

WNS (HOLDINGS) LTD
Form 6-K
July 24, 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 June 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)

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Mumbai 400 079, India

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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 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 June 30, 2015. To the extent IASB issues any amendments or any new standards subsequent to June 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.

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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, 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 June 30, 2015	As at March 31, 2015
ASSETS			
Current assets:			
Cash and cash equivalents	5	\$ 42,265	\$ 32,448
Investments	6	92,974	133,542
Trade receivables, net	7	54,298	55,768
Unbilled revenue		47,521	39,675
Funds held for clients		11,947	12,737
Derivative assets	13	13,679	24,152
Prepayments and other assets	8	20,919	16,758
Total current assets		283,603	315,080
Non-current assets:			
Goodwill	9	81,691	79,058
Intangible assets	10	43,400	43,274
Property and equipment	11	47,905	48,230
Derivative assets	13	2,087	5,715
Deferred tax assets		23,728	21,331
Other non-current assets	8	17,400	17,613
Total non-current assets		216,211	215,221
TOTAL ASSETS		\$ 499,814	\$ 530,301
LIABILITIES AND EQUITY			
Current liabilities:			
Trade payables		\$ 24,793	\$ 22,706
Provisions and accrued expenses	15	26,952	25,622
Derivative liabilities	13	4,786	1,784
Pension and other employee obligations	14	29,742	40,424
Short term line of credit	12		12,881
Current portion of long term debt	12	8,212	12,828
Deferred revenue	16	2,533	3,881
Current taxes payable		2,963	1,987
Other liabilities	17	11,295	5,931
Total current liabilities		111,276	128,044

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Non-current liabilities:			
Derivative liabilities	13	1,415	390
Pension and other employee obligations	14	6,689	6,069
Deferred revenue	16	265	402
Other non-current liabilities	17	4,164	4,017
Deferred tax liabilities		2,469	2,273
Total non-current liabilities		15,002	13,151
TOTAL LIABILITIES		\$ 126,278	\$ 141,195
Shareholders' equity:			
Share capital (ordinary shares \$0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 52,100,236 shares and 51,950,662 shares each as at June 30, 2015 and March 31, 2015, respectively)	18	8,164	8,141
Share premium		291,270	286,805
Retained earnings		193,107	180,345
Other components of equity		(98,334)	(86,185)
Total shareholders' equity including shares held in treasury		394,207	389,106
Less: 770,000 shares as of June 30, 2015 and Nil shares as of March 31, 2015, held in treasury, at cost	18	(20,671)	
Total shareholders' equity		373,536	389,106
TOTAL LIABILITIES AND EQUITY		\$ 499,814	\$ 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)

		Three months ended June 30,	
	Notes	2015	2014
Revenue		\$ 134,132	\$ 131,004
Cost of revenue	19	88,800	86,239
Gross profit		45,332	44,765
Operating expenses:			
Selling and marketing expenses	19	7,435	7,658
General and administrative expenses	19	18,043	16,207
Foreign exchange loss/ (gain), net		(1,753)	1,305
Amortization of intangible assets		6,172	6,100
Operating profit		15,435	13,495
Other income, net	21	(2,161)	(3,078)
Finance expense	20	112	475
Profit before income taxes		17,484	16,098
Provision for income taxes	23	4,722	4,029
Profit		\$ 12,762	\$ 12,069
Earnings per share of ordinary share	24		
Basic		\$ 0.25	\$ 0.23
Diluted		\$ 0.24	\$ 0.23

See accompanying notes.

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

(Amounts in thousands)

	Three months ended June 30,	
	2015	2014
Profit	\$ 12,762	\$ 12,069
Other comprehensive income/(loss), net of taxes		
Items that may not be reclassified to profit or loss:		
Pension adjustment	(597)	(307)
Items that are or may be reclassified subsequently to profit or loss:		
Changes in fair value of cash flow hedges:		
Current period gain/ (loss)	(9,394)	505
Reclassification to profit/(loss)	(3,720)	618
Foreign currency translation	(2,554)	172
Income tax (provision)/ benefit relating to above	4,116	(23)
	\$ (11,552)	\$ 1,272
Total other comprehensive income/(loss), net of taxes	\$ (12,149)	\$ 965
Total comprehensive income	\$ 613	\$ 13,034

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

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (cont d)

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

	Share capital		Share premium	Retained earnings	Other components of equity			Treasury stock	Total shareholders equity	
	Number	Par value			Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments			Number
Balance as at April 1, 2015	51,950,662	\$ 8,141	\$ 286,805	\$ 180,345	\$ (103,529)	\$ 15,445	\$ 1,899	\$	\$ 389,106	
Shares issued for exercised options and restricted share units (RSUs)	149,574	23	602						625	
Purchase of treasury stock							770,000	(20,671)	(20,671)	
Share-based compensation			3,714						3,714	
Excess tax benefits relating to share-based options and RSUs			149						149	
Transactions with owners	149,574	23	4,465				770,000	(20,671)	(16,183)	
Profit				12,762					12,762	
Other comprehensive income/(loss), net of taxes					(2,554)	(8,998)	(597)		(12,149)	
Total comprehensive income/(loss) for the period				12,762	(2,554)	(8,998)	(597)		613	
Balance as at June 30, 2015	52,100,236	\$ 8,164	\$ 291,270	\$ 193,107	\$ (106,083)	\$ 6,447	\$ 1,302	770,000	\$ (20,671)	\$ 373,536

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

(Amounts in thousands)

	Three months ended June 30,	
	2015	2014
Cash flows from operating activities:		
Cash generated from operations	\$ 19,765	\$ 16,162
Interest paid	(133)	(455)
Interest received	477	76
Income taxes paid	(3,115)	(2,578)
Net cash provided by operating activities	16,994	13,205
Cash flows from investing activities:		
Purchase of property and equipment and intangibles	(8,598)	(3,868)
Proceeds from sale of property and equipment	57	117
Dividend received	1,335	1,091
Marketable securities sold/(purchased), net	8,881	(54,415)
Proceeds from sale of fixed maturity plan (FMP)	30,698	42,812
Net cash provided by / (used in) investing activities	32,373	(14,263)
Cash flows from financing activities:		
Purchase of treasury stock	(20,671)	
Proceeds from exercise of stock options	625	120
Excess tax benefit from share based compensation	36	64
Repayments of short term borrowings, net	(13,051)	(3,012)
Repayment of long term debt	(5,000)	
Net cash used in financing activities	(38,061)	(2,828)
Exchange difference on cash and cash equivalents	(1,489)	1,658
Net change in cash and cash equivalents	9,817	(2,228)
Cash and cash equivalents at the beginning of the period	32,448	33,691
Cash and cash equivalents at the end of the period	\$ 42,265	\$ 31,463
Non-cash transactions:		
Note: Liability towards property and equipment and intangible assets purchased on credit/deferred credit	\$ 1,449	\$ 2,008
Liability towards business combination (Refer note 4(a))	3,313	

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; consulting and professional services, banking and financial services; healthcare; and shipping and logistics 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 July 24, 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, 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.

