WNS (HOLDINGS) LTD
Form 6-K
November 04, 2009

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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 September, 2009
Commission File Number 001 32945

WNS (HOLDINGS) LIMITED
(Exact name of registrant as specified in the charter)
Not Applicable
(Translation of Registrant s name into English)
Jersey, Channel Islands
(Jurisdiction of incorporation or organization)

Gate 4, Godrej & Boyce Complex
Pirojshanagar, Vikroli (W)
Mumbai 400 079, India
+91-22-6797-6100
(Address of principal executive offices)

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

Form 20-F þ Form 40-F o

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): o

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): o

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

Yes o No þ

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

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

Conventions used in this Report

In this report, references to US are to the United States of America, its territories and its possessions. References to UK are to the United Kingdom. References to India are to the Republic of India. References to $ or dollars or US dollars are to the legal currency of the US and references to Rs. or rupees or Indian rupees are to the legal currency o India. References to GBP or pounds sterling or £ are to the legal currency of the UK and references to EUR or Euros. References to pence are to the legal currency of Jersey, Channel Islands. Our financial statements are presented in US dollars and are prepared in accordance with US generally accepted accounting principles, or US GAAP. References to a particular fiscal year are to our fiscal year ended March 31 of that year. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

We also refer in various places within this report to revenue less repair payments, which is a non-GAAP measure that is calculated as revenue less payments to automobile repair centers and more fully explained in Management s Discussion and Analysis of Financial Condition and Results of Operations. The presentation of this non-GAAP information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with US GAAP.

Special note regarding forward looking statements

This report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as anticipate, believe, estimate, expect, intend, will, project, seek, should and simi Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources. We caution you that reliance on any forward-looking statement 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 factors 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 and a limited number of industries;
- our ability to expand our business or effectively manage growth;

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- our ability to hire and retain enough sufficiently trained employees to support our operations;
- negative public reaction in the US or the UK to offshore outsourcing;
- increasing competition in the business process outsourcing industry;
- our ability to successfully grow our revenue, expand our service offerings and market share and achieve accretive benefits from our acquisition of Aviva Global Services Singapore Pte. Ltd. (which we have renamed as WNS Customer Solutions (Singapore) Private Limited following our acquisition), or Aviva Global, and our master services agreement with Aviva Global Services (Management Services) Private Limited, or AVIVA MS, as described below; and
- our ability to successfully consummate strategic acquisitions.

These and other factors are more fully discussed in our other filings with the Securities and Exchange Commission, or the SEC, including in Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in our annual report on Form 20-F for our fiscal year ended March 31, 2009. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans, objectives or projected financial results referred to in any of the forward-looking statements. Except as required by law, we do not undertake to release revisions of any of these forward-looking statements to reflect future events or circumstances.

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Part I FINANCIAL INFORMATION
WNS (HOLDINGS) LIMITED
CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except share and per share data)

	September 30, 2009 (Unaudited)	March 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 40,211	$ 38,931
Bank deposits and marketable securities	3,378	8,925
Accounts receivable, net of allowance of $2,276 and $1,935, respectively	62,520	61,257
Accounts receivable related parties	1,174	64
Funds held for clients	6,997	5,379
Employee receivables	1,481	745
Prepaid expenses	3,201	2,082
Prepaid income taxes	6,050	5,768
Deferred tax assets	1,207	1,743
Other current assets	23,412	38,647
Total current assets	149,631	163,541
Goodwill	89,565	81,679
Intangible assets, net	204,378	217,372
Property and equipment, net	52,655	55,992
Other assets	7,948	11,449
Deposits	6,966	6,309
Deferred tax assets	21,370	15,584
TOTAL ASSETS	$ 532,513	$ 551,926
LIABILITIES AND EQUITY		
Current liabilities:		
Account payable	$ 30,230	$ 30,879
Accounts payable related parties		42
Current portion of long term debt	40,000	45,000
Short term line of credit		4,331
Accrued employee costs	25,471	23,754
Deferred revenue	4,703	5,583
Income taxes payable	3,622	3,995
Accrued expenses	34,588	31,194
Other current liabilities	20,827	22,932
Total current liabilities	159,441	167,710
Long term debt	130,000	155,000
Deferred revenue	3,369	3,561

Other liabilties		5,563		1,967
Accrued pension liability		2,925		2,570
Deferred tax liabilities		8,985		9,946
Derivative contracts		13,864		23,163
TOTAL LIABILITIES		324,147		363,917
Commitments and contingencies				
WNS (Holdings) Limited shareholders equity:				
Ordinary shares, $0.16 (10 pence) par value, authorized: 50,000,000 shares; issued and outstanding: 43,076,459 and 42,607,403 shares, respectively		6,742		6,667
Ordinary shares subscribed: 9,001 and nil shares, respectively		68		
Additional paid-in capital		192,764		184,122
Retained earnings		49,339		46,917
Accumulated other comprehensive loss		(40,086)		(49,710)
WNS (Holdings) Limited shareholders equity		208,827		187,996
Noncontrolling interest		(461)		13
Total equity		208,366		188,009
TOTAL LIABILITIES AND EQUITY	$	532,513	$	551,926

See accompanying notes.

