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

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

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

the Securities Exchange Act of 1934

For the quarter ended June 30, 2014

Commission File Number 001 32945

WNS (HOLDINGS) LIMITED

(Exact name of registrant as specified in the charter)

Not Applicable

(Translation of Registrant s name into English)

Jersey, Channel Islands

(Jurisdiction of incorporation or organization)

Gate 4, Godrej & Boyce Complex

Pirojshanagar, Vikhroli (W)

Mumbai 400 079, India

+91-22 - 4095 - 2100

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ¨

Indicate by check mark whether the Registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ¨ No x

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

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

CONVENTIONS USED IN THIS REPORT

In this report, references to US are to the United States of America, its territories and its possessions. References to UK are to the United Kingdom. References to India are to the Republic of India. References to China are to the People s Republic of China. References to South Africa are to the Republic of South Africa. References to $ or dollars or US dollars are to the legal currency of the US, references to or rupees or Indian rupees are to the legal currency of India, references to pound sterling or £ are to the legal currency of the UK, references to pence are to the legal currency of Jersey, Channel Islands, references to Euro are to the legal currency of the European Monetary Union and references to RMB are to the legal currency of China. Our financial statements are presented in US dollars and prepared in accordance with International Financial Reporting Standards and its interpretations, or IFRS, as issued by the International Accounting Standards Board, or the IASB, as in effect as at June 30, 2014. To the extent IASB issues any amendments or any new standards subsequent to June 30, 2014, there may be differences between IFRS applied to prepare the financial statements included in this report and those that will be applied in our annual financial statements for the year ending March 31, 2015. Unless otherwise indicated, references to GAAP in this report are to IFRS, as issued by the IASB .

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

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

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

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

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as anticipate, believe, estimate, expect, intend, will, project, seek, should and simi Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources, tax assessment orders and future capital expenditures. We caution you that reliance on any forward-looking statement inherently involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be materially incorrect. These risks and uncertainties include but are not limited to:

worldwide economic and business conditions;

political or economic instability in the jurisdictions where we have operations;

regulatory, legislative and judicial developments;

our ability to attract and retain clients;

technological innovation;

telecommunications or technology disruptions;

future regulatory actions and conditions in our operating areas;

our dependence on a limited number of clients in a limited number of industries;

our ability to expand our business or effectively manage growth;

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

negative public reaction in the US or the UK to offshore outsourcing;

- the effects of our different pricing strategies or those of our competitors;
- increasing competition in the business process management industry;
- our ability to successfully grow our revenue, expand our service offerings and market share and achieve accretive benefits from our acquisition of (1) Fusion Outsourcing Services (Proprietary) Limited, or Fusion (which we have renamed as WNS Global Services SA (Pty) Ltd following our acquisition) or (2) Aviva Global Services Singapore Pte. Ltd., or Aviva Global (which we have renamed as WNS Customer Solutions (Singapore) Private Limited, or WNS Global Singapore, following our acquisition) and our master services agreement with Aviva Global Services (Management Services) Private Limited, or Aviva MS, as described below;
- our liability arising from fraud or unauthorized disclosure of sensitive or confidential client and customer data;
- our ability to successfully consummate and integrate strategic acquisitions; and
- volatility of our ADS price.

These and other factors are more fully discussed in our other filings with the Securities and Exchange Commission, or the SEC, including in Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in our annual report on Form 20-F for our fiscal year ended March 31, 2014. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans, objectives or projected financial results referred to in any of the forward-looking statements. Except as required by law, we do not undertake to release revisions of any of these forward-looking statements to reflect future events or circumstances.

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Part I- FINANCIAL INFORMATION

WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

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

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

See accompanying notes.

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

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

See accompanying notes.

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/ (LOSS)

(Unaudited, amounts in thousands)

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

See accompanying notes.

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

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

	Other components of equity		
	Foreign currency	Cash flow	Total

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

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, amounts in thousands)

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

See accompanying notes.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. Company overview

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

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

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

2. Summary of significant accounting policies

a. Basis of preparation

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

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

3. New accounting pronouncements not yet adopted by the Company

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

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

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

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

ii. In May 2014, the IASB issued two amendments with respect to IAS 16 Property, Plant and Equipment (IAS 16) and IAS 38 Intangible Assets (IAS 38) dealing with acceptable methods of depreciation and amortization.
The amended IAS 16 prohibits entities from using a revenue based depreciation method for items of property, plant and equipment. Further the amendment under IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible assets. However this presumption can only be rebutted in two limited circumstances;

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

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

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

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

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

iii. In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers (IFRS 15). This standard provides a single, principles based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.
The five steps in the model under IFRS 15 are : (i) identify the contract with the customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contracts; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 replaces the following standards and interpretations:

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).

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

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

4. Acquisition

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

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

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

5. Cash and cash equivalents

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

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

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

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

6. Investments

Investments consist of the following:

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

Note:

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

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

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

7. Trade receivables

Trade receivables consist of the following:

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

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

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

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

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

8. Prepayment and other assets

Prepayment and other assets consist of the following:

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

9. Goodwill

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

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

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

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

10. Intangible assets

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

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

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

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

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

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WNS (HOLDINGS) LIMITED

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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, 2014 are as follows:

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

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

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

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

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12. Loans and borrowings

Short-term line of credit

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

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

Long-term debt

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

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

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

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

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13. Financial instruments
Financial instruments by category

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

Financial assets

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

Financial liabilities

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

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

* Fair value approximates to carrying value.

Notes:

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

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

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

Financial assets

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

Financial liabilities

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

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

* Fair value approximates to carrying value.

Notes:

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

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

Fair value hierarchy

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

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

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

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

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

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

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

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

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

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

Derivative financial instruments

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

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

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

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

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

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

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

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14. Employee benefits

Pension and other employee obligations consist of the following:

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

15. Provisions and accrued expenses

Provisions and accrued expenses consist of the following:

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

A summary of activity for provision is as follows:

As at

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

16. Deferred revenue

Deferred revenue consists of the following:

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

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

17. Other liabilities

Other liabilities consist of the following:

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

18. Share capital

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

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

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19. Expenses by nature

Expenses by nature consist of the following:

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

20. Finance expense

Finance expense consists of the following:

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

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21. Other income, net

Other income, net consists of the following:

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

22. Share-based payments

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

Share-based compensation expense is as follows:

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

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

23. Income taxes

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

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

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

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

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

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

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

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

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

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

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

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

Others

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

24. Earnings per share

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

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

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

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

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

25. Subsidiaries

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

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

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

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

Notes:

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

26. Operating segments

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

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

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

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

	Three months ended June 30, 2014			
	WNS Global BPM	WNS Auto Claims BPM	Inter segments*	Total
Revenue from external customers	$ 113,157	$ 17,847	$	$ 131,004
Segment revenue	$ 113,212	$ 17,847	$ (55)	$ 131,004
Payments to repair centers		8,941		8,941
Revenue less repair payments	113,212	8,906	(55)	122,063
Depreciation	3,487	118		3,605
Other costs	90,225	6,469	(55)	96,639
Segment operating profit	19,500	2,319		21,819
Other income, net	(2,931)	(147)		(3,078)
Finance expense	475			475
Segment profit before income taxes	21,956	2,466		24,422
Provision for income taxes	3,539	490		4,029
Segment profit	18,417	1,976		20,393
Amortization of intangible assets				6,100
Share based compensation expense				2,224
Profit				$ 12,069
Addition to non-current assets	$ 2,908	$ 236	$	$ 3,144
Total assets, net of elimination	412,181	131,858		544,039
Total liabilities, net of elimination	$ 154,506	$ 49,097	$	$ 203,603

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

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

The segment results for the three months ended June 30, 2013 are as follows:

	Three months ended June 30, 2013			
	WNS Global BPM	WNS Auto Claims BPM	Inter segments*	Total
Revenue from external customers	$ 105,719	$ 16,427	$	$ 122,146
Segment revenue	$ 105,796	$ 16,427	$ (77)	$ 122,146
Payments to repair centers		8,370		8,370
Revenue less repair payments	105,796	8057	(77)	113,776
Depreciation	3,249	180		3,429
Other costs	88,676	5,880	(77)	94,479
Segment operating profit	13,871	1,997		15,868
Other income, net	(1,947)	(227)		(2,174)
Finance expense	795			795
Segment profit before income taxes	15,023	2,224		17,247
Provision for income taxes	2,207	603		2,810
Segment profit	12,816	1,621		14,437
Amortization of intangible assets				6,207
Share based compensation expense				1,485
Profit				$ 6,745
Addition to non-current assets	$ 5,004	$ 388	$	$ 5,392
Total assets, net of elimination	389,994	109,194		499,188
Total liabilities, net of elimination	$ 180,523	$ 41,208	$	$ 221,731

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

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(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, 2014	Three months ended June 30, 2013
Jersey, Channel Islands	$	$
UK	71,320	62,965
US	33,609	35,539
Europe (excluding UK)	7,064	7,492
South Africa	4,894	4,826
Australia	6,880	6,186
Rest of the world	7,237	5,138
Total	**$ 131,004**	**$ 122,146**

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 2014 and 2028. The details of future minimum lease payments under non-cancelable operating leases as at June 30, 2014 are as follows:

	Operating lease
Less than 1 year	$ 19,352
1-3 years	28,589
3-5 years	17,828
More than 5 years	22,261
Total minimum lease payments	$ **88,030**

Rental expenses were $6,062 and $5,914 for the three months ended June 30, 2014 and 2013, respectively.

Capital commitments

As at June 30, 2014 and March 31, 2014, the Company had committed to spend approximately $6,360 and $3,576, 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 $848 and $694 as at June 30, 2014 and March 31, 2014, 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 $642 and $881 as at June 30, 2014 and March 31, 2014, 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, 2014. 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, nearshore 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, as well as to our subcontractor s delivery center in China, 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; shipping and logistics; and public sector 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 contact center, 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.

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 the fiscal year ended March 31, 2014. 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 for fault repairs reflects more accurately the value addition of the business process management services that we directly provide to our clients.

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.

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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 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,	
	2014	2013
	(US dollars in millions)	
Revenue	$ 131.0	$ 122.1
Less: Payments to repair centers[1]	8.9	8.4
Revenue less repair payments	$ 122.1	$ 113.8

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.

The following table sets forth our constant currency revenue less repair payments for the periods indicated. Constant currency revenue less repair payments is a non-GAAP financial measure. We present constant currency revenue less repair payments so that revenue less repair payments 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 is presented by recalculating prior period s revenue less repair payments 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 revenues include, but are not limited to, revenues denominated in pound sterling, South African rand, Australian dollars and Euros.

