WNS (HOLDINGS) LTD
Form 6-K
October 22, 2015
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

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

the Securities Exchange Act of 1934

For the quarter ended September 30, 2015

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): ¨

TABLE OF CONTENTS

Table of Contents

WNS (Holdings) Limited is incorporating by reference the information and exhibits set forth in this Form 6-K into its registration statements on Form S-8 (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 India, references to pound sterling or £ are to the legal currency of the UK, references to pence are to the legal currency of Jersey, Channel Islands, references to euro are to the legal currency of the European Monetary Union, references to South African rand or R or ZAR are to the legal currency of South Africa, references to A$ or AUD Australian dollars are to the legal currency of Australia and references to RMB are to the legal currency of China. Our financial statements are presented in US dollars and prepared in accordance with International Financial Reporting Standards and its interpretations, or IFRS, as issued by the International Accounting Standards Board, or the IASB, as in effect as at September 30, 2015. To the extent IASB issues any amendments or any new standards subsequent to September 30, 2015, 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, 2016. Unless otherwise indicated, references to GAAP in this report are to IFRS, as issued by the IASB . References to our ADSs in this report are to our American Depositary Shares, each representing one of our ordinary shares.

References to a particular fiscal year are to our fiscal year ended March 31 of that calendar year. 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.

Table of Contents

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 acquisitions, from time to time;

- 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, Operating and Financial Review and Prospects and elsewhere in our annual report on Form 20-F for our fiscal year ended March 31, 2015. 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.

Table of Contents

Part I- FINANCIAL INFORMATION

WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	As at September 30, 2015	As at March 31, 2015
ASSETS			
Current assets:			
Cash and cash equivalents	5	$ 39,311	$ 32,448
Investments	6	89,798	133,542
Trade receivables, net	7	55,509	55,768
Unbilled revenue		45,683	39,675
Funds held for clients		12,500	12,737
Derivative assets	13	12,661	24,152
Prepayments and other current assets	8	19,242	16,758
Total current assets		274,704	315,080
Non-current assets:			
Goodwill	9	78,539	79,058
Intangible assets	10	38,259	43,274
Property and equipment	11	47,388	48,230
Derivative assets	13	2,593	5,715
Deferred tax assets		22,501	21,331
Other non-current assets	8	18,220	17,613
Total non-current assets		207,500	215,221
TOTAL ASSETS		**$ 482,204**	**$ 530,301**
LIABILITIES AND EQUITY			
Current liabilities:			
Trade payables		$ 20,369	$ 22,706
Provisions and accrued expenses	15	25,572	25,622
Derivative liabilities	13	4,219	1,784
Pension and other employee obligations	14	34,449	40,424
Short term line of credit	12		12,881
Current portion of long term debt	12		12,828
Deferred revenue	16	4,973	3,881
Current taxes payable		2,585	1,987
Other liabilities	17	5,813	5,931
Total current liabilities		97,980	128,044

Non-current liabilities:					
Derivative liabilities	13		959		390
Pension and other employee obligations	14		6,673		6,069
Deferred revenue	16		154		402
Other non-current liabilities	17		4,136		4,017
Deferred tax liabilities			2,638		2,273
Total non-current liabilities			14,560		13,151
TOTAL LIABILITIES		**$**	**112,540**	**$**	**141,195**
Shareholders equity:					
Share capital (ordinary shares $0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 52,286,515 and 51,950,662 shares each as at September 30, 2015 and March 31, 2015, respectively)	18		8,193		8,141
Share premium			296,609		286,805
Retained earnings			208,611		180,345
Other components of equity			(113,288)		(86,185)
Total shareholders equity, including shares held in treasury			400,125		389,106
Less: 1,100,000 shares as of September 30, 2015 and Nil shares as of March 31, 2015, held in treasury, at cost	18		(30,461)		
Total shareholders equity			369,664		389,106
TOTAL LIABILITIES AND EQUITY		**$**	**482,204**	**$**	**530,301**

See accompanying notes.

Table of Contents

WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Notes	Three months ended September 30, 2015	Three months ended September 30, 2014	Six months ended September 30, 2015	Six months ended September 30, 2014
Revenue		$ 141,039	$ 134,075	$ 275,170	$ 265,080
Cost of revenue	19	90,493	84,545	179,293	170,784
Gross profit		50,546	49,530	95,877	94,296
Operating expenses:					
Selling and marketing expenses	19	8,028	8,222	15,463	15,880
General and administrative expenses	19	20,383	17,045	38,425	33,252
Foreign exchange (gain)/loss, net		(3,609)	(704)	(5,362)	602
Amortization of intangible assets		6,466	6,048	12,638	12,148
Operating profit		19,278	18,919	34,713	32,414
Other income, net	21	(1,808)	(2,934)	(3,968)	(6,012)
Finance expense	20	71	347	183	822
Profit before income taxes		21,015	21,506	38,498	37,604
Provision for income taxes	23	5,510	6,241	10,232	10,270
Profit		$ 15,505	$ 15,265	$ 28,266	$ 27,334
Earnings per share of ordinary share	24				
Basic		$ 0.30	$ 0.30	$ 0.55	$ 0.53
Diluted		$ 0.29	$ 0.29	$ 0.53	$ 0.52

See accompanying notes.

Table of Contents

WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

	Three months ended September 30,		Six months ended September 30,	
	2015	**2014**	**2015**	**2014**
Profit	$ 15,505	$ 15,265	$ 28,266	$ 27,334
Other comprehensive income, net of taxes				
Items that may not be reclassified to profit or loss:				
Pension adjustment	20	(31)	(577)	(338)
Items that are or may be reclassified subsequently to profit or loss:				
Changes in fair value of cash flow hedges:				
Current period gain/ (loss)	2,476	7,930	(6,918)	8,435
Reclassification to loss	(3,972)	(637)	(7,692)	(19)
Foreign currency translation	(13,650)	(10,288)	(16,204)	(10,115)
Income tax (provision)/ benefit relating to above	172	(2,832)	4,288	(2,855)
	$ (14,974)	$ (5,827)	$ (26,526)	$ (4,554)
Total other comprehensive loss, net of taxes	$ (14,954)	$ (5,858)	$ (27,103)	$ (4,892)
Total comprehensive income	$ 551	$ 9,407	$ 1,163	$ 22,442

See accompanying notes.

Table of Contents

WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Share Capital				Other components of equity			
	Number	Par value	Share premium	Retained Earnings	Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	Total 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	347,640	58	266					324
Share-based compensation			4,808					4,808
Excess tax benefits relating to share-based options and RSUs			207					207
Transactions with owners	347,640	58	5,281					5,339
Profit				27,334				27,334
Other comprehensive income/(loss), net of taxes					(10,115)	5,561	(338)	(4,892)
Total comprehensive income/(loss) for the period				27,334	(10,115)	5,561	(338)	22,442
Balance as at September 30, 2014	51,695,178	$ 8,102	$ 281,882	$ 149,065	$ (92,056)	$ 3,817	$ 1,941	$ 352,751

	Share capital		Share premium	Retained earnings	Other components of equity: Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	Treasury shares		Total sharehol equity
	Number	Par value						Number	Amount	
ance as at April 1, 5	51,950,662	$ 8,141	$ 286,805	$ 180,345	$ (103,529)	$ 15,445	$ 1,899		$	$ 389,10
res issued for rcised options restricted share s (RSUs)	335,853	52	881							93
chase of treasury k								1,100,000	(30,461)	(30,46
re-based npensation			8,808							8,80
ess tax benefits ting to re-based options RSUs			115							1
nsactions with ners	335,853	52	9,804					1,100,000	(30,461)	(20,60
fit				28,266						28,26
er comprehensive ome/(loss), net of es					(16,204)	(10,322)	(577)			(27,10
al comprehensive ome/(loss) for the od				28,266	(16,204)	(10,322)	(577)			1,16
ance as at tember 30, 2015	52,286,515	$ 8,193	$ 296,609	$ 208,611	$ (119,733)	$ 5,123	$ 1,322	1,100,000	$ (30,461)	$ 369,60

Table of Contents

WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Six months ended September 30, 2015	2014
Cash flows from operating activities:		
Cash generated from operations	$ 51,271	$ 47,510
Interest paid	(255)	(815)
Interest received	961	144
Income taxes paid	(8,402)	(8,184)
Net cash provided by operating activities	**43,575**	**38,655**
Cash flows from investing activities:		
Purchase of property and equipment and intangibles	(15,233)	(12,216)
Proceeds from sale of property and equipment	173	259
Payment for business combination, net of cash acquired (Refer to Note 4(a))	(2,572)	
Dividend received	2,323	2,265
Marketable securities sold/(purchased), net	9,055	(53,503)
Proceeds from sale of fixed maturity plan (FMP)	30,114	42,812
Net cash provided by/(used in) investing activities	**23,860**	**(20,383)**
Cash flows from financing activities:		
Proceeds from exercise of stock options	933	324
Repayment of long term debt	(13,163)	(5,378)
Purchase of treasury shares	(30,461)	
Excess tax benefit from share based compensation	54	61
Repayment of short term borrowings, net	(13,058)	(15,959)
Net cash used in financing activities	**(55,695)**	**(20,952)**
Exchange difference on cash and cash equivalents	(4,877)	362
Net change in cash and cash equivalents	6,863	(2,318)
Cash and cash equivalents at the beginning of the period	32,448	33,691
Cash and cash equivalents at the end of the period	**$ 39,311**	**$ 31,373**
Non-cash transactions:		
Note: Liability towards property and equipment and intangible assets purchased on credit/deferred credit	$ 2,731	$ 1,586

See accompanying notes.

Table of Contents

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; consulting and professional services, banking and financial services; healthcare; and shipping and logistics industries. In the Auto Claims BPM (as defined in Note 26) segment, effective July 1, 2015, WNS Legal Assistance LLP, a subsidiary of WNS Global Services (UK) Limited received an approval from Solicitors Regulatory Authority, UK to provide legal services in relation to personal injury claims.

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

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 22, 2015.

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, 2015.

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, 2015, apart from legal assistance services transactions which commenced from July 1, 2015 as described below:

Revenue from legal services in the Auto claims BPM segment is recognized on the admission of liability by the third party to the extent of fixed fees at each stage and any further income on the successful settlement of the claim.

Incremental and direct costs incurred to contract with a claimant are amortized over the estimated period of provision of services, not exceeding 15 months. All other costs to the Company are expensed as incurred.

3. New accounting pronouncements not yet adopted by the Company

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Company s accounting periods beginning on or after April 1, 2016 or later periods. Those which are considered to be relevant to the Company s operations are set out below.

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

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

IFRS 15 replaces the following standards and interpretations:

IAS 11 Construction Contracts

IAS 18 Revenue

IFRIC 13 Customer Loyalty Programmes

IFRIC 15 Agreements for the Construction of Real Estate

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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, 2018, earlier application is permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

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

Key requirements of IFRS 9:

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

fair value through profit or loss (FVTPL)

fair value through other comprehensive income (FVTOCI)

amortized cost

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

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

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

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

- Increases the eligibility of hedged item and hedging instruments;

- Introduces a more principles-based approach to assess hedge effectiveness.

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

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

i. The requirement to present changes in the fair value of a liability due to changes in own credit risk may be applied early in isolation;

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

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

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

4. Business combinations

a) Telkom

On April 10, 2015, the Company entered into an agreement with Telkom SA SOC LIMITED (Telkom), a leading provider of communication services in South Africa, pursuant to which the Company agreed to acquire the contract and employ the related workforce of Telkom effective May 1, 2015 (Acquisition Date). The net purchase price of the transaction, which was paid in cash, was ZAR 35.6 million ($2.6 million based on the exchange rate on September 30, 2015).

The purchase price has been allocated as set out below on a provisional basis pending finalization of the valuation of intangible assets.

	Amount
Customer Contract- Intangible assets	$ 2,990
Cash	411
Accrued leave liability	(411)
Deferred tax liabilities	(837)
Net assets acquired	**$ 2,153**
Less: Purchase consideration	3,331
Goodwill on acquisition	**$ 1,178**

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

b) iSoftStone

On September 11, 2014, the Company entered into an agreement with iSoftStone Information Technology Co. Ltd. (iSoftStone), a provider of business process outsourcing and management services, pursuant to which the Company agreed to acquire certain assets and the workforce of iSoftStone effective October 13, 2014 (Acquisition Date). The purchase price of the transaction, which was paid in cash, was $328. The excess of purchase price over the assets acquired amount to $144, which has been recognized as goodwill.

Goodwill is attributable mainly to benefit from the assembled workforce of iSoftStone.

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, 2015	**March 31, 2015**
Cash and bank balance	$ 23,253	$ 24,976
Short term deposits with bank	16,058	7,472
Total	**$ 39,311**	**$ 32,448**

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.

