WNS (HOLDINGS) LTD
Form 6-K
October 17, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

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

the Securities Exchange Act of 1934

For the quarter ended September 30, 2012

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 F-3 (File No. 333-177250).

CONVENTIONS USED IN THIS REPORT

In this report, references to US are to the United States of America, its territories and its possessions. References to UK are to the United Kingdom. References to India are to the Republic of India. References to $ or dollars or US dollars are to the legal currency of the US, 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 references to the Euro are to the legal currency of the European Monetary Union and references to pence are to the legal currency of Jersey, Channel Islands. 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 September 30, 2012. To the extent IASB issues any amendments or any new standards subsequent to September 30, 2012, 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, 2013.

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.

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 (1) for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients and (2) for non fault repair cases with respect to one client (whose contract with us has been terminated with effect from April 18, 2012) as more fully explained in Management s Discussion and Analysis of Financial Condition and Results of Operations. 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 IFRS. Unless otherwise indicated, references to GAAP in this report are to IFRS, as issued by IASB.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as anticipate, believe, estimate, expect, intend, will, project should and similar expressions. 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 outsourcing industry;

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- 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 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;

- 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, 2012. 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 September 30, 2012 (Unaudited)	As at March 31, 2012
ASSETS			
Current assets:			
Cash and cash equivalents	5	$ 32,849	$ 46,725
Marketable securities	6	27,434	26,384
Trade receivables, net	7	69,315	66,421
Unbilled revenue		33,988	35,878
Funds held for clients		21,103	20,706
Current tax assets		3,964	3,860
Derivative assets	13	7,923	3,724
Prepayments and other current assets	8	24,006	21,925
Total current assets		220,582	225,623
Non-current assets:			
Investments		2	2
Goodwill	9	90,861	86,695
Intangible assets	10	105,831	115,141
Property and equipment, net	11	49,458	45,418
Derivative assets	13	3,077	1,550
Deferred tax assets		44,028	43,712
Other non-current assets	8	6,806	6,880
Total non-current assets		300,063	299,398
TOTAL ASSETS		**$ 520,645**	**$ 525,021**
LIABILITIES AND EQUITY			
Current liabilities:			
Trade payables		$ 33,704	$ 47,304
Provisions and accrued expenses	15	35,745	31,854
Derivative liabilities	13	6,465	9,849
Pension and other employee obligations	14	28,056	29,027
Short term line of credit	12	31,019	23,965
Current portion of long term debt	12	4,084	26,031
Deferred revenue	16	6,119	6,180
Current taxes payable		9,620	8,183
Other liabilities	17	17,937	5,208
Total current liabilities		172,749	187,601
Non-current liabilities:			
Derivative liabilities	13	761	1,210
Pension and other employee obligations	14	4,601	4,565

Long term debt	12	40,342	36,674
Deferred revenue	16	3,853	4,072
Other non-current liabilities	17	2,948	2,675
Deferred tax liabilities		3,778	4,097
Total non-current liabilities		56,283	53,293
TOTAL LIABILITIES		229,032	240,894
Shareholders equity:			
Share capital (ordinary shares $0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 50,335,337 and 50,078,881 shares each as at September 30, 2012 and March 31, 2012, respectively)	18	7,882	7,842
Share premium		266,560	263,529
Retained earnings		66,281	59,122
Other components of equity		(49,110)	(46,366)
Total shareholders equity		291,613	284,127
TOTAL LIABILITIES AND EQUITY		**$ 520,645**	**$ 525,021**

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)

	Notes	Three months ended September 30, 2012	Three months ended September 30, 2011	Six months ended September 30, 2012	Six months ended September 30, 2011
Revenue	19	$ 113,076	$ 117,898	$ 220,890	$ 243,561
Cost of revenue	19, 20	75,325	85,231	148,763	180,641
Gross profit		37,751	32,667	72,127	62,920
Operating expenses:					
Selling and marketing expenses	20	7,219	6,988	14,667	13,617
General and administrative expenses	20	15,180	13,118	27,829	25,867
Foreign exchange loss/ (gains), net		2,043	(1,838)	4,482	(3,163)
Amortization of intangible assets		6,505	7,548	13,104	15,388
Operating profit		6,804	6,851	12,045	11,211
Other (income)/ expenses, net	22	(954)	88	(1,945)	(116)
Finance expense	21	899	931	1,904	2,107
Profit before income taxes		6,859	5,832	12,086	9,220
Provision for income taxes	24	2,541	2,404	4,927	5,133
Profit		**$ 4,318**	**$ 3,428**	**$ 7,159**	**$ 4,087**
Earnings per share of ordinary share	25				
Basic		$ 0.09	$ 0.08	$ 0.14	$ 0.09
Diluted		$ 0.08	$ 0.08	$ 0.14	$ 0.09

See accompanying notes.