	Three months ended June 30,	
	2014	2013
	(US dollars in millions)	
Constant currency revenue less repair payments	$ 122.6	$ 118.6

Global Economic Conditions

Global economic conditions have shown some signs of recovery, particularly in the US but remain challenging as concerns remain on the sustainability of the recovery. Some key indicators of sustainable economic growth remain under pressure. Ongoing concerns over the sustainability of economic recovery in the US and its substantial debt burden, the pace of economic recovery in the EU, as well as concerns of slower economic growth in China and India, have contributed to market volatility and diminished expectations for the US, the European and the global economies.

If countries in the Eurozone or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. 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 rising debt ceiling, 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 when the US Federal Reserve begins tapering its quantitative easing program. Further, there continue to be signs of economic weakness such as relatively high levels of unemployment in major markets including Europe and the US. Continuing conflicts and instability in various regions around the world may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets.

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, the US and the 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.

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Furthermore, a weakening of the rate of exchange for the US dollar or the pound sterling (in which our revenue is principally denominated) against the Indian rupee (in which a significant portion of our costs are denominated) also adversely affects our results. Fluctuations between the pound sterling or the Indian rupee and the US dollar also expose us to translation risk when transactions denominated in pound sterling or Indian rupees are translated into US dollars, our reporting currency. For example, the pound sterling appreciated against the US dollar by an average of 9.6% for the three months ended June 30, 2014 as compared to the average exchange rate for the three months ended June 30, 2013. Similarly the Indian rupee depreciated against the US dollar by an average of 7.2% for the three months ended June 30, 2014 as compared to the average exchange rate for the three months ended June 30, 2013. Appreciation of the pound sterling against the US dollar and depreciation of the Indian rupee against the US dollar for the three months ended June 30, 2014 positively impacted our results of operations.

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	
	2014	2013	$	%
Revenue	$ 131.0	$ 122.1	8.9	7.3%
Revenue less repair payments	$ 122.1	$ 113.8	8.3	7.3%

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, 2014 and 2013, the percentage of revenue and revenue less repair payments 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 Three months ended June 30,	
	2014	2013	2014	2013
Top client	13.8%	14.6%	14.9%	15.7%

Top five clients	33.3%	36.8%	35.7%	39.5%
Top ten clients	45.2%	49.0%	48.5%	52.4%
Top twenty clients	61.9%	65.6%	66.1%	69.1%

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In line with our expectations, one of our top five clients by revenue contribution in fiscal 2014 and three months ended June 30, 2014, an online travel agency, or OTA, provided us with a lower volume of business in the three months ended June 30, 2014. The client has, from the fourth quarter of fiscal 2014, started moving some of their customer care and sales processes currently managed by us to a technology platform managed by another OTA under a strategic marketing agreement entered into between the two OTAs in August 2013, as a result of which we are currently losing and expect to lose most of our business from our OTA client. We expect our OTA client s transition of their processes to the other OTA to be completed by the end of December 2014. The portion of the business from our OTA client that we expect to lose upon completion of our OTA client s transition of their processes to the other OTA represented approximately 4% of our revenue less repair payments in fiscal 2014. The other OTA uses several BPM vendors to manage such processes on their technology platform. We have been approved as one of the other OTA s providers of BPM services and we are in the process of re-training our employees on the other OTA s technology platform. We believe our ability to quickly acquire knowledge of the other OTA s technology platform, along with our existing domain expertise in the OTA industry and value-added service approach, will be critical in our ability to compete with incumbent BPM vendors for the other OTA s business. We have received our first commitment from the other OTA to provide them similar services that we provide to our OTA client and we intend to continue to seek to increase the volume of business we provide to the other OTA over time to offset our loss of business from our OTA client. However, there is no assurance that we will be able to successfully compete with incumbent BPM vendors for the other OTA s business or on the volume of business that we would be able to obtain from the other OTA. We are therefore unable to determine the magnitude and timing of impact on us resulting from the transition of our OTA client s processes to the other OTA s technology platform; the extent to which the loss of business from our OTA client is not offset by new business from the other OTA will reduce our revenue.

Further, we have entered into a non-binding letter of intent with an existing major client for an extension of our services agreement as described below under Our Contracts Revenue by Contract Type. The new pricing arrangements under the new agreement are expected to apply retroactively with effect from April 1, 2014. The impact of the decrease in revenue from the new pricing arrangements has been reflected in our results for the three months ended June 30, 2014. If our services agreement with the client is extended on the terms of the letter of intent, we expect our revenue from the client to be lower in fiscal 2015 than fiscal 2014, which we expect would result in a reduction in our revenue less repair payments in fiscal 2015 by a low single digit percentage, assuming the client provides us with the same volume of business in fiscal 2015 as they did in fiscal 2014.

Revenue by Industry

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; shipping and logistics and the public sector.

For the three months ended June 30, 2014 and 2013, our revenue and revenue less repair payments 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 Three months ended June 30,	
Business Unit	**2014**	**2013**	**2014**	**2013**

Insurance	37.4%	36.1%	33.0%	31.4%
Travel and leisure	18.9%	20.2%	20.3%	21.7%
Diversified businesses including manufacturing, retail, CPG, media and entertainment, and telecom	13.6%	14.0%	14.6%	15.0%
Utilities	8.5%	7.6%	9.1%	8.2%
Consulting and professional services	7.3%	6.5%	7.8%	7.0%
Banking and financial services	6.3%	6.5%	6.7%	6.9%
Healthcare	4.6%	6.1%	4.9%	6.6%
Shipping and logistics	3.1%	2.7%	3.3%	2.9%
Public sector	0.3%	0.2%	0.3%	0.2%
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).

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Revenue by Service Type

For the three months ended June 30, 2014 and 2013, our revenue and revenue less repair payments were diversified across service types 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 Three months ended June 30,	
Service Type	**2014**	**2013**	**2014**	**2013**
Industry-specific	29.2%	31.2%	31.2%	33.5%
Contact center	22.3%	25.3%	24.0%	27.2%
Finance and accounting	20.0%	16.3%	21.4%	17.5%
Auto claims	13.6%	13.4%	7.3%	7.1%
Research and analytics	12.5%	11.3%	13.4%	12.1%
Technology services	1.6%	1.6%	1.8%	1.7%
Legal services	0.7%	0.6%	0.8%	0.7%
Human resources outsourcing	0.1%	0.2%	0.1%	0.2%
Total	100.0%	100.0%	100.0%	100.0%

Revenue by Geography

For the three months ended June 30, 2014 and 2013, our revenue and revenue less repair payments 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 Three months ended June 30,		As a percentage of revenue less repair payments Three months ended June 30,	
Geography	**2014**	**2013**	**2014**	**2013**
UK	54.4%	51.5%	51.1%	48.0%
North America (primarily the US)	25.7%	29.1%	27.5%	31.2%
Europe (excluding the UK)	5.4%	6.1%	5.8%	6.6%
Australia	5.3%	5.1%	5.6%	5.4%
South Africa	3.7%	4.0%	4.0%	4.2%
Rest of the world	5.5%	4.2%	6.0%	4.6%
Total	100.0%	100.0%	100.0%	100.0%

Revenue by Location of Delivery Centers

For the three months ended June 30, 2014 and 2013, our revenue and revenue less repair payments 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 Three months ended June 30,	
Location of Delivery Center	**2014**	**2013**	**2014**	**2013**
India	63.1%	65.4%	67.7%	70.2%
UK	13.9%	13.8%	7.7%	7.4%
South Africa	7.9%	7.4%	8.5%	7.9%
Philippines	5.8%	5.8%	6.2%	6.3%
Sri Lanka	2.9%	2.2%	3.1%	2.4%
Romania	2.6%	2.2%	2.8%	2.3%
United States	1.2%	1.3%	1.3%	1.4%
China(1)	1.0%	0.6%	1.1%	0.7%
Poland	0.9%	0.4%	0.9%	0.5%
Costa Rica	0.7%	0.9%	0.7%	0.9%
Total	100.0%	100.0%	100.0%	100.0%

Notes:

1) This includes revenue from services provided through our subcontractor s delivery center in China, which services commenced during the third quarter of fiscal 2013, and revenue from our new China facility which became operational in May 2013.

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Our Contracts

We provide our services under contracts with our clients, the majority of which have terms ranging between three and eight 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.

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.

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Revenue by Contract Type

For the three months ended June, 2014 and 2013, our revenue and revenue less repair payments 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 Three months ended June 30,	
Contract Type	**2014**	**2013**	**2014**	**2013**
Full-time-equivalent	66.5%	59.8%	71.3%	64.2%
Transaction	24.7%	30.0%	19.2%	24.8%
Fixed price	3.9%	5.4%	4.2%	5.8%
Outcome-based	0.9%	1.1%	1.0%	1.2%
Others	4.0%	3.7%	4.3%	4.0%
Total	100.0%	100.0%	100.0%	100.0%

In July 2008, we entered into a transaction with Aviva International Holdings Limited, or Aviva, consisting of a share sale and purchase agreement with Aviva and a master services agreement with Aviva MS, or Aviva master services agreement. Pursuant to the share sale and purchase agreement with Aviva, we acquired all the shares of Aviva Global in July 2008.

The Aviva master services agreement (as amended by a variation deed), provides for our provision of BPM services to Aviva s UK business and Aviva s Irish subsidiary, Hibernian Aviva Direct Limited, and certain of its affiliates, for a term of eight years and four months. In addition, the agreement provided us with the exclusive right to provide certain services such as finance and accounting, insurance back-office, customer interaction and analytics services for the first five years, subject to the rights and obligations of the Aviva group under their existing contracts with other providers. This exclusive right expired in July 2013.

Our clients customarily provide one to three month rolling forecasts of their service requirements. Our contracts with our clients do not generally provide for a committed minimum volume of business or committed amounts of revenue, except for the Aviva master services agreement that we entered into in July 2008 as described above. Aviva MS has agreed to provide a minimum volume of business, or minimum volume commitment, to us during the term of the contract. The minimum volume commitment is calculated as 3,000 billable full-time employees, where one billable full time employee is the equivalent of a production employee engaged by us to perform our obligations under the contract for one working day of at least nine hours for 250 days a year. In the event the mean average monthly volume of business in any rolling three-month period does not reach the minimum volume commitment, Aviva MS has agreed to pay us a minimum commitment fee as liquidated damages. Notwithstanding the minimum volume commitment, there are termination at will provisions which permit Aviva MS to terminate the Aviva master services agreement without cause, with six months notice upon payment of a termination fee. The annual minimum volume commitment under this contract was met in fiscal 2014. Based on Aviva MS s latest forecast of its service requirements for fiscal 2015 provided to us, we expect them to meet their annual minimum volume commitment under this contract in fiscal 2015.