Table of Contents

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	
	September 30, 2015	March 31, 2015
Marketable securities[1]	$ 80,683	$ 94,054
Investments in FMPs		29,911
Investment in fixed deposits	9,115	9,577
Total	**$ 89,798**	**$ 133,542**

Note:

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

7. Trade receivables

Trade receivables consist of the following:

	As at	
	September 30, 2015	March 31, 2015
Trade receivables	$ 60,649	$ 61,104
Less: Allowances for doubtful trade receivables	(5,140)	(5,336)
Total	**$ 55,509**	**$ 55,768**

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

	Three months ended September 30,		Six months ended September 30,	
	2015	**2014**	**2015**	**2014**
Balance at the beginning of the period	$ 5,556	$ 5,204	$ 5,336	$ 4,999
Charged to operations	237	592	620	917
Write-off	(282)	(128)	(328)	(262)
Reversal	(236)	(233)	(564)	(301)
Translation adjustment	(135)	(157)	76	(75)
Balance at the end of the period	**$ 5,140**	**$ 5,278**	**$ 5,140**	**$ 5,278**

Table of Contents

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 September 30, 2015	As at March 31, 2015
Current:		
Service tax and other tax receivables	$ 5,438	$ 5,971
Employee receivables	1,183	1,103
Advances to suppliers	1,129	697
Prepaid expenses	7,442	5,048
Other assets	4,050	3,939
Total	**$ 19,242**	**$ 16,758**
Non-current:		
Deposits	$ 6,170	$ 6,476
Non-current tax assets	5,306	4,873
Service tax and other tax receivables	4,860	4,581
Others	1,884	1,683
Total	**$ 18,220**	**$ 17,613**

9. Goodwill

The movement in goodwill balance by reportable segment as at September 30, 2015 and March 31, 2015 is as follows:

	WNS Global BPM	WNS Auto Claims BPM	Total
Balance as at April 1, 2014	$ 51,306	$ 34,348	$ 85,654
Goodwill arising from business combination of iSoftStone assets and the workforce (See Note 4b)	144		144
Foreign currency translation	(2,931)	(3,809)	(6,740)
Balance as at March 31, 2015	**$ 48,519**	**$ 30,539**	**$ 79,058**

Goodwill arising from business combination of Telkom contract and the related workforce (See Note 4a)	1,178		1,178
Foreign currency translation	(2,491)	794	(1,697)
Balance as at September 30, 2015	**$ 47,206**	**$ 31,333**	**$ 78,539**

12

Table of Contents

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, 2015 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						2,207	2,207
Translation adjustments	(3,803)	(1,471)	(570)		(29)	(619)	(6,492)
Balance as at March 31, 2015	$ 158,753	$ 63,928	$ 4,569	$ 1,835	$ 332	$ 12,411	$ 241,828
Accumulated amortization							
Balance as at April 1, 2014	$ 119,435	$ 49,496	$ 5,139	$ 1,835	$ 361	$ 2,625	$ 178,891
Amortization	16,153	5,720				2,319	24,192
Translation adjustments	(2,397)	(1,307)	(570)		(29)	(226)	(4,529)
Balance as at March 31, 2015	$ 133,191	$ 53,909	$ 4,569	$ 1,835	$ 332	$ 4,718	$ 198,554
Net carrying value as at March 31, 2015	**$ 25,562**	**$ 10,019**	**$**	**$**	**$**	**$ 7,693**	**$ 43,274**

The changes in the carrying value of intangible assets for the six months ended September 30**,** 2015 are as follows:

Gross carrying value	Customer contracts	Customer relationship	Intellectual property rights	Leasehold benefits	Covenant not-to-compete	Software	Total
Balance as at April 1, 2015	$ 158,753	$ 63,928	$ 4,569	$ 1,835	$ 332	$ 12,411	$ 241,828
Additions						6,540	6,540
On business combination	2,990						2,990
Translation adjustments	(4,271)	(264)	119		6	(716)	(5,126)
Balance as at September 30, 2015	$ 157,472	$ 63,664	$ 4,688	$ 1,835	$ 338	$ 18,235	$ 246,232

Accumulated amortization

Balance as at April 1, 2015	$ 133,191	$ 53,909	$ 4,569	$ 1,835	$ 332	$ 4,718	$ 198,554
Amortization	7,960	2,850				1,828	12,638
Translation adjustments	(2,963)	(136)	119		6	(245)	(3,219)
Balance as at September 30, 2015	$ 138,188	$ 56,623	$ 4,688	$ 1,835	$ 338	$ 6,301	$ 207,973
Net carrying value as at September 30, 2015	**$ 19,284**	**$ 7,041**	**$**	**$**	**$**	**$ 11,934**	**$ 38,259**

13

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

11. Property and equipment

The changes in the carrying value of property and equipment for the year ended March 31, 2015 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		7,033	7,367	209	7,782	22,391
On business combination of iSoftStone assets and the workforce (See Note 4b)		98	51			149
Disposal/Retirements/Adjustments		(3,292)	(2,596)	(221)	(3,160)	(9,269)
Translation adjustments	(218)	(4,436)	(2,860)	(21)	(2,438)	(9,973)
Balance as at March 31, 2015	$ 10,405	$ 67,515	$ 58,641	$ 455	$ 49,358	$ 186,374
Accumulated depreciation						
Balance as at April 1, 2014	$ 2,769	$ 60,350	$ 45,427	$ 457	$ 34,482	$ 143,485
Depreciation	526	4,403	4,771	71	4,616	14,387
Disposal/Retirements/Adjustments		(2,901)	(2,524)	(221)	(3,152)	(8,798)
Translation adjustments	(63)	(3,784)	(2,277)	(18)	(1,630)	(7,772)
Balance as at March 31, 2015	$ 3,232	$ 58,068	$ 45,397	$ 289	$ 34,316	$ 141,302
Capital work-in-progress						3,158
Net carrying value as at March 31, 2015						**$ 48,230**

The changes in the carrying value of property and equipment for the six months ended September 30, 2015 are as follows:

Gross carrying value	**Buildings**	**Computers and software**	**Furniture, fixtures and office equipment**	**Vehicles**	**Leasehold improvements**	**Total**
Balance as at April 1, 2015	$ 10,405	$ 67,515	$ 58,641	$ 455	$ 49,358	$ 186,374

Additions		3,437	3,654	30	3,631	10,752
Disposal/Retirements		(1,568)	(209)		(409)	(2,186)
Translation adjustments	(226)	(2,156)	(2,734)	(23)	(2,376)	(7,515)
Balance as at September 30, 2015	$ 10,179	$ 67,228	$ 59,352	$ 462	$ 50,204	$ 187,425
Accumulated depreciation						
Balance as at April 1, 2015	$ 3,232	$ 58,068	$ 45,397	$ 289	$ 34,316	$ 141,302
Depreciation	257	2,538	2,451	38	2,373	7,657
Disposal/Retirements		(1,568)	(197)		(409)	(2,174)
Translation adjustments	(73)	(1,660)	(1,969)	(15)	(1,600)	(5,317)
Balance as at September 30, 2015	$ 3,416	$ 57,378	$ 45,682	$ 312	$ 34,680	$ 141,468
Capital work-in-progress						1,431
Net carrying value as at September 30, 2015						**$ 47,388**

14

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

12. Loans and borrowings

Short-term 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 $59,209. As at September 30, 2015, there was no amount utilized (March 31, 2015: $11,823) from these lines of credit.

The Company has also established a line of credit in the UK amounting to £9,880 ($14,981 based on the exchange rate on September 30, 2015). As at September 30, 2015, there was no outstanding amount (March 31, 2015: $1,058) under the said facility.

Further the Company has also established a line of credit in South Africa amounting to ZAR 30,000 ($2,154 based on the exchange rate on September 30, 2015). As at September 30, 2015, there was no outstanding amount (March 31, 2015: Nil) under the said facility.

Long-term debt

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

	As at			
	September 30, 2015		March 31, 2015	
Interest rate	**Foreign currency**	**Total**	**Foreign Currency**	**Total**
3M USD LIBOR + 3.1%	$	$	$	$ 6,990
Bank of England base rate + 2.25%	£	$	£ 3,952	$ 5,838
		$		**$ 12,828**
Current portion of long term debt		**$**		**$ 12,828**
Long term debt				

The Company has pledged trade receivables, other financial assets, property and equipment with a carrying amount of $ Nil and $149,670 as at September 30, 2015 and March 31, 2015, respectively, as collateral for the aforesaid borrowings.

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

13. Financial instruments
Financial instruments by category

The carrying value and fair value of financial instruments by class as at September 30, 2015 are as follows:

Financial assets

	Loans and Receivables	Financial assets at FVTPL	Derivatives designated as cash flow hedges (carried at fair value)	Available for sale	Total carrying value	Total fair value
Cash and cash equivalents	$ 39,311	$	$	$	$ 39,311	$ 39,311
Bank deposits and marketable securities	9,115			80,683	89,798	89,798
Trade receivables	55,509				55,509	55,509
Unbilled revenue	45,683				45,683	45,683
Funds held for clients	12,500				12,500	12,500
Prepayments and other assets(1)	3,251				3,251	3,251
Other non-current assets(2)	6,170				6,170	6,170
Derivative assets		949	14,305		15,254	15,254
Total carrying value	**$ 171,539**	**$ 949**	**$ 14,305**	**$ 80,683**	**$ 267,476**	**$ 267,476**

Financial liabilities

	Financial liabilities at FVTPL	Derivatives designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value	Total fair value
Trade payables	$	$	$ 20,369	$ 20,369	$ 20,369
Current portion of long term debt					
Other employee obligations(3)			29,990	29,990	29,990
Provision and accrued expenses(4)			25,500	25,500	25,500
Other liabilities(5)			1,051	1,051	1,051

Derivative liabilities	1,450	3,728		5,178	5,178
Total carrying value	**$ 1,450**	**$ 3,728**	**$ 76,910**	**$ 82,088**	**$ 82,088**

Notes:

(1) Excluding non-financial assets $15,991
(2) Excluding non-financial assets $12,049
(3) Excluding non-financial liabilities $11,132
(4) Excluding non-financial liabilities $72
(5) Excluding non-financial liabilities $8,898

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The carrying value and fair value of financial instruments by class as at March 31, 2015 are as follows:

Financial assets

	Loans and receivables	Financial assets at FVTPL	Derivatives designated as cash flow hedges (carried at fair value)	Available for sale	Total carrying value	Total fair Value
Cash and cash equivalents	$ 32,448	$	$	$	$ 32,448	$ 32,448
Bank deposits and marketable securities	9,577			94,054	103,631	103,631
Trade receivables	55,768				55,768	55,768
Unbilled revenue	39,675				39,675	39,675
Funds held for clients	12,737				12,737	12,737
Prepayments and other assets(1)	3,161				3,161	3,161
Investment in FMPs		29,911			29,911	29,911
Other non-current assets(2)	6,476				6,476	6,476
Derivative assets		2,274	27,593		29,867	29,867
Total carrying value	**$ 159,842**	**$ 32,185**	**$ 27,593**	**$ 94,054**	**$ 313,674**	**$ 313,674**

Financial liabilities

	Financial liabilities at FVTPL	Derivatives designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value	Total fair value
Trade payables	$	$	$ 22,706	$ 22,706	$ 22,706
Current portion of long term debt			12,828	12,828	12,828
Short term line of credit			12,881	12,881	12,881
Other employee obligations(3)			36,290	36,290	36,290
Provision and accrued expenses(4)			24,869	24,869	24,869
Other liabilities(5)			304	304	304
Derivative liabilities	791	1,383		2,174	2,174

Total carrying value	**$ 791**	$ **1,383**	$ **109,878**	$ **112,052**	**$ 112,052**

Notes:

(1) Excluding non-financial assets $13,597.
(2) Excluding non-financial assets $11,137.
(3) Excluding non-financial liabilities $10,203.
(4) Excluding non-financial liabilities $753.
(5) Excluding non-financial liabilities $9,644.

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements as at September 30, 2015 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	$ 15,254	$	$ 15,254	$ (3,220)	$	$ 12,034
Total	**$ 15,254**	**$**	**$ 15,254**	**$ (3,220)**	**$**	**$ 12,034**

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	$ 5,178	$	$ 5,178	$ (3,220)	$	$ 1,958
Total	**$ 5,178**	**$**	**$ 5,178**	**$ (3,220)**	**$**	**$ 1,958**

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements as at March 31, 2015 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	$ 29,867	$	$ 29,867	$ (1,670)	$	$ 28,197
Total	**$ 29,867**	**$**	**$ 29,867**	**$ (1,670)**	**$**	**$ 28,197**

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	$ 2,174	$	$ 2,174	$ (1,670)	$	$ 504
Total	**$ 2,174**	**$**	**$ 2,174**	**$ (1,670)**	**$**	**$ 504**

18

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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.

The assets and liabilities measured at fair value on a recurring basis as at September 30, 2015 are as follows:

		Fair value measurement at reporting date using		
Description	**As at September 30, 2015**	**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	$ 949	$	$ 949	$
Investment in FMPs				
Derivatives designated in a cash flow hedging relationship				
Foreign exchange contracts	14,305		14,305	
Investments available for sale	80,683	80,683		
Total assets	**$ 95,937**	**$ 80,683**	**$ 15,254**	**$**
Liabilities				
Financial liabilities at FVTPL				
Foreign exchange contracts	$ 1,450	$	$ 1,450	$

Derivatives designated in a cash flow hedging relationship							
Foreign exchange contracts		3,728				3,728	
Total liabilities	**$**	**5,178**	**$**		**$**	**5,178**	**$**

19

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The assets and liabilities measured at fair value on a recurring basis as at March 31, 2015 are as follows:-

		Fair value measurement at reporting date using		
Description	**As at March 31, 2015**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets				
Financial assets at FVTPL				
Foreign exchange contracts	$ 2,274	$	$ 2,274	$
Investment in FMPs	29,911	29,911		
Derivatives designated in a cash flow hedging relationship				
Foreign exchange contracts	27,593		27,593	
Investments available for sale	94,054	94,054		
Total assets	**$ 153,832**	**$ 123,965**	**$ 29,867**	**$**
Liabilities				
Financial liabilities at FVTPL				
Foreign exchange contracts	$ 791	$	$ 791	$
Derivatives designated in a cash flow hedging relationship				
Foreign exchange contracts	1,383		1,383	
Total liabilities	**$ 2,174**	**$**	**$ 2,174**	**$**

The fair value is estimated using discounted cash flow approach which involves assumptions and judgments regarding risk characteristics of the instruments, discount rates, future cash flows and foreign exchange spot and forward premium rates. During the six months ended September 30, 2015 and the year ended March 31, 2015, 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).

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

	As at	
	September 30, 2015	**March 31, 2015**
Forward contracts (Sell)		
In US dollars	$ 181,895	$ 168,315
In United Kingdom Pound Sterling	164,728	141,693
In Euro	11,791	9,745
In Australian dollars	29,559	25,065
Others	8,716	13,887
	$ 396,689	**$ 358,705**
Option contracts (Sell)		
In US dollars	$ 65,462	$ 79,898
In United Kingdom Pound Sterling	111,302	106,767
In Euro	10,081	7,697
In Australian dollars	18,588	19,462
Others	2,739	3,342
	$ 208,172	**$ 217,166**

The amount of gain/ (loss) reclassified from other comprehensive income into consolidated statement of income in respective line items for the three months ended September 30, 2015 and 2014 are as follows:

	Three months ended September 30,		**Six months ended September 30,**	
	2015	**2014**	**2015**	**2014**
Revenue	$ 2,070	$ 465	$ 3,984	$ 307
Foreign exchange loss, net	1,901	172	3,708	(288)
Income tax related to amounts reclassified into statement of income	(1,450)	(249)	(2,730)	(57)
Total	**$ 2,521**	**$ 388**	**$ 4,962**	**$ (38)**

As at September 30, 2015, the gain amounting to $5,123 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 September 30, 2015 and 2014 a gain of $220 and Nil, respectively, and for the six months ended September 30, 2015 and 2014, a gain of $125 and $99, respectively.