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

(Unaudited, amounts in thousands)

	Notes	Three months ended September 30, 2012	Three months ended September 30, 2011	Six months ended September 30, 2012	Six months ended September 30, 2011
Profit		$ 4,318	$ 3,428	$ 7,159	$ 4,087
Other comprehensive income/(loss), net of taxes	24				
Pension adjustment		557	197	349	124
Changes in fair value of cash flow hedges					
Current year gain/(loss)		5,305	(4,663)	(55)	(3,576)
Reclassification to profit/(loss)		1,808	(1,052)	4,341	(2,899)
Foreign currency translation		15,842	(26,967)	(7,379)	(27,268)
Total other comprehensive income/(loss), net of taxes		$ 23,512	$ (32,485)	$ (2,744)	$ (33,619)
Total comprehensive income/(loss)		$ 27,830	$ (29,057)	$ 4,415	$ (29,532)

See accompanying notes.

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Share capital				Other components of equity			
	Number	Par value	Share premium	Retained earnings	Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	Total shareholders equity
Balance as at April 1, 2011	44,443,726	$ 6,955	$ 211,430	$ 46,589	$ (4,387)	$ 3,586	$ 683	$ 264,856
Shares issued for exercised options and restricted share units (RSUs)	159,793	26	73					99
Share-based compensation			2,527					2,527
Excess tax benefits from exercise of share-based options and RSUs			579					579
Transactions with owners	159,793	26	3,179					3,205
Profit				4,087				4,087
Other comprehensive (loss)/gain, net of taxes					(27,268)	(6,475)	124	(33,619)
Total comprehensive (loss)/gain for the period				4,087	(27,268)	(6,475)	124	(29,532)
Balance as at September 30, 2011	44,603,519	$ 6,981	$ 214,609	$ 50,676	$ (31,655)	$ (2,889)	$ 807	$ 238,529

	Share capital				Other components of equity			
	Number	Par value	Share premium	Retained earnings	Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	Total shareholders equity
Balance as at April 1, 2012	50,078,881	$ 7,842	$ 263,529	$ 59,122	$ (41,784)	$ (5,373)	$ 791	$ 284,127
Shares issued for exercised options and RSUs	256,456	40	(40)					
Reversal of share issuance cost			10					10
Share-based compensation			3,063					3,063
Excess tax benefits from exercise of share-based options and RSUs			(2)					(2)
Transactions with owners	256,456	40	3,031					3,071
Profit				7,159				7,159
Other comprehensive (loss)/gain, net of taxes					(7,379)	4,286	349	(2,744)
Total comprehensive (loss)/gain for the period				7,159	(7,379)	4,286	349	4,415
Balance as at September 30, 2012	50,335,337	$ 7,882	$ 266,560	$ 66,281	$ (49,163)	$ (1,087)	$ 1,140	$ 291,613

See accompanying notes.

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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, amounts in thousands)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Cash flows from operating activities		
Cash generated from operations	$ 28,779	$ 32,261
Interest paid	(2,077)	(2,757)
Interest received	101	27
Income tax paid	(5,634)	(5,467)
Net cash provided by operating activities	**21,169**	**24,064**
Cash flows from investing activities		
Acquisition, net of cash acquired	(6,409)	
Purchase of property and equipment and intangibles	(11,965)	(12,962)
Proceeds from sale of property and equipment	149	141
Dividend received	1,128	
Proceeds from release of deposits		11
Marketable securities purchased, net	(2,031)	
Net cash used in investing activities	**(19,128)**	**(12,810)**
Cash flows from financing activities		
Direct cost incurred in relation to public offering	(16)	
Proceeds from exercise of stock options		99
Repayment of long term debt	(25,067)	(20,000)
Proceeds from long term debt	7,000	
Payment of debt issuance cost	(243)	(53)
Proceeds from short term borrowings, net	6,655	4,614
Excess tax benefit from share based compensation	30	579
Net cash used in financing activities	**(11,641)**	**(14,761)**
Exchange difference on cash and cash equivalents	**(4,276)**	**(7,449)**
Net change in cash and cash equivalents	(13,876)	(10,956)
Cash and cash equivalents at the beginning of the period	46,725	27,090
Cash and cash equivalents at the end of the period	**$ 32,849**	**$ 16,134**

Note: There is a deferred consideration payable on account of acquisition of Fusion Outsourcing Services (Proprietary) Limited of £5,000 ($8,104 based on exchange rate of September 30, 2012). (Refer note 4)

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 outsourcing (BPO) company with client service offices in Australia, London (UK), New Jersey (US), Singapore and delivery centers in Costa Rica, India, the Philippines, Poland, Republic of South Africa (South Africa), Romania, Sri Lanka, the UK and the US. The Company s clients are primarily in the banking, consumer product, financial services, healthcare and utilities, insurance, public sector, retail and travel industries.

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

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 17, 2012.

2. Summary of significant accounting policies

Basis of preparation

These condensed interim consolidated financial statements are prepared in compliance with International Accounting Standard (IAS) 34, *Interim financial reporting* as issued by IASB. They do not include all of the information required in annual financial statements in accordance with IFRS, as issued by IASB and should be read in conjunction with the audited consolidated financial statements and related notes included in the Company s annual report on Form 20-F for the fiscal year ended March 31, 2012.

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, 2012.

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, 2012 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: Classification and Measurement (IFRS 9). 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, viz. those measured at amortized cost and those measured at fair value. In October 2010, the IASB issued a revised version of IFRS 9, Financial Instruments (IFRS 9 R). The revised standard adds guidance on the classification and measurement of financial liabilities. IFRS 9 R 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.