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

IFRIC 18 Transfers of Assets from Customers

SIC-31 Revenue - Barter Transactions Involving Advertising Services

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WNS (HOLDINGS) LIMITED

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

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 year beginning on or after January 1, 2017, earlier application is permitted. However, in July 2015, IASB voted to confirm to a one-year deferral of the effective date to 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.

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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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(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 purchase price of the transaction is ZAR 40.7 million (\$3.3 million based on the exchange rate on May 1, 2015).

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

	Amount
Customer Contract- Intangible assets	\$ 2,990
Deferred tax liabilities	(837)
Net assets acquired	\$ 2,153
Less: Purchase consideration (Refer Note 17)	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	
	June 30, 2015	March 31, 2015
Cash and bank balance	\$ 27,560	\$ 24,976
Short term deposits with bank	14,705	7,472
Total	\$ 42,265	\$ 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.

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

6. Investments

Investments consist of the following:

	As at	
	June 30, 2015	March 31, 2015
Marketable securities(1)	\$ 83,566	\$ 94,054
Investments in FMPs		29,911
Investment in fixed deposit	9,408	9,577
Total	\$ 92,974	\$ 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	
	June 30, 2015	March 31, 2015
Trade receivables	\$ 59,854	\$ 61,104
Allowances for doubtful trade receivables	(5,556)	(5,336)
Total	\$ 54,298	\$ 55,768

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

Three months ended June 30,

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	2015	2014
Balance at the beginning of the period	\$ 5,336	\$ 4,999
Charged to operations	383	325
Write-off	(46)	(134)
Reversal	(328)	(68)
Translation adjustment	211	82
Balance at the end of the period	\$ 5,556	\$ 5,204

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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 June 30, 2015	March 31, 2015
Current:		
Service tax and other tax receivables	\$ 7,011	\$ 5,971
Deferred transition cost	151	132
Employee receivables	1,176	1,103
Advances to suppliers	867	697
Prepaid expenses	6,339	5,048
Other assets	5,375	3,807
Total	\$ 20,919	\$ 16,758
Non-current:		
Deposits	\$ 6,319	\$ 6,476
Non-current tax assets	5,127	4,873
Service tax and other tax receivables	4,604	4,581
Deferred transition cost	50	117
Others	1,300	1,566
Total	\$ 17,400	\$ 17,613

9. Goodwill

The movement in goodwill balance by reportable segment as at June 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
	144		144

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Goodwill arising from business combination of iSoftStone assets and the workforce (See Note 4b)			
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)			
Foreign currency translation	1,178	1,953	1,178
Balance as at June 30, 2015	\$ 49,199	\$ 32,492	\$ 81,691

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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, 2015 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						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 three months ended June 30, 2015 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, 2015	\$ 158,753	\$ 63,928	\$ 4,569	\$ 1,835	\$ 332	\$ 12,411	\$ 241,828
Additions						3,778	3,778
On business combination	2,990						2,990
Translation adjustments	(1,395)	387	(2,734)	3,026	15	(98)	(799)
Balance as at June 30, 2015	\$ 160,348	\$ 64,315	\$ 1,835	\$ 4,861	\$ 347	\$ 16,091	\$ 247,797
Accumulated amortization							

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Balance as at April 1, 2015	\$ 133,191	\$ 53,909	\$ 4,569	\$ 1,835	\$ 332	\$ 4,718	\$ 198,554
Amortization	4,004	1,426				742	6,172
Translation adjustments	(999)	397	(2,734)	3,026	15	(34)	(329)
Balance as at June 30, 2015	\$ 136,196	\$ 55,732	\$ 1,835	\$ 4,861	\$ 347	\$ 5,426	\$ 204,397
Net carrying value as at June 30, 2015	\$ 24,152	\$ 8,583	\$	\$	\$	\$ 10,665	\$ 43,400

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	Furniture, Computers fixtures and and office equipment		Vehicles	Leasehold improvements	Total
		software				
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 three months ended June 30, 2015 are as follows:

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

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Additions		1,009	793	30	520	2,352
Disposal/Retirements		(936)	(197)		(17)	(1,150)
Translation adjustments	(82)	274	(618)	(9)	(578)	(1,013)
Balance as at June 30, 2015	\$ 10,323	\$ 67,862	\$ 58,619	\$ 476	\$ 49,283	\$ 186,563

Accumulated depreciation

Balance as at April 1, 2015	\$ 3,232	\$ 58,068	\$ 45,397	\$ 289	\$ 34,316	\$ 141,302
Depreciation	129	1,295	1,231	19	1,189	3,863
Disposal/Retirements		(944)	(196)		(16)	(1,156)
Translation adjustments	(25)	329	(497)	(5)	(464)	(662)
Balance as at June 30, 2015	\$ 3,336	\$ 58,748	\$ 45,935	\$ 303	\$ 35,025	\$ 143,347

Capital work-in-progress 4,689

Net carrying value as at June 30, 2015 \$ 47,905

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 \$60,629. As at June 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 (\$15,535 based on the exchange rate on June 30, 2015). As at June 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 (\$ 2,444 based on the exchange rate on June 30, 2015). There was no outstanding balance (March 31, 2015: \$ Nil) as at June 30, 2015.

