

WNS (HOLDINGS) LTD
Form 6-K
January 21, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the quarter ended December 31, 2013

Commission File Number 001 32945

WNS (HOLDINGS) LIMITED

(Exact name of registrant as specified in the charter)

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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 Form 40-F

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

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

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

Yes No

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

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

CONVENTIONS USED IN THIS REPORT

In this report, references to "US" are to the United States of America, its territories and its possessions. References to "UK" are to the United Kingdom. References to "India" are to the Republic of India. References to "China" are to the People's Republic of China. References to "South Africa" are to the Republic of South Africa. References to "\$" or "dollars" or "US dollars" are to the legal currency of the US, references to "rupees" or "Indian rupees" are to the legal currency of India, references to "pound sterling" or "£" are to the legal currency of the UK, references to "pence" are to the legal currency of Jersey, Channel Islands, references to "Euro" are to the legal currency of the European Monetary Union and references to "RMB" are to the legal currency of China. Our financial statements are presented in US dollars and prepared in accordance with International Financial Reporting Standards and its interpretations, or IFRS, as issued by the International Accounting Standards Board, or the IASB, as in effect as at December 31, 2013. To the extent IASB issues any amendments or any new standards subsequent to December 31, 2013, 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, 2014. Unless otherwise indicated, references to "GAAP" in this report are to IFRS, as issued by the IASB.

In this report, we refer to business process management (BPM) services or industry and our reportable segments, WNS Global BPM and WNS Auto Claims BPM segments, respectively, which were previously described as business process outsourcing (BPO) services or industry, and our WNS Global BPO and WNS Auto Claims BPO segments, respectively, in our prior annual reports on Form 20-F.

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, should and similar expressions. Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources, tax assessment orders and future capital expenditures. We caution you that reliance on any forward-looking statement inherently involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be materially incorrect. These risks and uncertainties include but are not limited to:

- worldwide economic and business conditions;
- political or economic instability in the jurisdictions where we have operations;
- regulatory, legislative and judicial developments;
- our ability to attract and retain clients;
- technological innovation;
- telecommunications or technology disruptions;
- future regulatory actions and conditions in our operating areas;
- our dependence on a limited number of clients in a limited number of industries;
- our ability to expand our business or effectively manage growth;

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

These and other factors are more fully discussed in our other filings with the Securities and Exchange Commission, or the SEC, including in Risk Factors, Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in our annual report on Form 20-F for our fiscal year ended March 31, 2013. 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****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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

	Notes	As at December 31, 2013 (Unaudited)	As at March 31, 2013
ASSETS			
Current assets:			
Cash and cash equivalents	5	\$ 28,297	\$ 27,878
Investments	6	94,211	46,473
Trade receivables, net	7	61,963	64,438
Unbilled revenue		31,930	25,530
Funds held for clients		13,841	19,877
Derivative assets	13	5,525	7,589
Prepayments and other current assets	8	16,912	12,021
Total current assets		252,679	203,806
Non-current assets:			
Goodwill	9	84,066	87,132
Intangible assets	10	70,634	92,104
Property and equipment	11	45,804	48,440
Derivative assets	13	2,671	3,756
Deferred tax assets		42,248	41,642
Investments	6	2	43,218
Other non-current assets	8	14,897	14,795
Total non-current assets		260,322	331,087
TOTAL ASSETS		\$ 513,001	\$ 534,893
LIABILITIES AND EQUITY			
Current liabilities:			
Trade payables		\$ 22,540	\$ 29,321
Provisions and accrued expenses	15	24,346	26,743
Derivative liabilities	13	15,430	3,857
Pension and other employee obligations	14	32,048	32,749
Short term line of credit	12	48,133	54,921
Current portion of long term debt	12	10,505	7,701
Deferred revenue	16	4,956	6,508
Current taxes payable		3,683	5,188
Other liabilities	17	7,634	15,397
Total current liabilities		169,275	182,385
Non-current liabilities:			
Derivative liabilities	13	6,459	1,265
Pension and other employee obligations	14	4,911	5,596
Long term debt	12	28,963	33,741
Deferred revenue	16	2,815	3,308
Other non-current liabilities	17	3,726	4,395
Deferred tax liabilities		3,142	3,606
Total non-current liabilities		50,016	51,911
TOTAL LIABILITIES		219,291	234,296
Shareholders' equity:			