IFRS 9 is effective for fiscal years beginning on or after January 1, 2015. Earlier application is permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

ii. In May, 2011, the IASB issued IFRS 13 *Fair Value Measurements* (IFRS 13). IFRS 13 defines fair value, provides single IFRS framework for measuring fair value and requires disclosure about fair value measurements. IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application 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)

iii. In May 2011, the IASB issued IFRS 10 Consolidated Financial Statements (IFRS 10) which replaces consolidation requirements in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation Special Purpose Entities and builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. This pronouncement is effective for the annual period beginning on or after January 1, 2013 with earlier application permitted so long as each of this standard is applied together with other four standards as mentioned below;

IFRS 11 Joint Arrangements

IFRS 12 Disclosure of Interest in Other Entities

IAS 27 (Revised) Separate Financial Statements

IAS 28 (Revised) Investments in Associates and Joint Ventures

The remainder of IAS 27, Separate Financial Statements , now contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates only when an entity prepares separate financial statements and is therefore not applicable in the Company s consolidated financial statements.

IFRS 11 Joint Arrangements (IFRS 11), which replaces IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities Non-monetary Contributions by Ventures , requires a single method, known as the equity method, to account for interests in jointly controlled entities. The proportionate consolidation method in joint ventures is prohibited. IAS 28, Investments in Associates and Joint Ventures , was amended as a consequence of the issuance of IFRS 11. In addition to prescribing the accounting for investment in associates, it now sets out the requirements for the application of the equity method when accounting for joint ventures. The application of the equity method has not changed as a result of this amendment.

IFRS 12 Disclosure of Interest in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard includes disclosure requirements for entities covered under IFRS 10 and IFRS 11.

Further, in June 2012, IASB published Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance as amendments to IFRS 10, IFRS 11 and IFRS 12. These amendments are intended to provide additional transition relief by limiting the requirement to provide adjusted comparative information to only the preceding comparative period.

The Company will be adopting IFRS 10, IFRS 11 and IFRS 12 effective April 1, 2013. The Company is currently evaluating the impact of the above pronouncements on the Company s consolidated financial statements.

iv. In June 2011, the IASB published amendments to IAS 1 *Presentation of Financial Statements* (IAS 1). The amendments to IAS 1 require companies preparing financial statements in accordance with IFRS to group items within other comprehensive income that may be reclassified to the profit or loss separately from those items which would not be recyclable in the profit or loss section of the statement of income. It also requires the tax associated with items presented before tax to be shown separately for each of the two groups of other comprehensive income items (without changing the option to present items of other comprehensive income either before tax or net of tax).

The amendments also reaffirm existing requirements that items in other comprehensive income and profit or loss should be presented as either a single statement or two consecutive statements. This amendment is applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted. The Company is required to adopt IAS 1 (Amended) by accounting year commencing April 1, 2013.

The Company has evaluated the requirements of IAS 1 (Amended) and the Company does not believe that the impact of adopting IAS 1 (Amended) will have a material effect on the consolidated financial statements.

v. In June 2011, the IASB issued an amended IAS 19 *Employee Benefits* . This amendment is applicable on a modified retrospective basis to annual periods beginning on or after January 1, 2013, with early adoption permitted. Apart from certain miscellaneous changes, key changes are:

a) recognition of changes in the net defined liability(assets)

b) introduced enhanced disclosures about defined benefit plans

c) modified accounting for termination benefits

The Company is currently evaluating the impact that this amendment 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)

vi. In December 2011, the IASB amended the accounting requirements and disclosures related to offsetting of financial assets and financial liabilities by issuing an amendment to IAS 32 Financial Instruments: Presentation and IFRS 7 Financial Instruments: Disclosure . The amendment to IFRS 7 requires companies to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. The new disclosures are effective for interim or annual periods beginning on or after January 1, 2013. It requires retrospective application for comparative periods.

The IASB has amended IAS 32 to clarify the meaning of currently has a legally enforceable right of set off and simultaneous realization and settlement . The amendment clarifies that in order to result in offset of a financial assets and financial liability, a right to set off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy. Also the amendments clarify that the determination of whether the rights meets the legally enforceable criterion will depend on both the contractual terms entered into between the counterparties as well as the law governing the contract and the bankruptcy process in the event of bankruptcy or insolvency. The amendments are effective for annual periods beginning on or after January 1, 2014 and are required to be applied retrospectively for comparative periods.

The Company is currently evaluating the impact that the above amendments will have on its consolidated financial statements.

4. Acquisition

On June 21, 2012, the Company acquired all outstanding equity shares of Fusion Outsourcing Services (Proprietary) Limited (Fusion), 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 acquisition of Fusion will enable the Company to further assist global customers in having finance and accounting and insurance specific services delivered from South Africa and to take advantage of the English language capabilities, skilled talent pool and strong cultural work ethics. This acquisition is in line with Company s strategy of expanding its global delivery footprint and entering emerging growth markets.

The purchase price for the acquisition was £10,000 ($15,680 based on the exchange rate on June 21, 2012) plus adjustment for cash and working capital to be determined and paid based on completion accounts.