Long-term debt

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

	As at			
	June 30, 2015		March 31, 2015	
Interest rate	Foreign currency	Total	Foreign Currency	Total
3M USD LIBOR + 3.1%	\$	1,998	\$	6,990
Bank of England base rate + 2.25%	£	3,952	£	3,952
		\$ 8,212		\$ 12,828
Current portion of long term debt		\$ 8,212		\$ 12,828
Long term debt				

The Company has pledged trade receivables, other financial assets, property and equipment with a carrying amount of \$149,668 and \$149,670 as at June 30, 2015 and March 31, 2015, respectively, as collateral for the aforesaid borrowings. In addition, the facility agreements for the aforesaid borrowings contain certain restrictive covenants on the indebtedness of the Company, total borrowings to tangible net worth ratio, total borrowings to EBITDA ratio and a minimum interest coverage ratio. As at June 30, 2015 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 June 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	\$ 42,265	\$	\$	\$	\$ 42,265	\$ 42,265
Bank deposits and marketable securities	9,408			83,566	92,974	92,974
Trade receivables	54,298				54,298	54,298
Unbilled revenue	47,521				47,521	47,521
Funds held for clients	11,947				11,947	11,947
Prepayments and other assets ⁽¹⁾	4,862				4,862	4,862
Other non-current assets ⁽²⁾	6,319				6,319	6,319
Derivative assets		1,317	14,449		15,766	15,766
Total carrying value	\$ 176,620	\$ 1,317	\$ 14,449	\$ 83,566	\$ 275,952	\$ 275,952

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	\$	\$	\$ 24,793	\$ 24,793	\$ 24,793
Current portion of long term debt			8,212	8,212	8,212
Other employee obligations ⁽³⁾			24,671	24,671	24,671
Provision and accrued expenses ⁽⁴⁾			26,878	26,878	26,878
Other liabilities ⁽⁵⁾			5,612	5,612	5,612
Derivative liabilities		3,149	3,052	6,201	6,201

Total carrying value	\$ 3,149	\$ 3,052	\$ 90,166	\$ 96,367	\$ 96,367
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Notes:

- (1) Excluding non-financial assets \$16,057.
- (2) Excluding non-financial assets \$11,081.
- (3) Excluding non-financial liabilities \$11,760.
- (4) Excluding non-financial liabilities \$74.
- (5) Excluding non-financial liabilities \$9,847.

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
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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 June 30, 2015 are as follows:

Description of types of financial assets	Gross amounts of recognized financial assets		Net amounts of financial liabilities offset in the presented statement		Related amount not set off in financial instruments		Cash collateral received	Net amount
	financial assets	financial position	financial position	financial position	Financial instruments			
Derivative assets	\$ 15,766	\$	\$ 15,766	\$	\$ (4,349)	\$	\$ 11,417	
Total	\$ 15,766	\$	\$ 15,766	\$	\$ (4,349)	\$	\$ 11,417	

Description of types of financial liabilities	Gross amounts of recognized financial liabilities		Net amounts of financial assets offset in the presented statement		Related amount not set off in financial instruments		Cash collateral pledged	Net amount
	financial liabilities	financial position	financial position	financial position	Financial instruments			
Derivative liabilities	\$ 6,201	\$	\$ 6,201	\$	\$ (4,349)	\$	\$ 1,852	
Total	\$ 6,201	\$	\$ 6,201	\$	\$ (4,349)	\$	\$ 1,852	

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements as at March 31, 2015 are as follows:

Gross amounts of recognized financial assets
 Net amounts of financial assets
 Related amount not set off in financial instruments

Description of types of financial assets	liabilities offset in the recognized statement of financial position			presented in the statement of financial position		Cash collateral instruments received	Net amount
	financial assets	financial position	of financial position	Financial instruments received	Cash collateral		
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			Net amounts of financial liabilities related amount not set off in financial instruments		Cash collateral instruments pledged	Net amount
	financial liabilities	financial position	of financial position	Financial instruments	Cash collateral		
Derivative liabilities	\$ 2,174	\$	\$ 2,174	\$ (1,670)	\$	\$ 504	
Total	\$ 2,174	\$	\$ 2,174	\$ (1,670)	\$	\$ 504	

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 June 30, 2015 are as follows:

Description	As at June 30, 2015	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	\$ 1,317	\$	\$ 1,317	\$
Investment in FMPs				
<i>Financial assets at fair value through other comprehensive income</i>				
Foreign exchange contracts	14,449		14,449	
Investments available for sale	83,566	83,566		
Total assets	\$ 99,332	\$ 83,566	\$ 15,766	\$
Liabilities				
<i>Financial liabilities at FVTPL</i>				
Foreign exchange contracts	\$ 3,149	\$	\$ 3,149	\$

*Financial liabilities at fair value through
other comprehensive income*

Foreign exchange contracts	3,052		3,052
Total liabilities	\$ 6,201	\$	\$ 6,201

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:-

Description	As at March 31, 2015	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	\$ 2,274	\$	\$ 2,274	\$
Investment in FMPs	29,911	29,911		
<i>Financial assets at fair value through other comprehensive income</i>				
Foreign exchange contracts	27,593		27,593	
Investments available for sale	94,054	94,054		
Total assets	\$ 153,832	\$ 123,965	\$ 29,867	\$
Liabilities				
<i>Financial liabilities at FVTPL</i>				
Foreign exchange contracts	\$ 791	\$	\$ 791	\$
<i>Financial liabilities at fair value through other comprehensive income</i>				
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 three months ended June 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).

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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	
	June 30, 2015	March 31, 2015
Forward contracts (Sell)		
In US dollars	\$ 197,599	\$ 168,315
In United Kingdom Pound Sterling	173,368	141,693
In Euro	9,914	9,745
In Australian dollars	23,486	25,065
Others	10,563	13,887
	\$ 414,930	\$ 358,705
Option contracts (Sell)		
In US dollars	\$ 55,734	\$ 79,898
In United Kingdom Pound Sterling	113,576	106,767
In Euro	8,041	7,697
In Australian dollars	19,051	19,462
Others	3,188	3,342
	\$ 199,590	\$ 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 June 30, 2015 and 2014 are as follows:

	Three months ended June 30,	
	2015	2014
Revenue	\$ 1,913	\$ (158)
Foreign exchange loss, net	1,807	(460)
Income tax related to amounts reclassified into statement of income	(1,281)	192
Total	\$ 2,439	\$ (426)

As at June 30, 2015, the gain amounting to \$6,447 on account of cash flow hedges is expected to be reclassified from other comprehensive income into statement of income over a period of 24 months.

Due to the discontinuation of cash flow hedge accounting on account of non-occurrence of original forecasted transactions by the end of the originally specified time period, the Company recognized in the consolidated statement of income for the three months ended June 30, 2015 and 2014 of loss of \$95 and a gain of \$99, respectively.

