amendments will have no impact on its consolidated financial statements.

v. In January 2016, the IASB issued amendments in IAS 7 Statement of Cash Flows to clarify and improve information provided to users of financial statements about an entity s financing activities.

The IASB requires that the following changes in liabilities arising from financing activities to be disclosed (to the extent necessary):

- changes from financing cash flows;
- changes arising from obtaining and losing control of subsidiaries or other businesses;
- the effect of changes of foreign exchange rates;
- changes in fair value; and
- other changes.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. Entities need not present comparative information when they first apply the amendments.

The Company is currently evaluating the effect of this amendment on its consolidated financial statements.

vi. In June 2016, the IASB issued amendments in IFRS 2 Share-based Payment to clarify the following:

- the accounting for cash-settled share-based payment transactions that include a performance condition should follow the same approach as for equity-settled share-based payment;

- the classification of share-based payment transactions with net settlement features for withholding tax obligations should be classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature; and

- modifications of a share-based payment that changes the transaction from cash-settled to equity-settled to be accounted for as follows:

  i. the original liability is derecognized;

  ii. the equity-settled share based payment is recognized at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

  iii. any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in the statement of income immediately.

The above amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The amendments are to be applied prospectively. However, if an entity applies the amendments retrospectively, it must do so for all of the amendments described above.

The Company is currently evaluating the impact of these amendments 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. Business Combinations

a) Value Edge

On June 14, 2016 (Acquisition Date), the Company acquired all outstanding equity shares of Value Edge Research Services Private Limited (Value Edge) which provides business research and analytics reports and databases across the domains of pharmaceutical, biotech and medical devices, for a total consideration of $17,500 (subject to working capital adjustment, if any), including conditional deferred consideration of $5,112 (held in escrow account), payable over a period of three years. The acquisition is expected to deepen the Company s domain and specialized analytical capabilities in the growing pharma market, and provide the Company with a technology asset, which is leverageable across clients and industries.

The provisional accounting under IFRS 3, Business Combinations is as follows:

Description	Amount
Cash consideration	$ 12,388
Less: Net assets	(640)
Cash consideration, pending allocation	**$ 11,748**

b) Telkom

On April 10, 2015, the Company entered into an agreement with Telkom SA SOC LIMITED (Telkom), a leading provider of communication services in South Africa, pursuant to which the Company agreed to acquire a contract and the related workforce of Telkom effective May 1, 2015 (Acquisition Date). The net purchase price of the transaction, which was paid in cash, was ZAR 35,639 ($2,572 based on the exchange rate on September 30, 2015).

The purchase price has been allocated as follows:

	Amount
Customer contract- intangible assets	$ 2,990
Cash	411
Accrued leave liability	(411)
Deferred tax liabilities	(837)

Net assets acquired	**$**	**2,153**
Less: Purchase consideration		3,331
Goodwill on acquisition	**$**	**1,178**

Goodwill arising from this acquisition is not expected to be deductible for tax purposes. Goodwill is attributable mainly to benefit from expected synergies and the assembled workforce of Telkom.

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

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, 2016	**March 31, 2016**
Cash and bank balance	$ 40,322	$ 25,194
Short term deposits with bank	24,092	16,660
Total	**$ 64,414**	**$ 41,854**

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

6. Investments

Investments consist of the following:

	As at	
	June 30, 2016	**March 31, 2016**
Marketable securities[1]	$ 67,575	$ 118,198
Investment in FMPs	87	
Investment in fixed deposits	14,513	14,791
Total	**$ 82,175**	**$ 132,989**

Note:

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

	As at	
	June 30, 2016	**March 31, 2016**
Current investments	$ 82,088	$ 132,989
Non-current investment	87	
Total	**$ 82,175**	**$ 132,989**

7. Trade receivables, net

Trade receivables consist of the following:

As at

	June 30, 2016	March 31, 2016
Trade receivables	$ 60,140	$ 59,357
Allowances for doubtful accounts receivable	(2,003)	(4,446)
Total	**$ 58,137**	**$ 54,911**

The movement in the allowances for doubtful accounts receivable is as follows:

	Three months ended June 30,	
	2016	2015
Balance at the beginning of the period	$ 4,446	$ 5,336
Charged to operations	332	383
Write-offs, net of collections	(2,454)	(46)
Reversals	(208)	(328)
Translation adjustment	(113)	211
Balance at the end of the period	**$ 2,003**	**$ 5,556**

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(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, 2016	As at March 31, 2016
Current:		
Service tax and other tax receivables	$ 4,937	$ 5,871
Deferred transition cost	377	191
Employee receivables	1,211	1,319
Advances to suppliers	1,893	2,015
Prepaid expenses	7,426	6,278
Restricted cash balance (Refer to note 4 (a))	1,704	
Others	5,574	6,927
Total	**$ 23,122**	**$ 22,601**
Non-current:		
Deposits	$ 6,411	$ 6,348
Income tax assets	6,657	6,697
Service tax and other tax receivables	5,737	5,419
Deferred transition cost	428	223
Restricted cash balance (Refer to note 4(a))	3,408	
Others	4,395	3,161
Total	**$ 27,036**	**$ 21,848**

9. Goodwill

The movement in goodwill balance by reportable segment as at June 30, 2016 and March 31, 2016 is as follows:

	WNS Global BPM	WNS Auto Claims BPM	Total

Balance as at April 1, 2015	$	48,519	$	30,539	$ 79,058
Goodwill arising from business combination of Telkom contract and the related workforce (See to note 4(b))		1,178			1,178
Foreign currency translation		(3,194)		(800)	(3,994)
Balance as at March 31, 2016	**$**	**46,503**	**$**	**29,739**	**$ 76,242**
Foreign currency translation		(996)		(1,995)	(2,991)
Balance as at June 30, 2016	**$**	**45,507**	**$**	**27,744**	**$ 73,251**