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WNS (HOLDINGS) LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(Amounts in thousands, except per share data)

	Three months ended September 30,		Six months ended September 30,	
	2009	2008	2009	2008
Revenue				
Third parties	$ 151,532	$ 148,925	$ 287,425	$ 270,961
Related parties	1,515	872	2,317	1,780
	153,047	149,797	289,742	272,741
Cost of revenue	116,139	114,912	215,648	213,399
Gross profit	36,908	34,885	74,094	59,342
Operating expenses				
Selling, general and administrative expenses	22,098	21,304	42,864	39,500
Amortization of intangible assets	8,081	8,012	16,281	9,481
Operating income	6,729	5,569	14,949	10,361
Other expense, net	2,058	275	4,882	1,788
Interest expense	3,445	3,220	7,561	3,367
Income before income taxes	1,226	2,074	2,506	5,206
Provision for income taxes	227	1,847	554	1,639
Consolidated net income	999	227	1,952	3,567
Less: Net loss attributable to non controlling interest	(356)		(470)	
Net income attributable to WNS (Holdings) Limited shareholders	$ 1,355	$ 227	$ 2,422	$ 3,567
Earnings per share of ordinary shares				
Basic	$ 0.03	$ 0.01	$ 0.06	$ 0.08
Diluted	$ 0.03	$ 0.01	$ 0.06	$ 0.08

See accompanying notes.

WNS (HOLDINGS) LIMITED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Amounts in thousands)

	Six months ended September 30, 2009	Six months ended September 30, 2008
Cash flows from operating activities		
Net cash provided by operating activities	$ 31,513	$ 13,555
Cash flows from investing activities		
Acquisitions, net of cash received		(288,788)
Facility and property cost	(6,365)	(5,579)
Proceeds from sale of assets, net	462	169
Marketable securities and deposits sold, net	5,987	7,841
Net cash provided by (used in) investing activities	84	(286,357)
Cash flows from financing activities		
Proceeds from exercise of stock options	1,021	1,036
Excess tax benefits from share-based compensation	969	1,177
Repayment of long term debt	(30,000)	
Payment of debt issuance cost	(47)	
Proceeds from long term debt, net		199,482
Short term (repayments) borrowing, net	(4,814)	1,032
Short term borrowing related parties		6,336
Principal payment under capital leases	(57)	(169)
Net cash (used in) provided by financing activities	(32,928)	208,894
Effect of exchange rate changes on cash and cash equivalents	2,611	(7,462)
Net change in cash and cash equivalents	1,280	(71,370)
Cash and cash equivalents at beginning of period	38,931	102,698
Cash and cash equivalents at end of period	$ 40,211	$ 31,328

See accompanying notes.

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WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2009
(Amounts in thousands, except share and per share data)

1. Basis of presentation

The accompanying unaudited condensed consolidated financial statements of WNS (Holdings) Limited (the Company or WNS) have been prepared in accordance with United States generally accepted accounting principles (US GAAP) for interim financial reporting and with the instructions of Rule 10-01 of Regulation S-X. Accordingly, they do not include all information and footnotes required by US GAAP for complete financial statements. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three-month and six month period ended September 30, 2009 are not necessarily indicative of the results that may be expected for the year ending March 31, 2010.

The balance sheet at March 31, 2009 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by US GAAP for complete financial statements. For further information, refer to the audited consolidated financial statements and footnotes thereto of the Company for the year ended March 31, 2009.

Previous period amounts have been reclassified for the adoption of Financial Accounting Standards Board (FASB), Accounting Standard Codification (ASC) , ASC 810-10-65 *Non-controlling interests in consolidated financial statements, an amendment to ARB No. 51* (Refer to Note 2 below).

2. Adoption of new accounting principles

Effective April 1, 2009, the Company adopted ASC 810-10-65 in respect of the non-controlling interest in the operations of WNS Philippines, Inc. and the profits or losses associated with the non-controlling interest in these operations. The adoption of ASC 810-10-65 has resulted in the reclassification of amounts previously attributable to minority interest (now referred to as non-controlling interest) to a separate component of shareholders equity on the balance sheets. Additionally, (i) net income includes net income or loss attributable to non-controlling interest; (ii) the components of net income attributable to the shareholders of the Company and the net income attributable to non-controlling interest are displayed in the statements of income; and (iii) losses are allocated to the non-controlling interests even if the losses exceed the equity attributable to non-controlling interests. As a result of adopting ASC 810-10-65, losses attributable to non-controlling interests in excess of the related equity was allocated to the non-controlling interests and accordingly, the net income attributable to the Company s shareholders for the three month and six month periods ended September 30, 2009 was higher by $356 and $457, respectively.