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

14. Employee benefits

Pension and other employee obligations consist of the following:

	June 30, 2015	As at March 31, 2015
Current:		
Salaries and bonus	\$ 24,671	\$ 36,290
Pension	713	496
Withholding taxes on salary and statutory payables	4,358	3,638
Total	\$ 29,742	\$ 40,424
Non-current:		
Pension	\$ 6,689	\$ 6,069

15. Provisions and accrued expenses

Provisions and accrued expenses consist of the following:

	June 30, 2015	As at March 31, 2015
Provisions	\$ 74	\$ 753
Accrued expenses	26,878	24,869
Total	\$ 26,952	\$ 25,622

A summary of activity for provision is as follows:

As at

	June 30, 2015	March 31, 2015
Balance at the beginning of the period / year	\$ 753	\$ 693
Additional provision		754
Provision used	(683)	(692)
Translation adjustments	4	(2)
Balance at the end of the period / year	\$ 74	\$ 753

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

16. Deferred revenue

Deferred revenue consists of the following:

	As at	
	June 30, 2015	March 31, 2015
Current:		
Payments in advance of services	\$ 468	\$ 600
Advance billings	1,870	2,384
Others	195	897
Total	\$ 2,533	\$ 3,881

	As at	
	June 30, 2015	March 31, 2015
Non-current:		
Payments in advance of services	\$ 202	\$ 220
Advance billings	45	163
Others	18	19
Total	\$ 265	\$ 402

17. Other liabilities

Other liabilities consist of the following:

	As at	
	June 30, 2015	March 31, 2015
Current:		
Withholding taxes and value added tax payable	\$ 4,729	\$ 3,989
Deferred rent	729	806

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Purchase consideration payable (Refer Note 4(a))	3,313	
Other liabilities	2,524	1,136
Total	\$ 11,295	\$ 5,931
Non-current:		
Deferred rent	\$ 3,758	\$ 3,601
Other liabilities	406	416
Total	\$ 4,164	\$ 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 June 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 52,100,236 ordinary shares outstanding as at June 30, 2015. There were no preferred shares outstanding as at June 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 1.1 million 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 stock.

During the three months ended June 30, 2015, the Company purchased 770,000 ADSs in the open market for a total consideration of \$ 20,671 (including transaction cost of \$ 43). The shares underlying these purchased ADSs are recorded as treasury stock.

19. Expenses by nature

Expenses by nature consist of the following:

	Three months ended June 30,	
	2015	2014
Employee cost	\$ 71,301	\$ 66,164
Repair payments	7,649	8,941
Facilities cost	16,802	17,456
Depreciation	3,863	3,605
Legal and professional expenses	3,236	3,662
Travel expenses	4,283	3,870
Others	7,144	6,406
Total cost of revenue, selling and marketing and general and administrative expenses	\$ 114,278	\$ 110,104

20. Finance expense

Finance expense consists of the following:

	Three months ended June 30,	
	2015	2014
Interest expense	\$ 101	\$ 452
Debt issue cost	11	23
Total	\$ 112	\$ 475

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

21. Other income, net

Other income, net consists of the following:

	Three months ended June 30,	
	2015	2014
Interest and dividend on marketable securities	\$ 1,638	\$ 1,175
Net gain arising on financial assets designated as FVTPL	41	1,284
Others, net	482	619
Total	\$ 2,161	\$ 3,078

22. Share-based payments

The Company has two share-based incentive plans, the 2002 Stock Incentive Plan adopted on July 1, 2002 and the 2006 Incentive Award Plan adopted on June 1, 2006, as amended and restated in February 2009 and September 2011 (collectively referred to as the Plans). Under the Plans, share based options may be granted to eligible participants. Options are generally granted for a term of ten years and have a graded vesting period of up to four years. The Company settles employee share-based option exercises with newly issued ordinary shares. As at June 30, 2015, the Company had 588,535 ordinary shares available for future grants.

Share-based compensation expense is as follows:

	Three months ended June 30,	
	2015	2014
Share-based compensation expense recorded in		
Cost of revenue	\$ 557	\$ 422
Selling and marketing expenses	532	190
General and administrative expenses	2,625	1,612
Total share-based compensation expense	\$ 3,714	\$ 2,224

Upon exercise of share options and RSUs, the Company issued 149,574 and 131,438 shares, respectively, for the three months ended June 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 June 30,	
	2015	2014
Domestic	\$ (939)	\$ (1,154)
Foreign	18,423	17,252
Profit before income taxes	\$ 17,484	\$ 16,098

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

	Three months ended June 30,	
	2015	2014
Current taxes		
Domestic taxes	\$	\$
Foreign taxes	3,750	3,573
	\$ 3,750	\$ 3,573
Deferred taxes		
Domestic taxes		
Foreign taxes	972	456
	972	456
	\$ 4,722	\$ 4,029

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

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

	Three months ended June 30,	
	2015	2014
Income taxes on profit	\$ 4,722	\$ 4,029
Income taxes on other comprehensive income		
Unrealized gain on cash flow hedging derivatives	(4,116)	23
Income taxes recognized in equity		
Excess tax deductions related to share based options and RSUs	(113)	(23)
Total income taxes	\$ 493	\$ (4,029)

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.

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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 \$47,560 in additional taxes, including interest of \$16,851. 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 \$39,132 in additional taxes, including interest of \$12,149. The income tax authorities have filed appeals against these orders with higher appellate authorities.

Uncertain tax positions are reflected at the amount likely to be paid to the taxation authorities. A liability is recognized in connection with each item that is not probable of being sustained on examination by taxing authority. The liability is measured using single best estimate of the most likely outcome for each position taken in the tax return. Thus the provision would be the aggregate liability in connection with all uncertain tax positions. As at June 30, 2015, the Company has provided a tax reserve of \$14,219 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 believes these orders are unlikely to be sustained at the higher appellate authorities. The Company has deposited \$11,920 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 \$5,459 of service tax and related penalty for the period from March 1, 2003 to January 31, 2005. The assessment order alleges that service tax is payable in India on BPM services provided by the Company to clients based abroad as the export proceeds are repatriated outside India by the Company. In response to the appeal filed by the Company with the appellate tribunal against the assessment order in April 2009, the appellate tribunal has remanded the matter back to lower tax authorities to be adjudicated afresh. After consultation with Indian tax advisors, the Company believes this order of assessment is more likely than not to be upheld in favor of the Company. The Company intends to continue to vigorously dispute the assessment.