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(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, 2016 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, 2015	$ 158,753	$ 63,928	$ 4,569	$ 1,835	$ 332	$ 12,411	$ 241,828
Additions						8,574	8,574
On business combination (Refer to note 4(b))	2,990						2,990
Disposals						(342)	(342)
Translation adjustments	(4,957)	(781)	(119)		(6)	(883)	(6,746)
Balance as at March 31, 2016	$ 156,786	$ 63,147	$ 4,450	$ 1,835	$ 326	$ 19,760	$ 246,304
Accumulated amortization							
Balance as at April 1, 2015	$ 133,191	$ 53,909	$ 4,569	$ 1,835	$ 332	$ 4,718	$ 198,554
Amortization	15,657	5,688				3,853	25,198
Disposals						(157)	(157)
Translation adjustments	(3,365)	(605)	(119)		(6)	(313)	(4,408)
Balance as at March 31, 2016	$ 145,483	$ 58,992	$ 4,450	$ 1,835	$ 326	$ 8,101	$ 219,187
Net carrying value as at March 31, 2016	**$ 11,303**	**$ 4,155**	**$**	**$**	**$**	**$ 11,659**	**$ 27,117**

The changes in the carrying value of intangible assets for the three months ended June 30, 2016 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, 2016	$ 156,786	$ 63,147	$ 4,450	$ 1,835	$ 326	$ 19,760	$ 246,304
Additions						1,628	1,628
On business combination						10	10
Translation adjustments	(1,441)	(630)	(299)		(15)	(529)	(2,914)

Balance as at June 30, 2016	$ 155,345	$ 62,517	$ 4,151	$ 1,835	$ 311	$ 20,869	$ 245,028
Accumulated amortization							
Balance as at April 1, 2016	$ 145,483	$ 58,992	$ 4,450	$ 1,835	$ 326	$ 8,101	$ 219,187
Amortization	3,832	1,419				1,074	6,325
Translation adjustments	(1,294)	(623)	(299)		(15)	(215)	(2,446)
Balance as at June 30, 2016	$ 148,021	$ 59,788	$ 4,151	$ 1,835	$ 311	$ 8,960	$ 223,066
Net carrying value as at June 30, 2016	**$ 7,324**	**$ 2,729**	**$**	**$**	**$**	**$ 11,909**	**$ 21,962**

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(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, 2016 are as follows:

Gross carrying value	Buildings	Computers and software	Furniture, fixtures and office equipment	Vehicles	Leasehold improvements	Total
Balance as at April 1, 2015	$ 10,405	$ 67,515	$ 58,641	$ 455	$ 49,358	$ 186,374
Additions		6,866	5,914	29	6,288	19,097
Disposals/retirements/adjustments		(1,808)	(588)		(457)	(2,853)
Translation adjustments	(255)	(3,370)	(3,107)	(25)	(2,600)	(9,357)
Balance as at March 31, 2016	$ 10,150	$ 69,203	$ 60,860	$ 459	$ 52,589	$ 193,261
Accumulated depreciation						
Balance as at April 1, 2015	$ 3,232	$ 58,068	$ 45,397	$ 289	$ 34,316	$ 141,302
Depreciation	510	5,172	4,834	75	4,844	15,435
Disposals/retirements/adjustments		(1,715)	(535)		(454)	(2,704)
Translation adjustments	(81)	(2,757)	(2,321)	(17)	(1,832)	(7,008)
Balance as at March 31, 2016	$ 3,661	$ 58,768	$ 47,375	$ 347	$ 36,874	$ 147,025
Capital work-in-progress						4,181
Net carrying value as at March 31, 2016						**$ 50,417**

The changes in the carrying value of property and equipment for the three months ended June 30, 2016 are as follows:

Gross carrying value	Buildings	Computers and software	Furniture, fixtures and office equipment	Vehicles	Leasehold improvements	Total
Balance as at April 1, 2016	$ 10,150	$ 69,203	$ 60,860	$ 459	$ 52,589	$ 193,261
Additions/reclassifications		586	2,053		1,532	4,171
On business combination		45	13	14		72

Disposals/retirements/adjustments		(712)	(278)		(319)	(1,309)
Translation adjustments	(84)	(2,010)	(1,138)	(9)	(982)	(4,223)
Balance as at June 30, 2016	$ 10,066	$ 67,112	$ 61,510	$ 464	$ 52,820	$ 191,972
Accumulated depreciation						
Balance as at April 1, 2016	$ 3,661	$ 58,768	$ 47,375	$ 347	$ 36,874	$ 147,025
Depreciation	126	1,430	1,252	17	1,298	4,123
Disposals/retirements/adjustments		(487)	(136)		(153)	(776)
Translation adjustments	(30)	(1,797)	(918)	(7)	(736)	(3,488)
Balance as at June 30, 2016	$ 3,757	$ 57,914	$ 47,573	$ 357	$ 37,283	$ 146,884
Capital work-in-progress						2,683
Net carrying value as at June 30, 2016						**$ 47,771**

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

12. Loans and borrowings

Short-term lines 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 $61,057. The Company has also established a line of credit in the UK amounting to £9,880 ($13,265 based on the exchange rate on June 30, 2016). Further the Company has also established a line of credit in South Africa amounting to ZAR 30,000 ($ 2,018 based on the exchange rate on June 30, 2016).

As at June 30, 2016, no amounts were drawn under these lines of credit.

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

13. Financial instruments
Financial instruments by category

The carrying value and fair value of financial instruments by class as at June 30, 2016 are as follows:

Financial assets

	Loans and receivables	Financial assets at FVTPL	Derivatives designated as cash flow hedges (carried at fair value)	Available for sale	Total carrying value	Total fair value
Cash and cash equivalents	$ 64,414	$	$	$	$ 64,414	$ 64,414
Investment in fixed deposits and marketable securities	14,513			67,575	82,088	82,088
Trade receivables	58,137				58,137	58,137
Unbilled revenue	45,543				45,543	45,543
Funds held for clients	11,309				11,309	11,309
Prepayments and other assets(1)	5,243				5,243	5,243
Investment in FMPs		87			87	87
Other non-current assets(2)	9,819				9,819	9,819
Derivative assets		2,458	23,660		26,118	26,118
Total carrying value	**$ 208,978**	**$ 2,545**	**$ 23,660**	**$ 67,575**	**$ 302,758**	**$ 302,758**

Financial liabilities

	Financial liabilities at FVTPL	Derivatives designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value	Total fair value
Trade payables	$	$	$ 18,676	$ 18,676	$ 18,676
Other employee obligations(3)			27,676	27,676	27,676
Provision and accrued expenses(4)			23,103	23,103	23,103
Other liabilities(5)			3,527	3,527	3,527

Derivative liabilities	8,730	3,609		12,339	12,339
Total carrying value	**$ 8,730**	**$ 3,609**	**$ 72,982**	**$ 85,321**	**$ 85,321**

Notes:

(1) Excluding non-financial assets $17,879.
(2) Excluding non-financial assets $17,218.
(3) Excluding non-financial liabilities $17,956.
(4) Excluding non-financial liabilities $Nil.
(5) Excluding non-financial liabilities $9,611.