We have entered into a non-binding letter of intent with an existing major client for an extension of our services agreement with them. Under the terms of the letter of intent, our existing contract would be extended by an additional five years to March 2022. We would continue to have the exclusive right to provide the client with the services we currently provide and in the same geographic regions. We would be regarded as a preferred supplier with respect to any new services or any new geographic regions in which the client seeks BPM services, subject to our meeting certain conditions of the client s supplier tender process. The client would receive a price discount that would apply retroactively with effect from April 1, 2014, along with productivity improvements that would be linked to a transition of processes from a full-time equivalent, or FTE, pricing model to a non-FTE based pricing model. The impact of the decrease in revenue from the new pricing arrangements has been reflected in our results for the three months ended June 30, 2014. The final terms and conditions of our contract extension with our client remain subject to execution of a definitive agreement. There can be no assurance that the terms described above will not vary materially until the definitive agreement is executed.

Under the terms of an agreement with one of our top five clients negotiated in December 2009, we are 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 will 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 the new contract with this client. The early termination of the old 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 will be deferred over the term of the new agreement (i.e., over the period from April 1, 2010 to December 31, 2015).

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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

Employee costs represent the largest component of cost of revenue. In addition to employee salaries, employee costs include costs related to recruitment, training and retention. Historically, our employee costs have increased primarily due to increases in number of employees to support our growth and, to a lesser extent, to recruit, train and retain employees. Salary levels in India and our ability to efficiently manage and retain our employees significantly influence our cost of revenue. See Part I Item 4. Information on the Company B. Business Overview Human Capital of our annual report on Form 20-F for the fiscal year ended March 31, 2014.

Our WNS Auto Claims BPM segment includes repair management services, where we arrange for automobile repairs through a network of third party repair centers. This cost is primarily driven by the volume of accidents and the amount of the repair costs related to such accidents.

Our facilities costs comprise lease rentals, utilities cost, facilities management and telecommunication network cost. Most of our leases for our facilities are long-term agreements and have escalation clauses which provide for increases in rent at periodic intervals commencing between three and five years from the start of the lease. Most of these agreements have clauses that cap escalation of lease rentals.

We create capacity in our operational infrastructure ahead of anticipated demand as it takes six to nine months to build up a new site. Hence, our cost of revenue as a percentage of revenue may be higher during periods in which we carry such additional capacity.

Once we are engaged by a client in a new contract, we normally have a transition period to transfer the client s processes to our delivery centers and accordingly incur costs related to such transfer. Therefore, our cost of revenue in relation to our revenue may be higher until the transfer phase is completed, which may last for two to six months.

Selling and Marketing Expenses

Our selling and marketing expenses primarily comprise employee costs for sales and marketing personnel, travel expenses, legal and professional fees, share-based compensation expense, brand building expenses and other general expenses relating to selling and marketing.

General and Administrative Expenses

Our general and administrative expenses primarily comprise employee costs for senior management and other support personnel, travel expenses, legal and professional fees, share-based compensation expense and other general expenses not related to cost of revenue and selling and marketing.

Foreign Exchange Loss / (Gain), Net

Foreign exchange gains or losses, net include:

- marked to market gains or losses on derivative instruments that do not qualify for hedge accounting and are deemed ineffective;

- realized foreign currency exchange gains or losses on settlement of transactions in foreign currency and derivative instruments; and

- unrealized foreign currency exchange gains or losses on revaluation of other assets and liabilities.

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Amortization of Intangible Assets

Amortization of intangible assets is associated with our acquisitions of Business Applications Associates Limited, or BizAps, in June 2008, Aviva Global in July 2008 and Fusion in June 2012.

Other Income, Net

Other income, net comprises interest income, income from investments and other miscellaneous expenses.

Finance Expense

Finance expense primarily relates to interest charges payable on our term loans and short-term borrowings.

Operating Data

Our profit margin is largely a function of our asset utilization and the rates we are able to recover for our services. One of the most significant components of our asset utilization is our seat utilization rate which is the average number of work shifts per day, out of a maximum of three, for which we are able to utilize our seats. Generally, an improvement in seat utilization rate will improve our profitability unless there are other factors which increase our costs such as an increase in lease rentals, large ramp-ups to build new seats, and increases in costs related to repairs and renovations to our existing or used seats. In addition, an increase in seat utilization rate as a result of an increase in the volume of work will generally result in a lower cost per seat and a higher profit margin as the total fixed costs of our built up seats remain the same while each seat is generating more revenue.

The following table presents certain operating data as at the dates indicated:

	June 30, 2014	**March 31, 2014**	**December 31, 2013**	**September 30, 2013**	**June 30, 2013**	**March 31, 2013**
Total head count	27,760	27,020	26,578	26,630	26,178	25,520
Built up seats(1)	23,923	23,503	23,342	22,621	22,616	21,975
Used seats(1)	16,629	16,425	16,307	16,003	16,159	15,443
Seat utilization rate(2)	1.16	1.14	1.16	1.17	1.16	1.18

Notes:

1) Built up seats refer to the total number of production seats (excluding support functions like Finance, Human Resource and Administration) that are set up in any premises. Used seats refer to the number of built up seats that are being used by employees. The remainder would be termed vacant seats. The vacant seats would get converted into used seats when we increase headcount.
2) The seat utilization rate is calculated by dividing the average total headcount by the average number of built up seats to show the rate at which we are able to utilize our built up seats. Average total headcount and average number of built up seats are calculated by dividing the aggregate of the total headcount or number of built up seats, as the case may be, as at the beginning and end of the quarter by two.

Results of Operations

The following table sets forth certain financial information as a percentage of revenue and revenue less repair payments:

	As a percentage of			
	Revenue		Revenue less repair payments	
	Three months ended June 30,			
	2014	2013	2014	2013
Cost of revenue	65.8%	69.1%	63.3%	66.8%
Gross profit	34.2%	30.9%	36.7%	33.2%
Operating expenses:				
Selling and marketing expenses	5.8%	6.4%	6.3%	6.9%
General and administrative expenses	12.4%	12.3%	13.3%	13.2%
Foreign exchange loss / (gains), net	1.0%	0.4%	1.1%	0.5%
Amortization of intangible assets	4.7%	5.1%	5.0%	5.5%
Operating profit	10.3%	6.7%	11.1%	7.2%
Other (income) / expense, net	(2.3)%	(1.8)%	(2.5)%	(1.9)%
Finance expense	0.4%	0.7%	0.4%	0.7%
Provision for income taxes	3.1%	2.3%	3.3%	2.5%
Profit	9.2%	5.5%	9.9%	5.9%

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The following table reconciles revenue (a GAAP financial measure) to revenue less repair payments (a non-GAAP financial measure) and sets forth payments to repair centers and revenue less repair payments as a percentage of revenue:

	Three months ended June 30,			
	2014	2013	2014	2013
	(US dollars in millions)			
Revenue	$ 131.0	$ 122.1	100.0%	100.0%
Less: Payments to repair centers	8.9	8.4	6.8%	6.9%
Revenue less repair payments	$ 122.1	$ 113.8	93.2%	93.1%

The following table presents our results of operations for the periods indicated:

	Three months ended June 30,	
	2014	2013
	(US dollars in millions)	
Revenue	$ 131.0	$ 122.1
Cost of revenue(1)	86.2	84.4
Gross profit	44.8	37.7
Operating expenses:		
Selling and marketing expenses(2)	7.7	7.8
General and administrative expenses(3)	16.2	15.0
Foreign exchange loss / (gains), net	1.3	0.5
Amortization of intangible assets	6.1	6.2
Operating profit	13.5	8.2
Other income, net	(3.1)	(2.2)
Finance expense	0.5	0.8
Profit before income taxes	16.1	9.6
Provision for income taxes	4.0	2.8
Profit	$ 12.1	$ 6.7

Notes:

1) Includes share-based compensation expense of $0.4 million and $0.3 million for the three months ended June 30, 2014 and 2013, respectively.
2) Includes share-based compensation expense of $0.2 million and $0.1 million for the three months ended June 30, 2014 and 2013, respectively.

3) Includes share-based compensation expense of $1.6 million and $1.1 million for the three months ended June 30, 2014 and 2013, respectively.

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Results for the three months ended June 30, 2014 compared to the three months ended June 30, 2013

The following table sets forth our revenue and percentage change in revenue for the periods indicated:

Revenue

	Three months ended June 30, 2014	2013	Change	% Change
	(US dollars in millions)			
Revenue	$ 131.0	$ 122.1	$ 8.9	7.3%

The increase in revenue of $8.9 million was primarily attributable to revenue from new clients of $7.4 million, and an increase in revenue from existing clients of $1.6 million, which was partially offset by an increase in hedging loss on our revenue by $0.1 million to $0.5 million for the three months ended June 30, 2014 from $0.4 million for the three months ended June 30, 2013. The increase in revenue was primarily attributable to appreciation in the pound sterling against the US dollar, higher volumes in our shipping and logistics, insurance, utilities and consulting and professional services verticals, partially offset by the impact of lower volume of business from one of our top five clients by revenue contribution in fiscal 2014 and the three months ended June 30, 2014, a reduction in pricing from a proposed five plus year contract extension with a major client and lower volumes in our healthcare vertical.

Revenue by Geography

The following table sets forth the composition of our revenue based on the location of our clients in our key geographies for the periods indicated:

	Revenue		As a percentage of revenue	
	Three months ended June 30,			
	2014	2013	2014	2013
	(US dollars in millions)			
UK	$ 71.3	$ 63.0	54.4%	51.5%
North America (primarily the US)	33.6	35.5	25.7%	29.1%
Europe (excluding the UK)	7.1	7.5	5.4%	6.1%
Australia	6.9	6.2	5.3%	5.1%
South Africa	4.9	4.8	3.7%	4.0%
Rest of world	7.2	5.1	5.5%	4.2%
Total	$ 131.0	$ 122.1	100.0%	100.0%

The increase in revenue from the UK region was primarily due to higher volumes in our travel, utilities and consulting and professional services verticals, partially offset by lower volumes in our retail and CPG vertical. The increase in revenue from the Rest of world and Australia regions were primarily due to higher volumes in our insurance vertical. The increase in revenue from the South Africa region was primarily due to higher volumes in our retail and CPG vertical. The decrease in revenue in North America (primarily the US) was primarily due to lower volumes in our healthcare and travel verticals, partially offset by higher volumes in our insurance and consulting and professional services verticals.