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

14. Employee benefits

Pension and other employee obligations consist of the following:

	As at	
	September 30, 2015	**March 31, 2015**
Current:		
Salaries and bonus	$ 29,990	$ 36,290
Pension	743	496
Withholding taxes on salary and statutory payables	3,716	3,638
Total	**$ 34,449**	**$ 40,424**
Non-current:		
Pension	**$ 6,673**	**$ 6,069**

15. Provisions and accrued expenses

Provisions and accrued expenses consist of the following:

	As at	
	September 30, 2015	**March 31, 2015**
Provisions	$ 72	$ 753
Accrued expenses	25,500	24,869
Total	**$ 25,572**	**$ 25,622**

A summary of activity for provision is as follows:

As at

	September 30, 2015	March 31, 2015
Balance at the beginning of the period / year	$ 753	$ 693
Additional provision		754
Provision used	(683)	(692)
Translation adjustments	2	(2)
Balance at the end of the period / year	**$ 72**	**$ 753**

22

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

16. Deferred revenue

Deferred revenue consists of the following:

	As at September 30, 2015	As at March 31, 2015
Current:		
Payments in advance of services	$ 499	$ 600
Advance billings	2,622	2,384
Others	1,852	897
Total	**$ 4,973**	**$ 3,881**

	As at September 30, 2015	As at March 31, 2015
Non-current:		
Payments in advance of services	$ 123	$ 220
Advance billings	13	163
Others	18	19
Total	**$ 154**	**$ 402**

17. Other liabilities

Other liabilities consist of the following:

	As at September 30, 2015	As at March 31, 2015
Current:		
Withholding taxes and value added tax payable	$ 3,543	$ 3,989
Deferred rent	608	806
Other liabilities	1,662	1,136

Total	**$ 5,813**	**$ 5,931**
Non-current:		
Deferred rent	$ 3,741	$ 3,601
Other liabilities	395	416
Total	**$ 4,136**	**$ 4,017**

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

18. Share capital

As at September 30, 2015, 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 52,286,515 ordinary shares outstanding as at September 30, 2015. There were no preferred shares outstanding as at September 30, 2015.

As at March 31, 2015, 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 51,950,662 ordinary shares outstanding as at March 31, 2015. There were no preferred shares outstanding as at March 31, 2015.

In March 2015, the Company s shareholders authorized a share repurchase program of up to 1,100,000 of the Company s American Depositary Shares (ADSs), each representing one ordinary share, at a price range of $10 to $30 per ADS. Pursuant to the terms of the repurchase program, the Company s ADSs may be purchased in the open market from time to time for a period of 12 months from April 1, 2015. The shares underlying the repurchased ADSs will be held as treasury shares.

During the six months ended September 30, 2015, the Company purchased 1,100,000 ADSs in the open market for a total consideration of $30,461 (including transaction cost of $50). The shares underlying these purchased ADSs are recorded as treasury shares.

19. Expenses by nature

Expenses by nature consist of the following:

	Three months ended September 30,		Six months ended September 30,	
	2015	**2014**	**2015**	**2014**
Employee cost	$ 74,820	$ 68,016	$ 146,121	$ 134,180
Repair payments	7,732	7,544	15,380	16,486
Facilities cost	17,057	17,940	33,858	35,396
Depreciation	3,794	3,395	7,657	7,001
Legal and professional expenses	3,596	3,597	6,832	7,258
Travel expenses	4,580	3,922	8,863	7,792
Others	7,325	5,398	14,470	11,803
Total cost of revenue, selling and marketing and general and administrative expenses	**$ 118,904**	**$ 109,812**	**$ 233,181**	**$ 219,916**

20. Finance expense

Finance expense consists of the following:

	Three months ended September 30,		Six months ended September 30,	
	2015	2014	2015	2014
Interest expense	$ 69	$ 325	$ 170	$ 777
Debt issue cost	2	22	13	45
Total	**$ 71**	**$ 347**	**$ 183**	**$ 822**

24

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

21. Other income, net

Other income, net consists of the following:

	Three months ended September 30,		Six months ended September 30,	
	2015	**2014**	**2015**	**2014**
Income from interest and dividend on marketable securities	$ 1,290	$ 1,243	$ 2,928	$ 2,418
Net gain arising on financial assets designated as FVTPL		1,122	41	2,406
Others, net	518	569	999	1,188
Total	**$ 1,808**	**$ 2,934**	**$ 3,968**	**$ 6,012**

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 three years. The Company settles employee share-based option exercises with newly issued ordinary shares. As at September 30, 2015, the Company had 549,737 ordinary shares available for future grants.

Share-based compensation expense is as follows:

	Three months ended September 30,		Six months ended September 30,	
	2015	**2014**	**2015**	**2014**
Share-based compensation expense recorded in				
Cost of revenue	$ 352	$ 19	$ 909	$ 441
Selling and marketing expenses	199	275	731	465
General and administrative expenses	4,543	2,290	7,168	3,902
Total share-based compensation expense	**$ 5,094**	**$ 2,584**	**$ 8,808**	**$ 4,808**

Upon exercise of share options and RSUs, the Company issued 186,279 and 216,202 shares for the three months ended September 30, 2015 and 2014, respectively, and 335,853 and 347,640 shares for the six months ended September 30, 2015 and 2014, respectively.

23. Income taxes

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

	Three months ended September 30,		Six months ended September 30,	
	2015	**2014**	**2015**	**2014**
Domestic	$ (1,423)	$ (637)	$ (2,362)	$ (1,790)
Foreign	22,438	22,143	40,860	39,394
Profit before income taxes	**$ 21,015**	**$ 21,506**	**$ 38,498**	**$ 37,604**

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

	Three months ended September 30,		**Six months ended September 30 ,**	
	2015	**2014**	**2015**	**2014**
Current taxes				
Domestic taxes	$	$	$	$
Foreign taxes	4,568	4,462	8,318	8,035
	$ 4,568	$ 4,462	$ 8,318	$ 8,035
Deferred taxes				
Domestic taxes				
Foreign taxes	942	1,779	1,914	2,235
	942	1,779	1,914	2,235
	$ 5,510	**$ 6,241**	**$ 10,232**	**$ 10,270**

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 September 30,		**Six months ended September 30,**	
	2015	**2014**	**2015**	**2014**
Income taxes on profit	$ 5,510	$ 6,241	$ 10,232	$ 10,270
Income taxes on other comprehensive income				
Unrealized gain on cash flow hedging derivatives	(172)	2,832	(4,288)	2,855
Income taxes recognized in equity				
Excess tax deductions related to share based options and RSUs	51	(119)	(62)	(144)
Total income taxes	**$ 5,389**	**$ 8,954**	**$ 5,882**	**$ 12,981**

The Company has a delivery center located in Gurgaon, India registered under the Special Economic Zone (SEZ) scheme that is eligible for 50% income tax exemption from fiscal 2013 to fiscal 2022. In fiscal 2012, the Company started operations in its delivery centers in Pune, Mumbai and Chennai, India, registered under the SEZ scheme that are eligible for 100% income tax exemption until fiscal 2016 and 50% income tax exemption from fiscal 2017 to fiscal 2026. During fiscal 2015, the Company started its operations in new delivery centers in Gurgaon and Pune, India registered under the SEZ scheme that are eligible for 100% income tax exemption until fiscal 2019, and 50% income tax exemption from fiscal 2020 to fiscal 2029. The Government of India, pursuant to the Indian Finance Act, 2011, has also levied a minimum alternate tax (MAT) on the book profits earned by the SEZ units at the prevailing rate which is currently 21.34%. The Company s operations in Costa Rica are eligible for a 100% income tax exemption until fiscal 2017 and 50% income tax exemption from fiscal 2018 to fiscal 2021. The Company s operations in Philippines located in Eastwood Avenue, Manila were eligible for tax exemptions until fiscal 2015. During fiscal 2013, the Company started its operations in new delivery center in Philippines located in Techno Plaza II, Manila which is eligible for tax exemption until 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.

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

From time to time, the Company receives orders of assessment from the Indian tax authorities assessing additional taxable income on the Company and/or its subsidiaries in connection with their review of their tax returns. The Company currently has orders of assessment outstanding for various years through fiscal 2012, which assess additional taxable income that could in the aggregate give rise to an estimated $43,545 in additional taxes, including interest of $15,699. These orders of assessment allege that the transfer prices the Company applied to certain of the international transactions between WNS Global and its other wholly-owned subsidiaries were not on arm s length terms, disallow a tax holiday benefit claimed by the Company, deny the set off of brought forward business losses and unabsorbed depreciation and disallow certain expenses claimed as tax deductible by WNS Global. The Company has appealed against these orders of assessment before higher appellate authorities.

In addition, the Company has orders of assessment pertaining to similar issues that have been decided in favor of the Company by first level appellate authorities, vacating the tax demands of $40,495 in additional taxes, including interest of $12,447. 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 September 30, 2015, the Company has provided a tax reserve of $13,777 primarily on account of the Indian tax authorities denying the set off of brought forward business losses and unabsorbed depreciation.

Based on the facts of these cases, the nature of the tax authorities disallowances and the orders from first level appellate authorities deciding similar issues in favor of the Company in respect of assessment orders for earlier fiscal years and after consultation with the Company s external tax advisors, the Company believe these orders are unlikely to be sustained at the higher appellate authorities. The Company has deposited $11,549 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 $5,289 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 September 30, 2015	2014	Six months ended September 30, 2015	2014
Numerator:				
Profit	$ 15,505	$ 15,265	$ 28,266	$ 27,334
Denominator:				
Basic weighted average ordinary shares outstanding	51,225,276	51,578,820	51,515,578	51,492,063
Dilutive impact of equivalent stock options and RSUs	1,614,641	1,453,082	1,751,418	1,534,909
Diluted weighted average ordinary shares outstanding	52,839,917	53,031,902	53,266,996	53,026,972

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

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

25. Subsidiaries

The following is a list of subsidiaries of WNS as at September 30, 2015:

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 Legal Assistance LLP(2)	United Kingdom
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

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 except WNS Legal Assistance LLP, a limited liability partnership, organized under the laws of England and Wales in November 2014. WNS Legal Assistance LLP provides legal services in relation to personal injury claims within the Auto Claims BPM (as defined in Note 26) segment in the UK. WNS Legal Assistance LLP is 80% owned by WNS Global Services (UK) Limited and 20% owned by Prettys Solicitors, UK.

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

26. Operating segments

The Company has several operating segments based on a mix of industry and the types of services. The composition and organization of these operating segments currently is designed in such a way that the back office shared processes, i.e. the horizontal structure, delivers service to industry specific back office and front office processes i.e. the vertical structure. These structures represent a matrix form of organization structure, accordingly operating segments have been determined based on the core principle of segment reporting in accordance with IFRS 8 Operating segments (IFRS 8). These operating segments include travel, insurance, banking and financial services, healthcare, utilities, retail and consumer products groups, auto claims and others. The Company believes that the 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 provide automobile claims handling services) and WNS Legal Assistance LLP (which provides legal services in relation to personal injury claims), which constitute WNS Auto Claims BPM, do not meet the aggregation criteria. Accordingly, the Company has determined that it has two reportable segments WNS Global BPM and WNS Auto Claims BPM .

The 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.

Table of Contents

WNS (HOLDINGS) LIMITED

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 September 30, 2015 are as follows:

	Three months ended September 30, 2015			
	WNS Global BPM	WNS Auto Claims BPM	Inter segments*	Total
Revenue from external customers	$ 128,298	$ 12,741	$	$ 141,039
Segment revenue	$ 128,523	$ 12,741	$ (225)	$ 141,039
Payments to repair centers		7,732		7,732
Revenue less repair payments	128,523	5,009	(225)	133,307
Depreciation	3,704	90		3,794
Other costs	92,727	6,173	(225)	98,675
Segment operating profit	32,092	(1,254)		30,838
Other income, net	(1,623)	(185)		(1,808)
Finance expense	71			71
Segment profit before income taxes	33,644	(1,069)		32,575
Provision for income taxes	5,684	(174)		5,510
Segment profit	27,960	(895)		27,065
Amortization of intangible assets				6,466
Share based compensation expense				5,094
Profit				$ 15,505
Addition to non-current assets	$ 7,642	$ 270	$	$ 7,912
Total assets, net of elimination	334,149	148,055		482,204
Total liabilities, net of elimination	$ 39,955	$ 72,585	$	$ 112,540

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

Table of Contents

WNS (HOLDINGS) LIMITED

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 September 30, 2014 are as follows:

	Three months ended September 30, 2014			
	WNS Global BPM	WNS Auto Claims BPM	Inter segments*	Total
Revenue from external customers	$ 118,895	$ 15,180	$	$ 134,075
Segment revenue	$ 118,948	$ 15,180	$ (53)	$ 134,075
Payments to repair centers		7,544		7,544
Revenue less repair payments	118,948	7,636	(53)	126,531
Depreciation	3,305	90		3,395
Other costs	89,345	6,293	(53)	95,585
Segment operating profit	26,298	1,253		27,551
Other income, net	(2,713)	(221)		(2,934)
Finance expense	347			347
Segment profit before income taxes	28,664	1,474		30,138
Provision for income taxes	5,954	287		6,241
Segment profit	22,710	1,187		23,897
Amortization of intangible assets				6,048
Share based compensation expense				2,584
Profit				$ 15,265
Addition to non-current assets	$ 6,759	$ 621	$	$ 7,380
Total assets, net of elimination	394,138	136,403		530,541
Total liabilities, net of elimination	$ 121,524	$ 56,266	$	$ 177,790

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

Table of Contents

WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The segment results for the six months ended September 30, 2015 are as follows:

