

WNS (HOLDINGS) LTD
Form 6-K
January 23, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934
For the quarter ended December 31, 2014
Commission File Number 001 32945

WNS (HOLDINGS) LIMITED
(Exact name of registrant as specified in the charter)

Not Applicable
(Translation of Registrant's name into English)

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(Address of principal executive office)

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

Form 20-F 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):

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

CONVENTIONS USED IN THIS REPORT

In this report, references to US are to the United States of America, its territories and its possessions. References to UK are to the United Kingdom. References to India are to the Republic of India. References to China are to the People's Republic of China. References to South Africa are to the Republic of South Africa. References to \$ or dollars or US dollars are to the legal currency of the US, references to or rupees or Indian rupees are to the legal currency of India, references to pound sterling or £ are to the legal currency of the UK, references to pence are to the legal currency of Jersey, Channel Islands, references to Euro are to the legal currency of the European Monetary Union, references to ZAR are to the legal currency of South Africa, references to AUD or 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 December 31, 2014. To the extent IASB issues any amendments or any new standards subsequent to December 31, 2014, there may be differences between IFRS applied to prepare the financial statements included in this report and those that will be applied in our annual financial statements for the year ending March 31, 2015. Unless otherwise indicated, references to GAAP in this report are to IFRS, as issued by the IASB. References to 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.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as anticipate, believe, estimate, expect, intend, will, project, seek, should and similar. 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, Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in our annual report on Form 20-F for our fiscal year ended March 31, 2014. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans, objectives or projected financial results referred to in any of the forward-looking statements. Except as required by law, we do not undertake to release revisions of any of these forward-looking statements to reflect future events or circumstances.

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

	Notes	As at December 31, 2014 (Unaudited)	As at March 31, 2014
ASSETS			
Current assets:			
Cash and cash equivalents	5	\$ 34,502	\$ 33,691
Investments	6	119,505	83,817
Trade receivables, net	7	59,673	61,983
Unbilled revenue		40,040	34,716
Funds held for clients		11,993	15,936
Derivative assets	13	13,256	6,792
Prepayments and other current assets	8	16,446	16,925
Total current assets		295,415	253,860
Non-current assets:			
Goodwill	9	80,970	85,654
Intangible assets	10	48,538	67,222
Property and equipment	11	47,202	45,165
Derivative assets	13	4,001	4,131
Deferred tax assets		26,900	37,066
Investments	6		28,674
Other non-current assets	8	18,216	16,653
Total non-current assets		225,827	284,565
TOTAL ASSETS		\$ 521,242	\$ 538,425
LIABILITIES AND EQUITY			
Current liabilities:			
Trade payables		\$ 25,493	\$ 29,059
Provisions and accrued expenses	15	24,262	23,897
Derivative liabilities	13	3,413	9,076
Pension and other employee obligations	14	34,353	36,302
Short term line of credit	12	21,049	58,583
Current portion of long term debt	12	20,045	12,637
Deferred revenue	16	4,697	5,371
Current taxes payable		3,592	3,269
Other liabilities	17	5,411	6,650

Total current liabilities		142,315	184,844
Non-current liabilities:			
Derivative liabilities	13	460	1,399
Pension and other employee obligations	14	6,165	5,168
Long term debt	12		13,509
Deferred revenue	16	714	1,677
Other non-current liabilities	17	3,845	3,909
Deferred tax liabilities		2,442	2,949
Total non-current liabilities		13,626	28,611
TOTAL LIABILITIES		\$ 155,941	213,455
Shareholders' equity:			
Share capital (ordinary shares \$0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 51,749,544 and 51,347,538 shares each as at December 31, 2014 and March 31, 2014, respectively)	18	8,110	8,044
Share premium		284,242	276,601
Retained earnings		165,606	121,731
Other components of equity		(92,657)	(81,406)
Total shareholders' equity		365,301	324,970
TOTAL LIABILITIES AND EQUITY		\$ 521,242	\$ 538,425