Revenue Less Repair Payments

The following table sets forth our revenue less repair payment and percentage change in revenue less repair payments for the periods indicated:

	Three months ended June 30,			
	2014	2013	Change	% Change
	(US dollars in millions)			
Revenue less repair payments	$ 122.1	$ 113.8	$ 8.3	7.3%

The increase in revenue less repair payments of $8.3 million was primarily attributable to revenue less repair payments from new clients of $7.6 million, and an increase in revenue less repair payments from existing clients of $0.8 million, which was partially offset by an increase in hedging loss on our revenue less repair payments by $0.1 million to $0.5 million for the three months ended June 30, 2014 from $0.4 million for the three months ended June 30, 2013. The increase in revenue less repair payments was primarily due to primarily due to appreciation in the pound sterling against the US dollar, higher volumes in our shipping and logistics, insurance, utilities and consulting and professional services verticals, partially offset by the impact of lower volume of business from one of our top five clients by revenue contribution in fiscal 2014 and the three months ended June 30, 2014, a reduction in pricing from a proposed five plus year contract extension with a major client and lower volumes in our healthcare vertical.

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Revenue Less Repair Payments by Geography

The following table sets forth the composition of our revenue less repair payments based on the location of our clients in our key geographies for the periods indicated:

	Revenue less repair payments		As a percentage of revenue less repair payments	
	Three months ended June 30,			
	2014	2013	2014	2013
	(US dollars in millions)			
UK	$ 62.4	$ 54.6	51.1%	48.0%
North America (primarily the US)	33.6	35.5	27.5%	31.2%
Europe (excluding the UK)	7.1	7.5	5.8%	6.6%
Australia	6.9	6.2	5.6%	5.4%
South Africa	4.9	4.8	4.0%	4.2%
Rest of world	7.2	5.1	6.0%	4.5%
Total	$ 122.1	$ 113.8	100.0%	100.0%

The increase in revenue less repair payments from the UK region was primarily due to higher volumes in our travel, utilities and consulting and professional services verticals, partially offset by lower volumes in our retail and CPG vertical. The increase in revenue less repair payments from the Rest of world and Australia regions were primarily due to higher volumes in our insurance vertical. The increase in revenue less repair payments from the South Africa region was primarily due to higher volumes in our retail and CPG vertical. The decrease in revenue less repair payments in North America (primarily the US) was primarily due to lower volumes in our healthcare and travel verticals, partially offset by higher volumes in our insurance and consulting and professional services verticals.

Cost of Revenue

The following table sets forth the composition of our cost of revenue for the periods indicated:

	Three months ended June 30,		
	2014	2013	Change
	(US dollars in millions)		
Employee costs	$ 49.3	$ 48.1	$ 1.1
Facilities costs	16.1	16.2	(0.1)
Repair payments	8.9	8.4	0.6
Depreciation	3.5	3.3	0.2
Travel costs	2.5	2.4	0.1
Legal and professional costs	2.4	2.2	0.2
Other costs	3.5	3.8	(0.3)
Total cost of revenue	$ 86.2	$ 84.4	$ 1.8

As a percentage of revenue	65.8%	69.1%

The increase in cost of revenue was due to higher employee cost on account of higher headcount, higher repair payments, higher depreciation, higher legal and professional expenses and higher travel costs. These increases in costs were partially offset by lower other costs associated with providing onshore services and lower subcontract costs and facilities costs. Further, the depreciation of the Indian rupee against the US dollar by an average of 7.2% for the three months ended June 30, 2014 as compared to the average exchange rate for the three months ended June 30, 2013 resulted in a decrease of approximately $3.1 million in the cost of revenue.

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Gross Profit

The following table sets forth our gross profit for the periods indicated:

	Three months ended June 30,		
	2014	2013	Change
	(US dollars in millions)		
Gross profit	$ 44.8	$ 37.7	$ 7.0
As a percentage of revenue	34.2%	30.9%	
As a percentage of revenue less repair payments	36.7%	33.2%	

Gross profit was higher primarily due to higher revenue as discussed above. Gross profit as a percentage of revenue and revenue less repair payments increased primarily due to higher revenue as discussed above, partially offset by higher cost of revenue and an increase in hedging loss on our revenue by $0.1 million to $0.5 million for the three months ended June 30, 2014 from $0.4 million for the three months ended June 30, 2013. The depreciation of the Indian rupee against the US dollar by an average of 7.2% for the three months ended June 30, 2014 as compared to the average exchange rate in for the three months ended June 30, 2013, partially offset the increase in cost of revenue.

Our built up seats increased by 5.8% from 22,616 as at June 30, 2013 to 23,923 as at June 30, 2014, during which we expanded seating capacities in our existing delivery centers in the Philippines, South Africa, Sri Lanka, and our new facility in Mumbai, India. This was part of our strategy to expand our delivery capabilities. Our total headcount increased by 6.0% from 26,178 to 27,760 during the same period, and our seat utilization rate was approximately the same at 1.16 for the three months ended June 30, 2013 and the three months ended June 30, 2014. This resulted in reduction in our gross profit as a percentage of revenue by approximately 0.1% and our gross profit as a percentage of revenue less repair payments by approximately 0.2% in the three months ended June 30, 2014.

Selling and Marketing Expenses

The following table sets forth the composition of our selling and marketing expenses for the periods indicated:

	Three months ended June 30,		
	2014	2013	Change
	(US dollars in millions)		
Employee costs	$ 5.9	$ 5.6	$ 0.3
Other costs	1.8	2.2	(0.4)
Total selling and marketing expenses	$ 7.7	$ 7.8	$ (0.1)
As a percentage of revenue	5.8%	6.4%	
As a percentage of revenue less repair payments	6.3%	6.9%	

The decrease in selling and marketing expenses was primarily due to a decrease in legal and professional expenses and travel costs, partially offset by an increase in employee cost due to an increase in sales headcount.

General and Administrative Expenses

The following table sets forth the composition of our general and administrative expenses for the periods indicated:

	Three months ended June 30,		
	2014	2013	Change
	(US dollars in millions)		
Employee costs	$ 11.0	$ 10.1	$ 0.9
Other costs	5.2	4.9	0.3
Total general and administrative expenses	$ 16.2	$ 15.0	$ 1.2
As a percentage of revenue	12.4%	12.3%	
As a percentage of revenue less repair payments	13.3%	13.2%	

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The increase in general and administrative expenses was primarily due to an increase in employee cost, and other costs including miscellaneous costs. This increase were offset by an overall decrease of approximately $0.6 million in general and administrative expenses due to a depreciation of the Indian rupee against the US dollar by an average of 7.2% for the three months ended June 30, 2014 as compared to the average exchange rate in for the three months ended June 30, 2013.

Foreign Exchange Loss / (Gains), Net

The following table sets forth our foreign exchange loss / (gains), net for the periods indicated:

	Three months ended June 30,		
	2014	2013	Change
	(US dollars in millions)		
Foreign exchange loss / (gains), net	$ 1.3	$ 0.5	$ 0.8

The higher foreign exchange losses were primarily due to higher foreign currency revaluation losses by $1.7 million to a loss of $0.2 million for the three months ended June 30, 2014 from a gain of $1.5 million for the three months ended June 30, 2013, partially offset by a gain from our rupee-denominated hedge contracts as a result of a depreciation of the Indian rupee against the US dollar.

Amortization of Intangible Assets

The following table sets forth our amortization of intangible assets for the periods indicated:

	Three months ended June 30,		
	2014	2013	Change
	(US dollars in millions)		
Amortization of intangible assets	$ 6.1	$ 6.2	$ (0.1)

The decrease in amortization of intangible assets was primarily attributable to a depreciation of the Indian rupee against the US dollar by an average of 7.2% for the three months ended June 30, 2014 as compared to the average exchange rate in for the three months ended June 30, 2013.

Operating Profit

The following table sets forth our operating profit for the periods indicated:

	Three months ended June 30,		
	2014	2013	Change
	(US dollars in millions)		
Operating profit	$ 13.5	$ 8.2	$ 5.3
As a percentage of revenue	10.3%	6.7%	
As a percentage of revenue less repair payments	11.1%	7.2%	

Operating profit as a percentage of revenue and revenue less repair payments is higher due to higher revenue and lower selling and marketing expenses partially offset by higher cost of revenue, higher general and administrative expenses and higher foreign exchanges losses.

Other income, net

The following table sets forth our other income, net for the periods indicated:

	Three months ended June 30,		
	2014	2013	Change
	(US dollars in millions)		
Other income, net	$ 3.1	$ 2.2	$ 0.9

Other income was higher primarily on account of higher interest income due to higher cash and investment balance.

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Finance Expense

The following table sets forth our finance expense for the periods indicated:

	Three months ended June 30,		
	2014	2013	Change
	(US dollars in millions)		
Finance expense	$ 0.5	$ 0.8	$ (0.3)

Finance expense decreased primarily due to lower interest cost as a result of a partial repayment of our short term loans.

Provision for Income Taxes

The following table sets forth our provision for income taxes for the periods indicated:

	Three months ended June 30,		
	2014	2013	Change
	(US dollars in millions)		
Provision for income taxes	$ 4.0	$ 2.8	$ 1.2

The increase in provision for income taxes was primarily on account of higher taxable profits, partially offset by higher deferred tax credits on losses in some jurisdictions.

The provision for income taxes currently excludes the potential impact of a change in Indian tax law, pursuant to the Indian Finance Bill 2014. If passed by both houses of Parliament in its current form, the proposed rule change, which affects the categorization of and income from FMPs, would be primarily responsible for an increase of up to $3.0 million in additional payable taxes.

Profit

The following table sets forth our profit for the periods indicated:

	Three months ended June 30,		
	2014	2013	Change
	(US dollars in millions)		
Profit	$ 12.1	$ 6.7	$ 5.4
As a percentage of revenue	9.2%	5.5%	
As a percentage of revenue less repair payments	9.9%	5.9%	

The increase in profit was primarily on account of higher operating profit, other income and lower finance expense, partially offset by higher provision for income taxes.

Liquidity and Capital Resources

Our capital requirements are principally for debt repayment and the establishment of operating facilities to support our growth and acquisitions. Our sources of liquidity include cash and cash equivalents and cash flow from operations, supplemented by equity and debt financing and bank credit lines as required.

As at June 30, 2014, we had cash and cash equivalents of $31.5 million which were primarily held in US dollars, Indian rupees, pound sterling and Philippines pesos. We typically seek to invest our available cash on hand in bank deposits and money market instruments. Our investments include marketable securities consisting of liquid mutual funds and fixed maturity plans, or FMPs which totaled $125.0 million as at June 30, 2014. Our investment in FMPs represents investments in mutual funds schemes wherein the mutual funds have invested in certificates of deposit issued by banks in India.