Effective April 1, 2009, the Company adopted FASB ASC 855-10, *Subsequent Events* . ASC 855-10 establishes general standards for accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued (subsequent events). These standards are largely the same guidance on subsequent events which previously existed only in auditing literature. ASC 855-10 also requires disclosure of the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or the date the financial statements were available to be issued. For purposes of these interim financial statements, November 4, 2009 is the date through which subsequent events have been evaluated and represents the date the financial statements were issued.

Effective April 1, 2009, the Company adopted the provisions of ASC 805-10, *Business Combinations (revised 2007)* . ASC 805-10 retains the underlying concepts of Statement of Financial Accounting Standards (SFAS) No. 141, *Business Combinations* in that all business combinations are still required to be accounted for at fair value under the acquisition method of accounting, but changes the method of applying the acquisition method in a number of significant aspects. Acquisition costs will generally be expensed as incurred; non-controlling interests will be valued at fair value at the acquisition date; in-process research and development will be recorded at fair value as an indefinite-lived intangible asset at the acquisition date; restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense.

ASC 805-10 is effective on a prospective basis for all of business combinations consummated on or after April 1, 2009, with the exception of the accounting for valuation allowances on deferred taxes and acquired tax contingencies. ASC 805-10 amends ASC 740-10, *Accounting for Income Taxes* such that adjustments made to valuation allowances on deferred taxes and acquired tax contingencies associated with acquisitions that closed prior to the effective date of ASC 805-10 would also apply the provisions of ASC 805-10.

In April 2009, the FASB issued ASC 320-10-65-1, *Recognition and Presentation of Other-Than-Temporary Impairments* . ASC 320-10-65-1 was issued contemporaneously with ASC 820-10-65-4, *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability has Significantly Decreased and Identifying Transactions that are Not Orderly* and ASC 825-10-65-1, *Interim Disclosures About Fair Value of Financial Instruments* . ASC 320-10-65-1 establishes a new model for measuring other than temporary impairments for debt securities, including establishing criteria for when to recognize a write-down through earnings versus other comprehensive income. ASC 820-10-65-4 clarifies the objective and method of fair value measurement even when there has been a significant decrease in market activity for the asset being measured. ASC 825-10-65-1 expands the fair value disclosures required for all financial instruments within the scope of ASC 825-10-50, *Disclosures about Fair Value of Financial Instruments* , to interim periods. Adoption of ASC 320-10-65-1 and ASC 820-10-65-1 did not have any impact on the Company s results of operations, cash flows or financial position. Adoption of ASC 825-10-65-1 resulted in increased disclosures in the interim periods (Refer to Note 11 for the additional disclosures).

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WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2009
(Amounts in thousands, except share and per share data)

3. Acquisitions

AVIVA Global Services Singapore Private Limited (Aviva Global)

On July 11, 2008, the Company entered into a transaction with Aviva International Holdings Limited (AVIVA), comprising a share sale and purchase agreement (SSPA) and a master services agreement with Aviva Global Services (Management Services) Private Limited (AVIVA MSA). Pursuant to the SSPA with AVIVA, the Company acquired all the shares of Aviva Global Services Singapore Private Limited (Aviva Global) in July 2008. The final purchase price paid to AVIVA for the acquisition of Aviva Global and its subsidiaries was $249,093, including direct transaction costs of $8,200.

On August 3, 2009, the Company completed the final settlement and agreed to pay AVIVA approximately £3,177 ($5,282) for certain liabilities of Aviva Global that existed as of the date of its acquisition and the net asset value settlement for Customer Operational Solutions (Chennai) Private Limited, Noida Customer Operation Private Limited and Ntrance Global Services Private Limited arising out of the sale and purchase agreements. The payment of this liability will be made in 18 equal monthly installments commencing December 2009.

Pursuant to the final settlement, the allocation of total cost of acquisition to the assets acquired and liabilities assumed has been finalized based on a determination of their fair values. The liability assumed on final settlement has been recorded at present value, discounted using appropriate interest rates. The purchase price allocation resulted in a negative goodwill amounting to $1,004 which was adjusted on a pro-rata basis to intangible assets and property and equipment.

The following table summarizes the allocation:

	Amount
Cash	$ 17,118
Accounts receivable	16,172
Other assets	12,076
Property and equipment	15,912
Intangible assets	
Customer relationships	46,301
Customer contracts	177,247
Leasehold benefits	1,835
Current liabilities	(25,472)
Other liabilties	(3,128)
Deferred tax liability	(8,968)
Total purchase consideration	$ 249,093

The Company has valued intangible for customer contracts and customer relationships using the income approach by discounting future cash flows and tax amortization benefit. The customer relationships and customer contracts are being amortized over the duration of the AVIVA MSA, being a period of eight years and four months.

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Business Applications Associates Limited (BizAps)

On June 12, 2008, the Company acquired all outstanding shares of Business Applications Associates Limited (BizAps), a provider of systems applications and products (SAP) solutions to optimize enterprise resource planning (ERP) functionality for finance and accounting processes. The results of operations of BizAps have been included in the Company s consolidated statement of income from June 1, 2008. The purchase price for the acquisition was a cash payment of £5,000 ($9,749) plus direct transaction costs of $469. The consideration also included a contingent earn-out consideration of up to of £4,500 ($9,000) based on satisfaction of certain performance obligation over a two-year period up to June 2010 as set out in the share purchase agreement. On August 1, 2009, the Company and the sellers entered into an agreement to amend certain earn-out provisions.