24. Earnings per share

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

	Three months ended June 30,	
	2015	2014
Numerator:		
Profit	\$ 12,762	\$ 12,069
Denominator:		
Basic weighted average ordinary shares outstanding	51,809,070	51,404,351
Dilutive impact of equivalent stock options and RSUs	1,665,617	1,493,194
Diluted weighted average ordinary shares outstanding	53,474,687	52,897,545

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

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

25. Subsidiaries

The following is a list of subsidiaries of WNS as at June 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 was incorporated to provide legal and professional services for our 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.

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 constitutes WNS Auto Claims BPM), which provide automobile claims handling services, do not meet the aggregation criteria. Accordingly, the Company has determined that it has two reportable segments WNS Global BPM and WNS Auto Claims BPM .

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

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

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 June 30, 2015 are as follows:

	Three months ended June 30, 2015			Total
	WNS Global BPM	WNS Auto Claims BPM	Inter segments*	
Revenue from external customers	\$ 120,691	\$ 13,441	\$	\$ 134,132
Segment revenue	\$ 120,761	\$ 13,441	\$ (70)	\$ 134,132
Payments to repair centers		7,649		7,649
Revenue less repair payments	120,761	5,792	(70)	126,483
Depreciation	3,782	81		3,863
Other costs	91,736	5,633	(70)	97,299
Segment operating profit	25,243	78		25,321
Other income, net	(1,978)	(183)		(2,161)
Finance expense	112			112
Segment profit before income taxes	27,109	261		27,370
Provision for income taxes	4,649	73		4,722
Segment profit	22,460	188		22,648
Amortization of intangible assets				6,172
Share based compensation expense				3,714
Profit				\$ 12,762
Addition to non-current assets	\$ 10,194	\$ 349	\$	\$ 10,543
Total assets, net of elimination	349,365	150,449		499,814
Total liabilities, net of elimination	\$ 55,148	\$ 71,130	\$	\$ 126,278

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

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 June 30, 2014 are as follows:

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

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

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 June 30,	
	2015	2014
Jersey, Channel Islands	\$	\$
UK	64,308	71,320
US	35,976	33,609
Europe (excluding UK)	8,898	7,064
South Africa	6,640	4,894
Australia	9,196	6,880
Rest of the world	9,114	7,237
Total	\$ 134,132	\$ 131,004

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 June 30, 2015 are as follows:

	Future minimum lease payments	
Less than 1 year	\$	18,371
1-3 years		28,355
3-5 years		18,062
More than 5 years		32,077
Total minimum lease payments	\$	96,865

Rental expenses were \$ 6,253 and \$ 6,062 for the three months ended June 30, 2015 and 2014, respectively.

Capital commitments

As at June 30, 2015 and March 31, 2015, the Company had committed to spend approximately \$ 6,093 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 \$860 and \$895 as at June 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 \$383 and \$510 as at June 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.

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**Part II MANAGEMENT S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

You should read the following discussion in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this report. We urge you to carefully review and consider the various disclosures made by us in this report and in our other SEC filings, including our annual report on Form 20-F for our fiscal year ended March 31, 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.

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Revenue less repair payments is a non-GAAP financial measure which is calculated as (a) revenue less (b) in our auto claims business, payments to repair centers for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients. This non-GAAP financial information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP. Our revenue less repair payments may not be comparable to similarly titled measures reported by other companies due to potential differences in the method of calculation.

The following table reconciles our revenue (a GAAP financial measure) to revenue less repair payments (a non-GAAP financial measure) for the periods indicated:

	Three months ended June 30,	
	2015	2014
	(US dollars in millions)	
Revenue	\$ 134.1	\$ 131.0
Less: Payments to repair centers ⁽¹⁾	7.6	8.9
Revenue less repair payments	\$ 126.5	\$ 122.1

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 June 30,	
	2015	2014
	(US dollars in millions)	
Constant currency revenue less repair payments	\$ 125.0	\$ 114.1

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 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, as well as the growing concerns over the sustained and drastic fall in the price of crude oil and the associated risk of global deflation which may contribute to further economic instability in the global financial markets. These economic conditions may affect our business in a number of ways. The general level of economic activity, such as decreases in business and consumer spending, could result in a decrease in demand for our services, thus reducing our revenue. The cost and availability of credit has been and may continue to be adversely affected by illiquid credit markets and wider credit spreads. Continued turbulence or uncertainty in the European, the US and the international financial markets and economies may adversely affect our liquidity and financial condition, and the liquidity and financial condition of our customers. If these market conditions continue or worsen, they may limit our ability to access financing or increase our cost of financing to meet liquidity needs, and affect the ability of our customers to use credit to purchase our services or to make timely payments to us, resulting in adverse effects on our financial condition and results of operations.

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Furthermore, a weakening of the rate of exchange for the US dollar or the pound sterling 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 9.0%, the Indian rupee depreciated against the US dollar by an average of 6.0%, the Australian dollar depreciated against the US dollar by an average of 16.4%, and the South African rand depreciated against the US dollar by an average of 14.6%, for the three months ended June 30, 2015 as compared to the average exchange rate for the three months ended June 30, 2014. The depreciation of the pound sterling and Australian dollar against the US dollar negatively impacted our results of operations for the three months ended June 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.

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		Change	
	June 30,		\$	%
	(US dollars in millions)			
	2015	2014		
Revenue	\$ 134.1	\$ 131.0	3.1	2.4%
Revenue less repair payments	\$ 126.5	\$ 122.1	4.4	3.6%

Our revenue is characterized by client, industry, service type, geographic and contract type diversity, as the analysis below indicates.

Revenue by Top Clients

For the three months ended June 30, 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	As a percentage of revenue less
Three months ended June	repair payments
30,	Three months ended June
30,	30,

	2015	2014	2015	2014
Top client	11.8%	13.8%	12.5%	14.9%
Top five clients	30.7%	33.3%	32.5%	35.7%
Top ten clients	42.5%	45.2%	45.1%	48.5%
Top twenty clients	58.5%	61.9%	61.6%	66.1%

In line with our expectations, one of our top five clients by revenue contribution in fiscal 2014, an OTA client provided us with a 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. 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 three months ended June 30, 2015 as compared to the three months ended June 30, 2014. For further details on the new pricing arrangements, see [Our Contracts](#) [Revenue by Contract Type](#).