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As at June 30, 2014, our Indian subsidiary, WNS Global Services Private Limited, or WNS Global, had a secured line of credit of 900.0 million ($15.0 million based on the exchange rate on June 30, 2014) from The Hongkong and Shanghai Banking Corporation Limited, and unsecured lines of credit of $15.0 million from BNP Paribas, 1,200.0 million ($20.0 million based on the exchange rate on June 30, 2014) from Citibank N.A. and 810.0 million ($13.5 million based on the exchange rate on June 30, 2014) from Standard Chartered Bank. Interest on these lines of credit would be determined on the date of the borrowing. These lines of credit generally can be withdrawn by the relevant lender at any time. As at June 30, 2014, 3,280.1 million ($54.6 million based on the exchange rate on June 30, 2014) was utilized for working capital requirements from these lines of credit.

In March 2012, WNS Global obtained two three-year term loan facilities consisting of a 510.0 million ($8.2 million based on the exchange rate on June 30, 2014) rupee-denominated loan which was fully repaid on March 12, 2014 and a $7.0 million US dollar-denominated loan, and our UK subsidiary, WNS UK, obtained a three-year term loan for £6.1 million ($10.4 million based on the exchange rate on June 30, 2014), rolled over its £9.9 million ($16.8 million based on the exchange rate on June 30, 2014) two-year term loan (which was originally scheduled to mature in July 2012) for another three-year term, and renewed its £9.9 million ($16.8 million based on the exchange rate on June 30, 2014) working capital facility (which was originally scheduled to mature in July 2012) until March 2015.

Details of these loan facilities are described below.

WNS Global obtained from HDFC Bank Ltd., or HDFC, a three-year rupee-denominated term loan of 510.0 million ($8.5 million based on the exchange rate on June 30, 2014) which was fully drawn on March 12, 2012. The loan was for the purpose of financing certain capital expenditures incurred during the period from April 2011 to December 2011. The interest on the loan was 11.25% per annum for the first year, which was reset to the rate of 10.3% per annum for the second year. Interest was payable on a monthly basis. The principal amount was repayable in two equal installments on January 30, 2015 and February 27, 2015. Repayment of the loan was guaranteed by WNS and secured by a charge over our Pune property. This charge ranked pari passu with other charges over the property in favor of other lenders. We were subject to certain covenants in respect of this loan, including restrictive covenants relating to our total debt to EBITDA ratio, total debt to tangible net worth ratio and EBITDA to debt service coverage ratio, each as defined in the term sheet relating to this loan. In connection with this rupee-denominated term loan, we had entered into a currency swap to convert the rupee-denominated loan to a US dollar-denominated loan which had resulted in the loan bearing an effective interest rate to us of 5.78% per annum. On March 12, 2014, WNS Global prepaid the entire loan and there was no amount outstanding under the loan as at June 30, 2014.

WNS Global obtained from HSBC Bank (Mauritius) Limited a three-year term loan facility for $7.0 million. On April 16, 2012, June 20, 2012, and August 16, 2012, we drew down $2.0, $3.0 and $2.0 million, respectively, from this facility. The facility was utilized for the purpose of funding WNS Global s capital expenditure plans for fiscal 2013 in compliance with the Reserve Bank of India s guidelines on External Commercial Borrowings and Trade Credits. The interest rate payable on the facility has been US dollar LIBOR plus a margin of 3.5% per annum. Effective July 16, 2014, the margin has been reduced to 3.1% per annum. Interest is payable on a quarterly basis. The principal amount of each tranche is repayable at the end of three years from the date of drawdown of such tranche. Repayment of the loan under the facility is guaranteed by WNS and secured by a charge over our Pune property. This charge ranks pari passu with other charges over the property in favor of other lenders. The facility agreement contains certain covenants, including restrictive covenants relating to our debt to EBITDA ratio, debt to adjusted tangible net worth ratio, EBITDA to debt service coverage ratio and fixed asset coverage ratio, each as defined therein. A change in the largest shareholder of WNS together with a loss of 10% of our clients by revenue within two quarters of the change may also constitute an event of default under this facility agreement.

WNS UK obtained from HSBC Bank plc. an additional three-year term loan facility for £6.1 million ($10.4 million based on the exchange rate on June 30, 2014), which was fully drawn on March 30, 2012. WNS UK also rolled over on March 30, 2012 its existing term loan of £9.9 million ($16.8 million based on the exchange rate on June 30, 2014) from HSBC Bank plc. (which was originally scheduled to mature on July 7, 2012) for three years until July 7, 2015. The facilities are for the purpose of providing inter-company loans within our company and funding capital expenditures. These facilities bears interest at Bank of England base rate plus a margin of 2.25% per annum. Interest is payable on a quarterly basis. 20% of the principal amount of each loan will be repayable at the end of each of 18, 24 and 30 months after drawdown and a final installment of 40% of the principal amount of each loan will be repayable at the end of 36 months after drawdown. On September 30, 2013 , January 7, 2014, March 30, 2014 and July 7, 2014, we made a scheduled installment repayment of £1.2 million ($2.1 million based on exchange rate on June 30, 2014) and £2.0 million ($3.4 million based on exchange rate on June 30, 2014), on the £6.1 million ($10.4 million based on the exchange rate on June 30, 2014) term loan and £9.9 million ($16.8 million based on the exchange rate on June 30, 2014) term loan, respectively. Repayment of each loan is guaranteed by WNS, WNS (Mauritius) Limited, WNS Capital Investments Limited, WNS UK and Accidents Happen Assistance Limited, or AHA, and secured by pledges of shares of WNS (Mauritius) Limited and WNS Capital Investments Limited, a charge over the bank account of WNS Capital Investments Limited, and fixed and floating charges over the respective assets of WNS UK and AHA. The facility agreements contain certain covenants, including restrictive covenants relating to further borrowing by the borrower, total debt to EBITDA ratio, our total debt to tangible net worth ratio and EBITDA to debt service coverage ratio, each as defined in the facility agreement.

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WNS UK renewed its working capital facility obtained from HSBC Bank plc. of £9.9 million ($16.8 million based on the exchange rate on June 30, 2014) until March 31, 2015. The working capital facility bears interest at Bank of England base rate plus a margin of 2.45% per annum and has been renewed at the existing rate. Interest is payable on a quarterly basis. Repayment of this facility is guaranteed by WNS, WNS UK and AHA, and secured by fixed and floating charges over the respective assets of WNS UK and AHA. The facility agreements contain covenants similar to those contained in WNS UK s term loan facilities described above. The facility is subject to conditions to drawdown and can be withdrawn by the lender at any time by notice to the borrower. As at June 30, 2014, £1.0 million ($1.7 million based on the exchange rate on June 30, 2014) was utilized for working capital requirements from the above stated line of credit.

We currently expect our capital expenditures needs in fiscal 2015 to be in the range of $25.0 million to $30.0 million. Our capital expenditure in the three months ended June 30, 2014 amounted to $3.9 million and our capital commitment as at June 30, 2014 was $6.4 million. Based on our current level of operations, we expect that our anticipated cash generated from operating activities, cash and cash equivalents on hand, and use of existing credit facilities will be sufficient to meet our debt repayment obligations, estimated capital expenditures and working capital needs for the next 12 months. However, if our lines of credit were to become unavailable for any reason, we would require additional financing to meet our capital expenditures and working capital needs. Further, under the current challenging economic and business conditions as discussed under Global Economic Conditions above, there can be no assurance that our business activity would be maintained at the expected level to generate the anticipated cash flows from operations. If the current market conditions deteriorate, we may experience a decrease in demand for our services, resulting in our cash flows from operations being lower than anticipated. If our cash flows from operations are lower than anticipated, including as a result of the ongoing downturn in the market conditions or otherwise, we may need to obtain additional financing to meet some of our existing debt repayment obligations and pursue certain of our expansion plans. Further, we may in the future consider making acquisitions. If we have significant growth through acquisitions or require additional operating facilities beyond those currently planned to service new client contracts, we may also need to obtain additional financing. We believe in maintaining maximum flexibility when it comes to financing our business. We regularly evaluate our current and future financing needs. Depending on market conditions, we may access the capital markets to strengthen our capital position, and provide us with additional liquidity for general corporate purposes, which may include capital expenditures acquisitions, refinancing of indebtedness and working capital. If current market conditions deteriorate, we may not be able to obtain additional financing or any such additional financing may be available to us on unfavorable terms. An inability to pursue additional opportunities will have a material adverse effect on our ability to maintain our desired level of revenue growth in future periods.

The following table shows our cash flows for the three months ended June 30, 2014 and 2013:

	Three months ended June 30,	
	2014	**2013**
	(US dollars in millions)	
Net cash provided by operating activities	$ 13.2	$ 8.1
Net cash (used in) provided by investing activities	$ (14.3)	$ (8.2)
Net cash (used in) provided by financing activities	$ (2.8)	$ (1.7)

Cash Flows from Operating Activities

Net cash provided by operating activities increased to $13.2 million for the three months ended June 30, 2014 from $8.1 million for the three months ended June 30, 2013. The increase in net cash provided by operating activities for the three months ended June 30, 2014 as compared to the three months ended June 30, 2013 was attributable to an increase in profit as adjusted by non-cash related items by $7.3 million and, a decrease in interest paid by $0.4 million. The increase was partially offset by an increase in cash outflow due to working capital changes by $2.4 million, and an increase in income taxes paid by $0.3 million.

The increase in profit as adjusted by non-cash related items by $7.3 million was primarily on account of (i) an increase in profit by $5.3 million, (ii) an increase in unrealized loss on derivative instruments by $3.8 million, and (iii) an increase in share based compensation and current tax expense by $0.7 million. The increase was partially offset by (i) an increase in unrealized exchange gain by $2.3 million, and (ii) an increase in dividend income by $0.5 million.

Cash outflow on account of working capital changes increased to $16.2 million for the three months ended June 30, 2014 from $11.2 million for the three months ended June 30, 2013 primarily as a result of a reduction in cash inflow from accounts receivable by $5.5 million and an increase in cash outflow in other liabilities of by $4.5 million primarily as a result of payment of annual employee bonus. The decrease was partially offset by increases in cash inflows from other assets and deferred revenue by $6.7 million and $1.2 million respectively.