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The carrying value and fair value of financial instruments by class as at March 31, 2016 are as follows:

Financial assets

	Loans and receivables	Financial assets at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Available for sale	Total carrying value	Total fair Value
Cash and cash equivalents	$ 41,854	$	$	$	$ 41,854	$ 41,854
Investment in fixed deposits and marketable securities	14,791			118,198	132,989	132,989
Trade receivables	54,911				54,911	54,911
Unbilled revenue	44,318				44,318	44,318
Funds held for clients	11,895				11,895	11,895
Prepayments and other assets(1)	6,147				6,147	6,147
Other non-current assets(2)	6,348				6,348	6,348
Derivative assets		2,492	16,245		18,737	18,737
Total carrying value	**$ 180,264**	**$ 2,492**	**$ 16,245**	**$ 118,198**	**$ 317,199**	**$ 317,199**

Financial liabilities

	Financial liabilities at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value	Total fair value
Trade payables	$	$	$ 19,862	$ 19,862	$ 19,862
Other employee obligations(3)			39,604	39,604	39,604
Provision and accrued expenses			24,741	24,741	24,741
Other liabilities(4)			231	231	231
Derivative liabilities	870	2,840		3,710	3,710
Total carrying value	**$ 870**	**$ 2,840**	**$ 84,438**	**$ 88,148**	**$ 88,148**

Notes:

(1) Excluding non-financial assets $16,454.
(2) Excluding non-financial assets $15,500.
(3) Excluding non-financial liabilities $12,109.
(4) Excluding non-financial liabilities $10,290.

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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, 2016 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	$ 26,118	$	$ 26,118	$ (3,136)	$	$ 22,982
Prepayments and other current assets	83		83			83
Total	**$ 26,201**	**$**	**$ 26,201**	**$ (3,136)**	**$**	**$ 23,065**

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	$ 12,339	$	$ 12,339	$ (3,136)	$	$ 9,203
Other liabilities	25		25			25
Total	**$ 12,364**	**$**	**$ 12,364**	**$ (3,136)**	**$**	**$ 9,228**

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements as at March 31, 2016 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	$ 18,737	$	$ 18,737	$ (3,040)	$	$ 15,697
Total	**$ 18,737**	**$**	**$ 18,737**	**$ (3,040)**	**$**	**$ 15,697**

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	$ 3,710	$	$ 3,710	$ (3,040)	$	$ 670
Total	**$ 3,710**	**$**	**$ 3,710**	**$ (3,040)**	**$**	**$ 670**

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.

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The assets and liabilities measured at fair value on a recurring basis as at June 30, 2016 are as follows:

		Fair value measurement at reporting date using		
Description	**As at June 30, 2016**	**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	$ 2,458	$	$ 2,458	$
Investment in FMPs	87	87		
Financial assets at fair value through other comprehensive income				
Foreign exchange contracts	23,660		23,660	
Investments available for sale	67,575	67,575		
Total assets	**$ 93,780**	**$ 67,662**	**$ 26,118**	**$**
Liabilities				
Financial liabilities at FVTPL				
Foreign exchange contracts	$ 8,730	$	$ 8,730	$
Financial liabilities at fair value through other comprehensive income				
Foreign exchange contracts	3,609		3,609	
Total liabilities	**$ 12,339**	**$**	**$ 12,339**	**$**

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The assets and liabilities measured at fair value on a recurring basis as at March 31, 2016 are as follows:-

		Fair value measurement at reporting date using		
Description	**March 31, 2016**	**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	$ 2,492	$	$ 2,492	$
Financial assets at fair value through other comprehensive income				
Foreign exchange contracts	16,245		16,245	
Investments available for sale	118,198	118,198		
Total assets	**$ 136,935**	**$ 118,198**	**$ 18,737**	**$**
Liabilities				
Financial liabilities at FVTPL				
Foreign exchange contracts	$ 870	$	$ 870	$
Financial liabilities at fair value through other comprehensive income				
Foreign exchange contracts	2,840		2,840	
Total liabilities	**$ 3,710**	**$**	**$ 3,710**	**$**

The fair value is estimated using discounted cash flow approach 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, 2016 and the year ended March 31, 2016, 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, 2016	**March 31, 2016**
Forward contracts (Sell)		
In US dollars	$ 271,809	$ 151,884
In United Kingdom pound sterling	150,251	148,386
In Euro	10,942	10,349
In Australian dollars	34,791	31,099
Others	7,350	4,682
	$ 475,143	**$ 346,400**
Option contracts (Sell)		
In US dollars	$ 59,054	$ 81,827
In United Kingdom pound sterling	101,938	103,863
In Euro	12,875	10,314
In Australian dollars	15,678	18,935
Others	2,254	2,412
	$ 191,799	**$ 217,351**

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, 2016 and 2015 are as follows:

	Three months ended June 30,	
	2016	**2015**
Revenue	$ 1,453	$ 1,913
Foreign exchange gain, net	2,276	1,807
Income tax related to amounts reclassified into statement of income	(1,421)	(1,281)
Total	**$ 2,308**	**$ 2,439**

As at June 30, 2016, the gain amounting to $10,777 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, 2016 and 2015, a gain of $666 and loss of $95, respectively.