Table of Contents***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 June 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:

Business Unit	As a percentage of revenue Three months ended June 30,		As a percentage of revenue less repair payments Three months ended June 30,	
	2015	2014	2015	2014
Insurance	32.9%	37.4%	28.9%	33.0%
Travel and leisure	19.9%	18.9%	21.1%	20.3%
Diversified businesses including manufacturing, retail, CPG, media and entertainment, and telecom	15.6%	13.6%	16.5%	14.6%
Utilities	9.7%	8.5%	10.3%	9.1%
Consulting and professional services ⁽¹⁾	7.3%	7.6%	7.7%	8.1%
Banking and financial services	5.6%	6.3%	6.0%	6.7%
Healthcare	5.2%	4.6%	5.5%	4.9%
Shipping and logistics	3.8%	3.1%	4.0%	3.3%
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 June 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 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

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For the three months ended June 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 June 30,		As a percentage of revenue less repair payments Three months ended June 30,	
	2015	2014	2015	2014
Industry-specific	31.0%	29.2%	32.8%	31.2%
Contact center	26.0%	22.3%	27.6%	24.0%
Finance and accounting	18.4%	20.0%	19.5%	21.4%
Research and analytics	12.1%	12.5%	12.8%	13.4%
Auto claims	10.0%	13.6%	4.6%	7.3%
Others ⁽¹⁾	2.5%	2.4%	2.7%	2.7%
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 June 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:

Geography	As a percentage of revenue Three months ended June 30,		As a percentage of revenue less repair payments Three months ended June 30,	
	2015	2014	2015	2014
UK	47.9%	54.4%	44.8%	51.1%
North America (primarily the US)	26.8%	25.7%	28.4%	27.5%
Europe (excluding the UK)	6.6%	5.4%	7.0%	5.8%
Australia	6.9%	5.3%	7.3%	5.6%
South Africa	5.0%	3.7%	5.2%	4.0%
Rest of the world	6.8%	5.5%	7.3%	6.0%
Total	100.0%	100.0%	100.0%	100.0%

Revenue by Location of Delivery Centers

For the three months ended June 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 June 30,		As a percentage of revenue less repair payments Three months ended June 30,	
	2015	2014	2015	2014
India	62.2%	63.1%	66.1%	67.7%
UK	10.6%	13.9%	5.2%	7.7%
South Africa	9.8%	7.9%	10.4%	8.5%
Philippines	7.8%	5.8%	8.2%	6.2%
Sri Lanka	2.7%	2.9%	2.9%	3.1%
Romania	2.3%	2.6%	2.4%	2.8%
United States	2.0%	1.2%	2.1%	1.3%
China ⁽¹⁾	1.0%	1.0%	1.0%	1.1%
Poland	0.8%	0.9%	0.8%	0.9%
Costa Rica	0.8%	0.7%	0.9%	0.7%
Total	100.0%	100.0%	100.0%	100.0%

Note:

- 1) For the three months ended June 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 June 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, which typically range from 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.

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

In the WNS Global BPM segment, we charge for our services based on the following pricing models:

- 1) per full-time equivalent arrangements, which typically involve billings based on the number of full-time employees (or equivalent) deployed on the execution of the business process managed;
- 2) per transaction arrangements, which typically involve billings based on the number of transactions processed (such as the number of e-mail responses, or airline coupons or insurance claims processed);
- 3) fixed-price arrangements, which typically involve billings based on achievements of pre-defined deliverables or milestones;
- 4) outcome-based arrangements, which typically involve billings based on the business result achieved by our clients through our service efforts (such as measured based on a reduction in days sales outstanding, an improvement in working capital, an increase in collections or a reduction in operating expenses); or
- 5) other pricing arrangements, including cost-plus arrangements, which typically involve billing the contractually agreed direct and indirect costs and a fee based on the number of employees deployed under the arrangement.

Apart from the above-mentioned pricing methods, a small portion of our revenue comprises reimbursements of out-of-pocket expenses incurred by us in providing services to our clients.

Outcome-based arrangements are examples of non-linear pricing models where revenue 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 revenue 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 June 30, 2015 and 2014, our revenue and revenue less repair payments were diversified by contract type in the proportions set forth in the following table:

Contract Type	As a percentage of revenue		As a percentage of revenue less	
	Three months ended June 30,		repair payments	
	2015	2014	Three months ended June 30,	2014
Full-time-equivalent	71.6%	66.5%	75.9%	71.3%
Transaction	20.8%	24.7%	16.1%	19.2%
Fixed price	2.9%	3.9%	3.0%	4.2%
Outcome-based	1.0%	0.9%	1.1%	1.0%
Others	3.7%	4.0%	3.9%	4.3%
Total	100.0%	100.0%	100.0%	100.0%

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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 contracts 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 three months ended June 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.

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.

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

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

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

Selling and Marketing Expenses

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

General and Administrative Expenses

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

Foreign Exchange Loss / (Gain), Net

Foreign exchange gains or losses, net include:

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

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

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

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.

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

	June 30, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Total head count	29,672	28,890	27,755	27,734	27,760	27,020
Built up seats ⁽¹⁾	24,032	24,131	23,646	23,834	23,738	23,318
Used seats ⁽¹⁾	17,744	17,451	17,161	16,684	16,444	16,240
Seat utilization rate ⁽²⁾	1.22	1.19	1.17	1.17	1.16	1.15

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 quarter, 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.