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Cash Flows from Investing Activities

Net cash used in investing activities increased to $14.3 million for the three months ended June 30, 2014 from $8.2 million for the three months ended June 30, 2013. Investing activities comprised of the following: (i) net proceeds received from the sale of FMP securities of $42.8 million for the three months ended June 30, 2014 as compared nil for the three months ended June 30, 2013, (ii) an increase in cash outflow of $54.4 million in respect of marketable securities purchased for the three months ended June 30, 2014 as compared to cash inflow of $4.2 million as a result of the sale of marketable securities for the three months ended June 30, 2013, (iii) a reduction in cash outflow of $7.6 million on account of payment made towards settlement of the second and final installment of the purchase consideration of the Fusion acquisition in the three months ended June 30, 2013, as compared to nil for the three months ended June 30, 2014, and (iv) capital expenditures incurred for leasehold improvements, including the purchase of computers, furniture, fixtures and other office equipment and software (classified as intangibles) associated with expanding the capacity of our delivery centers, of $3.9 million for the three months ended June 30, 2014 which represented an decrease of cash outflow of $1.7 million as compared to the three months ended June 30, 2013.

Cash Flows from Financing Activities

Net cash used in financing activities increased to $2.8 million for the three months ended June 30, 2014, as compared to $1.7 million for the three months ended June 30, 2013. Financing activities consisted primarily of (i) repayment of short term debt taken by WNS UK of $3.0 million for the three months ended June 30, 2014 as compared to repayment of loans of $4.3 million by WNS Global, partially offset by short term debt taken by WNS UK of $2.1 million and by WNS Business Application Associates Beijing Limited of $0.4 million for the three months ended June 30, 2013.

Tax Assessment Orders

Transfer pricing regulations to which we are subject require that any international transaction among the WNS group enterprises be on arm s-length terms. Transfer pricing regulations in India have been extended to cover specified Indian domestic transactions as well. We believe that the international and India domestic transactions among the WNS group enterprises are on arm s-length terms. If, however, the applicable tax authorities determine that the transactions among the WNS group enterprises do not meet arms length criteria, we may incur increased tax liability, including accrued interest and penalties. This would cause our tax expense to increase, possibly materially, thereby reducing our profitability and cash flows. The applicable tax authorities may also disallow deductions or tax holiday benefits claimed by us and assess additional taxable income on us in connection with their review of our tax returns.

From time to time, we receive orders of assessment from the Indian tax authorities assessing additional taxable income on us and/or our subsidiaries in connection with their review of our tax returns. We currently have orders of assessment for fiscal 2003 through fiscal 2011 pending before various appellate authorities. These orders assess additional taxable income that could in the aggregate give rise to an estimated 2,882.5 million ($48.0 million based on the exchange rate on June 30, 2014) in additional taxes, including interest of 1,048.0 million ($17.5 million based on the exchange rate on June 30, 2014).

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The following sets forth the details of these orders of assessment:

Entity	Tax year(s)	Amount demanded (including interest)		Interest on amount demanded	
		(and US dollars in millions)			
WNS Global, WNS Customer Solutions and Noida	Fiscal 2003	180.2	$ (3.0)(1)	60.0	$ (1.0)(1)
WNS Global, WNS Customer Solutions and Noida	Fiscal 2004	12.5	$ (0.2)(1)	3.1	$ (0.1)(1)
WNS Global, WNS Customer Solutions and Noida	Fiscal 2005	27.4	$ (0.5)(1)	8.6	$ (0.1)(1)
WNS Global, WNS Customer Solutions and Noida	Fiscal 2006	495.3	$ (8.2)(1)	173.8	$ (2.9)(1)
WNS BCS and permanent establishment of WNS North America Inc. and WNS UK in India	Fiscal 2006	67.9	$ (1.1)(1)	24.1	$ (0.4)(1)
WNS Global, WNS Customer Solutions and Noida	Fiscal 2007	98.7	$ (1.6)(1)	31.9	$ (0.5)(1)
WNS BCS and permanent establishment of WNS North America Inc. and WNS UK in India	Fiscal 2007	21.6	$ (0.4)(1)	8.2	$ (0.1)(1)
WNS Global, WNS Customer Solutions and Noida	Fiscal 2008	819.6	$ (13.6)(1)	344.1	$ (5.7)(1)
WNS BCS and permanent establishment of WNS North America Inc. and WNS UK in India	Fiscal 2008	41.4	$ (0.7)(1)	13.2	$ (0.2)(1)
WNS Global, WNS Customer Solutions and Noida	Fiscal 2009	973.9	$ (16.2)(1)	336.6	$ (5.6)(1)
WNS BCS and permanent establishment of WNS North America Inc. and WNS UK in India	Fiscal 2009	22.5	$ (0.4)(1)	4.5	$ (0.1)(1)
WNS Global, WNS Customer Solutions and Noida	Fiscal 2010	60.2	$ (1.0)(1)	23.7	$ (0.4)(1)
WNS BCS and permanent establishment of WNS North America Inc. and WNS UK in India	Fiscal 2010	1.8	$ (0.1)(1)	0.4	$ (0.1)(1)
WNS BCS and permanent establishment of WNS North America Inc. and WNS UK in India	Fiscal 2011	59.5	$ (1.0)(1)	15.8	$ (0.3)(1)
Total		2,882.5	$ (48.0)(1)	1,048.0	$ (17.5)(1)

Note:

(1) Based on the exchange rate as at June 30, 2014.

The aforementioned orders of assessment allege that the transfer prices we applied to certain of the international transactions between WNS Global, one of our Indian subsidiaries, and our other wholly-owned subsidiaries named above were not on arm s length terms, disallow a tax holiday benefit claimed by us, deny the set off of brought forward business losses and unabsorbed depreciation and disallow certain expenses claimed as tax deductible by WNS Global. As at June 30, 2014, we have provided a tax reserve of 906.7 million ($15.1 million based on the exchange rate on June 30, 2014) primarily on account of the Indian tax authorities denying the set off of brought forward business losses and unabsorbed depreciation. We have appealed against these orders of assessment before higher appellate authorities.

In addition, we currently have orders of assessment pertaining to similar issues that have been decided in our favor by first level appellate authorities, vacating tax demands of 2,467.3 million ($41.1 million based on the exchange rate on June 30, 2014) in additional taxes, including interest of 769.9 million ($12.8 million based on the exchange rate on June 30, 2014). The income tax authorities have filed appeals against these orders at higher appellate authorities.

In case of disputes, the Indian tax authorities may require us to deposit with them all or a portion of the disputed amounts pending resolution of the matters on appeal. Any amount paid by us as deposits will be refunded to us with interest if we succeed in our appeals. We have deposited a portion of the disputed amount with the tax authorities and may be required to deposit the remaining portion of the disputed amount with the tax authorities pending final resolution of the respective matters.

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As at June 30, 2014, corporate tax returns for fiscal years 2011 and thereafter remain subject to examination by tax authorities in India.

After consultation with our Indian tax advisors and based on the facts of these cases, certain legal opinions from counsel, the nature of the tax authorities disallowances and the orders from first level appellate authorities deciding similar issues in our favor in respect of assessment orders for earlier fiscal years, we believe these orders are unlikely to be sustained at the higher appellate authorities and we intend to vigorously dispute the orders of assessment.

In March 2009, we also received an assessment order from the Indian Service Tax Authority demanding payment of 348.1 million ($5.8 million based on the exchange rate on June 30, 2014) 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 WNS Global to clients based abroad as the export proceeds are repatriated outside India by WNS Global. In response to an appeal filed by us with the appellate tribunal against the assessment order in April 2009, the appellate tribunal has remanded the matter back to the lower tax authorities to be adjudicated afresh. Based on consultations with our Indian tax advisors, we believe this order of assessment is more likely than not to be upheld in our favor. We intend to continue to vigorously dispute the assessment.

No assurance can be given, however, that we will prevail in our tax disputes. If we do not prevail, payment of additional taxes, interest and penalties may adversely affect our results of operations, financial condition and cash flows. There can also be no assurance that we will not receive similar or additional orders of assessment in the future.

Quantitative and Qualitative Disclosures about Market Risk

General

Market risk is attributable to all market sensitive financial instruments including foreign currency receivables and payables. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments.

Our exposure to market risk is primarily a function of our revenue generating activities and any future borrowings in foreign currency. The objective of market risk management is to avoid excessive exposure of our earnings to loss. Most of our exposure to market risk arises from our revenue and expenses that are denominated in different currencies.

The following risk management discussion and the estimated amounts generated from analytical techniques are forward-looking statements of market risk assuming certain market conditions occur. Our actual results in the future may differ materially from these projected results due to actual developments in the global financial markets.

Risk Management Procedures

We manage market risk through our treasury operations. Our senior management and our Board of Directors approve our treasury operations objectives and policies. The activities of our treasury operations include management of cash resources, implementation of hedging strategies for foreign currency exposures, implementation of borrowing strategies and monitoring compliance with market risk limits and policies. Our foreign exchange committee, comprising the Chairman of the Board, our Group Chief Executive Officer and our Group Chief Financial Officer, is the approving authority for all our hedging transactions.

Components of Market Risk

Exchange Rate Risk

Our exposure to market risk arises principally from exchange rate risk. Although substantially all of our revenue less repair payments is denominated in pound sterling and US dollars, a significant portion of our expenses for the three months ended June 30, 2014 (net of payments to repair centers made as part of our WNS Auto Claims BPM segment) were incurred and paid in Indian rupees. The exchange rates among the Indian rupee, the pound sterling and the US dollar have changed substantially in recent years and may fluctuate substantially in the future.

Our exchange rate risk primarily arises from our foreign currency-denominated receivables. Based upon our level of operations for the three months ended June 30, 2014, a sensitivity analysis shows that a 10.0% appreciation or depreciation in the pound sterling against the US dollar would have increased or decreased revenue for the three months ended June 30, 2014 by approximately $7.1 million and would have increased or decreased revenue less repair payments for the three months ended June 30, 2014 by approximately $6.2 million. Similarly, a 10.0% appreciation or depreciation in the Indian rupee against the US dollar would have increased or decreased expenses incurred and paid in Indian rupee for the three months ended June 30, 2014 by approximately $6.1million.

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To protect against foreign exchange gains or losses on forecasted revenue and inter-company revenue, we have instituted a foreign currency cash flow hedging program. We hedge a part of our forecasted revenue and inter-company revenue denominated in foreign currencies with forward and option contracts.

Interest Rate Risk

Our exposure to interest rate risk arises principally from our borrowings which have a floating rate of interest, a portion of which is linked to the US dollar LIBOR and the remainder is linked to the Bank of England base rate. We manage this risk by maintaining an appropriate mix between fixed and floating rate borrowings and through the use of interest rate swap contracts. The costs of floating rate borrowings may be affected by the fluctuations in the interest rates.