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

14. Pension and other employee obligations

Pension and other employee obligations consist of the following:

	As at	
	June 30, 2016	**March 31, 2016**
Current:		
Salaries and bonus	$ 27,676	$ 39,522
Pension	870	746
Withholding taxes on salary and statutory payables	7,225	4,464
Other employee payables		82
Total	**$ 35,771**	**$ 44,814**
Non-current:		
Pension and other obligations	$ 9,861	$ 6,899
Total	**$ 9,861**	**$ 6,899**

15. Provisions and accrued expenses

Provisions and accrued expenses consist of the following:

	As at	
	June 30, 2016	**March 31, 2016**
Provisions	$	$
Accrued expenses	23,103	24,741
Total	**$ 23,103**	**$ 24,741**

A summary of activity for provision is as follows:

	As at	
	June 30, 2016	**March 31, 2016**
Balance at the beginning of the period / year	$	$ 753
Additional provision		
Provision used		(751)
Translation adjustments		(2)
Balance at the end of the period / year	**$**	**$**

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

16. Deferred revenue

Deferred revenue consists of the following:

	As at	
	June 30, 2016	March 31, 2016
Current:		
Payments in advance of services	$ 625	$ 685
Advance billings	2,447	1,706
Others	1,413	533
Total	**$ 4,485**	**$ 2,924**

	As at	
	June 30, 2016	March 31, 2016
Non-current:		
Payments in advance of services	$ 226	$ 238
Others	18	18
Total	**$ 244**	**$ 256**

17. Other liabilities

Other liabilities consist of the following:

	As at	
	June 30, 2016	March 31, 2016
Current:		
Withholding taxes and value added tax payable	$ 4,036	$ 3,801
Deferred rent	595	547
Other liabilities	3,804	1,637

Total	**$ 8,435**	**$ 5,985**
Non-current:		
Deferred rent	$ 4,338	$ 4,162
Other liabilities	365	374
Total	**$ 4,703**	**$ 4,536**

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

18. Share capital

As at June 30, 2016, the authorized share capital was £6,100 divided into 60,000,000 ordinary shares of 10 pence each and 1,000,000 preferred shares of 10 pence each. The Company had 50,817,089 ordinary shares (including 1,850,000 treasury shares) outstanding as at June 30, 2016. There were no preferred shares outstanding as at June 30, 2016.

As at March 31, 2016, 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 51,306,304 ordinary shares (including 1,100,000 treasury shares) outstanding as at March 31, 2016. There were no preferred shares outstanding as at March 31, 2016.

Treasury shares

On March 16, 2016, the Company s shareholders authorized a share repurchase program for the repurchase of up to 3.3 million of the Company s ADSs at a price range of $10 to $50 per ADS. Pursuant to the terms of the repurchase program, the Company s ADSs may be purchased in the open market from time to time for 36 months from March 16, 2016, the date of shareholders approval. The Company is not obligated under the repurchase program to repurchase a specific number of ADSs, and the repurchase program may be suspended at any time at the Company s discretion.

During the three months ended June 30, 2016, the Company purchased 750,000 ADSs in the open market for a total consideration of $ 22,931 (includes transaction costs of $ 11 for share repurchase of 750,000 ADS and $ 55 paid towards cancellation fees for ADSs in relation to share repurchase of 1,110,000 ADSs, which was completed during the year ended March 31, 2016). The shares underlying these purchased ADSs are recorded as treasury shares.

In March 2015, the Company s shareholders authorized a share repurchase program for the repurchase of up to 1,100,000 of the Company s American Depositary Shares (ADSs), each representing one ordinary share, at a price range of $10 to $30 per ADS. Pursuant to the terms of the repurchase program, during the three months ended June 30, 2015, the Company purchased 770,000 ADSs in the open market for a total consideration of $ 20,671 (including transaction cost of $ 43). During the year ended March 31, 2016, the Company completed the repurchase of 1,100,000 ADSs in the open market for a total consideration of $30,461 (including transaction cost of $50). The shares underlying these purchased ADSs are recorded as treasury shares.

19. Expenses by nature

Expenses by nature consist of the following:

	Three months ended June 30,	
	2016	2015

Employee cost	$ 81,314	$ 71,301
Repair payments	7,192	7,649
Facilities cost	17,926	16,802
Depreciation	4,123	3,863
Legal and professional expenses	3,271	3,236
Travel expenses	4,602	4,283
Others	8,817	7,144
Total cost of revenue, selling and marketing and general and administrative expenses	**$ 127,245**	**$ 114,278**

20. Finance expense

Finance expense consists of the following:

	Three months ended June 30,	
	2016	**2015**
Interest expense	$ 68	$ 101
Debt issue cost		11
Total	**$ 68**	**$ 112**

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

21. Other income, net

Other income, net consists of the following:

	Three months ended June 30, 2016	2015
Interest and dividend on marketable securities	$ 1,793	$ 1,638
Net gain arising on financial assets designated as FVTPL		41
Others, net	536	482
Total	**$ 2,329**	**$ 2,161**

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, 2016, the Company had 660,301 ordinary shares available for future grants.

Share-based compensation expense is as follows:

	Three months ended June 30, 2016	2015
Share-based compensation expense recorded in		
Cost of revenue	$ 609	$ 557
Selling and marketing expenses	295	532
General and administrative expenses	4,482	2,625
Total share-based compensation expense	**$ 5,386**	**$ 3,714**

Upon exercise of share-based options and RSUs, the Company issued 260,785 and 149,574 shares, respectively, for the three months ended June 30, 2016 and 2015, respectively

23. Income taxes

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

	Three months ended June 30, 2016	Three months ended June 30, 2015
Domestic	$ (1,013)	$ (939)
Foreign	17,814	18,423
Profit before income taxes	**$ 16,801**	**$ 17,484**

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

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

	Three months ended June 30, 2016	2015
Current taxes		
Domestic taxes	$	$
Foreign taxes	6,314	3,750
	$ 6,314	**$ 3,750**
Deferred taxes		
Domestic taxes		
Foreign taxes	(1,675)	972
	(1,675)	972
	$ 4,639	**$ 4,722**

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, 2016	2015
Income taxes on profit	$ 4,639	$ 4,722
Income taxes on other comprehensive income/(loss)		
Unrealized gain on cash flow hedging derivatives	2,208	(4,116)
Income taxes recognized in equity		
Excess tax deductions related to share based options and RSUs	642	(113)
Total income taxes	**$ 7,489**	**$ 493**

The Company has a delivery center located in Gurgaon, India registered under the Special Economic Zone (SEZ) scheme and is eligible for 50% income tax exemption from fiscal 2013 to fiscal 2022. The Company in fiscal 2012 started operations in delivery centers in Pune, Mumbai and Chennai, India, registered under the SEZ scheme that are eligible for 100% income tax exemption until fiscal 2016 and 50% income tax exemption from fiscal 2017 to fiscal 2026. During fiscal 2015, the Company started its operations in new delivery centers in Gurgaon and Pune, India registered under the SEZ scheme that are eligible for 100% income tax exemption until fiscal 2019, and 50% income tax exemption from fiscal 2020 to fiscal 2029. 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 21.34%. 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 one of the units in the Philippines were eligible for tax exemptions until fiscal 2016. During fiscal 2013 and 2016, the Company started its operations in new delivery centers in Philippines which are eligible for tax exemption until fiscal 2017 and 2020 respectively. 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.