Results of Operations

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

	As a percentage of			
	Revenue		Revenue less repair payments	
	Three months ended June 30,			
	2015	2014	2015	2014
Cost of revenue	66.2%	65.8%	64.2%	63.3%
Gross profit	33.8%	34.2%	35.8%	36.7%
Operating expenses:				
Selling and marketing expenses	5.5%	5.8%	5.9%	6.3%
General and administrative expenses	13.5%	12.4%	14.3%	13.3%
Foreign exchange loss / (gains), net	(1.3)%	1.0%	(1.4)%	1.1%
Amortization of intangible assets	4.6%	4.7%	4.9%	5.0%

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Operating profit	11.5%	10.3%	12.2%	11.1%
Other (income) / expense, net	(1.6)%	(2.3)%	(1.7)%	(2.5)%
Finance expense	0.1%	0.4%	0.1%	0.4%
Provision for income taxes	3.5%	3.1%	3.7%	3.3%
Profit	9.5%	9.2%	10.1%	9.9%

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

	Three months ended June 30,			
	2015	2014	2015	2014
	(US dollars in millions)			
Revenue	\$ 134.1	\$ 131.0	100.0%	100.0%
Less: Payments to repair centers	7.6	8.9	5.7%	6.8%
Revenue less repair payments	\$ 126.5	\$ 122.1	94.3%	93.2%

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

	Three months ended June 30,	
	2015	2014
	(US dollars in millions)	
Revenue	\$ 134.1	\$ 131.0
Cost of revenue ⁽¹⁾	88.8	86.2
Gross profit	45.3	44.8
Operating expenses:		
Selling and marketing expenses ⁽²⁾	7.4	7.7
General and administrative expenses ⁽³⁾	18.0	16.2
Foreign exchange loss / (gains), net	(1.8)	1.3
Amortization of intangible assets	6.2	6.1
Operating profit	15.4	13.5
Other income, net	(2.2)	(3.1)
Finance expense	0.1	0.5
Profit before income taxes	17.5	16.1
Provision for income taxes	4.7	4.0
Profit	\$ 12.8	\$ 12.1

Notes:

- 1) Includes share-based compensation expense of \$0.6 million and \$0.4 million for the three months ended June 30, 2015 and 2014, respectively.
- 2) Includes share-based compensation expense of \$0.5 million and \$0.2 million for the three months ended June 30, 2015 and 2014, respectively.
- 3) Includes share-based compensation expense of \$2.6 million and \$1.6 million for the three months ended June 30, 2015 and 2014, respectively.

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

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

Revenue

	Three months ended June 30,		Change	% Change
	2015	2014		

(US dollars in millions)

Revenue	\$ 134.1	\$ 131.0	\$ 3.1	2.4%
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The increase in revenue of \$3.1 million was primarily attributable to revenue from new clients of \$11.3 million, and an increase in hedging gain on our revenue by \$2.0 million to a gain of \$1.5 million for the three months ended June 30, 2015 from a loss of \$0.5 million for the three months ended June 30, 2014, partially offset by a decrease in revenue from existing clients of \$10.2 million. The increase in revenue was primarily attributable to higher volumes in our shipping and logistics, utilities, retail and CPG and healthcare 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 9.0%, 16.4%, 14.6% and 19.4%, respectively, for the three months ended June 30, 2015 as compared to the average exchange rate for the three months ended June 30, 2014, lower volume of business from one of our top clients by revenue contribution in fiscal 2015, 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	
	Three months ended June 30,		Three months ended June 30,	
	2015	2014	2015	2014
	(US dollars in millions)			
UK	\$ 64.3	\$ 71.3	47.9%	54.4%
North America (primarily the US)	36.0	33.6	26.8%	25.7%
Australia	9.2	6.9	6.9%	5.3%
Europe (excluding the UK)	8.9	7.1	6.6%	5.4%
South Africa	6.6	4.9	5.0%	3.7%
Rest of world	9.1	7.2	6.8%	5.5%
Total	\$ 134.1	\$ 131.0	100.0%	100.0%

The increase in revenue in North America (primarily the US) was primarily due to higher volumes in our consulting and professional services, healthcare and insurance verticals, partially offset by lower volume of business from one of our top clients by revenue contribution in fiscal 2015, and lower volumes in our retail and CPG vertical. The increase in revenue from the Australia region was primarily due to higher volumes in our insurance and utilities verticals. The increase in revenue from Europe (excluding the UK) region was primarily due to higher volumes in our retail and CPG vertical. The increase in revenue from the Rest of world region was primarily due to higher volumes in our shipping and logistics, retail and CPG, and banking and financial services verticals. The increase in revenue from the South Africa region was primarily due to higher volumes in our retail and CPG vertical. The decrease in revenue from the UK region was primarily due to a reduction in pricing from a five plus year contract extension with Aviva MS and lower volumes in our retail and CPG and shipping and logistics verticals.

Revenue Less Repair Payments

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

	Three months ended June 30,			
	2015	2014	Change	% Change
	(US dollars in millions)			
Revenue less repair payments	\$ 126.5	\$ 122.1	\$ 4.4	3.6%

The increase in revenue less repair payments of \$4.4 million was primarily attributable to revenue less repair payments from new clients of \$11.2 million, and an increase in hedging gain on our revenue less repair payments by \$2.0 million to a gain of \$1.5 million for the three months ended June 30, 2015 from a loss of \$0.5 million for the three months ended June 30, 2014 partially offset by a decrease in revenue less repair payments from existing clients of \$8.8 million. The increase in revenue less repair payments was primarily attributable to higher volumes in our

shipping and logistics, utilities, retail and CPG and healthcare 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 9.0%, 16.4%, 14.6% and 19.4%, respectively, for the three months ended June 30, 2015 as compared to the average exchange rate for the three months ended June 30, 2014, lower volume of business from one of our top clients by revenue contribution in fiscal 2015, 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:

	As a percentage of revenue less repair payments			
	Revenue less repair payments			
	Three months ended June 30,			
	2015	2014	2015	2014
	(US dollars in millions)			
UK	\$ 56.7	\$ 62.4	44.8%	51.1%
North America (primarily the US)	36.0	33.6	28.4%	27.5%
Australia	9.2	6.9	7.3%	5.6%
Europe (excluding the UK)	8.9	7.1	7.0%	5.8%
South Africa	6.6	4.9	5.2%	4.0%
Rest of world	9.1	7.2	7.3%	6.0%
Total	\$ 126.5	\$ 122.1	100.0%	100.0%

The increase in revenue less repair payments in North America (primarily the US) was primarily due to higher volumes in our consulting and professional services, healthcare and insurance verticals, partially offset by lower volume of business from one of our top clients by revenue less repair payments contribution in fiscal 2015, and lower volumes in our retail and CPG vertical. The increase in revenue less repair payments from the Australia region was primarily due to higher volumes in our insurance and utilities verticals. The increase in revenue less repair payments from Europe (excluding the UK) region was primarily due to higher volumes in our retail and CPG vertical. The increase in revenue less repair payments from the Rest of world region was primarily due to higher volumes in our shipping and logistics, retail and CPG and banking and financial services verticals. The increase in revenue less repair payments from the South Africa region was primarily due to higher volumes in our retail and CPG vertical. The decrease in revenue less repair payments from the UK region was primarily due to a reduction in pricing from a five year contract extension with Aviva MS and lower volumes in our retail and CPG and shipping and logistics verticals.