Based upon our level of operations for the three months ended June 30, 2014, if interest rates were to increase by 1.0%, the impact on interest expense on our floating rate borrowing would be approximately $0.1 million.

We monitor our positions and do not anticipate non-performance by the counterparties. We intend to selectively use interest rate swaps, options and other derivative instruments to manage our exposure to interest rate movements. These exposures are reviewed by appropriate levels of management on a periodic basis. We do not enter into hedging agreements for speculative purposes.

Part III RISK FACTORS

This report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those described in the following risk factors and elsewhere in this report. If any of the following risks actually occur, our business, financial condition and results of operations could suffer and the trading price of our ADSs could decline.

Risks Related to Our Business

The global economic 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.

Global economic conditions have shown some signs of recovery, particularly in the US, but remain challenging as concerns remain on the sustainability of the recovery. Some key indicators of sustainable economic growth remain under pressure. Ongoing concerns over the sustainability of economic recovery in the US and its substantial debt burden, the pace of economic recovery in the EU, as well as concerns of slower economic growth in China and India, have contributed to market volatility and diminished expectations for the US, European and global economies. If countries in the Eurozone or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. 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 rising debt ceiling, 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 when the US Federal Reserve begins tapering its quantitative easing program. Further, there continue to be signs of economic weakness such as relatively high levels of unemployment in major markets including Europe and the US. Continuing conflicts and instability in various regions around the world may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets.

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 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 US dollar or the pound sterling (in which our revenue is principally denominated) against the Indian rupee (in which a significant portion of our costs are denominated) also adversely affects our results. Fluctuations between the pound sterling or the Indian rupee and the US dollar also expose us to translation risk when transactions denominated in pound sterling or Indian rupees are translated to US dollars, our reporting currency. For example, the pound sterling appreciated by an average of 9.6% against the US dollar in the three months ended June 30, 2014 as compared to the average exchange rate in the three months ended June 30, 2013 and by an average of 0.6% in fiscal 2014 as compared to the average exchange rate in fiscal 2013, but depreciated by an average 0.9% in fiscal 2013 as compared to the average exchange rate in fiscal 2012. Similarly, the

Indian rupee depreciated by an average of 7.2% against the US dollar in the three months ended June 30, 2014 as compared to the average exchange rate in the three months ended June 30, 2013, by an average of 11.0% in fiscal 2014 as compared to the average exchange rate in fiscal 2013 and by an average of 13.5% in fiscal 2013 as compared to the average exchange rate in fiscal 2012.

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.

A few major clients account for a significant portion of our revenue and any loss of business from these clients could reduce our revenue and significantly harm our business.

We have derived and believe that we will continue to derive in the near term a significant portion of our revenue from a limited number of large clients. In fiscal 2014 and 2013, our five largest clients accounted for 36.9% and 37.1% of our revenue and 39.4% and 39.2% of our revenue less repair payments, respectively. In fiscal 2014 and 2013, our three largest clients accounted for 28.9% and 30.8% of our revenue and 30.8% and 32.5% of our revenue less repair payments, respectively. In fiscal 2014, our largest client, Aviva International Holdings Limited, or Aviva, individually accounted for 15.2% and 16.2% of our revenue and revenue less repair payments, respectively, as compared to 16.9% and 17.8% in fiscal 2013, respectively. Any loss of business from any major client could reduce our revenue and significantly harm our business.

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For example, in line with our expectations one of our top five clients by revenue contribution for fiscal 2014 and the three months ended June 30, 2014, an OTA, provided us with a lower volume of business in the three months ended June 30, 2014. The client has from the fourth quarter of fiscal 2014, started moving some of their customer care and sales processes currently managed by us to a technology platform managed by another OTA under a strategic marketing agreement entered into between the two OTAs in August 2013, as a result of which we are currently losing, and expect to lose most of, our business from our OTA client. We expect our OTA client s transition of their processes to the other OTA to be completed by the end of July 2014. The portion of the business from our OTA client that we expect to lose upon completion of our OTA client s transition of their processes to the other OTA represented approximately 4% of our revenue less repair payments in fiscal 2014. The other OTA uses several BPM vendors to manage such processes on their technology platform. Although, we have been approved as one of the other OTA s providers of BPM services and we intend to continue to seek to increase the volume of business we provide to the other OTA over time to offset our loss of business from our OTA client, there is no assurance that we will be able to successfully compete with incumbent BPM vendors for the other OTA s business or on the volume of business that we would be able to obtain from the other OTA. We are therefore unable to determine the magnitude and timing of impact on us resulting from the transition of our OTA client s processes to the other OTA s technology platform; the extent to which the loss of business from our OTA client is not offset by new business from the other OTA will reduce our revenue.

Further, in early 2012, as a result of concerns that the UK Competition Commission, or UKCC, may ban the payment of referral fees by accident management companies to claims management companies and insurance companies in the provision of credit hire replacement vehicles and third party vehicle repairs, one of our largest auto claims clients by revenue contribution in fiscal 2012 terminated its contract with us with effect from April 18, 2012. This client accounted for 10.4% and 7.5% of our revenue and 1.3% and 1.9% of our revenue less repair payments in fiscal 2012 and 2011, respectively. For more information, see Concerns over increases in car insurance premiums have led to investigations by the UK competition authority on whether any market practice, such as the payment of referral fees to accident management companies and insurance companies of non-fault drivers, restricts or distorts competition in connection with the provision of motor insurance, and also to the recent introduction of new laws banning the payment of referral fees for claims involving personal injury, which could have a material adverse effect on our non-fault repairs business in our auto claims business.

Our prior contracts with one of our major clients, Aviva, provided Aviva Global, which was Aviva s business process offshoring subsidiary, options to require us to transfer the relevant projects and operations of our facilities at Sri Lanka and Pune, India to Aviva Global. On January 1, 2007, Aviva Global exercised its call option requiring us to transfer the Sri Lanka facility to Aviva Global effective July 2, 2007. Effective July 2, 2007, we transferred the Sri Lanka facility to Aviva Global and we lost the revenue generated by the Sri Lanka facility. For the period from April 1, 2007 through July 2, 2007, the Sri Lanka facility contributed $2.0 million of revenue and in fiscal 2007 it accounted for 1.9% of our revenue and 3.0% of our revenue less repair payments. We may, in the future, enter into contracts with other clients with similar call options that may result in the loss of revenue that may have a material impact on our business, results of operations, financial condition and cash flows, particularly during the quarter in which the option takes effect.

We have, through our acquisition of Aviva Global in July 2008, resumed control of the Sri Lanka facility and we have continued to retain ownership of the Pune facility. Revenue from Aviva under the Aviva master services agreement, accounts for a significant portion of our revenue and we expect our dependence on Aviva to continue for the foreseeable future. The terms of the Aviva master services agreement provides for a committed amount of volume. However, notwithstanding the minimum volume commitment, there are also termination at will provisions which permit Aviva to terminate the agreement without cause with 180 days notice upon payment of a termination fee. These termination provisions dilute the impact of the minimum volume commitment.

In addition, the volume of work performed for specific clients is likely to vary from year to year, particularly since we may not be the exclusive outside service provider for our clients. Thus, a major client in one year may not provide the same level of revenue in any subsequent year. The loss of some or all of the business of any large client could have a material adverse effect on our business, results of operations, financial condition and cash flows. A number of factors other than our performance could cause the loss of or reduction in business or revenue from a client, and these factors are not predictable. For example, a client may demand price reductions, change its outsourcing strategy or move work in-house. A client may also be acquired by a company with a different outsourcing strategy that intends to switch to another business process management service provider or return work in-house.

Our revenue is highly dependent on clients concentrated in a few industries, as well as clients located primarily in Europe and the US. Economic slowdowns or factors that affect these industries or the economic environment in Europe or the US could reduce our revenue and seriously harm our business.

A substantial portion of our clients are concentrated in the insurance industry and the travel and leisure industry. In fiscal 2014 and 2013, 36.7% and 35.5% of our revenue, respectively, and 32.5% and 31.9% of our revenue less repair payments, respectively, were derived from clients in the insurance industry. During the same periods, clients in the travel and leisure industry contributed 19.5% and 20.5% of our revenue, respectively, and 20.8% and 21.5% of our revenue less repair payments, respectively. Our business and growth largely depend on continued demand for our services from clients in these industries and other industries that we may target in the future, as well as on trends in these industries to outsource business processes. Global economic conditions have shown some signs of recovery, particularly in the US, but remain challenging as concerns remain on sustainability of the recovery. Some key indicators of sustainable economic growth remain under pressure. Ongoing concerns over the sustainability of economic recovery in the US and its substantial debt burden, the pace of economic recovery in the EU, as well as concerns of slower economic growth in China and India, have contributed to market volatility and diminished expectations for the US, European and global economies. If countries in the Eurozone or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. 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 rising debt ceiling, 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 when the US Federal Reserve begins tapering its quantitative easing program. Further, there continue to be signs of economic weakness such as relatively high levels of unemployment in major markets including Europe and the US. Continuing conflicts and instability in various regions around the world may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets.

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, the US 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.

Certain of our targeted industries are especially vulnerable to crises in the financial and credit markets and potential economic downturns. A downturn in any of our targeted industries, particularly the insurance or travel and leisure industries, a slowdown or reversal of the trend to outsource business processes in any of these industries or the introduction of regulation which restricts or discourages companies from outsourcing could result in a decrease in the demand for our services and adversely affect our results of operations. For example, as a result of the mortgage market crisis, in August 2007, First Magnus Financial Corporation, or FMFC, a US mortgage services client, filed a voluntary petition for relief under Chapter 11 of the US Bankruptcy Code. FMFC was a major client of Trinity Partners Inc. which we acquired in November 2005 from the First Magnus Group and became one of our major clients. In fiscal 2008 and 2007, FMFC accounted for 1.0% and 4.3% of our revenue, respectively, and 1.4% and 6.8% of our revenue less repair payments, respectively.

Further, the uncertainty in worldwide economic and business conditions has resulted in a few of our clients reducing or postponing their outsourced business requirements, which in turn has decreased the demand for our services and adversely affected our results of operations. In particular, our revenue is highly dependent on the economic environments in Europe and the US, which continue to show signs of economic weakness, such as relatively high levels of unemployment. In fiscal 2014 and 2013, 52.8% and 53.3% of our revenue, respectively, and 49.6% and

50.6% of our revenue less repair payments, respectively, were derived from clients located in the UK. During the same periods, 27.3% and 30.5% of our revenue, respectively, and 29.1% and 32.2% of our revenue less repair payments, respectively, were derived from clients located in North America (primarily the US). Further, during the same periods, 5.3% and 5.9% of our revenue, respectively, and 5.7% and 6.3% of our revenue less repair payments, respectively, were derived from clients in the rest of Europe. Any further weakening of the European or US economy will likely have a further adverse impact on our revenue.