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 December 31,		Nine months ended December 31,	
		2014	2013	2014	2013
Revenue		\$ 135,955	\$ 127,143	\$ 401,035	\$ 372,368
Cost of revenue	19	85,113	81,669	255,897	245,755
Gross profit		50,842	45,474	145,138	126,613
Operating expenses:					
Selling and marketing expenses	19	7,673	8,863	23,553	25,750
General and administrative expenses	19	18,843	13,135	52,095	41,142
Foreign exchange (gain)/loss, net		(1,774)	3,280	(1,172)	8,432
Amortization of intangible assets		6,026	5,823	18,174	17,843
Operating profit		20,074	14,373	52,488	33,446
Other income, net	21	(3,056)	(2,458)	(9,068)	(6,461)
Finance expense	20	320	744	1,141	2,293
Profit before income taxes		22,810	16,087	60,415	37,614
Provision for income taxes	23	6,269	3,894	16,540	9,340
Profit		\$ 16,541	\$ 12,193	\$ 43,875	\$ 28,274
Earnings per share of ordinary share	24				
Basic		\$ 0.32	\$ 0.24	\$ 0.85	\$ 0.56
Diluted		\$ 0.31	\$ 0.23	\$ 0.83	\$ 0.54

See accompanying notes.

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/ (LOSS)

(Amounts in thousands)

	Three months ended December 31,		Six months ended December 31,	
	2014	2013	2014	2013
Profit	\$ 16,541	\$ 12,193	\$ 43,875	\$ 28,274
Other comprehensive income/(loss), net of taxes				
Items that may not be reclassified to profit or loss:				
Pension adjustment	(327)	186	(665)	1,366
Items that are or may be reclassified subsequently to profit or loss:				
Changes in fair value of cash flow hedges:				
Current period gain/ (loss)	7,714	5,705	16,150	(29,819)
Reclassification to profit/(loss)	(2,573)	3,972	(2,592)	9,232
Foreign currency translation	(9,429)	4,206	(19,544)	(28,345)
Income tax (provision)/ benefit relating to above	(1,744)	(3,428)	(4,600)	6,200
	\$ (6,032)	\$ 10,455	\$ (10,586)	\$ (42,732)
Total other comprehensive income/(loss), net of taxes	\$ (6,359)	\$ 10,641	\$ (11,251)	\$ (41,366)
Total comprehensive income/ (loss)	\$ 10,182	\$ 22,834	\$ 32,624	\$ (13,092)

See accompanying notes.

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Share capital		Share premium	Retained earnings	Other components of equity			Total shareholders equity
	Number	Par value			Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	
Balance as at April 1, 2013	50,588,044	\$ 7,922	\$ 269,300	\$ 80,084	\$ (62,056)	\$ 4,673	\$ 674	\$ 300,597
Shares issued for exercised options and restricted share units (RSUs)	593,651	94	150					244
Share-based compensation			5,308					5,308
Excess tax benefits relating to share-based options and RSUs			653					653
Transactions with owners	593,651	94	6,111					6,205
Profit				28,274				28,274
Other comprehensive income/(loss), net of taxes					(28,345)	(14,387)	1,366	(41,366)
Total comprehensive income/(loss) for the period				28,274	(28,345)	(14,387)	1,366	(13,092)
Balance as at December 31, 2013	51,181,695	\$ 8,016	\$ 275,411	\$ 108,358	\$ (90,401)	\$ (9,714)	\$ 2,040	\$ 293,710

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	Share capital		Share	Retained	Other components of equity			Total
	Number	Par value	premium	earnings	Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	shareholders equity
Balance as at April 1, 2014	51,347,538	\$ 8,044	\$ 276,601	\$ 121,731	\$ (81,941)	\$ (1,744)	\$ 2,279	\$ 324,970
Shares issued for exercised options and restricted share units (RSUs)	402,006	66	257					323
Share-based compensation			7,378					7,378
Excess tax benefits relating to share-based options and RSUs			6					6
Transactions with owners	402,006	66	7,641					7,707
Profit				43,875				43,875
Other comprehensive income/(loss), net of taxes					(19,544)	8,958	(665)	(11,251)
Total comprehensive income/(loss) for the period				43,875	(19,544)	8,958	(665)	32,624
Balance as at December 31, 2014	51,749,544	\$ 8,110	\$ 284,242	\$ 165,606	\$ (101,485)	\$ 7,214	\$ 1,614	\$ 365,301

Table of Contents**WNS (HOLDINGS) LIMITED****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in thousands)