The initial purchase consideration of $10,218 was allocated to intangible assets of $5,927 and net tangible assets of $624 based on a determination of their fair value, with the residual $3,667 allocated to goodwill. Consequent to the satisfaction of certain performance obligations for the 12 month period ended June 30, 2009; the Company has recorded a liability of $1,168 towards earn-out consideration as on June 30, 2009. Such amount was recorded as an addition to goodwill.

4. Stock-based compensation

The fair value of restricted share units (RSUs) granted during the three month and six month periods ended September 30, 2009 and 2008 was estimated at the date of grant using the following weighted average assumptions:

	Three months ended September 30,		Six months ended September 30,	
	2009	2008	2009	2008
Expected life (in years)	2.4 years	2 years	2.4 years	2 years
Risk free interest rate	1.2%	2.8%	1.4%	2.3%
Volatility	67.7%	32.9%	55.4%	32.4%
Dividend yield	0%	0%	0%	0%

Share-based compensation expense during the three month and six month periods ended September 30, 2009 and 2008 are as follows:

	Three months ended September 30,		Six months ended September 30,	
	2009	2008	2009	2008
Share-based compensation recorded in				
Cost of revenue	$1,176	$ 990	$ 2,052	$ 1,788
Selling, general and administrative expenses	3,153	2,470	5,573	4,737
Total share-based compensation expense	4,329	3,460	7,625	6,525
Estimated income tax benefit	(662)	(811)	(1,466)	(1,452)
Share-based compensation expense, net of estimated taxes	$3,667	$2,649	$ 6,159	$ 5,073

In May 2007, the Indian government extended fringe benefit tax (FBT) to include stock options and RSUs issued to employees in India. Under this legislation, on exercise of an option or RSU, employers were responsible for a tax equal to the intrinsic value at its vesting date multiplied by the applicable tax rate. The employer could seek reimbursement of the tax from the optionee, but could not transfer the obligation to the optionee. The Company recovered the FBT from the optionees in India. The options and RSUs issued subsequent to the introduction of the FBT were fair valued after considering the FBT as an additional component of the exercise price at the grant date.

In August 2009, the Government of India passed the Finance (No.2) Bill, 2009 which withdrew the levy of FBT with effect from April 1, 2009. Consequent to this change in legislation, no FBT will be recovered for options and RSUs issued to Indian optionees, resulting in a reduction in the exercise price of the options and RSUs. The Company considered the change in exercise price as a modification. As a result of that modification, the Company recognized additional compensation expense of $1,267 for the three and six month period ended September 30, 2009. As of September 30, 2009, $3,323 of unrecognized compensation cost arising from such modification, net of forfeitures is expected to be recognized over a weighted average period of 2 years.

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5. Comprehensive income (loss)

Components of comprehensive income (loss) for the three and six month periods ended September 30, 2009 and 2008 are as follows:

	Three months ended September 30,		Six months ended September 30,	
	2009	**2008**	**2009**	**2008**
Net income	$ 999	$ 227	$ 1,952	$ 3,567
Cumulative translation adjustment	(3,549)	(19,750)	14,568	(25,724)
Change in fair value of cash flow hedges	3,146	(340)	(6,571)	(14,897)
Change in fair value of interest rate swaps	(320)		1,141	
Unrecognized actuarial gain on pension liability	381	270	482	197
Total comprehensive income (loss)	657	(19,593)	11,572	(36,857)
Less : Comprehensive (loss) attributable to non-controlling interest	(352)		(474)	
Comprehensive income (loss) attributable to WNS (Holdings) Limited shareholders	$ 1,009	$(19,593)	$12,046	$(36,857)

6. Capital structure

The following table sets forth the movement of the number of ordinary shares:

	Three months ended September 30,		Six months ended September 30,	
	2009	**2008**	**2009**	**2008**
Shares outstanding at the beginning of the period	42,819,656	42,460,059	42,607,403	42,363,100
Shares issued upon exercise of options and RSUs	256,803	109,180	469,056	206,139
Shares outstanding at the end of the period	43,076,459	42,569,239	43,076,459	42,569,239

7. Income per share of ordinary shares

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

	Three months ended September 30,		Six months ended September 30,	
	2009	**2008**	**2009**	**2008**

Numerator:				
Net income attributable to WNS (Holdings) Limited shareholders	$ 1,355	$ 227	$ 2,422	$ 3,567
Denominator:				
Basic weighted average ordinary shares outstanding	42,941,588	42,513,108	42,838,295	42,459,307
Dilutive impact of equivalent stock options outstanding	1,695,562	673,316	1,157,034	884,600
Diluted weighted average ordinary shares outstanding	44,637,150	43,186,424	43,995,329	43,343,907

The Company computes net income per share in accordance with ASC 260-10, *Earnings Per Share*. The computation of net income per ordinary share was determined by dividing net income by the weighted average ordinary shares outstanding during the respective periods.