Other developments may also lead to a decline in the demand for our services in these industries. Significant changes in the financial services industry or any of the other industries on which we focus, or a consolidation in any of these industries or acquisitions, particularly involving our clients, may decrease the potential number of buyers of our services. Any significant reduction in or the elimination of the use of the services we provide within any of these industries would result in reduced revenue and harm our business. Our clients may experience rapid changes in their prospects, substantial price competition and pressure on their profitability. Although such pressures can encourage outsourcing as a cost reduction measure, they may also result in increasing pressure on us from clients in these key industries to lower our prices which could negatively affect our business, results of operations, financial condition and cash flows.

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We may fail to attract and retain enough sufficiently trained employees to support our operations, as competition for highly skilled personnel is significant and we experience significant employee attrition. These factors could have a material adverse effect on our business, results of operations, financial condition and cash flows.

The business process management industry relies on large numbers of skilled employees, and our success depends to a significant extent on our ability to attract, hire, train and retain qualified employees. The business process management industry, including our company, experiences high employee attrition. During fiscal 2014, 2013 and 2012, the attrition rate for our employees who have completed six months of employment with us was 33%, 35% and 38%, respectively. Our attrition rate for our employees who have completed six months of employment with us increased to 36% in the three months ended June 30, 2014, and we cannot assure you that our attrition rate will not continue to increase in the future. There is significant competition in the jurisdictions where our operation centers are located, including India, the Philippines and Sri Lanka, for professionals with the skills necessary to perform the services we offer to our clients. Increased competition for these professionals, in the business process management industry or otherwise, could have an adverse effect on us. A significant increase in the attrition rate among employees with specialized skills could decrease our operating efficiency and productivity and could lead to a decline in demand for our services.

In addition, our ability to maintain and renew existing engagements and obtain new business will depend largely on our ability to attract, train and retain personnel with skills that enable us to keep pace with growing demands for outsourcing, evolving industry standards and changing client preferences. Our failure either to attract, train and retain personnel with the qualifications necessary to fulfill the needs of our existing and future clients or to assimilate new employees successfully could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Currency fluctuations among the Indian rupee, the pound sterling and the US dollar could have a material adverse effect on our results of operations.

Although substantially all of our revenue is denominated in pound sterling or US dollars, a significant portion of our expenses (other than payments to repair centers, which are primarily denominated in pound sterling) are incurred and paid in Indian rupees. We report our financial results in US dollars and our results of operations would be adversely affected if the Indian rupee appreciates against the US dollar or the pound sterling depreciates against the US dollar. The exchange rates between the Indian rupee and the US dollar and between the pound sterling and the US dollar have changed substantially in recent years and may fluctuate substantially in the future.

The average Indian rupee to US dollar exchange rate was approximately 59.79 per $1.00 in the three months ended June 30, 2014, which represented a depreciation of the Indian rupee by an average of 7.2% as compared with the average exchange rate of approximately 55.80 per $1.00 in the three months ended June 30, 2013. The average Indian rupee to US dollar exchange rate was approximately 60.38 per $1.00 in fiscal 2014, which represented a depreciation of the Indian rupee by an average of 11.0% as compared with the average exchange rate of approximately 54.38 per $1.00 in fiscal 2013.

The average pound sterling to US dollar exchange rate was approximately £0.59 per $1.00 in the three months ended June 30, 2014, which represented an appreciation of the pound sterling by an average of 9.6% as compared with the average exchange rate of approximately £0.65 per $1.00 in the three months ended June 30, 2013. The average pound sterling to US dollar exchange rate was approximately £0.63 per $1.00 in fiscal 2014, which represented an appreciation of the pound sterling by an average of 0.6% as compared with the average exchange rate of approximately £0.63 per $1.00 in fiscal 2013.

Our results of operations may be adversely affected if the Indian rupee appreciates significantly against the pound sterling or the US dollar or if the pound sterling depreciates against the US dollar. We hedge a portion of our foreign currency exposures using options and forward contracts. We cannot assure you that our hedging strategy will be successful or will mitigate our exposure to currency risk.

We may be unable to effectively manage our growth and maintain effective internal controls, which could have a material adverse effect on our operations, results of operations and financial condition.

Since we were founded in April 1996, and especially since Warburg Pincus acquired a controlling stake in our company in May 2002, we have experienced growth and significantly expanded our operations. Our employees have increased to 27,020 as at March 31, 2014 from 15,084 as at March 31, 2007. In January 2008, we established a new delivery center in Romania, which we expanded in fiscal 2011. Our subsidiary, WNS Philippines Inc., established a delivery center in the Philippines in April 2008, which it expanded in fiscal 2010. Additionally, in fiscal 2010, we established a new delivery center in Costa Rica and streamlined our operations by consolidating our production capacities in various delivery centers in Bangalore, Mumbai and Pune. In fiscal 2013, we opened new facilities in Poland and Vishakhapatnam, or Vizag. In fiscal 2014, our new facilities in China and Sri Lanka became operational. In April 2014 our delivery center in South Carolina, in the US became fully operational. We now have delivery centers across 10 countries in China, Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, the UK and the US. Further, in February 2011, we received in-principle approval for the allotment of a piece of land on lease for a term of 99 years, measuring 5 acres in Tiruchirappalli Navalpattu, special economic zone, or SEZ, in the state of Tamil Nadu, India from Electronics Corporation of Tamil Nadu Limited, or ELCOT for setting up delivery centers in the future. We intend to further expand our global delivery capability, and we are exploring plans to do so in Asia Pacific and Latin America.

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We have also completed numerous acquisitions. For example, in June 2012, we acquired Fusion, a leading BPM provider based in South Africa. Fusion provides a range of outsourcing services, including contact center, customer care and business continuity services, to both South African and international clients. With operations in Cape Town and Johannesburg, Fusion employed approximately 1,500 people as at June 30, 2012, which increased to 2,496 people as at June 30, 2014. In July 2008, we entered into a transaction with Aviva consisting of (1) a share sale and purchase agreement pursuant to which we acquired from Aviva all the shares of Aviva Global and (2) the Aviva master services agreement with Aviva MS pursuant to which we are providing BPM services to Aviva s UK business and Aviva s Irish subsidiary, Hibernian Aviva Direct Limited, and certain of its affiliates. Aviva Global was the business process offshoring subsidiary of Aviva. Through our acquisition of Aviva Global, we also added three facilities in Bangalore, Chennai and Sri Lanka in July 2008, and one facility in Pune in August 2008.

This growth places significant demands on our management and operational resources. In order to manage growth effectively, we must implement and improve operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, we may not be able to service our clients needs, hire and retain new employees, pursue new business, complete future acquisitions or operate our business effectively. Failure to effectively transfer new client business to our delivery centers, properly budget transfer costs or accurately estimate operational costs associated with new contracts could result in delays in executing client contracts, trigger service level penalties or cause our profit margins not to meet our expectations or our historical profit margins. As a result of any of these problems associated with expansion, our business, results of operations, financial condition and cash flows could be materially and adversely affected.

We may face difficulties as we expand our operations to establish delivery centers in onshore locations and offshore in countries in which we have limited or no prior operating experience.

In June 2012, we acquired Fusion, a leading BPM provider with two delivery centers in South Africa. In April 2014 our delivery center in South Carolina, in the US became fully operational. We intend to continue to expand our global footprint in order to maintain an appropriate cost structure and meet our clients delivery needs. We plan to establish additional onshore delivery centers in the US and offshore delivery centers in Africa, the Asia Pacific and Latin America, which may involve expanding into countries other than those in which we currently operate. We have limited prior experience in operating onshore delivery centers in the US. Our expansion plans may also involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. As we expand our business into new countries we may encounter regulatory, personnel, technological and other difficulties that increase our expenses or delay our ability to start up our operations or become profitable in such countries. This may affect our relationships with our clients and could have an adverse effect on our business, results of operations, financial condition and cash flows.

Our loan agreements impose operating and financial restrictions on us and our subsidiaries.

Our loan agreements contain a number of covenants and other provisions that, among other things, impose operating and financial restrictions on us and our subsidiaries. These restrictions could put a strain on our financial position. For example:

- they may increase our vulnerability to general adverse economic and industry conditions;

they may require us to dedicate a substantial portion of our cash flow from operations to payments on our loans, thereby reducing the availability of our cash flow to fund capital expenditure, working capital and other general corporate purposes;

they may require us to seek lenders consent prior to paying dividends on our ordinary shares;

they may limit our ability to incur additional borrowings or raise additional financing through equity or debt instruments;

they impose certain financial covenants on us that we may not be able to meet, which may cause the lenders to accelerate the repayment of the balance loan outstanding; and

a reduction in revenue by more than 10% in two succeeding quarters due to a change in the largest shareholder of the company may also constitute an event of default under certain of our loan agreements.

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Further, the restrictions contained in our loan agreements could limit our ability to plan for or react to market conditions, meet capital needs or make acquisitions or otherwise restrict our activities or business plans. Our ability to comply with the covenants of our loan agreements may be affected by events beyond our control, and any material deviations from our forecasts could require us to seek waivers or amendments of covenants or alternative sources of financing or to reduce expenditures. We cannot assure you that such waivers, amendments or alternative financing could be obtained, or if obtained, would be on terms acceptable to us.

To service our indebtedness and other potential liquidity requirements, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control and we may need to access the credit market to meet our liquidity requirements.

Our ability to make payments on our loans and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a large extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Furthermore, given that the uncertainty over global economic conditions remains, there can be no assurance that our business activity will be maintained at our expected level to generate the anticipated cash flows from operations or that our credit facilities would be available or sufficient. If global economic uncertainties continue, we may experience a decrease in demand for our services, resulting in our cash flows from operations being lower than anticipated. This may in turn result in our need to obtain additional financing.

If we cannot service our loan agreements, we may have to take actions such as seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions and investments. We cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms or at all.

The international nature of our business exposes us to several risks, such as significant currency fluctuations and unexpected changes in the regulatory requirements of multiple jurisdictions.

We have operations in China, Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, the UK and the US, and we service clients across Asia, Europe, and North America. Our corporate structure also spans multiple jurisdictions, with our parent holding company incorporated in Jersey, Channel Islands, and intermediate and operating subsidiaries incorporated in Australia, China, Costa Rica,