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Share capital (ordinary shares \$0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 51,181,695 and 50,588,044 shares each as at December 31, 2013 and March 31, 2013, respectively)	18	8,016	7,922
Share premium		275,411	269,300
Retained earnings		108,358	80,084
Other components of equity		(98,075)	(56,709)
Total shareholders' equity		293,710	300,597
TOTAL LIABILITIES AND EQUITY	\$	513,001	\$ 534,893

See accompanying notes.

Table of Contents**WNS (HOLDINGS) LIMITED****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited, amounts in thousands, except share and per share data)**

	Notes	Three months ended December 31,		Nine months ended December 31,	
		2013	2012	2013	2012
Revenue		\$ 127,143	\$ 120,171	\$ 372,368	\$ 341,061
Cost of revenue	19	81,669	80,829	245,755	229,592
Gross profit		45,474	39,342	126,613	111,469
Operating expenses:					
Selling and marketing expenses	19	8,863	7,773	25,750	22,440
General and administrative expenses	19	13,135	15,081	41,142	42,910
Foreign exchange loss, net		3,280	2,068	8,432	6,550
Amortization of intangible assets		5,823	6,574	17,843	19,678
Operating profit		14,373	7,846	33,446	19,891
Other income, net	21	(2,458)	(1,255)	(6,461)	(3,200)
Finance expense	20	744	859	2,293	2,763
Profit before income taxes		16,087	8,242	37,614	20,328
Provision for income taxes	23	3,894	2,174	9,340	7,101
Profit		\$ 12,193	\$ 6,068	\$ 28,274	\$ 13,227
Earnings per share of ordinary share	24				
Basic		\$ 0.24	\$ 0.12	\$ 0.56	\$ 0.26
Diluted		\$ 0.23	\$ 0.12	\$ 0.54	\$ 0.26

See accompanying notes.

Table of Contents**WNS (HOLDINGS) LIMITED****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/ (LOSS)**

(Unaudited, amounts in thousands)

	Three months ended December 31,		Nine months ended December 31,	
	2013	2012	2013	2012
Profit	\$ 12,193	\$ 6,068	\$ 28,274	\$ 13,227
Other comprehensive income/(loss), net of taxes				
Items that may not be reclassified to profit or loss:				
Pension adjustment	186	107	1,366	456
Items that are or may be reclassified subsequently to profit or loss:				
Changes in fair value of cash flow hedges:				
Current period gain/ (loss)	5,705	(4,597)	(29,819)	(5,410)
Reclassification to profit/(loss)	3,972	2,292	9,232	9,054
Foreign currency translation	4,206	(9,336)	(28,345)	(16,715)
Income tax provision/ (benefit) relating to above	(3,428)	856	6,200	(807)
	\$ 10,455	\$ 10,785	\$ (42,732)	\$ (13,878)
Total other comprehensive income/(loss), net of taxes	\$ 10,641	\$ (10,678)	\$ (41,366)	\$ (13,422)
Total comprehensive income/ (loss)	\$ 22,834	\$ (4,610)	\$ (13,092)	\$ (195)

See accompanying notes.