	Nine months ended December 31,	
	2014	2013
Cash flows from operating activities:		
Cash generated from operations	\$ 81,037	\$ 68,339
Interest paid	(1,133)	(2,339)
Interest received	228	175
Income taxes paid	(13,413)	(10,162)
Net cash provided by operating activities	66,719	56,013
Cash flows from investing activities:		
Acquisition of iSoftStone assets and personnel (Refer note 4b)	(328)	
Purchase of property and equipment and intangibles	(17,521)	(16,217)
Proceeds from sale of property and equipment	364	56
Deferred consideration paid towards acquisition of Fusion (Refer note 4a)		(7,608)
Dividend received	3,266	2,374
Marketable securities purchased, net	(51,665)	(13,431)
Proceeds from sale of fixed maturity plan (FMP)	42,812	
Net cash used in investing activities	(23,072)	(34,826)
Cash flows from financing activities:		
Proceeds from exercise of stock options	323	244
Repayment of long term debt	(5,378)	(2,988)
Excess tax benefit from share based compensation	68	99
Repayments of short term borrowings, net	(35,771)	(8,747)
Net cash used in financing activities	(40,758)	(11,392)
Exchange difference on cash and cash equivalents	(2,078)	(9,376)
Net change in cash and cash equivalents	811	419
Cash and cash equivalents at the beginning of the period	33,691	27,878
Cash and cash equivalents at the end of the period	\$ 34,502	\$ 28,297
Non-cash transactions:		
Note: Liability towards property and equipment and intangible assets purchased on credit/deferred credit	\$ 1,235	\$ 2,301

See accompanying notes.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. Company overview

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

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

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on January 23, 2015.

2. Summary of significant accounting policies

a. Basis of preparation

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

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

3. New accounting pronouncements not yet adopted by the Company

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

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

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

IFRS 15 replaces the following standards and interpretations:

IAS 11 Construction Contracts

IAS 18 Revenue

IFRIC 13 Customer Loyalty Programmes

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 18 Transfers of Assets from Customers

SIC-31 Revenue - Barter Transactions Involving Advertising Services

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

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

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

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

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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 recognised 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.

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

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

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

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.

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	
	December 31, 2014	March 31, 2014
Cash and bank balance	\$ 28,403	\$ 25,546
Short term deposits with bank	6,099	8,145

Total	\$ 34,502	\$ 33,691
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Short term deposits can be withdrawn by the Company at any time without prior notice and are readily convertible into known amounts of cash with an insignificant risk of changes in value.

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

6. Investments

Investments consist of the following:

	As at	
	December 31, 2014	March 31, 2014
Marketable securities(1)	\$ 67,216	\$ 18,332
Investments in Fixed Maturity Plan	52,289	94,159
Total	\$ 119,505	\$ 112,491

Note:

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

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

	As at	
	December 31, 2014	March 31, 2014
Current investments	\$ 119,505	\$ 83,817
Non-current investments		28,674
Total	\$ 119,505	\$ 112,491

7. Trade receivables

Trade receivables consist of the following:

As at

	December 31, 2014	March 31, 2014
Trade receivables	\$ 65,789	\$ 66,982
Allowances for doubtful trade receivables	(6,116)	(4,999)
Total	\$ 59,673	\$ 61,983

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

	Three months ended December 31,		Three months ended December 31,	
	2014	2013	2014	2013
Balance at the beginning of the period	\$ 5,278	\$ 5,649	\$ 4,999	\$ 5,145
Charged to operations	1,278	264	2,195	630
Write-off	(134)		(396)	
Reversal	(172)	(308)	(473)	(413)
Translation adjustment	(134)	76	(209)	319
Balance at the end of the period	\$ 6,116	\$ 5,681	\$ 6,116	\$ 5,681

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

8. Prepayment and other assets

Prepayment and other assets consist of the following:

	As at	
	December 31, 2014	March 31, 2014
Current:		
Service tax and other tax receivables	\$ 5,100	\$ 5,710
Deferred transition cost	155	702
Employee receivables	1,015	1,398
Advances to suppliers	845	1,041
Prepaid expenses	5,615	4,683
Other assets	3,716	3,391
Total	\$ 16,446	\$ 16,925
Non-current:		
Deposits	\$ 6,261	\$ 6,355
Non-current tax assets	4,899	4,288
Service tax and other tax receivables	4,869	3,324
Deferred transition cost	102	747
Others	2,085	1,939
Total	\$ 18,216	\$ 16,653

9. Goodwill

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

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

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Balance as at March 31, 2014	\$	51,306	\$	34,348	\$	85,654
Goodwill arising from acquisition of iSoftStone assets and personnel (See Note 4b)		144				144
Foreign currency translation		(2,736)		(2,092)		(4,828)
Balance as at December 31, 2014	\$	48,714	\$	32,256	\$	80,970