	Six months ended September 30, 2015			
	WNS Global BPM	WNS Auto Claims BPM	Inter segments*	Total
Revenue from external customers	$ 248,989	$ 26,181	$	$ 275,170
Segment revenue	$ 249,284	$ 26,181	$ (295)	$ 275,170
Payments to repair centers		15,380		15,380
Revenue less repair payments	249,284	10,801	(295)	259,790
Depreciation	7,486	171		7,657
Other costs	184,463	11,806	(295)	195,974
Segment operating profit	57,335	(1,176)		56,159
Other income, net	(3,600)	(368)		(3,968)
Finance expense	183			183
Segment profit before income taxes	60,752	(808)		59,944
Provision for income taxes	10,332	(100)		10,232
Segment profit	50,420	(708)		49,712
Amortization of intangible assets				12,638
Share based compensation expense				8,808
Profit				$ 28,266
Addition to non-current assets	$ 17,852	$ 619	$	$ 18,471
Total assets, net of elimination	334,149	148,055		482,204
Total liabilities, net of elimination	$ 39,955	$ 72,585	$	$ 112,540

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

The segment results for the six months ended September 30, 2014 are as follows:

Six months ended September 30, 2014

	WNS Global BPM	WNS Auto Claims BPM	Inter segments*	Total
Revenue from external customers	$ 232,053	$ 33,027	$	$ 265,080
Segment revenue	$ 232,160	$ 33,027	$ (107)	$ 265,080
Payments to repair centers		16,486		16,486
Revenue less repair payments	232,160	16,541	(107)	248,594
Depreciation	6,793	208		7,001
Other costs	179,569	12,761	(107)	192,223
Segment operating profit	45,798	3,572		49,370
Other income, net	(5,644)	(368)		(6,012)
Finance expense	822			822
Segment profit before income taxes	50,620	3,940		54,560
Provision for income taxes	9,492	778		10,270
Segment profit	41,128	3,162		44,290
Amortization of intangible assets				12,148
Share based compensation expense				4,808
Profit				$ 27,334
Addition to non-current assets	$ 9,667	$ 857	$	$ 10,524
Total assets, net of elimination	394,138	136,403		530,541
Total liabilities, net of elimination	$ 121,524	$ 56,266	$	$ 177,790

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

Table of Contents

WNS (HOLDINGS) LIMITED

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 September 30,		Six months ended September 30,	
	2015	2014	2015	2014
Jersey, Channel Islands	$	$	$	$
UK	66,826	72,313	131,134	143,633
US	36,972	33,710	72,948	67,318
Europe (excluding UK)	8,667	7,225	17,565	14,290
South Africa	9,009	4,574	15,649	9,468
Australia	10,271	7,633	19,467	14,512
Rest of the world	9,294	8,620	18,407	15,859
Total	**$ 141,039**	**$ 134,075**	**$ 275,170**	**$ 265,080**

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 2015 and 2028. The details of future minimum lease payments under non-cancelable operating leases as at September 30, 2015 are as follows:

	Future minimum lease payments
Less than 1 year	$ 17,480
1-3 years	27,721
3-5 years	17,884
More than 5 years	32,572
Total minimum lease payments	**$ 95,657**

Rental expenses were $6,025 and $6,147 for the three months ended September 30, 2015 and 2014, respectively, and $12,278 and $12,209 for the six months ended September 30, 2015 and 2014, respectively.

Capital commitments

As at September 30, 2015 and March 31, 2015, the Company had committed to spend approximately $4,442 and $3,107, 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 $995 and $895 as at September 30, 2015 and March 31, 2015, 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 $394 and $510 as at September 30, 2015 and March 31, 2015, 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.

Table of Contents

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, 2015. 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, with a view to offer cost savings, operational flexibility, improved quality and actionable insights to our clients. We seek to help our clients transform their businesses by identifying business and process optimization opportunities through technology-enabled solutions, process design improvements, analytics and improved business understanding.

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

Our portfolio of services includes vertical-specific processes that are tailored to address our clients specific business and industry practices. In addition, we offer a set of shared services that are common across multiple industries, including 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 our fiscal year ended March 31, 2015. 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. In the Auto claims BPM segment, effective July 1, 2015, WNS Legal Assistance LLP, a subsidiary of WNS UK received an approval from Solicitors Regulatory Authority, UK to provide legal services in relation to personal injury claims.

Table of Contents

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 September 30,		Six months ended September 30,	
	2015	2014	2015	2014
	(US dollars in millions)			
Revenue	$ 141.0	$ 134.1	$ 275.2	$ 265.1
Less: Payments to repair centers[1]	7.7	7.5	15.4	16.5
Revenue less repair payments	$ 133.3	$ 126.5	$ 259.8	$ 248.6

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 revenue includes, but is not limited to, revenue denominated in pound sterling, Australian dollars, South African rand and euros.

	Three months ended September 30,		Six months ended September 30,	
	2015	2014	2015	2014
	(US dollars in millions)			
Constant currency revenue less repair payments	$ 131.6	$ 118.3	$ 256.6	$ 232.4

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 low price of crude oil, and other commodities across the globe and the related implications for potential global deflation, as well as concerns of slower economic growth in the European Union, or EU, Russia, 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, if sovereign credit ratings continue to decline, or in the event of a default on sovereign debt obligations in certain countries including Greece, Argentina and Russia, 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 as the US Federal Reserve ends 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, and the ongoing refugee crisis in Europe, North Africa and the Middle East may contribute to political and economic instability in those regions. The growing concerns over the sustained and drastic fall in the price of crude oil, and other commodities and the associated risk of global deflation, may also 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.

Table of Contents

Furthermore, a weakening of the rate of exchange for the US dollar or the pound sterling or the Australian dollar or the South African rand (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, the Australian dollar, the South African rand or the Indian rupee, on the one hand, and the US dollar, on the other hand, also expose us to translation risk when transactions denominated in these currencies are translated into US dollars, our reporting currency. For example, the pound sterling depreciated against the US dollar by an average of 8.0%, the Indian rupee depreciated against the US dollar by an average of 6.7%, the Australian dollar depreciated against the US dollar by an average of 19.0%, and the South African rand depreciated against the US dollar by an average of 17.6%, for the six months ended September 30, 2015 as compared to the average exchange rate for the six months ended September 30, 2014. The depreciation of the pound sterling and Australian dollar against the US dollar negatively impacted our results of operations for the six months ended September 30, 2015, whereas the depreciation of the Indian rupee and the South African rand against the US dollar 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.

Critical Accounting Policies

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, 2015, apart from legal assistance services transactions which commenced from July 1, 2015 as described below:

Revenue from legal services in the WNS Auto Claims BPM segment is recognized on the admission of liability by the third party to the extent of fixed fees in each stage and any further income on the successful settlement of the claim.

Incremental and direct costs incurred to contract with a claimant are amortized over the estimated period of provision of services, not exceeding 15 months. All other costs to us are expensed as incurred.

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 September 30, (US dollars in millions)		Change		Six months ended September 30, (US dollars in millions)		Change	
	2015	2014	$	%	2015	2014	$	%
Revenue	$ 141.0	$ 134.1	7.0	5.2%	$ 275.2	$ 265.1	10.1	3.8%
Revenue less repair payments	$ 133.3	$ 126.5	6.8	5.4%	$ 259.8	$ 248.6	11.2	4.5%

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 September 30, 2015 and 2014, 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 September 30,		As a percentage of revenue less repair payments Three months ended September 30,	
	2015	**2014**	**2015**	**2014**
Top client	11.0%	13.9%	11.6%	14.8%
Top five clients	31.5%	34.3%	33.3%	36.3%
Top ten clients	43.9%	46.2%	46.4%	49.0%
Top twenty clients	58.4%	61.9%	61.8%	65.2%

For the six months ended September 30, 2015 and 2014, 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 Six months ended September 30,		As a percentage of revenue less repair payments Six months ended September 30,	
	2015	**2014**	**2015**	**2014**
Top client	11.4%	13.9%	12.0%	14.8%
Top five clients	31.1%	33.8%	32.9%	36.0%
Top ten clients	43.2%	45.7%	45.8%	48.7%
Top twenty clients	58.1%	61.7%	61.5%	65.5%

Table of Contents

In line with our expectations, one of our top five clients by revenue contribution in fiscal 2014, an online travel agency, or OTA, provided us with lower volume of business in fiscal 2015. The client entered into a strategic marketing agreement with another OTA in August 2013 pursuant to which it over a period of time, from the fourth quarter of fiscal 2014 to the fourth quarter of fiscal 2015, moved their customer care and sales processes that were previously managed by us to a technology platform managed by the other OTA. As a result, the volume of business from our OTA client gradually declined during this period and fully ramped down in the first quarter of fiscal 2016. The other OTA uses several BPM vendors to manage such processes on their technology platform. We are approved as one of the other OTA s providers of BPM services. We have managed to compete with incumbent BPM vendors for the other OTA s business and the other OTA has become one of our large clients. However, there can be no assurance that we will be able to offset the loss of business from our OTA client to a significant extent or at all.

Further, we have entered into a master services agreement with an existing major client, Aviva MS, effective April 1, 2014, or the Aviva master services agreement. The Aviva master services agreement replaced our prior master services agreement, the 2008 Aviva master services agreement, with the client that was due to expire in November 2016. See Our Contracts Revenue by Contract Type. The new pricing arrangements under the new agreement resulted in lower revenue from the client in the six months ended September 30, 2015 as compared to the six months ended September 30, 2014. For further details on the new pricing arrangements, see Our Contracts Revenue by Contract Type.

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; and shipping and logistics.

For the three months ended September 30, 2015 and 2014, 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 September 30,		As a percentage of revenue less repair payments Three months ended September 30,	
Business Unit	**2015**	**2014**	**2015**	**2014**
Insurance	31.5%	35.6%	27.5%	31.8%
Travel and leisure	19.3%	19.5%	20.5%	20.6%
Diversified businesses including manufacturing, retail, CPG, media and entertainment, and telecom	16.2%	13.5%	17.1%	14.3%
Utilities	10.5%	9.6%	11.1%	10.2%
Consulting and professional services(1)	8.0%	7.8%	8.4%	8.2%
Banking and financial services	5.4%	5.6%	5.8%	5.9%
Healthcare	5.3%	4.9%	5.6%	5.2%
Shipping and logistics	3.8%	3.5%	4.0%	3.8%

Total	100.0%	100.0%	100.0%	100.0%

Note:

1) We merged our public sector business unit with our consulting and professional services business unit with effect from April 1, 2015 and revenue from the public sector business unit for the three months ended September 30, 2014 has been included in the revenue and revenue less repair payments from the consulting and professional business unit for comparability.

Table of Contents

For the six months ended September 30, 2015 and 2014, 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 Six months ended September 30,		As a percentage of revenue less repair payments Six months ended September 30,	
Business Unit	**2015**	**2014**	**2015**	**2014**
Insurance	32.3%	36.6%	28.1%	32.5%
Travel and leisure	19.6%	19.2%	20.8%	20.4%
Diversified businesses including manufacturing, retail, CPG, media and entertainment, and telecom	15.9%	13.5%	16.8%	14.4%
Utilities	10.1%	9.0%	10.7%	9.6%
Consulting and professional services(1)	7.6%	7.7%	8.1%	8.2%
Banking and financial services	5.5%	5.9%	5.9%	6.3%
Healthcare	5.2%	4.8%	5.6%	5.1%
Shipping and logistics	3.8%	3.3%	4.0%	3.5%
Total	100.0%	100.0%	100.0%	100.0%

Note:

1) We merged our public sector business unit with our consulting and professional services business unit with effect from April 1, 2015 and revenue from the public sector business unit for the six months ended September 30, 2014 has been included in the revenue and revenue less repair payments from the consulting and professional business unit for comparability.

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

Revenue by Service Type

For the three months ended September 30, 2015 and 2014, our revenue and revenue less repair payments were diversified across service types in the proportions set forth in the following table:

Service Type	As a percentage of revenue Three months ended September 30, 2015	2014	As a percentage of revenue less repair payments Three months ended September 30, 2015	2014
Industry-specific	30.1%	29.7%	31.8%	31.4%
Contact center	28.0%	23.5%	29.7%	24.9%
Finance and accounting	17.9%	19.4%	18.9%	20.6%
Research and analytics	12.6%	13.3%	13.3%	14.1%
Auto claims	9.0%	11.3%	3.8%	6.0%
Others[(1)]	2.4%	2.8%	2.5%	3.0%
Total	100.0%	100.0%	100.0%	100.0%

Note:

1) Others includes revenue from technology services, legal services, and human resource outsourcing services.

For the six months ended September 30, 2015 and 2014, our revenue and revenue less repair payments were diversified across service types in the proportions set forth in the following table:

Service Type	As a percentage of revenue Six months ended September 30, 2015	2014	As a percentage of revenue less repair payments Six months ended September 30, 2015	2014
Industry-specific	30.5%	29.3%	32.3%	31.4%
Contact center	27.1%	22.9%	28.7%	24.4%
Finance and accounting	18.2%	19.7%	19.2%	21.0%
Research and analytics	12.3%	12.9%	13.1%	13.7%
Auto claims	9.5%	12.5%	4.2%	6.7%
Others[(1)]	2.4%	2.7%	2.5%	2.8%
Total	100.0%	100.0%	100.0%	100.0%

Note:

1) Others includes revenue from technology services, legal services, and human resource outsourcing services.