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 and the remainder £5,000 ($7,840 based on the exchange rate on June 21, 2012) is payable on or before May 31, 2013 along with interest of 3% per annum above the base rate of Barclays Bank Plc. to be calculated on a daily accrual basis.

The Company incurred acquisition related cost of $341 which has been included in general and administrative expense in the condensed consolidated statements of income.

The purchase price has been allocated as set out below on a provisional basis pending finalization of the valuation of intangible assets to be allocated to the assets acquired and liabilities assumed:

	Amount
Cash	$ 1,431
Trade receivable	3,309
Prepayments and other current assets	185
Property and equipment	2,315
Deferred tax assets, net	1,722

Intangible assets	
Customer relationship	2,148
Customer contracts	1,427
Software	383
Current Liabilities	(2,795)
Net assets acquired	$ 10,125
Less: Purchase consideration	15,680
Goodwill on acquisition	$ 5,555

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The trade receivables comprise gross contractual amounts due of $3,309 and the Company, based on its best estimate at the acquisition date, expects to collect the entire amount.

Goodwill arising from this acquisition is not expected to be deductible for tax purposes.

Goodwill is attributable mainly to benefit from expected synergies, revenue growth, future market development and the assembled workforce of Fusion.

Impact of acquisitions on the results of the Company:

The acquisition of Fusion contributed $4,147 and $4,595 to the Company s revenue for the three and six months ended September 30, 2012, respectively, and $(1,154) and $(1,190) to the Company s profit for the three and six months ended September 30, 2012, respectively.

Had the acquisition occurred on April 1, 2012, the Company s revenue and profit for the six months ended September 30, 2012 would have been $224,845 and $6,745, respectively.

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	
	September 30, 2012	**March 31, 2012**
Cash and bank balance	$ 24,408	$ 34,821
Short term deposits with bank	8,441	11,904
Total	**$ 32,849**	**$ 46,725**

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.

6. Marketable securities

The Company s marketable securities (Available-for-sale) represent short term investments and are acquired principally for the purpose of earning dividend income.

7. Trade receivables, net

Trade receivables consist of the following:

	As at	
	September 30, 2012	**March 31, 2012**
Trade receivables	$ 74,303	$ 71,287
Trade receivables from related parties	635	604
Allowances for doubtful trade receivables	(5,623)	(5,470)
Total	**$ 69,315**	**$ 66,421**

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

	As at	
	September 30, 2012	**March 31, 2012**
Balance at the beginning of the period	$ 5470	$ 4,397
Charged to operations	504	1,381
Write-off, net of collections		(27)
Reversal	(378)	(226)
Translation adjustment	27	(55)
Balance at the end of the period	**$ 5,623**	**$ 5,470**

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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. Prepayments and other assets

Prepayment and other assets consist of the following:

	As at September 30, 2012	As at March 31, 2012
Current:		
Service tax and other tax receivables	$ 10,267	$ 10,118
Deferred transition cost	1,953	944
Employee receivables	1,399	1,504
Advances to suppliers	963	2,341
Deposit with client	2,423	3,206
Prepaid expenses	6,438	3,551
Other assets	563	261
Total	**$ 24,006**	**$ 21,925**
Non-current:		
Deferred transition cost	$ 483	$ 618
Deposits	6,323	6,262
Total	**$ 6,806**	**$ 6,880**

9. Goodwill

The movement in goodwill balance by reportable segment as at September 30, 2012 and March 31, 2012 is as follows:

	WNS Global BPO	WNS Auto Claims	Total
Balance as at April 1, 2011	$ 60,289	$ 33,244	$ 93,533
Foreign currency translation	(6,719)	(119)	(6,838)
Balance as at March 31, 2012	$ 53,570	$ 33,125	$ 86,695
Goodwill arising from acquisition of Fusion (See note 4)	5,555		5,555
Foreign currency translation	(1,754)	365	(1,389)
Balance as at September 30, 2012	**$ 57,371**	**$ 33,490**	**$ 90,861**

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10. Intangibles

The changes in the carrying value of acquired intangible for the year ended March 31, 2012 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, 2011	$ 190,210	$ 65,508	$ 4,974	$ 1,835	$ 353	$	$ 262,880
Additions						1,053	1,053
Translation adjustments	(14,243)	(1,026)	(18)			(36)	(15,323)
Balance as at March 31, 2012	$ 175,967	$ 64,482	$ 4,956	$ 1,835	$ 353	$ 1,017	$ 248,610
Accumulated amortization							
Balance as at April 1, 2011	$ 70,819	$ 29,135	$ 4,812	$ 1,248	$ 279	$	$ 106,293
Amortization	19,949	8,792	161	459	64	51	29,476
Translation adjustments	(1,396)	(884)	(17)			(3)	(2,300)
Balance as at March 31, 2012	$ 89,372	$ 37,043	$ 4,956	$ 1,707	$ 343	$ 48	$ 133,469
Net carrying value as at March 31, 2012	**$ 86,595**	**$ 27,439**	**$**	**$ 128**	**$ 10**	**$ 969**	**$ 115,141**