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

From time to time, the Company receives orders of assessment from the Indian tax authorities assessing additional taxable income on the Company and/or its subsidiaries in connection with their review of their tax returns. The Company currently has orders of assessment outstanding for various years through fiscal 2012, which assess additional taxable income that could in the aggregate give rise to an estimated $41,439 in additional taxes, including interest of $15,249. These orders of assessment allege that the transfer prices the Company applied to certain of the international transactions between WNS Global and its other wholly-owned subsidiaries were not on arm s length terms, disallow a tax holiday benefit claimed by the Company, deny the set off of brought forward business losses and unabsorbed depreciation and disallow certain expenses claimed as tax deductible by WNS Global. The Company has appealed against these orders of assessment before higher appellate authorities.

In addition, the Company has orders of assessment pertaining to similar issues that have been decided in favor of the Company by first level appellate authorities, vacating the tax demands of $42,174 in additional taxes, including interest of $13,030. 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, 2016, the Company has provided a tax reserve of $13,364 primarily on account of the Indian tax authorities denying the set off of brought forward business losses and unabsorbed depreciation.

Based on the facts of these cases, the nature of the tax authorities disallowances and the orders from first level appellate authorities deciding similar issues in favor of the Company in respect of assessment orders for earlier fiscal years and after consultation with the Company s external tax advisors, the Company believe these orders are unlikely to be sustained at the higher appellate authorities. The Company has deposited $11,554 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 $5,155 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, 2016	Three months ended June 30, 2015
Numerator:		
Profit	$ 12,162	$ 12,762
Denominator:		
Basic weighted average ordinary shares outstanding	51,238,414	51,809,070
Dilutive impact of equivalent share-based options and RSUs	2,100,814	1,665,617
Diluted weighted average ordinary shares outstanding	53,339,228	53,474,687

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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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

25. Subsidiaries

The following is a list of subsidiaries of WNS as at June 30, 2016:

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(1)		United Kingdom
	WNS Global Services SA (Pty) Limited	South Africa
	- Ucademy (Pty) Limited(2)	South Africa
WNS Assistance Limited (previously WNS Workflow Technologies Limited)		United Kingdom
	WNS Assistance (Legal) Limited(3)	United Kingdom
	Accidents Happen Assistance Limited	United Kingdom
	WNS Legal Assistance LLP(4)	United Kingdom
WNS (Mauritius) Limited		Mauritius
	WNS Capital Investment Limited	Mauritius
	WNS Customer Solutions (Singapore) Private Limited	Singapore
	WNS Global Services (Australia) Pty Ltd	Australia
	Business Applications Associates Beijing Limited	China
	WNS Global Services Private Limited(5)	India
	- Value Edge Research Services Private Limited(6)	India
	- Value Edge Inc.(6)	Delaware, USA
	- Value Edge AG.(6)	Switzerland
	- Value Edge GmBH(6)	Germany
	WNS Global Services (Private) Limited	Sri Lanka
	WNS Global Services (Dalian) Co. Ltd.	China

Notes:

(1) WNS Global Services (UK) is being jointly held by WNS Holdings Limited and WNS Global Services Private Limited. The percentage of holding for WNS Holdings Limited is 80.3% and for WNS Global Services Private Limited is 19.7%.
(2) Ucademy (Pty) Limited has been incorporated as a subsidiary of WNS Global Services SA (Pty) Limited with effect from June 20, 2016.
(3) WNS Assistance (Legal) Limited, a wholly owned subsidiary of WNS Assistance Limited, was incorporated on April 20, 2016.
(4) All the above subsidiaries are wholly owned except WNS Legal Assistance LLP, a limited liability partnership, organized under the laws of England and Wales in November 2014. WNS Legal Assistance LLP is 79% owned by WNS Assistance Limited, 1% owned by WNS Assistance (Legal) Limited and 20% owned by Prettys Solicitors LLP, UK.
(5) 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) Private Limited is 20%.
(6) On June 14, 2016, the Company acquired all outstanding equity shares of Value Edge Research Services Private Limited. As part of the acquisition, the Company also acquired the three subsidiaries of Value Edge Research Services Private Limited, which existed on that date.

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

26. Operating segments

The Company has several operating segments based on a mix of industry and the types of services. The composition and organization of these operating segments currently is designed in such a way that the back office shared processes, i.e. the horizontal structure, delivers service to industry specific back office and front office processes i.e. the vertical structure. These structures represent a matrix form of organization structure, accordingly operating segments have been determined based on the core principle of segment reporting in accordance with IFRS 8 Operating segments (IFRS 8). These operating segments include travel, insurance, banking and financial services, healthcare, utilities, retail and consumer products groups, auto claims and others. The Company believes that the BPM 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 provide automobile repair through a network of third party repair centers), and WNS Legal Assistance LLP (which provides legal services in relation to personal injury claims), which constitute WNS Auto Claims BPM, 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 Group Chief Executive Officer has been identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Company s performance and allocates resources based on revenue growth of the 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 in 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 (non-GAAP) 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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(Amounts in thousands, except share and per share data)

The segment results for the three months ended June 30, 2016 are as follows:

	Three months ended June 30, 2016			
	WNS Global BPM	WNS Auto Claims BPM	Inter segments*	Total
Revenue from external customers	$ 134,992	$ 12,988	$	$ 147,980
Segment revenue	$ 135,036	$ 12,988	$ (44)	$ 147,980
Payments to repair centers		7,192		7,192
Revenue less repair payments (non-GAAP)	135,036	5,796	(44)	140,788
Depreciation	4,039	84		4,123
Other costs	104,765	5,693	(44)	110,414
Segment operating profit	26,232	19		26,251
Other income, net	(2,098)	(231)		(2,329)
Finance expense	68			68
Segment profit before income taxes	28,262	250		28,512
Provision for income taxes	4,581	58		4,639
Segment profit	23,681	192		23,873
Amortization of intangible assets				6,325
Share based compensation expense				5,386
Profit				$ 12,162
Addition to non-current assets	$ 4,053	$ 229	$	$ 4,282
Total assets, net of elimination	365,178	148,681		513,859
Total liabilities, net of elimination	$ 42,992	$ 81,757	$	$ 124,749

* Transactions between inter segments represent invoices issued by WNS Global BPM to WNS Auto Claims BPM for business process management services rendered by the former to the latter.