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

10. Intangible assets

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

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

The changes in the carrying value of intangible assets for the nine months ended December 31, 2014 are as follows:

	Customer contracts	Customer relationship	Intellectual property rights	Leasehold benefits	Covenant not-to- compete	Software	Total
Gross carrying value							
Balance as at April 1, 2014	\$ 162,556	\$ 65,399	\$ 5,139	\$ 1,835	\$ 361	\$ 10,823	\$ 246,113
Additions						1,620	1,620
Translation adjustments	(4,221)	(987)	(313)		(16)	(650)	(6,187)
Balance as at December 31, 2014	\$ 158,335	\$ 64,412	\$ 4,826	\$ 1,835	\$ 345	\$ 11,793	\$ 241,546
Accumulated amortization							
Balance as at April 1, 2014	\$ 119,435	\$ 49,496	\$ 5,139	\$ 1,835	\$ 361	\$ 2,625	\$ 178,891

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Amortization	12,182	4,292			1,700	18,174
Translation adjustments	(2,653)	(878)	(313)	(16)	(197)	(4,057)
Balance as at December 31, 2014	\$ 128,964	\$ 52,910	\$ 4,826	\$ 1,835	\$ 345	\$ 193,008
Net carrying value as at December 31, 2014	\$ 29,371	\$ 11,502	\$	\$	\$ 7,665	\$ 48,538

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, 2014 are as follows:

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

The changes in the carrying value of property and equipment for the nine months ended December 31, 2014 are as follows:

Gross carrying value	Buildings	Furniture, Computers fixtures and and office equipment		Leasehold		Total
		software	vehicles	improvements		
Balance as at April 1, 2014	\$ 10,623	\$ 68,112	\$ 56,679	\$ 488	\$ 47,174	\$ 183,076

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Additions		3,272	5,806	211	6,719	16,008
On acquisition of iSoftStone assets and personnel (See Note 4b)		98	51			149
Disposal/Retirements		(2,082)	(2,449)	(155)	(2,827)	(7,513)
Translation adjustments	(246)	(3,494)	(2,620)	(26)	(2,214)	(8,600)

Balance as at December 31, 2014 \$ 10,377 \$ 65,906 \$ 57,467 \$ 518 \$ 48,852 \$ 183,120

Accumulated depreciation

Balance as at April 1, 2014	\$ 2,769	\$ 60,350	\$ 45,427	\$ 457	\$ 34,482	\$ 143,485
Depreciation	396	3,216	3,523	68	3,397	10,600
Disposal/Retirements		(1,749)	(2,392)	(155)	(2,823)	(7,119)
Translation adjustments	(71)	(3,068)	(2,086)	(18)	(1,640)	(6,883)

Balance as at December 31, 2014 \$ 3,094 \$ 58,749 \$ 44,472 \$ 352 \$ 33,416 \$ 140,083

Capital work-in-progress 4,165

Net carrying value as at December 31, 2014

\$ 47,202

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 \$61,163. Out of these available lines of credit, as at December 31, 2014, \$21,049 was utilized for working capital requirements.

The Company has also established a line of credit in the UK amounting to £9,880 (\$15,423 based on the exchange rate on December 31, 2014). There was no outstanding balance as at December 31, 2014.

Further the Company has also established a line of credit in South Africa amounting to ZAR 30,000 (\$ 2,597 based on the exchange rate on December 31, 2014). There was no outstanding balance as at December 31, 2014.

Long-term debt

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

	As at			
	December 31, 2014		March 31, 2014	
Interest rate	Foreign currency	Total	Foreign Currency	Total
3M USD LIBOR + 3.1%	\$	6,980	\$	6,944
Bank of England base rate + 2.25%	£ 5,928	9,247	£ 7,904	13,113
Bank of England base rate + 2.25%	£ 2,448	3,818	£ 3,672	6,089
		\$ 20,045		\$ 26,146
Current portion of long term debt		\$ 20,045		\$ 12,637
Long term debt				\$ 13,509

The Company has pledged trade receivables, other financial assets, property and equipment with a carrying amount of \$159,361 and \$145,523 as at December 31, 2014 and March 31, 2014, respectively, as collateral for the aforesaid borrowings. In addition, the facility agreements for the aforesaid borrowings contain certain restrictive covenants on the indebtedness of the Company, total borrowings to tangible net worth ratio, total borrowings to EBITDA ratio and a minimum interest coverage ratio. As at December 31, 2014 the Company was in compliance with all of the covenants.