The changes in the carrying value of acquired intangible for the six months ended September 30, 2012 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, 2012	$ 175,967	$ 64,482	$ 4,956	$ 1,835	$ 353	$ 1,017	$ 248,610
Additions						2,991	2,991
On acquisition of Fusion	1,427	2,148				383	3,958
Translation adjustments	(3,656)	(167)	55		2	80	(3,686)
Balance as at September 30, 2012	$ 173,738	$ 66,463	$ 5,011	$ 1,835	$ 355	$ 4,471	$ 251,873
Accumulated amortization							
Balance as at April 1, 2012	$ 89,372	$ 37,043	$ 4,956	$ 1,707	$ 343	$ 48	$ 133,469
Amortization	8,885	3,753		128	10	328	13,104
Translation adjustments	(427)	(166)	55		2	5	(531)
Balance as at September 30, 2012	$ 97,830	$ 40,630	$ 5,011	$ 1,835	$ 355	$ 381	$ 146,042
Net carrying value as at September 30, 2012	**$ 75,908**	**$ 25,833**	**$**	**$**	**$**	**$ 4,090**	**$ 105,831**

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11. Property and equipment, net

The changes in the carrying value of property and equipment for the year ended March 31, 2012 are as follows:

Gross carrying value	Buildings	Computers and software	Furniture, fixtures and office equipment	Vehicles	Leasehold improve-ments	Total
Balance as at April 1, 2011	$ 12,673	$ 66,482	$ 56,717	$ 2,327	$ 44,443	$ 182,642
Additions		4,846	6,678	939	8,526	20,989
Disposal		790	1,325	1,359	26	3,500
Translation adjustments	(1,178)	(5,870)	(6,209)	(259)	(5,019)	(18,535)
Balance as at March 31, 2012	$ 11,495	$ 64,668	$ 55,861	$ 1,648	$ 47,924	$ 181,596
Accumulated depreciation						
Balance as at April 1, 2011	$ 1,539	$ 58,163	$ 46,417	$ 1,683	$ 33,254	$ 141,056
Depreciation	594	5,843	4,376	234	4,913	15,960
Disposal		822	1,089	551	15	2,477
Translation adjustments	(287)	(5,380)	(5,285)	(189)	(3,977)	(15,118)
Balance as at March 31, 2012	$ 1,846	$ 57,804	$ 44,419	$ 1,177	$ 34,175	$ 139,421
Capital work-in-progress						3,243
Net carrying value as at March 31, 2012						**$ 45,418**

The changes in the carrying value of property and equipment for the six months ended September 30, 2012 are as follows:

Gross carrying value	Buildings	Computers and software	Furniture, fixtures and office equipment	Vehicles	Leasehold improve-ments	Total
Balance as at April 1, 2012	$ 11,495	$ 64,668	$ 55,861	$ 1,648	$ 47,924	$ 181,596
Additions		2,012	2,495	199	2,360	7,066
On acquisition of Fusion		811	987		517	2,315
Disposal		418	496	315	136	1,365
Translation adjustments	(218)	(1,342)	(1,588)	(65)	(1,467)	(4,680)
Balance as at September 30, 2012	$ 11,277	$ 65,731	$ 57,259	$ 1,467	$ 49,198	$ 184,932
Accumulated depreciation						
Balance as at April 1, 2012	$ 1,846	$ 57,804	$ 44,419	$ 1,177	$ 34,175	$ 139,421
Depreciation	278	2,180	2,598	40	2,124	7,220

Disposal		436	536	179	16	1,167
Translation adjustments	(31)	(1,267)	(1,338)	(45)	(1,151)	(3,832)
Balance as at September 30, 2012	$ 2,093	$ 58,281	$ 45,143	$ 993	$ 35,132	$ 141,642
Capital work-in-progress						6,168
Net carrying value as at September 30, 2012						**$ 49,458**

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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), set up a secured line of credit of 960,000 ($18,163 based on the exchange rate on September 30, 2012) from The Hongkong and Shanghai Banking Corporation Limited and an unsecured line of credit of $15,000 from BNP Paribas and 720,000 ($13,622 based on exchange rate on September 30, 2012) from Citibank N.A, interest on which would be determined on the date of the borrowing.

Out of the available lines of credit, as at September 30, 2012, $8,913 was utilized for working capital requirements from The Hongkong and Shanghai Banking Corporation Limited and $12,862 was utilized for working capital requirements from Citibank N.A. These lines of credit can be withdrawn by bank at any point of time. Further, as discussed below, an amount of £5,703 ($9,244 based on the exchange rate on September 30, 2012) was outstanding under the working capital facility in UK.

Long-term debt:

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

			As at			
			September 30, 2012		March 31, 2012	
Currency	**Interest rate**	**Final maturity (fiscal year)**	**Foreign currency**	**Total**	**Foreign currency**	**Total**
Indian Rupee	11.25%*	2015	510,000	$ 9,632	510,000	$ 10,026
US dollars	3M USD Libor +2%	2013	$		$	$ 23,907
US dollars	3M USD Libor +3.5%	2016	$	$ 6,861	$	$
US dollars	3M USD Libor +3%	2014	$	$ 2,128	$	$ 3,189
Pound Sterling	Bank of England base rate+2.25%	2016	£ 9,880	$ 15,940	£ 9,880	$ 15,822
Pound Sterling	Bank of England base rate+2.25%	2015	£ 6,120	$ 9,865	£ 6,120	$ 9,761
				$ 44,426		$ 62,705
Current portion of long term debt				$ 4,084		$ 26,031
Long term debt				$ 40,342		$ 36,674

* The Company entered into a currency swap to effectively reduce the overall cost.