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WNS (HOLDINGS) LIMITED
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(Amounts in thousands, except share and per share data)

8. Retirement benefits

Defined Contribution Plan

The following table sets forth the Company s contribution to defined contribution plans:

	Three months ended September 30,		Six months ended September 30,	
	2009	**2008**	**2009**	**2008**
Provident fund India	$1,322	$1,438	$2,620	$2,806
Pension scheme UK	135	173	257	386
401(k) Plan US	129	123	259	249
	$1,586	$1,734	$3,136	$3,441

Defined Benefit Plan Gratuity

The following table sets forth the net periodic cost recognized by the Company in respect of gratuity payments under the Company s gratuity plans covering eligible employees of the Company in India and Sri Lanka.

	Three months ended September 30,		Six months ended September 30,	
	2009	**2008**	**2009**	**2008**
Net periodic gratuity cost				
Service cost	$284	$395	$546	$544
Interest cost	85	134	170	189
Expected return on plan asset	(34)	(63)	(43)	(79)
Recognized net actuarial loss	41	119	100	181
Net periodic gratuity cost for the period	$376	$585	$773	$835

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WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2009
(Amounts in thousands, except share and per share data)

9. Segments

The Company has several operating segments including travel, insurance, auto claims (WNS Assistance and Call 24-7) and others. The Company believes that the business process outsourcing services that it provides to customers in industries other than auto-claims such as travel, insurance and others are similar in terms of services, service delivery methods, use of technology, and long-term gross profit and hence meet the aggregation criteria under ASC 280-10, *Segment Reporting* . WNS Assistance and Call 24-7 (WNS Auto Claims BPO), which provide automobile claims handling services, do not meet the aggregation criteria under ASC 280-10. Accordingly, the Company has determined that it has two reportable segments WNS Global BPO and WNS Auto Claims BPO .

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. 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 revenue less payments to repair centers. 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. The Company believes that the presentation of this non-GAAP measure in the segmental information provides useful information for investors regarding the segment s financial performance. The presentation of this non-GAAP information is not meant to be considered in isolation or as a substitute for the Company s financial results prepared in accordance with US GAAP.

From the three month period ended June 30, 2009, the Company has begun to allocate other income (expense), interest expense and income tax expense to the WNS Global BPO and WNS Auto Claims BPO segments because in management s view such presentation is more representative of the respective segments performance. Segment disclosures for the prior comparable period have been changed to give effect to this new classification.

Segmental information for the three and six month periods ended September 30, 2009 and 2008 are as follows:

	Three months ended September 30, 2009			
	WNS Global BPO	WNS Auto Claims BPO	Inter Segments	Total
Revenue from external customers	$ 86,436	$ 66,611	$	$ 153,047
Segmental revenue	$ 86,735	$ 66,611	$ (299)	$ 153,047
Payments to repair centers		52,841		52,841
Revenue less repair payments	86,735	13,770	(299)	100,206
Depreciation	5,006	251		5,257
Other costs	64,685	11,122	(299)	75,508
Segment operating income	17,044	2,397		19,441
Other expense (income), net	3,446	(1,388)		2,058
Interest expense (income), net	3,483	(38)		3,445

Segment income before income taxes	10,115	3,823	13,938
Provision (benefit) for income taxes	(632)	859	227
Segment net income	10,747	2,964	13,711
Unallocated share-based compensation expense (including related fringe benefit taxes $302)			4,631
Amortization of intangible assets			8,081
Consolidated net income			999
Less: Net loss attributable to non-controlling interest			(356)
Net income attributable to WNS (Holdings) Limited shareholders			$ 1,355
Capital expenditure	$ 2,453	$ 146	$ 2,599
Segment assets, net of eliminations	$ 445,668	$ 86,845	$ 532,513

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	Three months ended September 30, 2008			
	WNS Global BPO	WNS Auto Claims BPO	Inter Segments	Total
Revenue from external customers	$ 91,148	$ 58,649	$	$ 149,797
Segmental revenue	$ 91,362	$ 58,649	$ (214)	$ 149,797
Payments to repair centers		40,793		40,793
Revenue less repair payments	91,362	17,856	(214)	109,004
Depreciation	5,513	169		5,682
Other costs	73,296	13,037	(214)	86,119
Segment operating income	12,553	4,650		17,203
Other expenses (income), net	375	(151)	51	275
Interest expense	3,105	166	(51)	3,220
Segment income before income taxes	9,073	4,635		13,708
Provision for income taxes	881	966		1,847
Segment net income	8,192	3,669		11,861
Unallocated share-based compensation expense (including related fringe benefit taxes $162)				3,622
Amortization of intangible assets				8,012
Consolidated net income				227
Less: Net loss attributable to non-controlling interest				
Net income attributable to WNS (Holdings) Limited shareholders				$ 227
Capital expenditure	$ 3,168	$ (18)		$ 3,150
Segment assets, net of eliminations	$ 463,679	$ 100,452		$ 564,131