Table of Contents

Revenue by Geography

For the three months ended September 30, 2015 and 2014, 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 September 30,		As a percentage of revenue less repair payments Three months ended September 30,	
Geography	**2015**	**2014**	**2015**	**2014**
UK	47.4%	53.9%	44.3%	51.2%
North America (primarily the US)	26.2%	25.1%	27.7%	26.6%
Europe (excluding the UK)	6.1%	5.4%	6.5%	5.7%
Australia	7.3%	5.7%	7.7%	6.0%
South Africa	6.4%	3.4%	6.8%	3.6%
Rest of world	6.6%	6.4%	7.0%	6.8%
Total	100.0%	100.0%	100.0%	100.0%

For the six months ended September 30, 2015 and 2014, 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 Six months ended September 30,		As a percentage of revenue less repair payments Six months ended September 30,	
Geography	**2015**	**2014**	**2015**	**2014**
UK	47.6%	54.2%	44.5%	51.1%
North America (primarily the US)	26.5%	25.4%	28.1%	27.1%
Europe (excluding the UK)	6.4%	5.4%	6.8%	5.7%
Australia	7.1%	5.5%	7.5%	5.8%
South Africa	5.7%	3.6%	6.0%	3.8%
Rest of world	6.7%	6.0%	7.1%	6.4%
Total	100.0%	100.0%	100.0%	100.0%

Revenue by Location of Delivery Centers

For the three months ended September 30, 2015 and 2014, 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:

Location of Delivery Center	As a percentage of revenue Three months ended September 30, 2015	2014	As a percentage of revenue less repair payments Three months ended September 30, 2015	2014
India	61.3%	64.7%	64.9%	68.5%
South Africa	12.0%	8.1%	12.7%	8.6%
UK	9.7%	11.6%	4.5%	6.3%
Philippines	8.2%	6.6%	8.7%	7.0%
Sri Lanka	2.7%	3.0%	2.9%	3.2%
Romania	2.1%	2.4%	2.2%	2.5%
United States	1.6%	1.1%	1.7%	1.2%
China[1]	0.9%	1.0%	0.9%	1.1%
Poland	0.7%	0.8%	0.7%	0.8%
Costa Rica	0.6%	0.7%	0.7%	0.8%
Total	100.0%	100.0%	100.0%	100.0%

Note:

1) For the three months ended September 30, 2014, this includes revenue from our first China facility and through our former subcontractor s delivery center in China. For the three months ended September 30, 2015, this includes revenue from our new China facility which became operational in October 2014, as well as our first China facility

Table of Contents

For the six months ended September 30, 2015 and 2014, 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 Six months ended September 30,		As a percentage of revenue less repair payments Six months ended September 30,	
Location of Delivery Center	**2015**	**2014**	**2015**	**2014**
India	61.8%	63.9%	65.3%	68.1%
South Africa	11.0%	8.0%	11.6%	8.5%
UK	10.2%	12.8%	4.9%	7.0%
Philippines	8.0%	6.2%	8.5%	6.6%
Sri Lanka	2.7%	2.9%	2.9%	3.1%
Romania	2.2%	2.5%	2.3%	2.6%
United States	1.8%	1.2%	1.9%	1.2%
China(1)	0.9%	1.0%	1.0%	1.1%
Poland	0.7%	0.8%	0.8%	0.9%
Costa Rica	0.7%	0.7%	0.8%	0.8%
Total	100.0%	100.0%	100.0%	100.0%

Note:

1) For the six months ended September 30, 2014, this includes revenue from our first China facility and through our former subcontractor s delivery center in China. For the six months ended September 30, 2015, this includes revenue from our new China facility which became operational in October 2014, as well as our first China facility

Our Contracts

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

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

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

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.

Table of Contents

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

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

Revenue by Contract Type

For the three months ended September, 2015 and 2014, 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 September 30,		**As a percentage of revenue less repair payments Three months ended September 30,**	
Contract Type	**2015**	**2014**	**2015**	**2014**
Full-time-equivalent	72.9%	69.9%	77.1%	74.0%
Transaction	20.0%	22.3%	15.3%	17.7%
Fixed price	2.2%	3.2%	2.3%	3.3%
Outcome-based	0.9%	1.1%	1.0%	1.2%
Others	4.0%	3.5%	4.3%	3.7%
Total	100.0%	100.0%	100.0%	100.0%

For the six months ended September, 2015 and 2014, 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 Six months ended September 30,	**As a percentage of revenue less repair payments Six months ended September 30,**

Contract Type	2015	2014	2015	2014
Full-time-equivalent	72.2%	68.2%	76.5%	72.7%
Transaction	20.4%	23.5%	15.7%	18.4%
Fixed price	2.5%	3.5%	2.7%	3.8%
Outcome-based	1.0%	1.0%	1.0%	1.1%
Others	3.8%	3.7%	4.1%	4.0%
Total	100.0%	100.0%	100.0%	100.0%

We have continued our ten-year relationship with Aviva MS by entering into the Aviva master services agreement with Aviva MS, in September 2014, for a term of eight years, effective April 1, 2014 and expiring on March 31, 2022. The Aviva master services agreement replaced our 2008 Aviva master services agreement with the client that was due to expire in November 2016. The agreement continues to provide us with the exclusive right to provide the client with the services we currently provide, and in the same geographic regions, subject to the rights and obligations of the Aviva group under their existing contracts with other providers of similar services. Aviva MS has agreed, and further agreed to procure other members of the Aviva group, not to renew or extend such existing contacts unless they are contractually bound to do so. We are also 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.

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, with the exception of the Aviva master services agreement. The Aviva master services agreement requires Aviva MS to provide us with a minimum volume of business until October 31, 2016 (the last complete month prior to the expiration of the 2008 Aviva master services agreement). 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 at least nine hours for 250 days a year. The revised contract is priced on a full-time equivalent, or FTE, pricing model for certain types of outsourced processes and a non-FTE based pricing model for other types of outsourced processes. 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 terminations 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 not met in fiscal 2015 because of a small reduction in demand for our services provided under the contract in the fourth quarter of fiscal 2015. Aviva MS paid us the minimum commitment fee for fiscal 2015.

The new pricing arrangements under the Aviva master services agreement provide for productivity-related discounts associated with FTE and non-FTE models. Some of these discounts are mandatorily applied through the term of the contract. Pricing also varies based on degree of complexity of the outsourced processes. The new pricing arrangements under the Aviva master services agreement resulted in lower revenue for fiscal 2015 and for the six months ended September 30, 2015. Aviva MS accounted for 13.4%, 15.2% and 16.9% of our revenue and 14.2%, 16.2% and 17.8% of our revenue less repair payments in fiscal 2015, 2014 and 2013, respectively.

Under the terms of an agreement with one of our former top five clients negotiated in December 2009, we were the exclusive provider of certain key services from delivery locations outside of the US, including customer service and ticketing support for the client. This agreement became effective on April 1, 2010 and was due to expire in December 2015. Under our earlier agreement with this client, we were entitled to charge premium pricing because we had absorbed the initial transition cost in 2004. That premium pricing is no longer available in the subsequent 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 was to be deferred over the term of the subsequent agreement (i.e., over the period from April 1, 2010 to December 31, 2015). Since June 2015, we ceased to provide services under this agreement to this client. Accordingly, in June 2015 we recognized in full the termination fee for the remaining six months of the term of the agreement.

Expenses

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

Cost of Revenue

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 and share-based compensation expense. 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 our fiscal year ended March 31, 2015.

Cost of revenue for 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. It also includes incremental and direct costs incurred to contract with claimants by WNS Legal Assistance LLP.

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.

Table of Contents

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.

Amortization of Intangible Assets

Amortization of intangible assets is primarily associated with our acquisitions of Aviva Global Services Singapore Pte. Ltd., or Aviva Global, in July 2008, Fusion Outsourcing Services (Proprietary) Limited, or Fusion in June 2012, and the acquisition of a customer contract from Telkom SA SOC LIMITED, or Telkom, in May 2015.

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:

	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Total head count	29,830	29,672	28,890	27,755	27,734	27,760
Built up seats(1)	25,655	24,032	24,131	23,646	23,834	23,738
Used seats(1)	18,749	17,744	17,451	17,161	16,684	16,444
Seat utilization rate(2)	1.20	1.22	1.19	1.17	1.17	1.16

Notes:

1) Built up seats refer to the total number of production seats (excluding support functions like Finance, Human Resource, Administration and seats dedicated for business continuity planning) 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. Previously, our reported built up seats included seats dedicated for business continuity planning. Commencing this fiscal year, we have decided to report our built up seats and compute our seat utilization rate excluding seats dedicated for business continuity planning to better reflect our business operations. The built up seats and seat utilization rate presented for prior quarters in the table above have been re-computed to exclude seats dedicated for business continuity planning.
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.

Table of Contents

Results of Operations

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

	As a percentage of				As a percentage of			
	Revenue		Revenue less repair payments		Revenue		Revenue less repair payments	
	Three months ended September 30,				Six months ended September 30,			
	2015	2014	2015	2014	2015	2014	2015	2014
Cost of revenue	64.2%	63.1%	62.1%	60.9%	65.2%	64.4%	63.1%	62.1%
Gross profit	35.8%	36.9%	37.9%	39.1%	34.8%	35.6%	36.9%	37.9%
Operating expenses:								
Selling and marketing expenses	5.7%	6.1%	6.0%	6.5%	5.6%	6.0%	6.0%	6.4%
General and administrative expenses	14.5%	12.7%	15.3%	13.5%	14.0%	12.5%	14.8%	13.4%
Foreign exchange loss / (gains), net	(2.6)%	(0.5)%	(2.7)%	(0.6)%	(1.9)%	0.2%	(2.1)%	0.2%
Amortization of intangible assets	4.6%	4.5%	4.9%	4.8%	4.6%	4.6%	4.9%	4.9%
Operating profit	13.7%	14.1%	14.5%	15.0%	12.6%	12.2%	13.4%	13.0%
Other (income) / expense, net	(1.3)%	(2.2)%	(1.4)%	(2.3)%	(1.4)%	(2.3)%	(1.5)%	(2.4)%
Finance expense	0.1%	0.3%	0.1%	0.3%	0.1%	0.3%	0.1%	0.3%
Provision for income taxes	3.9%	4.7%	4.1%	4.9%	3.7%	3.9%	3.9%	4.1%
Profit	11.0%	11.4%	11.6%	12.1%	10.3%	10.3%	10.9%	11.0%

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 September 30,				Six months ended September 30,			
	2015	2014	2015	2014	2015	2014	2015	2014
	(US dollars in millions)				(US dollars in millions)			
Revenue	$ 141.0	$ 134.1	100.0%	100.0%	$ 275.2	$ 265.1	100.0%	100.0%
Less: Payments to repair centers	7.7	7.5	5.5%	5.6%	15.4	16.5	5.6%	6.2%
Revenue less repair payments	$ 133.3	$ 126.5	94.5%	94.4%	$ 259.8	$ 248.6	94.4%	93.8%

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

	Three months ended September 30,		Six months ended September 30,	
	2015	2014	2015	2014
	(US dollars in millions)			
Revenue	$ 141.0	$ 134.1	$ 275.2	$ 265.1
Cost of revenue(1)	90.5	84.5	179.3	170.8

Gross profit	50.5	49.5	95.9	94.3
Operating expenses:				
Selling and marketing expenses (2)	8.0	8.2	15.5	15.9
General and administrative expenses (3)	20.4	17.0	38.4	33.3
Foreign exchange loss / (gains), net	(3.6)	(0.7)	(5.4)	0.6
Amortization of intangible assets	6.5	6.0	12.6	12.1
Operating profit	19.3	18.9	34.7	32.4
Other income, net	(1.8)	(2.9)	(4.0)	(6.0)
Finance expense	0.1	0.3	0.2	0.8
Profit before income taxes	21.0	21.5	38.5	37.6
Provision for income taxes	5.5	6.2	10.2	10.3
Profit	$ 15.5	$ 15.3	$ 28.3	$ 27.3

Notes:

1) Includes share-based compensation expense of $0.4 million and $0.9 million for the three and six months ended September 30, 2015, respectively, and $0.02 million and $0.4 million for the three and six months ended September 30, 2014, respectively.
2) Includes share-based compensation expense of $0.2 million and $0.7 million for the three and six months ended September 30, 2015, respectively, and $0.3 million and $0.5 million for the three and six months ended September 30, 2014, respectively.
3) Includes share-based compensation expense of $4.5 million and $7.2 million for the three and six months ended September 30, 2015, respectively, and $2.3 million and $3.9 million for the three and six months ended September 30, 2014, respectively.

Results for the three months ended September 30, 2015 compared to the three months ended September 30, 2014

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

Revenue

	Three months ended September 30, 2015	2014	Change	% Change
	(US dollars in millions)			
Revenue	$ 141.0	$ 134.1	$ 7.0	5.2%

The increase in revenue of $7.0 million was primarily attributable to revenue from new clients of $6.2 million and an increase in hedging gain on our revenue by $1.6 million to a gain of $1.7 million for the three months ended September 30, 2015 from a gain of $0.1 million for the three months ended September 30, 2014, partially offset by a decrease in revenue from existing clients of $0.8 million. The increase in revenue was primarily attributable to higher volumes in our retail and CPG, utilities, shipping and logistics, healthcare, and consulting and professional services verticals, partially offset by the depreciation of pound sterling, the Australian dollar, the South African rand and the euro against the US dollar by an average of 7.1%, 21.5%, 20.6% and 16.0%, respectively, for the three months ended September 30, 2015 as compared to the average exchange rate for the three months ended September 30, 2014, lower volume of business from one of our top clients by revenue contribution in fiscal 2015, and a reduction in pricing under a five plus year contract extension with Aviva MS.

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 September 30,	

	2015	2014	2015	2014
	(US dollars in millions)			
UK	$ 66.8	$ 72.3	47.4%	53.9%
North America (primarily the US)	37.0	33.7	26.2%	25.1%
Australia	10.3	7.6	7.3%	5.7%
South Africa	9.0	4.6	6.4%	3.4%
Europe (excluding the UK)	8.7	7.2	6.1%	5.4%
Rest of world	9.2	8.6	6.6%	6.4%
Total	$ 141.0	$ 134.1	100.0%	100.0%

The increase in revenue from the South Africa region was primarily attributable to higher volumes in our retail and CPG, and consulting and professional services verticals, partially offset by lower volume in our banking and financial services vertical. The increase in revenue in North America (primarily the US) was primarily attributable to higher volumes in our consulting and professional services, healthcare, insurance, and shipping and logistics verticals, partially offset by lower volume in our banking and financial services vertical. The increase in revenue from the Australia region was primarily attributable to higher volumes in our utilities and travel verticals. The increase in revenue from the Europe (excluding the UK) region was primarily attributable to higher volume in our retail and CPG vertical, partially offset by lower volume in our insurance vertical. The increase in revenue from the Rest of world region was primarily attributable to higher volumes in our shipping and logistics, and banking and financial services verticals, partially offset by lower volumes in our travel, and retail and CPG verticals. The decrease in revenue from the UK region was primarily attributable to a reduction in pricing from a five plus year contract extension with Aviva MS and lower volumes in our shipping and logistics, retail and CPG, and consulting and professional services verticals.