Table of Contents**WNS (HOLDINGS) LIMITED****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Unaudited, 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, 2012	50,078,881	\$ 7,842	\$ 263,529	\$ 58,685	\$ (41,784)	\$ (5,373)	\$ 791	\$ 283,690
Shares issued for exercised options and restricted share units (RSUs)	373,318	59	91					150
Reversal of share issuance cost			10					10
Share-based compensation			4,401					4,401
Excess tax benefits relating to share-based options and RSUs			12					12
Transactions with owners	373,318	59	4,514					4,573
Profit				13,227				13,227
Other comprehensive (loss)/gain, net of taxes					(16,715)	2,837	456	(13,422)
Total comprehensive (loss)/gain for the period				13,227	(16,715)	2,837	456	(195)
Balance as at December 31, 2012	50,452,199	\$ 7,901	\$ 268,043	\$ 71,912	\$ (58,499)	\$ (2,536)	\$ 1,247	\$ 288,068

	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 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

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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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WNS (HOLDINGS) LIMITED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, amounts in thousands)

	Nine months ended December 31,	
	2013	2012
Cash flows from operating activities:		
Cash generated from operations	\$ 68,339	\$ 58,582
Interest paid	(2,339)	(2,843)
Interest received	175	138
Income taxes paid	(10,162)	(8,931)
Net cash provided by operating activities	56,013	46,946
Cash flows from investing activities:		
Acquisition, net of cash acquired (Refer note 4)		(7,053)
Purchase of property and equipment and intangibles	(16,217)	(17,783)
Proceeds from sale of property and equipment	56	212
Deferred consideration paid towards acquisition of Fusion (Refer note 4)	(7,608)	
Dividend received	2,374	1,848
Marketable securities sold/(purchased), net	(13,431)	(35,407)
Government grant received		250
Net cash used in investing activities	(34,826)	(57,933)
Cash flows from financing activities:		
Direct cost incurred in relation to public offering		(16)
Proceeds from exercise of stock options	244	150
Repayment of long term debt	(2,988)	(25,067)
Proceeds from long term debt		7,000
Excess tax benefit from share based compensation	99	33
(Repayments)/proceeds from short term borrowings, net	(8,747)	16,439
Payment of debt issuance cost		(243)
Net cash used in financing activities	(11,392)	(1,704)
Exchange difference on cash and cash equivalents	(9,376)	(7,337)
Net change in cash and cash equivalents	419	(20,028)
Cash and cash equivalents at the beginning of the period	27,878	46,725
Cash and cash equivalents at the end of the period	\$ 28,297	\$ 26,697
Non-cash transactions:		
Note: Liability towards property and equipment and intangible assets purchased on credit/deferred credit	\$ 2,301	\$ 2,642

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, London (UK), New Jersey (US) and Singapore and delivery centers in Costa Rica, India, the People's Republic of China ("China"), the Philippines, Poland, Republic of South Africa ("South Africa"), Romania, Sri Lanka, the UK and the US. The Company's clients are primarily in the banking, consulting and professional services, financial services, healthcare, insurance, manufacturing, retail and consumer packaged goods ("CPG"), public sector, shipping and logistics, travel and utilities industries.

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

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on January 20, 2014.

2. Summary of significant accounting policies

a. Basis of preparation

These condensed interim consolidated financial statements are prepared in compliance with International Accounting Standard (IAS) 34, *Interim financial reporting* as issued by IASB. They do not include all of the information required in annual financial statements in accordance with IFRS, as issued by IASB and should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's annual report on Form 20-F for the fiscal year ended March 31, 2013.

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, 2013.

3. New accounting pronouncements not yet adopted by the Company

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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, 2014 or later periods. Those which are considered to be relevant to the Company's operations are set out below.

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

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

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

ii. In May 2013, the IASB issued an amendment to IAS 36 Impairment of Assets to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. This Amendment is effective for annual periods beginning on or after January 1, 2014.

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

4. Acquisition

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

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

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

Consequently on May 31, 2013, the Company paid £5,151 (\$7,838 based on the exchange rate on May 31, 2013) towards settlement of the final installment of the purchase consideration including an interest of £151.