On July 12, 2010 the Company entered into a term loan facility of $94,000 in Mauritius with interest equal to the three month US dollar LIBOR plus a margin of 2% per annum. In connection with the term loan, the Company has entered into an interest rate swap with banks to swap the variable portion of the interest based on US dollar LIBOR to a fixed average rate. This term loan was repayable in semi-annual installments of $20,000 on each of January 10, 2011 and July 11, 2011 and $30,000 on January 10, 2012 with the final installment of $24,000 payable on July 10, 2012. On January 10, 2011, July 11, 2011, January 10, 2012 and July 10, 2012, the Company made scheduled installment repayments of $20,000, $20,000, $30,000 and $24,000, respectively, following which there is no amount outstanding under the facility and the interest rate swap.

The Company has also established a £19,760 ($32,026 based on the exchange rate on September 30, 2012) line of credit in UK pursuant to a facility agreement dated June 30, 2010. This facility consists of a two year term loan facility of £9,880 ($16,013 based on the exchange rate on September 30, 2012) at the Bank of England (BOE) base rate plus a margin of 1.95% per annum and a working capital facility of £9,880 ($16,013 based on the exchange rate on September 30, 2012) at the BOE base rate plus a margin of 2.45% per annum which has been renewed on June 30, 2011.

On March 30, 2012, the Company signed a facility agreement in UK to roll over its existing term loan of £9,880 ($16,013 based on the exchange rate on September 30, 2012) from HSBC Bank plc (which was originally scheduled to mature on July 7, 2012) for three years until July 7, 2015 and obtained from HSBC Bank plc an additional three-year term loan facility of £6,120 ($9,919 based on the exchange rate on September 30, 2012). The facilities will bear interest at BOE base rate plus a margin of 2.25% per annum with 20% of the principal amount of each loan to be repayable at the end of each of 18, 24 and 30 months and a final installment of 40% at the end of 36 months after drawdown. The Company has also renewed its working capital facility of £9,880 ($16,013 based on the exchange rate on September 30, 2012) in UK (which was originally scheduled to mature on July 1, 2012) up to March 31, 2013 at an interest rate of BOE base rate plus a margin of 2.45% per annum. As at September 30, 2012, the amount outstanding under the term loan facility was £16,000 ($25,931 based on the exchange rate on September 30, 2012) and the amount outstanding under the working capital facility was £5,703 ($9,244 based on the exchange rate on September 30, 2012).

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The Company also established a $3,200 line of credit in the Philippines pursuant to a facility agreement dated September 8, 2010. This facility consists of a three year term loan facility at the three-month US dollar LIBOR plus a margin of 3% per annum. As at September 30, 2012, the amount outstanding under the facility was $2,133.

On March 9, 2012, WNS Global entered into a three year term loan facility of 510,000 ($9,649 based on the exchange rate on September 30, 2012) in India with interest equal to 11.25% per annum for the first year with reset at the end of the first year. This term loan is repayable in two installments of 255,000 ($4,825 based on the exchange rate on September 30, 2012) on each of January 30, 2015 and February 27, 2015. In order to reduce the cost on this rupee denominated term loan, the Company also entered into a currency swap to convert the rupee-denominated loan to a US dollar-denominated loan. The facility was fully drawn on March 12, 2012.

On March 30, 2012, WNS Global also signed a facility agreement with HSBC Bank (Mauritius) Limited for a three year external commercial borrowing of $7,000. Out of this facility an amount of $2,000, $3,000 and $2,000 was drawn on April 16, 2012, June 20, 2012 and August 16, 2012, respectively. This facility bears interest at a rate equivalent to three-month US dollar LIBOR plus a margin of 3.5% per annum. The principal amount of each tranche will be repayable at the end of three years from the date of each drawdown.

The Company pledged trade receivables, other financial assets, property and equipment with a carrying amount of $201,366 and $196,652 as of September 30, 2012 and March 31, 2012, respectively, as collateral for the above borrowings. In addition, the above facility agreements 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 September 30, 2012 the Company was in compliance with all of the covenants.

13. Financial instruments
Financial instruments by category

The carrying value and fair value of financial instruments by categories as at September 30, 2012 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
Cash and cash equivalents	$ 32,849	$	$	$	$ 32,849
Marketable securities				27,434	27,434
Trade receivables	69,315				69,315
Unbilled revenue	33,988				33,988
Funds held for clients	21,103				21,103
Prepayments and other assets (1)	1,962				1,962
Investments				2	2
Other non-current assets(2)	6,323				6,323
Derivative assets		5,174	5,826		11,000
Total carrying value	**$ 165,540**	**$ 5,174**	**$ 5,826**	**$ 27,436**	**$ 203,976**

Total fair value	**$ 164,714**	**$ 5,174**	**$ 5,826**	**$ 27,436**	**$ 203,150**

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Financial Liabilities

	Financial liabilities at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value
Trade payables	$	$	$ 33,704	$ 33,704
Current portion of long term debt			4,084	4,084
Long term debt			40,342	40,342
Short term line of credit			31,019	31,019
Other employee obligations(3)			23,844	23,844
Provision and accrued expenses(4)			34,829	34,829
Other liabilities(5)			10,174	10,174
Derivative liabilities	1,627	5,599		7,226
Total carrying value	**$ 1,627**	**$ 5,599**	**$ 177,996**	**$ 185,222**
Total fair value	**$ 1,627**	**$ 5,599**	**$ 177,971**	**$ 185,197**

Notes:

1. Excluding non-financial assets $22,044.
2. Excluding non-financial assets $483.
3. Excluding non-financial liabilities $8,813.
4. Excluding non-financial liabilities $916.
5. Excluding non-financial liabilities $7,763.