Table of Contents

Revenue Less Repair Payments

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

	Three months ended September 30, 2015	2014	Change	% Change
	(US dollars in millions)			
Revenue less repair payments	$ 133.3	$ 126.5	$ 6.8	5.4%

The increase in revenue less repair payments of $6.8 million was primarily attributable to revenue less repair payments from new clients of $6.2 million and an increase in hedging gain on our revenue less repair payments by $1.6 million to a gain of $1.7 million for the three months ended September 30, 2015 from a gain of $0.1 million for the three months ended September 30, 2014, partially offset by a decrease in revenue less repair payments from existing clients of $1.0 million. The increase in revenue less repair payments was primarily attributable to higher volumes in our retail and CPG, utilities, shipping and logistics, healthcare, and consulting and professional services verticals, partially offset by the depreciation of pound sterling, the Australian dollar, the South African rand and the euro against the US dollar by an average of 7.1%, 21.5%, 20.6% and 16.0%, respectively, for the three months ended September 30, 2015 as compared to the average exchange rate for the three months ended September 30, 2014, lower volume of business from one of our top clients by revenue less repair payments contribution in fiscal 2015, and a reduction in pricing under a five plus year contract extension with Aviva MS.

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 September 30,			
	2015	2014	2015	2014
	(US dollars in millions)			
UK	$ 59.1	$ 64.8	44.3%	51.2%
North America (primarily the US)	37.0	33.7	27.7%	26.6%
Australia	10.3	7.6	7.7%	6.0%
South Africa	9.0	4.6	6.8%	3.6%
Europe (excluding the UK)	8.7	7.2	6.5%	5.7%
Rest of world	9.2	8.6	7.0%	6.8%
Total	$ 133.3	$ 126.5	100.0%	100.0%

The increase in revenue less repair payments from the South Africa region was primarily attributable to higher volumes in our retail and CPG, and consulting and professional services verticals, partially offset by lower volume in our banking and financial services vertical. The increase in revenue less repair payments in North America (primarily the US) was primarily attributable to higher volumes in our consulting and professional services, healthcare, insurance, and shipping and logistics verticals, partially offset by lower volume in our banking and financial services vertical. The increase in revenue less repair payments from the Australia region was primarily attributable to higher volumes in our utilities and travel verticals. The increase in revenue less repair payments from the Europe (excluding the UK) region was primarily attributable to higher volume in our retail and CPG vertical, partially offset by lower volume in our insurance vertical. The increase in revenue less repair payments from the Rest of world region was primarily attributable to higher volumes in our shipping and logistics, and banking and financial services verticals, partially offset by lower volumes in our travel, and retail and CPG verticals. The decrease in revenue less repair payments from the UK region was primarily attributable to a reduction in pricing from a five plus year contract extension with Aviva MS and lower volumes in our shipping and logistics, retail and CPG, 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 September 30, 2015	2014	Change
	(US dollars in millions)		
Employee costs	$ 52.8	$ 48.8	$ 3.9
Facilities costs	16.3	16.6	(0.3)
Repair payments	7.7	7.5	0.2
Depreciation	3.7	3.3	0.4
Travel costs	2.8	2.3	0.5
Legal and professional costs	2.1	2.5	(0.4)
Other costs	5.2	3.5	1.7
Total cost of revenue	$ 90.5	$ 84.5	$ 6.0
As a percentage of revenue	64.2%	63.1%	

46

Table of Contents

The increase in cost of revenue was primarily due to higher employee cost on account of higher headcount and wage inflation; higher other costs primarily due to an increase in other costs on account of incremental and direct costs incurred to contract with claimants associated with WNS Legal Assistance LLP s business, and an increase in subcontracting costs; higher travel costs; and higher depreciation costs, partially offset by lower legal and professional expenses. Further, the depreciation of the Indian rupee and South African rand against the US dollar by an average of 7.4% and 20.6%, respectively, for the three months ended September 30, 2015 as compared to the average exchange rate for the three months ended September 30, 2014 resulted in a decrease of approximately $4.3 million in the cost of revenue.

Gross Profit

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

	Three months ended September 30,		
	2015	2014	Change
	(US dollars in millions)		
Gross profit	$ 50.5	$ 49.5	$ 1.0
As a percentage of revenue	35.8%	36.9%	
As a percentage of revenue less repair payments	37.9%	39.1%	

Gross profit as a percentage of revenue and revenue less repair payments decreased primarily due to higher cost of revenue as discussed above, partially offset by higher revenue, and an increase in hedging gain on our revenue by $1.6 million to a gain of $1.7 million for the three months ended September 30, 2015 from a gain of $0.1 million for the three months ended September 30, 2014 and receipt of performance based incentive payments based on contractual gain sharing arrangements with clients for the three month ended September 30, 2014. Further, the depreciation of the Indian rupee against the US dollar by an average of 7.4%, for the three months ended September 30, 2015 as compared to the average exchange rate for the three months ended September 30, 2014 marginally increased gross profit, by partially offsetting the increase in cost of revenue.

Our built up seats increased by 7.6% from 23,834 as at September 30, 2014 to 25,655 as at September 30, 2015, during which we expanded seating capacities in our existing delivery centers in Pune, Chennai and Gurgaon, India and South Africa, and added new facilities in South Africa and China. This was part of our strategy to expand our delivery capabilities. Our total headcount increased by 7.6% from 27,734 to 29,830 during the same period, and our seat utilization rate increased from 1.17 for the three months ended September 30, 2014 to 1.20 for the three months ended September 30, 2015. This resulted in an increase in our gross profit as a percentage of revenue by approximately 0.02% and our gross profit as a percentage of revenue less repair payments by approximately 0.01% in the three months ended September 30, 2015.

Selling and Marketing Expenses

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

	Three months ended September 30,		
	2015	2014	Change
	(US dollars in millions)		

Employee costs	$ 5.9	$ 6.4	$ (0.5)
Other costs	2.1	1.9	0.3
Total selling and marketing expenses	$ 8.0	$ 8.2	$ (0.2)
As a percentage of revenue	5.7%	6.1%	
As a percentage of revenue less repair payments	6.0%	6.5%	

The decrease in selling and marketing expenses was primarily due to a decrease in employee costs on account of a decrease in sales headcount, lower legal and professional expenses, and the depreciation of the pound sterling against the US dollar by an average of 7.1% for the three months ended September 30, 2015 as compared to the average exchange rate for the three months ended September 30, 2014, partially offset by higher marketing costs.

Table of Contents

General and Administrative Expenses

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

	Three months ended September 30,		
	2015	2014	Change
	(US dollars in millions)		
Employee costs	$ 16.2	$ 12.8	$ 3.3
Other costs	4.2	4.2	(0.0)
Total general and administrative expenses	$ 20.4	$ 17.0	$ 3.3
As a percentage of revenue	14.5%	12.7%	
As a percentage of revenue less repair payments	15.3%	13.5%	

The increase in general and administrative expenses was primarily due to an increase in employee costs as a result of higher salaries on account of a higher headcount and wage inflation; higher legal and professional expenses, and higher travel cost, partially offset by lower facilities costs. Further, the depreciation of the Indian rupee and South African rand against the US dollar by an average of 7.4% and 20.6%, respectively, for the three months ended September 30, 2015 as compared to the average exchange rate for the three months ended September 30, 2014 resulted in a decrease of approximately $0.8 million in general and administrative expenses.

Foreign Exchange Loss / (Gains), Net

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

	Three months ended September 30,		
	2015	2014	Change
	(US dollars in millions)		
Foreign exchange loss / (gains), net	$ (3.6)	$ (0.7)	$ (2.9)

The foreign exchange gains were primarily due to higher gains of $1.6 million from our rupee and pound denominated hedge contracts as a result of a depreciation of the pound sterling against the US dollar and foreign currency revaluation gains of $1.3 million arising from a gain of $1.3 million for the three months ended September 30, 2015 from no gain for the three months ended September 30, 2014.

Amortization of Intangible Assets

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

	Three months ended September 30,		
	2015	2014	Change
	(US dollars in millions)		

Amortization of intangible assets	$ 6.5	$ 6.0	$ 0.5

The increase in amortization of intangible assets was primarily attributable to the acquisition of a customer contract from Telkom, partially offset by the depreciation of the Indian rupee and South African rand against the US dollar by an average of 7.4% and 20.6%, respectively, for the three months ended September 30, 2015 as compared to the average exchange rate for the three months ended September 30, 2014.

Operating Profit

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

	Three months ended September 30,		
	2015	**2014**	**Change**
	(US dollars in millions)		
Operating profit	$ 19.3	$ 18.9	$ 0.4
As a percentage of revenue	13.7%	14.1%	
As a percentage of revenue less repair payments	14.5%	15.0%	

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

Other income, net

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

	Three months ended September 30,		
	2015	**2014**	**Change**
	(US dollars in millions)		
Other income, net	$ (1.8)	$ (2.9)	$ 1.1

Table of Contents

Other income was lower primarily due to a lower cash balance as funds were utilized for our share repurchases commencing May 2015 and dividend distribution tax on liquid mutual funds applicable effective October 1, 2014 on account of a change in Indian tax law pursuant to the India Finance Act 2014.

Finance Expense

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

	Three months ended September 30,		
	2015	**2014**	**Change**
	(US dollars in millions)		
Finance expense	$ 0.1	$ 0.3	$ (0.3)

Finance expense decreased primarily due to lower interest cost as a result of scheduled repayments 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 September 30,		
	2015	**2014**	**Change**
	(US dollars in millions)		
Provision for income taxes	$ 5.5	$ 6.2	$ (0.7)

The decrease in provision for income taxes was primarily on account of lower taxable profits. Further, the provision for income taxes for the three months ended September 2014 includes a $1.0 million provision on account of a change in Indian tax law pursuant to the India Finance Act 2014, as a result of which a number of debt oriented fixed maturity plans, or FMPs, that we had invested in were re-categorized as short term capital assets as they had been held for less than 36 months and, accordingly, were subject to tax.

Profit

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

	Three months ended September 30,		
	2015	**2014**	**Change**
	(US dollars in millions)		
Profit	$ 15.5	$ 15.3	$ 0.2
As a percentage of revenue	11.0%	11.4%	
As a percentage of revenue less repair payments	11.6%	12.1%	

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

Results for the six months ended September 30, 2015 compared to the six months ended September 30, 2014

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

Revenue

	Six months ended September 30, 2015	2014	Change	% Change
	(US dollars in millions)			
Revenue	$ 275.2	$ 265.1	$ 10.1	3.8%

The increase in revenue of $10.1 million was primarily attributable to revenue from new clients of $9.9 million, and an increase in hedging gain on our revenue by $3.6 million to a gain of $3.2 million for the six months ended September 30, 2015 from a loss of $0.4 million for the six months ended September 30, 2014, partially offset by a decrease in revenue from existing clients of $3.4 million. The increase in revenue was primarily attributable to higher volumes in our retail and CPG, shipping and logistics, utilities, healthcare, travel, and consulting and professional services verticals, partially offset by the depreciation of pound sterling, the Australian dollar, the South African rand and the euro against the US dollar by an average of 8.0%, 19.0%, 17.6% and 17.7%, respectively, for the six months ended September 30, 2015 as compared to the average exchange rate for the six months ended September 30, 2014, lower volume of business from one of our top clients by revenue contribution in fiscal 2015, and a reduction in pricing under a five plus year contract extension with Aviva MS.

Table of Contents

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	
	Six months ended September 30,			
	2015	2014	2015	2014
	(US dollars in millions)			
UK	$ 131.1	$ 143.6	47.6%	54.2%
North America (primarily the US)	72.9	67.3	26.5%	25.4%
Australia	19.5	14.5	7.1%	5.5%
Europe (excluding the UK)	17.6	14.3	6.4%	5.4%
South Africa	15.6	9.5	5.7%	3.6%
Rest of world	18.4	15.9	6.7%	6.0%
Total	$ 275.2	$ 265.1	100.0%	100.0%

The increase in revenue from the South Africa region was primarily attributable to higher volumes in our retail and CPG, and consulting and professional services verticals, partially offset by lower volume in our banking and financial services vertical. The increase in revenue in North America (primarily the US) was primarily attributable to higher volumes in our consulting and professional services, healthcare, insurance, shipping and logistics, and travel verticals, partially offset by lower volume in our banking and financial services vertical. The increase in revenue from the Australia region was primarily attributable to a higher volumes in our utilities and travel verticals. The increase in revenue from the Europe (excluding the UK) region was primarily attributable to higher volume in our retail and CPG vertical, partially offset by lower volume in our insurance vertical. The increase in revenue from the Rest of world region was primarily attributable to higher volumes in our shipping and logistics, and banking and financial services verticals, partially offset by a lower volume in our insurance vertical. The decrease in revenue from the UK region was primarily attributable to a reduction in pricing from a five plus year contract extension with Aviva MS and lower volumes in our shipping and logistics, retail and CPG, and consulting and professional services verticals.

Revenue Less Repair Payments

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

	Six months ended September 30,			
	2015	2014	Change	% Change
	(US dollars in millions)			
Revenue less repair payments	$ 259.8	$ 248.6	$ 11.2	4.5%

The increase in revenue less repair payments of $11.2 million was primarily attributable to revenue less repair payments from new clients of $8.8 million, and an increase in hedging gain on our revenue less repair payments by

$3.6 million to a gain of $3.2 million for the six months ended September 30, 2015 from a loss of $0.4 million for the six months ended September 30, 2014, partially offset by a decrease in revenue less repair payments from existing clients of $4.5 million. The increase in revenue less repair payments was primarily attributable to higher volumes in our retail and CPG, shipping and logistics, utilities, healthcare, travel, and consulting and professional services verticals, partially offset by the depreciation of pound sterling, the Australian dollar, the South African rand and the euro against the US dollar by an average of 8.0%, 19.0%, 17.6% and 17.7%, respectively, for the six months ended September 30, 2015 as compared to the average exchange rate for the six months ended September 30, 2014, lower volume of business from one of our top clients by revenue less repair payments contribution in fiscal 2015, and a reduction in pricing under a five plus year contract extension with Aviva MS.