5. Cash and cash equivalents

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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, 2013	March 31, 2013
Cash and bank balance	\$ 22,756	\$ 21,323
Short term deposits with bank	5,541	6,555
Total	\$ 28,297	\$ 27,878

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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Investments consist of the following:

	December 31, 2013	As at	March 31, 2013
Marketable securities(1)	\$ 53,762	\$	46,473
Investments in Fixed Maturity Plan	40,449		43,216
Others	2		2
Total	\$ 94,213	\$	89,691

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:

	December 31, 2013	As at	March 31, 2013
Current investments	\$ 94,211	\$	46,473
Non-current investments	2		43,218
Total	\$ 94,213	\$	89,691

7. Trade receivables

Trade receivables consist of the following:

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	As at	
	December 31, 2013	March 31, 2013
Trade receivables	\$ 67,644	\$ 69,583
Allowances for doubtful trade receivables	(5,681)	(5,145)
Total	\$ 61,963	\$ 64,438

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

	As at	
	December 31, 2013	March 31, 2013
Balance at the beginning of the period/year	\$ 5,145	\$ 5,470
Charged to operations	630	1,190
Write-off		(955)
Reversal	(413)	(349)
Translation adjustment	319	(211)
Balance at the end of the period/year	\$ 5,681	\$ 5,145

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

8. Prepayment and other assets

Prepayment and other assets consist of the following:

	December 31, 2013	As at	March 31, 2013
Current:			
Service tax and other tax receivables	\$ 5,681	\$	4,588
Deferred transition cost	202		498
Employee receivables	1,335		1,190
Advances to suppliers	578		774
Prepaid expenses	5,345		3,329
Other assets	3,771		1,642
Total	\$ 16,912	\$	12,021
Non-current:			
Deposits	\$ 5,787	\$	6,085
Non-current tax assets	4,058		3,826
Service tax and other tax receivables	2,877		4,199
Deferred transition cost	121		274
Others	2,054		411
Total	\$ 14,897	\$	14,795

9. Goodwill

The movement in goodwill balance by reportable segment as at December 31, 2013 and March 31, 2013 is as follows:

	WNS Global BPM	WNS Auto Claims BPM	Total
Balance as at April 1, 2012	\$ 53,570	\$ 33,125	\$ 86,695
Goodwill arising from acquisition of Fusion (See Note 4)	6,199		6,199
Foreign currency translation	(3,883)	(1,879)	(5,762)
Balance as at March 31, 2013	\$ 55,886	\$ 31,246	\$ 87,132
Foreign currency translation	(5,872)	2,806	(3,066)
Balance as at December 31, 2013	\$ 50,014	\$ 34,052	\$ 84,066

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

10. Intangible assets

The changes in the carrying value of intangible assets for the year ended March 31, 2013 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, 2012	\$ 175,967	\$ 64,482	\$ 4,956	\$ 1,835	\$ 353	\$ 1,017	\$ 248,610
Additions						4,890	4,890
On acquisition of Fusion	1,427	2,148				383	3,958
Translation adjustments	(6,536)	(1,155)	(281)		(15)	(147)	(8,134)
Balance as at March 31, 2013	\$ 170,858	\$ 65,475	\$ 4,675	\$ 1,835	\$ 338	\$ 6,143	\$ 249,324
Accumulated amortization							
Balance as at April 1, 2012	\$ 89,372	\$ 37,043	\$ 4,956	\$ 1,707	\$ 343	\$ 48	\$ 133,469
Amortization	17,887	7,425		128	10	900	26,350
Translation adjustments	(1,401)	(912)	(281)		(15)	10	(2,599)
Balance as at March 31, 2013	\$ 105,858	\$ 43,556	\$ 4,675	\$ 1,835	\$ 338	\$ 958	\$ 157,220
Net carrying value as at March 31, 2013	\$ 65,000	\$ 21,919	\$	\$	\$	\$ 5,185	\$ 92,104

The changes in the carrying value of intangible assets for the nine months ended December 31, 2013 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					3,965	4,132
Translation adjustments	(11,249)	(324)	420		21	(684)	(11,816)
Balance as at December 31, 2013	\$ 159,776	\$ 65,151	\$ 5,095	\$ 1,835	\$ 359	\$ 9,424	\$ 241,640
Accumulated amortization							