The carrying value and fair value of financial instruments by categories as at March 31, 2012 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
Cash and cash equivalents	$ 46,725	$	$	$	$ 46,725
Marketable securities				26,384	26,384
Trade receivables	66,421				66,421
Unbilled revenue	35,878				35,878
Funds held for clients	20,706				20,706
Prepayments and other assets (1)	1,765				1,765

Investments				2	2
Other non-current assets[(2)]	6,262				6,262
Derivative assets		1,787	3,487		5,274
Total carrying value	**$ 177,757**	**$ 1,787**	**$ 3,487**	**$ 26,386**	**$ 209,417**
Total fair value	**$ 176,192**	**$ 1,787**	**$ 3,487**	**$ 26,386**	**$ 207,852**

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Financial Liabilities

	Financial liabilities at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value
Trade payables	$	$	$ 47,304	$ 47,304
Current portion of long term debt			26,031	26,031
Long term debt			36,674	36,674
Short term line of credit			23,965	23,965
Other employee obligations(3)			25,621	25,621
Provision and accrued expenses(4)			31,049	31,049
Other liabilities(5)			961	961
Derivative liabilities	1,131	9,928		11,059
Total carrying value	**$ 1,131**	**$ 9,928**	**$ 191,605**	**$ 202,664**
Total fair value	**$ 1,131**	**$ 9,928**	**$ 191,319**	**$ 202,378**

Notes:

1. Excluding non-financial assets $20,160.
2. Excluding non-financial assets $618.
3. Excluding non-financial liabilities $7,971.
4. Excluding non-financial liabilities $805.
5. Excluding non-financial liabilities $4,247.

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 has entered into a currency swap to convert Rupee liability into a US dollar liability, thereby reducing the overall borrowing cost. The Company s primary exchange rate exposure is with the US dollars, 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 the instrument is designated as a hedge; the hedged item is specifically identifiable and exposes the Company to risk; and it is expected that a change in fair value of the derivative instrument and an opposite change in the fair value of the hedged item will have a high degree of correlation. 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 the hedge accounting and recognizes immediately in the 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 notional values of outstanding foreign exchange forward contracts and foreign exchange option contracts are as follows:

	As at	
	September 30, 2012	March 31, 2012
Forward contracts (Sell)		
In US dollars	$ 165,996	$ 140,306
In United Kingdom Pound Sterling	102,670	104,554
In Euro	6,072	8,953
In Australian dollars	9,807	5,511
Others	20,159	9,715
	$ 304,704	**$ 269,039**
Option Contracts (Sell)		
In US dollars	$ 90,689	$ 116,145
In United Kingdom Pound Sterling	119,778	126,336
In Euro	10,719	11,233
In Australian dollars	7,121	6,008
Others	4,876	4,500
	$ 233,183	**$ 264,222**

The amount of gain/ (loss) reclassified from other comprehensive income into statement of income, net of taxes in respective line items for the three months and six months ended September 30, 2012 and 2011 are as follows:

	Three months ended September 30,		Six months ended September 30,	
	2012	2011	2012	2011
Revenue	$ (190)	$ 295	$ (920)	$ 438
Foreign exchange gains, net	(1,648)	683	(3,460)	2,231
Finance expense	30	74	39	230
Total	**$ (1,808)**	**$ 1,052**	**$ (4,341)**	**$ 2,899**

As at September 30, 2012 the loss amounting to $1,087 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.

The ineffectiveness due to discontinuance of cash flow hedge on account of non-occurrence of original forecasted transactions by the end of the originally specified time period recognized in the statement of income for the three months ended September 30, 2012 and 2011 amounted to a gain of $165 and $875, respectively, and for the six months ended September 30, 2012 and 2011 amounted to a gain of $801 and $694, respectively.