Table of Contents

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	
	Six months ended September 30,			
	2015	2014	2015	2014
	(US dollars in millions)			
UK	$ 115.8	$ 127.1	44.5%	51.1%
North America (primarily the US)	72.9	67.3	28.1%	27.1%
Australia	19.5	14.5	7.5%	5.8%
Europe (excluding the UK)	17.6	14.3	6.8%	5.7%
South Africa	15.6	9.5	6.0%	3.8%
Rest of world	18.4	15.9	7.1%	6.4%
Total	$ 259.8	$ 248.6	100.0%	100.0%

The increase in revenue less repair payments from the South Africa region was primarily attributable to higher volumes in our retail and CPG, and consulting and professional services verticals, partially offset by lower volume in our banking and financial services vertical. The increase in revenue less repair payments in North America (primarily the US) was primarily attributable to higher volumes in our consulting and professional services, healthcare, insurance, shipping and logistics, and travel verticals, partially offset by lower volume in our banking and financial services vertical. The increase in revenue less repair payments from the Australia region was primarily attributable to a higher volumes in our utilities and travel verticals. The increase in revenue less repair payments from the Europe (excluding the UK) region was primarily attributable to higher volume in our retail and CPG vertical, partially offset by lower volume in our insurance vertical. The increase in revenue less repair payments from the Rest of world region was primarily attributable to higher volumes in our shipping and logistics, and banking and financial services verticals, partially offset by a lower volume in our insurance vertical. The decrease in revenue less repair payments from the UK region was primarily attributable to a reduction in pricing from a five plus year contract extension with Aviva MS and a lower volumes in our shipping and logistics, retail and CPG, 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:

	Six months ended September 30,		
	2015	2014	Change
	(US dollars in millions)		
Employee costs	$ 105.0	$ 98.1	$ 6.9
Facilities costs	32.6	32.7	(0.1)

Repair payments	15.4	16.5	(1.1)
Depreciation	7.4	6.8	0.6
Travel costs	5.2	4.8	0.4
Legal and professional costs	4.0	4.8	(0.8)
Other costs	9.7	7.0	2.7
Total cost of revenue	$ 179.3	$ 170.8	$ 8.5
As a percentage of revenue	65.2%	64.4%	

The increase in cost of revenue was primarily due to higher employee cost on account of higher headcount and wage inflation; higher other costs primarily due to an increase in other costs of account of incremental and direct costs incurred to contract with claimants associated with WNS Legal Assistance LLP s business and an increase in subcontracting costs; higher depreciation costs; and higher travel costs, partially offset by lower repair payments and lower legal and professional expenses. Further, the depreciation of the Indian rupee and South African rand against the US dollar by an average of 6.7% and 17.6%, respectively, for the six months ended September 30, 2015 as compared to the average exchange rate for the six months ended September 30, 2014 resulted in a decrease of approximately $7.7 million in the cost of revenue.

Gross Profit

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

	Six months ended September 30, 2015	2014	Change
	(US dollars in millions)		
Gross profit	$ 95.9	$ 94.3	$ 1.6
As a percentage of revenue	34.8%	35.6%	
As a percentage of revenue less repair payments	36.9%	37.9%	

Gross profit as a percentage of revenue and revenue less repair payments decreased primarily due to higher cost of revenue as discussed above, partially offset by higher revenue, and an increase in hedging gain on our revenue by $3.6 million to a gain of $3.2 million for the six months ended September 30, 2015 from a loss of $0.4 million for the six months ended September 30, 2014, and receipt of performance based incentive payments based on contractual gain sharing arrangements with clients for the six months ended September 30. 2014. Further, the depreciation of the Indian rupee against the US dollar by an average of 6.7% for the six months ended September 30, 2015 as compared to the average exchange rate for the six months ended September 30, 2014 marginally increased gross profit, by partially offsetting the increase in cost of revenue.

Table of Contents

Our built up seats increased by 7.6% from 23,834 as at September 30, 2014 to 25,655 as at September 30, 2015, during which we expanded seating capacities in our existing delivery centers in Pune, Chennai and Gurgaon, India and South Africa, and added new facilities in South Africa and China. This was part of our strategy to expand our delivery capabilities. Our total headcount increased by 7.6% from 27,734 to 29,830 during the same period, and our seat utilization rate increased from 1.16 for the six months ended September 30, 2014 to 1.18 for the six months ended September 30, 2015. This resulted in an increase in our gross profit as a percentage of revenue by approximately 0.01% and our gross profit as a percentage of revenue less repair payments by approximately 0.02% in the six months ended September 30, 2015.

Selling and Marketing Expenses

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

	Six months ended September 30,		
	2015	2014	Change
	(US dollars in millions)		
Employee costs	$ 11.1	$ 12.2	$ (1.1)
Other costs	4.4	3.7	0.7
Total selling and marketing expenses	$ 15.5	$ 15.9	$ (0.4)
As a percentage of revenue	5.6%	6.0%	
As a percentage of revenue less repair payments	6.0%	6.4%	

The decrease in selling and marketing expenses was primarily due to a decrease in employee costs due to a decrease in sales headcount, lower legal and professional expenses, and the depreciation of the Indian rupee against the US dollar by an average of 8.0% for the six months ended September 30, 2015 as compared to the average exchange rate for the six months ended September 30, 2014, partially offset by higher marketing costs.

General and Administrative Expenses

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

	Six months ended September 30,		
	2015	2014	Change
	(US dollars in millions)		
Employee costs	$ 30.0	$ 23.8	$ 6.2
Other costs	8.4	9.4	(1.0)
Total general and administrative expenses	$ 38.4	$ 33.3	$ 5.2
As a percentage of revenue	14.0%	12.5%	
As a percentage of revenue less repair payments	14.8%	13.4%	

The increase in general and administrative expenses was primarily due to an increase in employee costs as a result of higher salaries on account of higher headcount and wage inflation, higher legal and professional expenses and higher travel cost, partially offset by lower others costs, including miscellaneous expense. Further, the depreciation of the Indian rupee and South African rand against the US dollar by an average of 6.7% and 17.6%, respectively, for the six months ended September 30, 2015 as compared to the average exchange rate for the six months ended September 30, 2014 resulted in a decrease of approximately $1.4 million in general and administrative expenses

Foreign Exchange Loss / (Gains), Net

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

	Six months ended September 30,		
	2015	**2014**	**Change**
	(US dollars in millions)		
Foreign exchange loss / (gains), net	$ (5.4)	$ 0.6	$ (6.0)

The foreign exchange gains were primarily due to higher foreign currency revaluation gains of $4.5 million arising from a gain of $4.3 million for the six months ended September 30, 2015 from a loss of $0.2 million for the six months ended September 30, 2014 and a higher gain of $1.5 million from our rupee and pound-denominated hedge contracts as a result of a depreciation of the pound sterling against the US dollar.

Table of Contents

Amortization of Intangible Assets

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

	Six months ended September 30,		
	2015	**2014**	**Change**
	(US dollars in millions)		
Amortization of intangible assets	$ 12.6	$ 12.1	$ 0.5

The increase in amortization of intangible assets was primarily attributable to the acquisition of a customer contract from Telkom, partially offset by the depreciation of the Indian rupee and South African rand against the US dollar by an average of 6.7% and 17.6%, respectively, for the six months ended September 30, 2015 as compared to the average exchange rate for the six months ended September 30, 2014.

Operating Profit

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

	Six months ended September 30,		
	2015	**2014**	**Change**
	(US dollars in millions)		
Operating profit	$ 34.7	$ 32.4	$ 2.3
As a percentage of revenue	12.6%	12.2%	
As a percentage of revenue less repair payments	13.4%	13.0%	

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

Other income, net

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

	Six months ended September 30,		
	2015	**2014**	**Change**
	(US dollars in millions)		
Other income, net	$ (4.0)	$ (6.0)	$ 2.0

Other income was lower primarily due to a lower cash balance as funds were utilized for our share repurchases commencing May 2015 and dividend distribution tax on liquid mutual funds applicable effective October 1, 2014 on account of a change in Indian tax law pursuant to the India Finance Act 2014.

Finance Expense

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

	Six months ended September 30,		
	2015	**2014**	**Change**
	(US dollars in millions)		
Finance expense	$ 0.2	$ 0.8	$ (0.6)

Finance expense decreased primarily due to lower interest cost as a result of complete repayments of our short term and long term loans.

Provision for Income Taxes

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

	Six months ended September 30,		
	2015	2014	Change
	(US dollars in millions)		
Provision for income taxes	$ 10.2	$ 10.3	$ (0.1)

The decrease in provision for income taxes was primarily on account of lower taxable profits. Further, the provision for income taxes for the six months ended September 2014 includes a $1.0 million provision on account of a change in Indian tax law pursuant to the India Finance Act 2014, as a result of which a number of debt FMPs that we had invested in were re-categorized as short term capital assets as they had been held for less than 36 months and, accordingly, were subject to tax.

Table of Contents

Profit

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

	Six months ended September 30,		
	2015	2014	Change
	(US dollars in millions)		
Profit	$ 28.3	$ 27.3	$ 1.0
As a percentage of revenue	10.3%	10.3%	
As a percentage of revenue less repair payments	10.9%	11.0%	

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

Liquidity and Capital Resources

Our capital requirements are principally for debt repayment and the establishment of operating facilities to support our growth and acquisitions. In the first half of fiscal 2016, we also used our cash resources to fund our share repurchase program. 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 September 30, 2015, we had cash and cash equivalents of $39.3 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 bank deposits which totaled $89.8 million as at September 30, 2015.

As at September 30, 2015, our Indian subsidiary, WNS Global Services Private Limited, or WNS Global, had a secured line of credit of 900.0 million ($13.7 million based on the exchange rate on September 30, 2015) from The Hongkong and Shanghai Banking Corporation Limited, and unsecured lines of credit of $15.0 million from BNP Paribas, 1,200.0 million ($18.2 million based on the exchange rate on September 30, 2015) from Citibank N.A. and 810.0 million ($12.3 million based on the exchange rate on September 30, 2015) from Standard Chartered Bank for working capital purposes. 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 September 30, 2015, there was no amount utilized from these lines of credit.

In March 2012,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 was initially US dollar LIBOR plus a margin of 3.5% per annum. Effective July 16, 2014, the margin was reduced to 3.1% per annum. The facility was fully repaid on August 17, 2015.

In March 2012, WNS Global Services (UK) Limited, or WNS UK, obtained from HSBC Bank plc. an additional three-year term loan facility for £6.1 million ($9.3 million based on the exchange rate on September 30, 2015), which was fully drawn on March 30, 2012. WNS UK also rolled over on March 30, 2012 its then existing term loan of £9.9 million ($15.0 million based on the exchange rate on September 30, 2015) from HSBC Bank plc. (which was originally scheduled to mature on July 7, 2012) for three years until July 7, 2015. The facilities were for the purpose of providing inter-company loans within our company and funding capital expenditures. These facilities bore interest at Bank of England base rate plus a margin of 2.25% per annum. Interest was payable on a quarterly basis. 20% of the principal amount of each loan was repaid 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 was repaid at the end of 36 months after drawdown. The facility was fully repaid on July 7, 2015.

In March 2015, WNS UK renewed its working capital facility obtained from HSBC Bank plc. of £9.9 million ($15.0 million based on the exchange rate on September 30, 2015) until March 31, 2016. 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. 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 September 30, 2015, there was no outstanding amount under this facility.

Table of Contents

As at September 30, 2015, our South African subsidiary, WNS Global Services SA (Pty) Ltd., had an unsecured line of credit of ZAR 30.0 million ($2.2 million based on the exchange rate on September 30, 2015) from The HSBC Bank plc. This line of credit can be withdrawn by the lender at any time. As at September 30, 2015, there was no outstanding amount under this facility.

We currently expect our capital expenditures needs in fiscal 2016 to be in the range of $22.0 million to $25.0 million. Our capital expenditure in the six months ended September 30, 2015 amounted to $15.2 million and our capital commitment as at September 30, 2015 was $4.4 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 six months ended September 30, 2015 and 2014:

	Six months ended September 30,	
	2015	**2014**
	(US dollars in millions)	
Net cash provided by operating activities	$ 43.6	$ 38.7
Net cash provided by/ (used in) investing activities	$ 23.9	$ (20.4)
Net cash used in financing activities	$ (55.7)	$ (21.0)

Cash Flows from Operating Activities

Net cash provided by operating activities increased to $43.6 million for the six months ended September 30, 2015 from $38.7 million for the six months ended September 30, 2014. The increase in net cash provided by operating activities for the six months ended September 30, 2015 as compared to the six months ended September 30, 2014 was attributable to an increase in profit as adjusted by non-cash related items by $11.1 million, an increase in interest received by $0.8 million and a decrease in interest paid by $0.6 million. The increase was partially offset by an increase in cash outflow for working capital by $7.3 million and an increase in income taxes paid by $0.2 million.

The increase in profit as adjusted by non-cash related items by $11.1 million was primarily on account of (i) an increase in profit by $0.9 million, (ii) an increase in share based compensation by $4.0 million, (iii) an increase in unrealized foreign exchange loss by $2.4 million, (iv) an increase in unrealized loss on derivative instruments by $1.9 million, (v) an increase in unrealized gain on FMPs by $2.4 million and (vi) an increase in depreciation and amortization charge by $1.1 million. The increase was partially offset by (i) a decrease in interest expense by $0.6 million and (ii) an increase in interest income by $0.4 million.

Cash outflow for working capital increased to $16.5 million for the six months ended September 30, 2015 from $9.1 million for the six months ended September 30, 2014 primarily as a result of an increase in cash outflow towards other assets by $4.5 million, a reduction in cash inflow from trade receivable by $2.6 million and an increase in cash outflow towards other liabilities by $2.3 million. The increase was partially offset by an increase in cash inflows from deferred revenue by $1.0 million and a decrease in cash outflow towards trade payables by $1.1 million.