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	Six months ended September 30, 2009			
	WNS Global BPO	WNS Auto Claims BPO	Inter Segments	Total
Revenue from external customers	$ 171,811	$ 117,931	$	$ 289,742
Segmental revenue	$ 172,430	$ 117,931	$ (619)	$ 289,742
Payments to repair centers		91,050		91,050
Revenue less repair payments	172,430	26,881	(619)	198,692
Depreciation	10,095	468		10,563
Other costs	127,835	21,599	(619)	148,815
Segment operating income	34,500	4,814		39,314
Other expense (income), net	6,458	(1,576)		4,882
Interest expense	7,497	64		7,561
Segment income before income taxes	20,545	6,326		26,871
Provision (benefit) for income taxes	(1,048)	1,602		554
Segment net income	21,593	4,724		26,317
Unallocated share-based compensation expense (including related fringe benefit taxes $459)				8,084
Amortization of intangible assets				16,281
Consolidated net income				1,952
Less: Net loss attributable to noncontrolling interest				(470)
Net income attributable to WNS (Holdings) Limited shareholders				$ 2,422
Capital expenditure	$ 5,331	$ 1,034		$ 6,365
Segment assets, net of eliminations	$ 445,668	$ 86,845		$ 532,513

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	Six months ended September 30, 2008			
	WNS Global BPO	WNS Auto Claims BPO	Inter Segments	Total
Revenue from external customers	$ 156,633	$ 116,108	$	$ 272,741
Segmental revenue	$ 157,032	$ 116,108	$ (399)	$ 272,741
Payments to repair centers		81,517		81,517
Revenue less repair payments	157,032	34,591	(399)	191,224
Depreciation	9,997	506		10,503
Other costs	128,564	25,658	(399)	153,823
Segment operating income	18,471	8,427		26,898
Other expenses (income), net	2,059	(322)	51	1,788
Interest expense	3,105	313	(51)	3,367
Segment income before income taxes	13,307	8,436		21,743
Provision (benefit) for income taxes	(159)	1,798		1,639
Segment net income	13,466	6,638		20,104
Unallocated share-based compensation expense (including related fringe benefit taxes $531)				7,056
Amortization of intangible assets				9,481
Consolidated net income				3,567
Less: Net loss attributable to non-controlling interest				
Net income attributable to WNS (Holdings) Limited shareholders				$ 3,567
Capital expenditure	$ 5,536	$ 43		$ 5,579
Segment assets, net of eliminations	$ 463,679	$ 100,452		$ 564,131

10. Other (expense), net

Components of other (expense) for the three and six month periods ended September 30, 2009 and 2008 are as follows:

	Three months ended September 30,		Six months ended September 30,	
	2009	2008	2009	2008
Interest income	$ 128	$ 474	$ 251	$ 1,190
Foreign exchange (loss), net	(3,171)	(764)	(6,423)	(3,247)
Other income, net	985	15	1,290	269
Total other (expense), net	**$ (2,058)**	**$ (275)**	**$ (4,882)**	**$ (1,788)**

11. Fair value measurement

In accordance with ASC 820-10, *Fair Value Measurements and Disclosures* the Company measures cash equivalents, marketable securities and derivative instruments at fair value. Cash equivalents and marketable securities are primarily classified within Level 1 or Level 2. This is because the cash equivalents and marketable securities are valued primarily using quoted market prices or alternative pricing sources and models utilizing market observable inputs. The derivative instruments are classified within Level 2 as the valuation inputs are based on quoted prices and market observable data of similar instruments in inactive markets.

The Company adopted ASC 820-10 as of April 1, 2008, with the exception of the application to non-recurring nonfinancial assets and nonfinancial liabilities, which was delayed by ASC 820-10-55-23B, to fiscal years beginning after November 15, 2008, which the Company adopted as of April 1, 2009. As of September 30, 2009, the Company did not have any significant non-recurring measurements of nonfinancial assets and nonfinancial liabilities.

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Assets and liabilities measured at fair value are summarized below:

		Fair value measurement at reporting date using		
Description	**September 30, 2009**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets				
Marketable securities current	$ 3,378	$ 3,378	$	$
Derivative contracts				
current	8,347		8,347	
non current	6,057		6,057	
Total Assets	**$ 17,782**	**$ 3,378**	**$ 14,404**	**$**
Liabilities				
Derivative contracts				
current	$ 12,998	$	$ 12,998	$
non current	6,405		6,405	
Total liabilities	**$ 19,403**	**$**	**$ 19,403**	**$**

		Fair value measurement at reporting date using		
Description	**March 31, 2009**	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Assets				
Marketable securities current	$ 8,925	$ 8,925	$	$
Derivative contracts				
current	20,102		20,102	

non current		6,795				6,795		
Total Assets	**$**	**35,822**	**$**	**8,925**	**$**	**26,897**	**$**	
Liabilities								
Derivative contracts								
current	$	16,495	$		$	16,495	$	
non current		10,393				10,393		
Total liabilities	**$**	**26,888**	**$**		**$**	**26,888**	**$**	