14. Pension and other employee obligations

Pension and other employee obligations consist of the following:

	As at	
	September 30, 2012	**March 31, 2012**
Current		
Salaries and bonus	$ 23,792	$ 25,569
Pension	1,369	1,201
Withholding taxes on salary and statutory payables	2,843	2,205
Other employees payable	52	52
Total	**$ 28,056**	**$ 29,027**
Non-current		
Pension	**$ 4,601**	**$ 4,565**

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15. Provisions and accrued expenses

Provisions and accrued expenses consist of the following:

	As at	
	September 30, 2012	**March 31, 2012**
Provisions	$ 916	$ 805
Accrued expenses	34,829	31,049
Total	**$ 35,745**	**$ 31,854**

A summary of activity for provision is as follows:

	As at	
	September 30, 2012	**March 31, 2012**
Balance at the beginning of the year	$ 805	$ 1,512
Additional provision	1,052	1,169
Provision used	(896)	(1,729)
Translation adjustments	(45)	(147)
Balance at the end of the period	**$ 916**	**$ 805**

16. Deferred revenue

Deferred revenue consists of the following:

	As at	
	September 30, 2012	**March 31, 2012**
Payments in advance of services	$ 1,688	$ 1,898
Advance billings	6,750	6,591
Claims handling	1,168	585
Others	366	1,178
Total	**$ 9,972**	**$ 10,252**

17. Other liabilities

Other liabilities consist of the following:

	As at September 30, 2012	As at March 31, 2012
Current:		
Withholding taxes and value added tax payables	$ 7,293	$ 3,830
Deferred purchase consideration payable	8,183	
Deferred rent	470	417
Other liabilities	1,991	961
Total	**$ 17,937**	**$ 5,208**
Non-current:		
Deferred rent	$ 2,948	$ 2,675
Total	**$ 2,948**	**$ 2,675**

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18. Share capital

As at September 30, 2012, the authorized share capital was £6,100 divided into 60,000,000 ordinary shares of 10 pence each and 1,000,000 preferred shares of 10 pence each. The Company had 50,335,337 ordinary shares outstanding as at September 30, 2012. There were no preferred shares outstanding as at September 30, 2012.

As at March 31, 2012, the authorized share capital was £6,100 divided into 60,000,000 ordinary shares of 10 pence each and 1,000,000 preferred shares of 10 pence each. The Company had 50,078,881 ordinary shares outstanding as at March 31, 2012. There were no preferred shares outstanding as at March 31, 2012.

On February 9, 2012, the Company completed a public offering of its American Depositary Shares (ADS). The Company sold 5,400,000 ADSs and certain selling stockholders sold an aggregate of 6,847,500 ADSs at a price of $9.25 per ADS less underwriting discount. The Company received net proceeds of $46,297 from the offering.

19. Revenue recognition

In the WNS Auto Claims BPO segment, the Company has been re-negotiating contractual terms with insurance companies and the repair centers as and when they come up for renewal. The Company renewed its contract with one of its customers and negotiated a new contract with a repair center in April 2011. In May 2011, the Company further negotiated a new contract with a repair center, which is appended as part of the main revenue contract with two other insurance customers.

The key changes to the Principal Agent Consideration are summarized below:

a) The primary responsibility of the repair work has now shifted from the Company to the repair center.

b) The credit risk is now passed on from the Company to the insurance company.

c) The true economic benefit which the Company earns in the process is the claims handling fee with the repairs cost being a pass through from the insurance company to the repair center without any significant risk and reward involved on the Company s part.

The Company evaluated the principal or agent recognition criteria as per IAS 18. Based on the evaluation of the terms of the contracts with these repair centers and arrangements with these insurance companies, the Company 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.

Accordingly, the Company no longer accounts for the amount received from three of the Company s clients in the WNS Auto Claims BPO segment for payments to repair centers as its revenue and the payments made to repair centers for cases referred by these customers as its cost of revenue, resulting in lower revenue and cost of revenue being recognized in respect of the services rendered to these clients, as the revenues have been recorded net of repair cost. The change in revenue accounting for one of its clients is effective from April 2011 and the balance two clients are effective from May 2011. The process of re-negotiation of the contracts with other clients is ongoing and is aimed at establishing consistent accounting for all such contracts entered into by the Company.

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20. Expenses by nature

Expenses by nature consist of the following:

	Three months ended September 30,		Six months ended September 30,	
	2012	**2011**	**2012**	**2011**
Employee cost	$ 58,614	$ 54,790	$ 114,731	$ 111,634
Repair payments	5,821	17,708	11,024	45,532
Facilities cost	15,810	15,551	30,338	28,793
Depreciation charges	3,670	4,128	7,220	8,195
Legal and professional expenses	4,398	3,466	7,902	7,443
Travel expenses	3,736	3,740	7,808	7,446
Other cost	5,675	5,954	12,236	11,082
Total cost of revenue, selling and marketing and general and administrative expenses	**$ 97,724**	**$ 105,337**	**$ 191,259**	**$ 220,125**

21. Finance expense

Finance expense consists of the following:

	Three months ended September 30,		Six months ended September 30,	
	2012	**2011**	**2012**	**2011**
Interest expense	$ 816	$ 626	$ 1,695	$ 1,318
Interest on deferred purchase consideration	69		76	
Interest rate swap	(28)	121	(15)	401
Debt issue cost	42	184	148	388
Total	**$ 899**	**$ 931**	**$ 1,904**	**$ 2,107**

22. Other (income)/ expense, net

Other income, net consists of the following:

	Three months ended	Six months ended September 30,

	September 30, 2012	2011	2012	2011
Income from interest and dividend on marketable securities	$ (601)	$ (46)	$ (1,247)	$ (136)
Others	(353)	134	(698)	20
Total	**$ (954)**	**$ 88**	**$ (1,945)**	**$ (116)**

23. 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 (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 September 30, 2012 the Company had 272,646 ordinary shares available for future grants.