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 December 31, 2014 are as follows:

Financial assets

	Loans and receivables	Financial assets at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Available for sale	Total carrying value/fair value*
Cash and cash equivalents	\$ 34,502	\$	\$	\$	\$ 34,502
Bank deposits and marketable securities				67,216	67,216
Trade receivables	59,673				59,673
Unbilled revenue	40,040				40,040
Funds held for clients	11,993				11,993
Prepayments and other assets ⁽¹⁾	3,145				3,145
Investment in FMP		52,289			52,289
Other non-current assets ⁽²⁾	6,261				6,261
Derivative assets		1,031	16,226		17,257
Total carrying value	\$ 155,614	\$ 53,320	\$ 16,226	\$ 67,216	\$ 292,376

Financial liabilities

	Financial liabilities at FVTPL	Derivative designated as cash flow hedges (carried at fair value)	Financial liabilities at amortized cost	Total carrying value/fair value*
Trade payables	\$	\$	\$ 25,493	\$ 25,493
Current portion of long term debt			20,045	20,045
Short term line of credit			21,049	21,049
Other employee obligations ⁽³⁾			30,833	30,833
Provision and accrued expenses ⁽⁴⁾			23,729	23,729

Other liabilities ⁽⁵⁾			218	218
Derivative liabilities	1,407	2,466		3,873
Total carrying value	\$ 1,407	\$ 2,466	\$ 121,367	\$ 125,240

* Fair value approximates to carrying value.

Notes:

- (1) Excluding non-financial assets \$13,301.
- (2) Excluding non-financial assets \$11,955.
- (3) Excluding non-financial liabilities \$9,685.
- (4) Excluding non-financial liabilities \$533.
- (5) Excluding non-financial liabilities \$9,038.

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, 2014 are as follows:

Financial assets

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

Financial liabilities

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

Total carrying value	\$ 674	\$ 9,801	\$ 171,021	\$ 181,496
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* Fair value approximates to carrying value.

Notes:

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

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 December 31, 2014 are as follows:

Description of types of financial assets	Gross amounts of recognized financial assets		Net amounts of financial assets		Cash collateral received	Net amount
	amounts of recognized financial assets	in the financial position	amounts of recognized financial assets	in the financial position		
Derivative assets	\$ 17,257	\$	\$ 17,257	\$	\$ (2,545)	\$ 14,712
Total	\$ 17,257	\$	\$ 17,257	\$	\$ (2,545)	\$ 14,712

Description of types of financial liabilities	Gross amounts of recognized financial liabilities		Net amounts of financial liabilities		Cash collateral pledged	Net amount
	amounts of recognized financial liabilities	in the financial position	amounts of recognized financial liabilities	in the financial position		
Derivative liabilities	\$ 3,873	\$	\$ 3,873	\$	\$ (2,545)	\$ 1,328
Total	\$ 3,873	\$	\$ 3,873	\$	\$ (2,545)	\$ 1,328

Fair value hierarchy

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

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

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

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

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

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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 December 31, 2014 are as follows:

Description	As at December 31, 2014	Fair value measurement at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
<i>Financial assets at FVTPL</i>				
Foreign exchange contracts	\$ 1,031	\$	\$ 1,031	\$
Investment in FMPs	52,289	52,289		
<i>Financial assets at fair value through other comprehensive income</i>				
Foreign exchange contracts	16,226		16,226	
Investments available for sale	67,216		67,216	
Total assets	\$ 136,762	\$ 52,289	\$ 84,473	\$
Liabilities				
<i>Financial liabilities at FVTPL</i>				
Foreign exchange contracts	\$ 1,407	\$	\$ 1,407	\$
<i>Financial liabilities at fair value through other comprehensive income</i>				
Foreign exchange contracts	2,466		2,466	
Total liabilities	\$ 3,873	\$	\$ 3,873	\$

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, 2014 are as follows:-

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

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

Derivative financial instruments

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

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	
	December 31, 2014	March 31, 2014
Forward contracts (Sell)		
In US dollars	\$ 163,543	\$ 139,980
In United Kingdom Pound Sterling	143,544	140,357
In Euro	9,983	10,241
In Australian dollars	17,364	21,102
Others	15,956	19,421
	\$ 350,390	\$ 331,101
Option contracts (Sell)		
In US dollars	\$ 73,595	\$ 75,843