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Balance as at April 1, 2013	\$	105,858 \$	43,556 \$	4,675 \$	1,835 \$	338 \$	958 \$	157,220
Amortization		12,381	4,368				1,094	17,843
Translation adjustments		(4,359)	(129)	420		21	(10)	(4,057)
Balance as at December 31, 2013	\$	113,880 \$	47,795 \$	5,095 \$	1,835 \$	359 \$	2,042 \$	171,006
Net carrying value as at December 31, 2013	\$	45,896 \$	17,356 \$	\$	\$	\$	7,382 \$	70,634

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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, 2013 are as follows:

Gross carrying value	Buildings	Computers and software	Furniture, fixtures and office equipment	Vehicles	Leasehold improvements	Total
Balance as at April 1, 2012	\$ 11,495	\$ 64,668	\$ 55,861	\$ 1,648	\$ 47,924	\$ 181,596
Additions		4,148	5,595	363	4,932	15,038
On acquisition of Fusion		805	1,014		496	2,315
Disposal/Retirements		790	3,131	811	2,773	7,505
Translation adjustments	(363)	(3,662)	(2,988)	(101)	(2,694)	(9,808)
Balance as at March 31, 2013	\$ 11,132	\$ 65,169	\$ 56,351	\$ 1,099	\$ 47,885	\$ 181,636
Accumulated depreciation						
Balance as at April 1, 2012	\$ 1,846	\$ 57,804	\$ 44,419	\$ 1,177	\$ 34,175	\$ 139,421
Depreciation	555	4,668	5,145	134	4,207	14,709
Disposal/Retirements		783	2,992	268	2,733	6,776
Translation adjustments	(57)	(3,467)	(2,424)	(71)	(2,026)	(8,045)
Balance as at March 31, 2013	\$ 2,344	\$ 58,222	\$ 44,148	\$ 972	\$ 33,623	\$ 139,309
Capital work-in-progress						6,113
Net carrying value as at March 31, 2013						\$ 48,440

The changes in the carrying value of property and equipment for the nine months ended December 31, 2013 are as follows:

Gross carrying value	Buildings	Computers and software	Furniture, fixtures and office equipment	Vehicles	Leasehold improvements	Total
Balance as at April 1, 2013	\$ 11,132	\$ 65,169	\$ 56,351	\$ 1,099	\$ 47,885	\$ 181,636
Additions		3,924	4,366	6	2,847	11,143
Disposal/Retirements			75	517	392	984
Translation adjustments	(667)	(4,043)	(5,576)	(115)	(5,114)	(15,515)
Balance as at December 31, 2013	\$ 10,465	\$ 65,050	\$ 55,066	\$ 473	\$ 45,226	\$ 176,280
Accumulated depreciation						

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Balance as at April 1, 2013	\$	2,344	\$	58,222	\$	44,148	\$	972	\$	33,623	\$	139,309
Depreciation		399		3,198		3,499		64		3,206		10,366
Disposal/Retirements				3		73		502		392		970
Translation adjustments		(146)		(3,544)		(4,487)		(102)		(3,913)		(12,192)
Balance as at December 31, 2013	\$	2,597	\$	57,873	\$	43,087	\$	432	\$	32,524	\$	136,513
Capital work-in-progress												6,037
Net carrying value as at December 31, 2013											\$	45,804

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(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 \$62,030. Out of these available lines of credit, as at December 31, 2013, \$41,037 was utilized for working capital requirements.

The Company has also established a line of credit in UK amounting to £9,880 (\$16,281 based on the exchange rate on December 31, 2013), out of which £4,306 (\$7,096 based on the exchange rate on December 31, 2013) was utilized for working capital requirements as at December 31, 2013. Further, the Company obtained a term loan facility of \$205 and a line of credit of \$410 in China. The term loan facility was fully repaid on August 2, 2013 and there was no amount utilized from the line of credit as at December 31, 2013.