Effective April 1, 2009, the Company adopted ASC 825-10-65-1, which expands the fair value disclosures required for all financial instruments within the scope of ASC 825-10 to interim periods. The carrying amounts reported in the balance sheets for cash and cash equivalents, bank deposits and marketable securities, accounts receivable, employee receivables, other current assets, accounts payable, short term line of credit, accrued expenses and other current liabilities approximate their fair values due to the short-term maturity of these items. The carrying amount reported in the balance sheet for long term debt approximates its fair value since the debt is a variable rate debt. The fair value of outstanding financing and rental commitments is expected to equal the amounts funded since risks associated with changes in interest rates on these commitments are mitigated by the fact that interest rates are variable during the commitment term and are set at the date of funding based on current market conditions, the fair value of the underlying collateral and the credit worthiness of the customers.

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12. Debt

Long term debt

Long term debt represents the syndicated term loan facility taken in July 2008 for funding the Aviva Global transaction. The outstanding balance of the long term loan was $170,000 as at September 30, 2009. The term loan bears interest at three month US dollar LIBOR plus a margin of 3.5% per annum (3% through January 9, 2009), payable on a quarterly basis. The variable interest rate at September 30, 2009 was 4.025% per annum. The Company has entered into interest rate swap agreements to effectively convert the term loan into a fixed-rate debt. The effective fixed interest rate on the term loan at September 30, 2009 was 7.31% per annum.

The loan is repayable in seven semi-annual installments with the final installment payable in January 2013. The Company has an option to prepay the whole or a part of the debt without any prepayment penalty by giving ten days prior notice to the lenders. Pursuant to the prepayment option, the Company prepaid $5,000 on April 14, 2009 and another $5,000 on July 10, 2009. The Company also repaid the first scheduled repayment installment of the loan of $20,000 on July 10, 2009. The next installment due is of $20,000 on January 10, 2010.

Indebtedness under the facility agreement is collateralized by a pledge of shares of certain subsidiaries of the Company, and the agreement contains certain restrictive covenants on the indebtedness of the Company, total borrowings to tangible net worth ratio, total borrowings to EBITDA ratio, a minimum interest coverage ratio and ratio of amounts outstanding under the facility agreement to the business value of Aviva Global. As at September 30, 2009, the Company is in compliance with such covenants.

13. Derivative instruments and hedging activities

The Company is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using derivative instruments are foreign currency exchange risk and interest rate risk. Forward contracts on various foreign currencies are entered into to manage the foreign currency exchange rate risk on forecasted revenue denominated in foreign currencies. Interest rate swaps are entered into to manage interest rate risk associated with the Company s floating rate borrowings.

In accordance with ASC 815-10 *Derivatives and Hedging"*, the Company recognizes all of its derivative instruments as either assets or liabilities in the statement of financial position at fair value. Derivative instruments qualify for hedge accounting when the instrument is designated as a hedge; the hedged item is specifically identifiable and exposes the Company to risk; and it is expected that a change in fair value of the derivative instrument and an opposite change in the fair value of the hedged item will have a high degree of correlation. For derivative instruments where hedge accounting is applied, the Company records the effective portion of derivative instruments that are designated as cash flow hedges in accumulated other comprehensive income (loss) (AOCI) in the shareholders equity, which is reclassified into earnings in the same line item associated with the hedged item and in the same period during which the hedged item affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, if any (i.e., the ineffectiveness portion) or hedge components excluded from the assessment of effectiveness, and changes in fair value of other derivative instruments not designated as qualifying hedges is recorded in other income in the consolidated statements of income. Cash flows from the derivative instruments are classified within cash flows from operating activities in the accompanying condensed consolidated statements of cash flows.

The Company adopted ASC 815-10-15-2, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of ASC 815-10* effective January 1, 2009. Accordingly, disclosures related to effects of derivative instruments and related hedged items on the Company s statements of income and cash flows have been provided only for the three and six month periods ended September 30, 2009.

Cash flow hedges

The Company has instituted a foreign currency cash flow hedging program to protect against the reduction in value of forecasted foreign currency cash flows resulting from forecasted revenue of up to two years denominated in foreign currencies. The Company s subsidiary in Mauritius uses foreign currency forward and option contracts designated as cash flow hedges to hedge its forecasted revenue transactions denominated in a currency other than its functional currency. The operating subsidiaries in India and the Philippines also hedge a part of their forecasted inter-company revenue denominated in US dollar, British Pound and Euro, with foreign currency forward and option contracts. These hedges mature on a monthly basis and the hedging contracts have a term of up to two years. When the functional currency of the subsidiary strengthens against a currency other than its functional currency, the decline in value of future foreign currency revenue is offset by gains in the value of the derivative contracts designated as hedges. Conversely, when the functional currency of the subsidiary weakens, the increase in the value of future foreign currency cash flows is offset by losses in the value of the forward contracts. The fair value of both the foreign currency forward contracts and options are reflected in other assets or other liabilities as appropriate. The forecasted inter-company revenue relates to cost of revenue of certain subsidiaries and is recorded by those subsidiaries in their functional currency at the time services are provided. The resulting difference upon the elimination of inter-company revenue with the related cost of revenue is recorded in other income.