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

The segment results for the three months ended June 30, 2015 are as follows:

	Three months ended June 30, 2015			
	WNS Global BPM	WNS Auto Claims BPM	Inter segments*	Total
Revenue from external customers	$ 120,691	$ 13,441	$	$ 134,132
Segment revenue	$ 120,761	$ 13,441	$ (70)	$ 134,132
Payments to repair centers		7,649		7,649
Revenue less repair payments (non-GAAP)	120,761	5,792	(70)	126,483
Depreciation	3,782	81		3,863
Other costs	91,736	5,633	(70)	97,299
Segment operating profit	25,243	78		25,321
Other income, net	(1,978)	(183)		(2,161)
Finance expense	112			112
Segment profit before income taxes	27,109	261		27,370
Provision for income taxes	4,649	73		4,722
Segment profit	22,460	188		22,648
Amortization of intangible assets				6,172
Share based compensation expense				3,714
Profit				$ 12,762
Addition to non-current assets	$ 10,194	$ 349	$	$ 10,543
Total assets, net of elimination	349,365	150,449		499,814
Total liabilities, net of elimination	$ 55,148	$ 71,130	$	$ 126,278

* Transactions between inter segments represent invoices issued by WNS Global BPM to WNS Auto Claims BPM for business process management services rendered by the former to the latter.

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

External Revenue

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

	Three months ended June 30,	
	2016	**2015**
Jersey, Channel Islands	$	$
UK	65,795	64,308
US	45,132	35,976
Europe (excluding UK)	9,376	8,898
South Africa	9,479	6,640
Australia	10,597	9,196
Rest of the world	7,601	9,114
Total	**$ 147,980**	**$ 134,132**

27. Commitment and Contingencies
Leases

The Company has entered into various non-cancelable operating lease agreements for certain delivery centers and offices with original lease periods expiring between 2016 and 2028. The details of future minimum lease payments under non-cancelable operating leases as at June 30, 2016 are as follows:

	Future minimum lease payments
Less than 1 year	$ 21,242
1-3 years	37,921
3-5 years	26,839
More than 5 years	25,273
Total minimum lease payments	**$ 111,275**

Rental expenses were $6,487 and $6,253 for the three months ended June 30, 2016 and 2015, respectively.

Capital commitments

As at June 30, 2016 and March 31, 2016, the Company had committed to spend approximately $2,948 and $4,389, respectively, under agreements to purchase property and equipment. These amounts are net of capital advances paid in respect of these purchases.

Bank guarantees and others

Certain subsidiaries of the Company hold bank guarantees aggregating $793 and $868 as at June 30, 2016 and March 31, 2016, respectively. These guarantees have a remaining expiry term ranging from one to five years.

Restricted time deposits placed with bankers as security for guarantees given by them to regulatory authorities aggregating $332 and $400 as at June 30, 2016 and March 31, 2016, respectively, are included in other current assets. These deposits represent cash collateral against bank guarantees issued by the banks on behalf of the Company to third parties.

Contingencies

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

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

You should read the following discussion in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this report. We urge you to carefully review and consider the various disclosures made by us in this report and in our other SEC filings, including our annual report on Form 20-F for our fiscal year ended March 31, 2016. Some of the statements in the following discussion are forward-looking statements. See Special note regarding forward-looking statements.

Overview

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

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

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

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

The following table represents our revenue (a GAAP financial measure) for the periods indicated:

	Three months ended June 30,	
	2016	**2015**
	(US dollars in millions)	
Revenue	$ 148.0	$ 134.1

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Our revenue is generated primarily from providing business process management services. We have two reportable segments for financial statement reporting purposes WNS Global BPM and WNS Auto Claims BPM. In our WNS Auto Claims BPM segment, we provide both fault and non-fault repairs. For fault repairs, we provide claims handling and repair management services, where we arrange for automobile repairs through a network of third party repair centers. In our repair management services, where we act as the principal in our dealings with the third party repair centers and our clients, the amounts which we invoice to our clients for payments made by us to third party repair centers are reported as revenue. Where we are not the principal in providing the services, we record revenue from repair services net of repair cost. See Note 2.s of the consolidated financial statements included in our annual report on Form 20-F for our fiscal year ended March 31, 2016. Since we wholly subcontract the repairs to the repair centers, we evaluate the financial performance of our fault repair business based on revenue less repair payments to third party repair centers, which is a non-GAAP financial measure. We believe that revenue less repair payments (a non-GAAP financial measure) for fault repairs reflects more accurately the value addition of the business process management services that we directly provide to our clients. Management believes that revenue less repair payments (non-GAAP) may be useful to investors as a more accurate reflection of our performance and operational results.

For our non-fault repairs business, we generally provide a consolidated suite of accident management services including credit hire and credit repair, and we believe that measurement of such business on a basis that includes repair payments in revenue is appropriate. Revenue including repair payments is therefore used as a primary measure to allocate resources and measure operating performance for accident management services provided in our non-fault repairs business. Our non-fault repairs business where we provide accident management services accounts for a relatively small portion of our revenue for our WNS Auto Claims BPM segment. In our WNS Auto Claims BPM segment, effective July 1, 2015, WNS Legal Assistance LLP, a subsidiary of WNS Global Services (UK) Limited (WNS UK), received an approval from Solicitors Regulatory Authority, UK to provide legal services in relation to personal injury claims.

Revenue less repair payments is a non-GAAP financial measure which is calculated as (a) revenue less (b) in our auto claims business, payments to repair centers 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. Our revenue less repair payments (non-GAAP) may not be comparable to similarly titled measures reported by other companies due to potential differences in the method of calculation.