Cash Flows from Investing Activities

Net cash provided by investing activities was $23.9 million for the six months ended September 30, 2015 as compared to $20.4 million of net cash used in investing activities for the six months ended September 30, 2014. Cash flows from investing activities increased mainly due to the following: (i) net proceeds received from sale of FMP securities of $30.1 million for the six months ended September 30, 2015 as compared to $42.8 million for the six months ended September 30, 2014, (ii) net proceeds from sale of marketable securities of $9.1 million for the six months ended September 30, 2015 as compared to a cash outflow of $53.5 million for the purchase of marketable securities for the six months ended September 30, 2014, (iii) a cash outflow of $2.6 million on account of net purchase consideration paid for Telkom business combination for the six months ended September 30, 2013, as compared to $ nil paid for the six months ended September 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 $15.2 million for the six months ended September 30, 2015 as compared to $12.2 million for the six months ended September 30, 2014.

Table of Contents

Cash Flows from Financing Activities

Net cash used in financing activities increased to $55.7 million for the six months ended September 30, 2015, as compared to $21.0 million for the six months ended September 30, 2014. Cash flows used in financing activities increased primarily due to (i) repurchases of our ADSs amounting to $ 30.5 million pursuant to our share repurchase program during the six months ended September 30, 2015 as compared to $nil for the six months ended September 30, 2014, (ii) repayment of short term debt of $12.0 million by WNS Global and $1.1 million by WNS UK for the six months ended September 30, 2015 as compared to repayment of short term debt of $14.7 million by WNS Global and $1.3 million by WNS UK for the six months ended September 30, 2014, (iii) repayment of long term debt of $6.1 million by WNS UK and $7.1 million by WNS Global for the six month ended September 30, 2015 as compared to repayment of long term debt of $5.4 million by WNS UK for the six months ended September 30, 2014 and (iv) proceeds from exercise of stock options increased to $0.9 million for the six months ended September 30, 2015 as compared to $0.3 million received for the six months ended September 30, 2014.

Table of Contents

Share Repurchases

In March 2015, our shareholders authorized a share repurchase program for the repurchase of up to 1.1 million of our ADSs, each representing one ordinary share, at a price range of $10 to $30 per ADS. Under the terms of the repurchase program, our ADSs may be purchased in the open market from time to time for 12 months from April 1, 2015. During the six months ended September 30, 2015, we purchased 1,100,000 ADSs in the open market at the average price per ADS of $27.65 for a total consideration of $30.5 million (including transaction costs). The shares underlying these purchased ADSs have been accounted for as treasury stock, at cost. These share repurchases were funded through cash on hand.

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. We have signed an Advance Pricing Agreement with the Government of India providing for the agreement on transfer pricing matters over certain transactions covered thereunder for a period of five year starting from April, 2013. 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 2012 pending before various appellate authorities. These orders assess additional taxable income that could in the aggregate give rise to an estimated 2,866.3 million ($43.5 million based on the exchange rate on September 30, 2015) in additional taxes, including interest of 1,033.4 million ($15.7 million based on the exchange rate on September 30, 2015).

Table of Contents

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	Fiscal 2003	180.2	$ (2.7)(1)	60.0	$ (0.9)(1)
WNS Global	Fiscal 2004	12.5	$ (0.2)(1)	3.1	$ (0.1)(1)
WNS Global	Fiscal 2005	27.4	$ (0.4)(1)	8.6	$ (0.1)(1)
WNS Global	Fiscal 2006	531.0	$ (8.1)(1)	173.8	$ (2.6)(1)
WNS Business Consulting Services Private Limited, or BCS, and permanent establishment of WNS North America Inc. and WNS UK in India	Fiscal 2006	67.9	$ (1.0)(1)	24.1	$ (0.3)(1)
WNS Global	Fiscal 2007	98.7	$ (1.5)(1)	31.9	$ (0.4)(1)
WNS BCS and permanent establishment of WNS North America Inc. and WNS UK in India	Fiscal 2007	34.3	$ (0.5)(1)	10.8	$ (0.2)(1)
WNS Global	Fiscal 2008	819.6	$ (12.5)(1)	344.1	$ (5.2)(1)
WNS BCS and permanent establishment of WNS North America Inc. and WNS UK in India	Fiscal 2008	28.0	$ (0.4)(1)	8.9	$ (0.1)(1)
WNS Global	Fiscal 2009	973.9	$ (14.8)(1)	336.9	$ (5.1)(1)
WNS BCS and permanent establishment of WNS North America Inc. and WNS UK in India	Fiscal 2009	21.1	$ (0.3)(1)	4.1	$ (0.1)(1)
WNS Global	Fiscal 2010	60.2	$ (0.9)(1)	23.5	$ (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	9.7	$ (0.1)(1)	3.2	$ (0.1)(1)
Total		2,866.3	$ (43.5)(1)	1,033.4	$ (15.7)(1)

Note:

(1) Based on the exchange rate as at September 30, 2015.

The aforementioned orders of assessment allege that the transfer prices we applied to certain of the international transactions between WNS Global or WNS BCS (each of which is our Indian subsidiary) as the case may be, 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 or WNS BCS, as the case may be,. As at September 30, 2015, we have provided a tax reserve of 906.9 million ($13.8 million based on the exchange rate on September 30, 2015) 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 2,665.6 million ($40.5 million based on the exchange rate on September 30, 2015) in additional taxes, including interest of 819.3 million ($12.4 million based on the exchange rate on September 30, 2015). The income tax authorities have filed appeals against these orders at higher appellate authorities.

Table of Contents

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.

As at September 30, 2015, corporate tax returns for fiscal years 2012 (for certain legal entities) 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 ($5.3 million based on the exchange rate on September 30, 2015) 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.

Table of Contents

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 six months ended September 30, 2015 (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 six months ended September 30, 2015, 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 six months ended September 30, 2015 by approximately $13.0 million and would have increased or decreased revenue less repair payments for the six months ended September 30, 2015 by approximately $11.5 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 six months ended September 30, 2015 by approximately $12.2 million.

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. As at September 30, 2015, we have no floating rate borrowing outstanding.

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.

Table of Contents

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, its substantial debt burden and expected shift in monetary policy to increase short term interest rates, the low price of crude oil and other commodities across the globe and the related implications for potential global deflation, as well as concerns of slower economic growth in the EU, Russia, China and Japan, 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, if sovereign credit ratings continue to decline, or in the event of a default on sovereign debt obligations in certain countries including Greece, Argentina and Russia, 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 as the US Federal Reserve ends its quantitative easing program. Further, there continue to be signs of economic weakness such as weaker economic growth and low inflation in the EU, Japan and China. Continuing conflicts and instability in various regions around the world may lead to additional acts of terrorism and armed conflict around the world and the ongoing refugee crisis in Europe, North Africa and the Middle East may contribute to political and economic instability in those regions. The growing concerns over the sustained and drastic fall in the price of crude oil and other commodities and the associated risk of global deflation, may also 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, Asian and international financial markets and economies may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers. If these market conditions continue or worsen, they may limit our ability to access financing or increase our cost of financing to meet liquidity needs, and affect the ability of our customers to use credit to purchase our services or to make timely payments to us, resulting in adverse effects on our financial condition and results of operations.

Furthermore, a weakening of the rate of exchange for the 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. Although the expected shift in US monetary policy to increase short term interest rates is likely to strengthen the US dollar against a number of currencies, particularly against emerging market currencies, 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 depreciated by an average of 8.0% against the US dollar in the six months ended September 30, 2015 as compared to the average exchange rate in the six months ended September 30, 2014 but appreciated by an average of 1.5% in fiscal 2015 as compared to the average exchange rate in fiscal 2014, and by an average 0.6% in fiscal 2014 as compared to the average exchange rate in fiscal 2013. The Indian rupee depreciated by an average of 6.7% against the US dollar in the six months ended September 30, 2015 as compared to the average exchange rate in the six months ended September 30, 2014, by an average of 1.2% in fiscal 2015 as compared to the average exchange rate in fiscal 2014 and by an average of 11.0% in fiscal 2014 as compared to the average exchange rate in fiscal 2013. The Australian dollar depreciated by an average of 19.0% against the US dollar in the six months ended September 30, 2015 as compared to the average exchange rate in the six months ended September 30, 2014, by an average of 6.1% in fiscal 2015 as compared to the average exchange rate in fiscal 2014 and by an average of 9.6% in fiscal 2014 as compared to the average exchange rate in fiscal 2013. The South African rand depreciated by an average of 17.6% against the US dollar in the six months ended September 30, 2015 as compared to the average exchange rate in the six months ended September 30, 2014, by an average of 9.3% in fiscal 2015 as compared to the average exchange rate in fiscal 2014 and by an average of 17.9% in fiscal 2014 as compared to the average exchange rate in fiscal 2013.

The depreciation of the pound sterling and Australian dollar against the US dollar negatively impacted our results of operations for the three months ended September 30, 2015, whereas the depreciation of the Indian rupee and the South African rand against the US dollar positively impacted our results of operations for the three months ended September 30, 2015.

Table of Contents

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 2015 and 2014, our five largest clients accounted for 33.0% and 36.9% of our revenue and 35.0% and 39.4% of our revenue less repair payments, respectively. In fiscal 2015 and 2014, our three largest clients accounted for 27.4% and 28.9% of our revenue and 29.0% and 30.8% of our revenue less repair payments, respectively. In fiscal 2015, our largest client, Aviva MS, individually accounted for 13.4% and 15.2% of our revenue and revenue less repair payments, respectively, as compared to 14.2% and 16.9% in fiscal 2014, respectively. Any loss of business from any major client could reduce our revenue and significantly harm our business.

For example, in line with our expectations, one of our top five clients by revenue contribution in fiscal 2014 and 2013, an OTA, provided us with lower volume of business in fiscal 2015. The client entered into a strategic marketing agreement with another OTA in August 2013 pursuant to which it over a period of time, from the fourth quarter of fiscal 2014 to the fourth quarter of fiscal 2015, moved its customer care and sales processes that were previously managed by us to a technology platform managed by the other OTA. As a result, we lost most of our business from our OTA client. Our OTA client accounted for 2.5%, 6.1% and 7.3% of our revenue and 2.6%, 6.5% and 7.7% of our revenue less repair payments in fiscal 2015, 2014 and 2013, respectively. The other OTA uses several BPM vendors to manage such processes on their technology platform. We are approved as one of the other OTA s providers of BPM services. We have managed to compete with incumbent BPM vendors for the other OTA s business and the other OTA has become one of our large clients. However, there can be no assurance that we will be able to offset the loss of business from our OTA client to a significant extent or at all.

Our prior contracts with one of our major clients, Aviva International Holdings Limited, or 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 ownership of the Sri Lanka facility and we have continued to retain ownership of the Pune facility. Revenue from Aviva MS under the Aviva master services agreement, accounts for a significant portion of our revenue and we expect our dependence on Aviva MS to continue for the foreseeable future. The terms of the Aviva master services agreement include termination at will provisions which permit Aviva MS to terminate the agreement without cause with 180 days notice upon payment of a termination fee.

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 2015 and 2014, 35.8% and 36.7% of our revenue, respectively, and 31.7% and 32.6% 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 18.7% and 19.5% of our revenue, respectively, and 19.8% and 20.8% 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, its substantial debt burden and expected shift in monetary policy to increase short term interest rates, the low price of crude oil and other commodities across the globe and the related implications for potential global deflation, as well as concerns of slower economic growth in the EU, and Russia, 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, if sovereign credit ratings continue to decline, or in the event of a default on sovereign debt obligations in certain countries including Greece, Argentina and Russia, 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 ends its quantitative easing program. Further, there continue to be signs of economic weakness such as weaker economic growth and low inflation in the EU. Continuing conflicts and instability in various regions around the world may lead to additional acts of terrorism and armed conflict around the world and the ongoing refugee crisis in Europe, North Africa and the Middle East may contribute to political and economic instability in those regions. The growing concerns over the sustained and drastic fall in the price of crude oil and other commodities, and the associated risk of global deflation, may also 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, particularly weaker economic growth and low inflation in the EU and continued uncertainty in the US. In fiscal 2015 and 2014, 52.8% and 52.8% of our revenue, respectively, and 49.9% and 49.6% of our revenue less repair payments, respectively, were derived from clients located in the UK. During the same periods, 25.9% and 27.3% of our revenue, respectively, and 27.5% and 29.1% of our revenue less repair payments, respectively, were derived from clients located in North America (primarily the US). Further, during the same periods, 5.4% and 5.3% of our revenue, respectively, and 5.7% and 5.7% of our revenue less repair payments, respectively, were derived from clients in the rest of Europe. Any further weakening of or uncertainty in 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 and have an adverse impact on our profitability. 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.

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 2015, 2014 and 2013, the attrition rate for our employees who have completed six months of employment with us was 34%, 33% and 35%, respectively. Our attrition rate for our employees who have completed six months of employment with us increased to 36% during the six months ended September 30, 2015. 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, Romania 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, the US dollar, the Australian dollar and the South African rand could have a material adverse effect on our results of operations.

Although substantially all of our revenue is denominated in pound sterling, the US dollars or Australian 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 and to a lesser extent, in South African rand. We report our financial results in US dollars and our results of operations would be adversely affected if the Indian rupee or the South African rand appreciates against the US dollar or the pound sterling or Australian dollar depreciates against the US dollar. The exchange rates between each of the Indian rupee, pound sterling, Australian dollar and South African rand 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 64.20 per $1.00 in the six months ended September 30, 2015, which represented a depreciation of the Indian rupee by an average of 5.0% as compared with the average exchange rate of approximately 61.12 per $1.00 in fiscal 2015, which in turn represented a depreciation of the Indian rupee by an average of 1.2% as compared with the average exchange rate of approximately 60.38 per $1.00 in fiscal 2014.

The average pound sterling to US dollar exchange rate was approximately £0.65 per $1.00 in the six months ended September 30, 2015, which represented a depreciation of the pound sterling by an average of 4.4% as compared with the average exchange rate of £0.62 per $1.00 in fiscal 2015, which in turn represented an appreciation of the pound sterling by an average of 1.5% as compared with the average exchange rate of approximately £0.63 per $1.00 in fiscal 2014.

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