Long-term debt

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

Interest rate	December 31, 2013		As at		Repayment schedule		
	Foreign currency	Total	Foreign currency	Total	Fiscal year		
					2014	2015	2016
10.30%*	510,000	\$ 8,235	510,000	\$ 9,384	\$ 8,235		
3M USD LIBOR + 3.5%	\$	6,935	\$	6,889			6,935
3M USD LIBOR + 3.0%	\$		\$	1,065			
Bank of England base rate							
+ 2.25%	£ 9,880	16,250	£ 9,880	14,887	3,249	6,491	6,510
Bank of England base rate							
+ 2.25%	£ 4,896	8,048	£ 6,120	9,217	2,012	6,036	
		\$ 39,468		\$ 41,442	\$ 5,261	\$ 20,762	\$ 13,445
Current portion of long term debt		\$ 10,505		\$ 7,701			
Long term debt		\$ 28,963		\$ 33,741			

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

The Company has pledged trade receivables, other financial assets, property and equipment with a carrying amount of \$141,948 and \$166,996 as at December 31, 2013 and March 31, 2013, 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, 2013 the Company was in compliance with all of the covenants.

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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, 2013 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	\$ 28,297	\$	\$	\$	\$ 28,297
Investments		40,449		53,764	94,213
Trade receivables	61,963				61,963
Unbilled revenue	31,930				31,930
Funds held for clients	13,841				13,841
Prepayments and other assets (1)	3,628				3,628
Other non-current assets (2)	5,787				5,787
Derivative assets		1,689	6,507		8,196
Total carrying value	\$ 145,446	\$ 42,138	\$ 6,507	\$ 53,764	\$ 247,855

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	\$	\$	\$ 22,540	\$ 22,540
Long term debt			39,468	39,468
Short term line of credit			48,133	48,133
Other employee obligations (3)			27,742	27,742

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Provision and accrued expenses (4)				23,571		23,571
Other liabilities(5)				1,809		1,809
Derivative liabilities		2,797		19,092		21,889
Total carrying value	\$	2,797	\$	19,092	\$	163,263
						\$ 185,152

* Fair value approximates to carrying value.

Notes:

(1) Excluding non-financial assets \$13,284.

(2) Excluding non-financial assets \$9,110.

(3) Excluding non-financial liabilities \$9,217.

(4) Excluding non-financial liabilities \$775.

(5) Excluding non-financial liabilities \$9,551.

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The carrying value and fair value of financial instruments by class as at March 31, 2013 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	\$ 27,878	\$	\$	\$	\$ 27,878
Investments		43,216		46,475	89,691
Trade receivables	64,438				64,438
Unbilled revenue	25,530				25,530
Funds held for clients	19,877				19,877
Prepayments and other assets (1)	2,186				2,186
Other non-current assets (2)	6,085				6,085
Derivative assets		817	10,528		11,345
Total carrying value	\$ 145,994	\$ 44,033	\$ 10,528	\$ 46,475	\$ 247,030

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	\$	\$	\$ 29,321	\$ 29,321
Long term debt			41,442	41,442
Short term line of credit			54,921	54,921
Other employee obligations (3)			28,542	28,542
Provision and accrued expenses (4)			26,069	26,069
Other liabilities (5)			11,819	11,819
Derivative liabilities	3,842	1,280		5,122
Total carrying value	\$ 3,842	\$ 1,280	\$ 192,114	\$ 197,236

* Fair value approximates to carrying value.

Notes:

(1) Excluding non-financial assets \$9,835.

(2) Excluding non-financial assets \$8,710.

(3) Excluding non-financial liabilities \$9,803.

(4) Excluding non-financial liabilities \$674.

(5) Excluding non-financial liabilities \$7,973.

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(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, 2013 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		Net amount
				Financial instruments	Cash collateral received	
Derivative assets	\$ 8,196	\$	\$ 8,196	\$ (3,960)	\$	\$ 4,236
Total	\$ 8,196	\$	\$ 8,196	\$ (3,960)	\$	\$ 4,236

Description of types of financial	Gross amounts of recognized financial	Gross amounts of recognized financial assets offset in the statement of financial	Net amounts of financial liabilities presented in the statement of financial	Related amount not set off in financial instruments	
				Financial	Cash collateral