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

	Three months ended June 30,	
	2016	2015
	(US dollars in millions)	
Revenue	$ 148.0	$ 134.1
Less: Payments to repair centers[1]	7.2	7.6
Revenue less repair payments (non-GAAP)	$ 140.8	$ 126.5

Note:

1) Consists of payments to repair centers in our auto claims business for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients.

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The following table sets forth our constant currency revenue less repair payments (a non-GAAP financial measure) for the periods indicated. Constant currency revenue less repair payments is a non-GAAP financial measure. We present constant currency revenue less repair payments (non-GAAP) so that revenue less repair payments (non-GAAP) may be viewed without the impact of foreign currency exchange rate fluctuations, thereby facilitating period-to-period comparisons of business performance. Constant currency revenue less repair payments (non-GAAP) is presented by recalculating prior periods revenue less repair payments (non-GAAP) denominated in currencies other than in US dollars using the foreign exchange rate used for the latest period, without taking into account the impact of hedging gains/losses. Our non-US dollar denominated revenue includes, but is not limited to, revenue denominated in pound sterling, Australian dollars, South African rand and euros. Management believes constant currency revenue less repair payments (non-GAAP) may be useful to investors in evaluating the underlying operating performance of our company. This non-GAAP financial information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP. Our constant currency revenue less repair payments (non-GAAP) may not be comparable to similarly titled measures reported by other companies due to potential differences in the method of calculation.

	Three months ended June 30,	
	2016	2015
	(US dollars in millions)	
Revenue less repair payments (non-GAAP)	$ 140.8	$ 126.5
Exchange rate impact	(1.2)	(6.9)
Constant currency revenue less repair payments (non-GAAP)	$ 139.6	$ 119.6

Global Economic Conditions

Global economic conditions continue to show signs of turbulence. Some key indicators of sustainable economic growth remain under pressure. Ongoing concerns over the low price of crude oil and other commodities across the globe and the related implications for potential global deflation, as well as concerns of slower economic growth in China, the European Union, or EU, Russia and India, and residual concerns about the sustainability of economic recovery in the US and its substantial debt burden, have contributed to market volatility and diminished expectations for the US, European and global economies. The recent referendum in the United Kingdom regarding withdrawal from the EU has created uncertainty in the British and European economies, and in the global economy as a whole. See Risk Factors The global economic and geo-political conditions have been challenging and have had, and may continue to have, an adverse effect on the financial markets and the economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs . The economic slowdown in China, coupled with turbulence in its financial markets, has global implications through the possibility of contagion into other markets. In the US, there continue to be concerns over the failure to achieve a long term solution to the issues of government spending, the increasing US national debt, and their negative impact on the US economy as well as concerns over potential increases in cost of borrowing and reduction in availability of credit as the US Federal Reserve begins raising interest rates. Globally, countries may require additional financial support, sovereign credit ratings may continue to decline, and there may be defaults on sovereign debt obligations of certain countries. Any of these may increase the cost of borrowing and cause credit to become more limited. Further, there continue to be signs of economic weakness, such as relatively high levels of unemployment, in major markets including Europe. Continuing conflicts and instability in various regions around the world may lead to additional acts of terrorism, such as the recent attacks in Western Europe, Turkey, and the Middle East, and armed conflict around the world. The ongoing refugee crisis in Europe, North Africa and the Middle East may contribute to political and economic instability in those regions. A resurgence of isolationist and/or protectionist policies may curtail global economic growth.

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

Furthermore, a weakening of the rate of exchange for the pound sterling, the US dollar or, to a lesser extent, the Australian dollar or the South African rand (in which our revenue is principally denominated) against the Indian rupee, or to a lesser extent, the South African rand (in which a significant portion of our costs are denominated) would also adversely affect our results. Fluctuations between the pound sterling, the Indian rupee, the Australian dollar or the South African rand, on the one hand, and the US dollar, on the other hand, also expose us to translation risk when transactions denominated in these currencies are translated into US dollars, our reporting currency. The exchange rates between each of the pound sterling, the India rupee, the Australian dollar and South African rand, on the one hand, and the US dollar, on the other hand, have changed substantially in recent years and may fluctuate substantially in the future. For example, the pound sterling depreciated against the US dollar by an average of 6.4%, the Indian rupee depreciated against the US dollar by an average of 5.6%, the Australian dollar depreciated against the US dollar by an average of 4.2%, and the South African rand depreciated by an average of 24.3% against the US dollar, for the three months ended June 30, 2016 as compared to the average exchange rate for the three months ended June 30, 2015. The depreciation of the pound sterling, and Australian dollar for the three months ended June 30, 2016 negatively impacted our results of operations whereas the depreciation of the Indian rupee, South African rand positively impacted our results of operations during that period.

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

Revenue

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

	Three months ended June 30, (US dollars in millions)		Change	
	2016	2015	$	%
Revenue	$ 148.0	$ 134.1	13.8	10.3%
Revenue less repair payments (non-GAAP)	$ 140.8	$ 126.5	14.3	11.3%

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

Revenue by Top Clients

For the three months ended June 30, 2016 and 2015, the percentage of revenue and revenue less repair payments (non-GAAP) that we derived from our largest clients were in the proportions set forth in the following table:

As a percentage of revenue

	Three months ended June 30,		As a percentage of revenue less repair payments (non-GAAP) Three months ended June 30,	
	2016	**2015**	**2016**	**2015**
Top client	10.1%	11.8%	10.7%	12.5%
Top five clients	32.7%	30.7%	34.4%	32.5%
Top ten clients	44.6%	42.5%	46.9%	45.1%
Top twenty clients	57.8%	58.5%	60.3%	61.6%

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Revenue by Industry

For financial statement reporting purposes, we aggregate several of our operating segments, except for the WNS Auto Claims BPM (which we market under the WNS Assistance brand) as it does not meet the aggregation criteria under IFRS. See Results by Reportable Segment.