Cost of Revenue

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

	Three months ended June 30,		
	2015	2014	Change
	(US dollars in millions)		
Employee costs	\$ 52.3	\$ 49.3	\$ 3.0
Facilities costs	16.3	16.1	0.2
Repair payments	7.6	8.9	(1.3)
Depreciation	3.7	3.5	0.2

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Travel costs	2.4	2.5	(0.1)
Legal and professional costs	1.9	2.4	(0.5)
Other costs	4.6	3.5	1.1
Total cost of revenue	\$ 88.8	\$ 86.2	\$ 2.6
As a percentage of revenue	66.2%	65.8%	

The increase in cost of revenue was due to higher employee cost on account of higher headcount, wage inflation, higher other costs primarily due to an increase in costs associated with providing onshore services and subcontract costs, higher facilities costs, and higher depreciation costs, partially offset by lower repair payments, lower legal and professional expenses and lower travel costs. Further, the depreciation of the Indian rupee against the US dollar by an average of 6.0% for the three months ended June 30, 2015 as compared to the average exchange rate for the three months ended June 30, 2014, resulted in a decrease of approximately \$2.5 million in the cost of revenue.

Table of Contents*Gross Profit*

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

	Three months ended June 30,		
	2015	2014	Change
	(US dollars in millions)		
Gross profit	\$ 45.3	\$ 44.8	\$ 0.5
As a percentage of revenue	33.8%	34.2%	
As a percentage of revenue less repair payments	35.8%	36.7%	

Gross profit was higher primarily due to higher revenue as discussed above. Gross profit as a percentage of revenue and revenue less repair payments decreased primarily due to higher cost of revenue partially offset by higher revenue as discussed above and an increase in hedging gain on our revenue less repair payments by \$2.0 million to a gain of \$1.5 million for the three months ended June 30, 2015 from a loss of \$0.5 million for the three months ended June 30, 2014, partially offset by higher cost of revenue. Further, the depreciation of the Indian rupee against the US dollar by an average of 6.0% for the three months ended June 30, 2015 as compared to the average exchange rate in for the three months ended June 30, 2014, partially offset the increase in cost of revenue.

Our built up seats increased by 1.2% from 23,738 as at June 30, 2014 to 24,032 as at June 30, 2015, during which we expanded seating capacities in our existing delivery centers in Pune and Chennai, India and added new facilities in the US and China. This was part of our strategy to expand our delivery capabilities. Our total headcount increased by 6.9% from 27,760 to 29,672 during the same period, resulting in an increase in our seat utilization rate from 1.16 for the three months ended June 30, 2014 to 1.22 for the three months ended June 30, 2015. This 0.06 increase in seat utilization resulted in an increase in our gross profit as a percentage of revenue by approximately 0.03% and our gross profit as a percentage of revenue less repair payments by approximately 0.02% in the three months ended June 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 June 30,		
	2015	2014	Change
	(US dollars in millions)		
Employee costs	\$ 5.2	\$ 5.9	\$ (0.7)
Other costs	2.3	1.8	0.5
Total selling and marketing expenses	\$ 7.4	\$ 7.7	\$ (0.2)
As a percentage of revenue	5.5%	5.8%	
As a percentage of revenue less repair payments	5.9%	6.3%	

The decrease in selling and marketing expenses was primarily due to a decrease in sales headcount partially offset by an increase in travel costs and marketing related expenses.

General and Administrative Expenses

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

	Three months ended June 30,		
	2015	2014	Change
	(US dollars in millions)		
Employee costs	\$ 13.8	\$ 11.0	\$ 2.8
Other costs	4.2	5.2	(1.0)
Total general and administrative expenses	\$ 18.0	\$ 16.2	\$ 1.8
As a percentage of revenue	13.5%	12.4%	
As a percentage of revenue less repair payments	14.3%	13.3%	

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, and higher travel cost, partially offset by lower facilities costs. Further, the depreciation of the Indian rupee against the US dollar by an average of 6.0% for the three months ended June 30, 2015 as compared to the average exchange rate for the three months ended June 30, 2014 resulted in a decrease of approximately \$0.5 million in general and administrative expenses.

Table of Contents*Foreign Exchange Loss / (Gains), Net*

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

	Three months ended June 30,		
	2015	2014	Change
	(US dollars in millions)		
Foreign exchange loss / (gains), net	\$ (1.8)	\$ 1.3	\$ (3.1)

The foreign exchange gains were primarily due to foreign currency revaluation gains of \$3.2 million arising from a gain of \$2.9 million for the three months ended June 30, 2015 from a loss of \$0.2 million for the three months ended June 30, 2014, partially offset by a loss from our rupee-denominated hedge contracts as a result of a depreciation of the Indian rupee against the US dollar.

Amortization of Intangible Assets

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

	Three months ended June 30,		
	2015	2014	Change
	(US dollars in millions)		
Amortization of intangible assets	\$ 6.2	\$ 6.1	\$ 0.1

The increase in amortization of intangible assets was primarily attributable to the acquisition of a customer contract from Telkom, partially offset by a depreciation of the Indian rupee against the US dollar by an average of 6.0% for the three months ended June 30, 2015 as compared to the average exchange rate for the three months ended June 30, 2014.

Operating Profit

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

	Three months ended June 30,		
	2015	2014	Change
	(US dollars in millions)		
Operating profit	\$ 15.4	\$ 13.5	\$ 1.9
As a percentage of revenue	11.5%	10.3%	
As a percentage of revenue less repair payments	12.2%	11.1%	

Operating profit as a percentage of revenue and revenue less repair payments is higher due to higher revenue, lower selling and marketing expenses and foreign exchanges gains, 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:

	Three months ended June 30,		
	2015	2014	Change
	(US dollars in millions)		
Other income, net	\$ 2.2	\$ 3.1	\$ (0.9)

Other income was lower primarily due to a lower cash balance as funds were utilized for share repurchase 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.

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Finance Expense

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

Three months ended June 30,