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

For the three months ended June 30, 2016 and 2015, our revenue and revenue less repair payments (non-GAAP) were diversified across our industry-focused business units in the proportions set forth in the following table:

	As a percentage of revenue Three months ended June 30,		As a percentage of revenue less repair payments (non-GAAP) Three months ended June 30,	
Business Unit	**2016**	**2015**	**2016**	**2015**
Insurance	30.4%	32.9%	26.9%	28.9%
Travel and leisure	21.0%	19.9%	22.1%	21.1%
Diversified businesses including manufacturing, retail, CPG, media and entertainment, and telecom	17.3%	15.6%	18.2%	16.5%
Utilities	9.4%	9.7%	9.9%	10.3%
Consulting and professional services	7.5%	7.3%	7.9%	7.7%
Healthcare	6.0%	5.2%	6.2%	5.5%
Banking and financial services	4.3%	5.6%	4.5%	6.0%
Shipping and logistics	4.1%	3.8%	4.3%	4.0%
Total	100.0%	100.0%	100.0%	100.0%

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

Revenue by Service Type

For the three months ended June 30, 2016 and 2015, our revenue and revenue less repair payments (non-GAAP) were diversified across service types in the proportions set forth in the following table:

Service Type	As a percentage of revenue Three months ended June 30, 2016	2015	As a percentage of revenue less repair payments (non-GAAP) Three months ended June 30, 2016	2015
Industry-specific	28.2%	31.0%	29.7%	32.8%
Customer interaction services(1)	27.6%	26.0%	29.0%	27.6%
Finance and accounting	20.2%	18.4%	21.2%	19.5%
Research and analytics	12.4%	12.1%	13.0%	12.8%
Auto claims	8.8%	10.0%	4.1%	4.6%
Others(2)	2.8%	2.5%	3.0%	2.7%
Total	100.0%	100.0%	100.0%	100.0%

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Notes:

1) We have renamed our contact center horizontal unit as customer interaction services with effect from 1st April 2016, as we have expanded the services offered in that horizontal unit to include more value-added services beyond the customary contact center services.
2) Others includes revenue from technology services, legal services, and human resource outsourcing services.

Revenue by Geography

For the three months ended June 30, 2016 and 2015, our revenue and revenue less repair payments (non-GAAP) were derived from the following geographies (based on the location of our clients) in the proportions set forth below in the following table:

	As a percentage of revenue		As a percentage of revenue less repair payments (non-GAAP)	
	Three months ended June 30,		Three months ended June 30,	
Geography	**2016**	**2015**	**2016**	**2015**
UK	44.5%	47.9%	41.6%	44.8%
North America (primarily the US)	30.5%	26.8%	32.1%	28.4%
Australia	7.2%	6.9%	7.5%	7.3%
South Africa	6.4%	5.0%	6.7%	5.2%
Europe (excluding the UK)	6.3%	6.6%	6.7%	7.0%
Rest of the world	5.1%	6.8%	5.4%	7.3%
Total	100.0%	100.0%	100.0%	100.0%

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Revenue by Location of Delivery Centers

For the three months ended June 30, 2016 and 2015, our revenue and revenue less repair payments (non-GAAP) were derived from the following geographies (based on the location of our delivery centers) in the proportions set forth in the following table:

	As a percentage of revenue Three months ended June 30,		As a percentage of revenue less repair payments (non-GAAP) Three months ended June 30,	
Location of Delivery Center	**2016**	**2015**	**2016**	**2015**
India	58.8%	62.2%	61.8%	66.1%
South Africa	10.7%	9.8%	11.3%	10.4%
UK	10.4%	10.6%	5.8%	5.2%
Philippines	10.0%	7.8%	10.5%	8.2%
United States	2.7%	2.0%	2.8%	2.1%
Sri Lanka	2.6%	2.7%	2.8%	2.9%
Romania	2.0%	2.3%	2.1%	2.4%
China	1.2%	1.0%	1.3%	1.0%
Poland	0.9%	0.8%	0.9%	0.8%
Costa Rica	0.7%	0.8%	0.7%	0.9%
Total	100.0%	100.0%	100.0%	100.0%

Our Contracts

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

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

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

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

1) per full-time equivalent arrangements, which typically involve billings based on the number of full-time employees (or equivalent) deployed on the execution of the business process managed;

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

3) fixed-price arrangements, which typically involve billings based on achievements of pre-defined deliverables or milestones;

4) outcome-based arrangements, which typically involve billings based on the business result achieved by our clients through our service efforts (such as measured based on a reduction in days sales outstanding, an improvement in working capital, an increase in collections or a reduction in operating expenses); or

5) other pricing arrangements, including cost-plus arrangements, which typically involve billing the contractually agreed direct and indirect costs and a fee based on the number of employees deployed under the arrangement.

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

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

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

Revenue by Contract Type

For the three months ended June 30, 2016 and 2015, our revenue and revenue less repair payments (non-GAAP) were diversified by contract type in the proportions set forth in the following table:

	As a percentage of revenue Three months ended June 30,		As a percentage of revenue less repair payments (non-GAAP) Three months ended June 30,	
Contract Type	**2016**	**2015**	**2016**	**2015**
Full-time-equivalent	72.8%	71.6%	76.5%	75.9%
Transaction	18.7%	20.8%	14.6%	16.1%
Fixed price	3.3%	2.9%	3.4%	3.0%
Outcome-based	0.3%	1.0%	0.3%	1.1%
Others	4.9%	3.7%	5.2%	3.9%
Total	100.0%	100.0%	100.0%	100.0%

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Under the terms of an agreement with a former client (who was one of our top five clients by revenue contribution in fiscal 2014) negotiated in December 2009, we were the exclusive provider of certain key services from delivery locations outside of the US, including customer service and ticketing support for the client. This agreement became effective on April 1, 2010 and was due to expire in December 2015. Under our earlier agreement with this client, we were entitled to charge premium pricing because we had absorbed the initial transition cost in 2004. That premium pricing is no longer available in this subsequent agreement with this client. The early termination of the prior agreement entitled us to a payment by the client of a termination fee of $5.4 million which was received on April 1, 2010. As the termination fee was related to a renewal of our agreement with the client, we have determined that the recognition of the termination fee as revenue was to be deferred over the term of this subsequent agreement (i.e., over the period from April 1, 2010 to December 31, 2015). Since June 2015, we ceased to provide services under this agreement to this client. Accordingly, in June 2015 we recognized in full the termination fee for the remaining six months of the term of this agreement.

Expenses

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

Cost of Revenue