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The Company has entered into interest rate swap agreements to manage interest rate risk exposure. The swap agreements cover the outstanding amount of the term loan described in note 12. These swaps convert the floating rate of three month US $ LIBOR rate under the loan to an average fixed rate of 3.81% per annum. The cash flows under the swap cover the entire tenor of the loan and exactly match the interest payouts under the loan. The interest rate swap effectively modifies the Company s exposure to interest rate risk by converting the Company s floating rate debt to a fixed rate basis for the entire term of the debt, thus reducing the impact of interest rate changes on future interest expense. This agreement involves the receipt of floating rate amounts in exchange for fixed rate interest payments over the life of the agreement without an exchange of the underlying principal amount.

Other

The Company has entered into foreign currency average rate option contracts to cover the foreign currency risk associated with the translation of the forecasted profits of up to 12 months of a subsidiary, functional currency of which is not US dollar. The Company s subsidiary in India has also entered in to foreign currency forward contracts to hedge a part of the risk associated with its forecasted inter-company revenue denominated in Canadian dollars of up to 24 months. These contracts do not qualify for hedge accounting and have not been designated as hedging instruments. The Company does not use derivative instruments for trading purposes.

The fair values of derivative instruments are reflected on the consolidated balance sheet as follows:

	September 30, 2009			
	Foreign exchange forward contracts	Foreign exchange option contracts	Interest rate swaps	Total derivatives
Assets				
Derivatives not designated as hedging instruments				
Other current assets	$ 184	$ 632	$	$ 816
Other assets non-current		5		5
Total	$ 184	$ 637	$	$ 821
Derivatives designated as hedging instruments				
Other current assets	$ 3,971	$ 3,560	$	$ 7,531
Other assets non-current	1,400	4,652		6,052
Total	$ 5,371	$ 8,212	$	$13,583
Total assets	$ 5,555	$ 8,849	$	$14,404
Liabilities				

Derivatives not designated as hedging instruments				
Other current liabilities	$ 206	$	$	$ 206
Derivative contracts	30			30
Total	$ 236	$	$	$ 236
Derivatives designated as hedging instruments				
Other current liabilities	$ 7,905	$	$4,887	$12,792
Derivative contracts	2,351		4,024	6,375
Total	$10,256	$	$8,911	$19,167
Total liabilities	$10,492	$	$8,911	$19,403

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	March 31, 2009			
	Foreign exchange forward contracts	Foreign exchange option contracts	Interest rate swaps	Total derivatives
Assets				
Derivatives not designated as hedging instruments				
Other current assets	$ 204	$ 509	$	$ 713
Other assets non-current	73	40		113
Total	$ 277	$ 549	$	$ 826
Derivatives designated as hedging instruments				
Other current assets	$10,121	$ 9,267	$	$19,388
Other assets non-current	197	6,486		6,683
Total	$10,318	$ 15,753	$	$26,071
Total assets	$10,595	$ 16,302	$	$26,897
Liabilities				
Derivatives not designated as hedging instruments				
Other current liabilities	$ 1	$	$	$ 1
Derivative contracts	11			11
Total	$ 12	$	$	$ 12
Derivatives designated as hedging instruments				
Other current liabilities	$12,053	$	$ 4,440	$16,493
Derivative contracts	4,060		6,323	10,383
Total	$16,113	$	$10,763	$26,876
Total liabilities	$16,125	$	$10,763	$26,888

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The following tables summarize activities in the condensed consolidated statement of income for the three and six month periods ended September 30, 2009 related to derivative instruments.

Derivatives designated as hedges	Amount of gain (loss) recognized in AOCI on derivatives (effective portion) As of September 30, 2009	Location of gain (loss) reclassified from AOCI into income (effective portion)	Amount of gain (loss) reclassified from AOCI into income (effective portion) Three months ended September 30, 2009	Location of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)	Amount of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing) Three months ended September 30, 2009
Foreign exchange forward contracts	$ (4,886)	Revenue	$ 1,497		$
		Other expense, net	(2,588)	Other expense, net	160
Foreign exchange option contracts	(8,063)	Revenue	(254)		
		Other expense, net	(388)	Other expense, net	(153)
Interest rate swaps	(8,911)	Interest expense	(1,419)		
	$ (21,860)		**$ (3,152)**		**$ 7**

Location of gain or	Amount of gain (loss)

Derivatives not designated as hedging instruments	(loss) recognised in income on derivatives	recognised in income on Derivatives Three months ended September 30, 2009	
Foreign exchange forward contracts	Other expense, net	$	(64)
Foreign exchange option contracts	Other expense, net		(190)
		$	**(254)**

Derivatives designated as hedges	Location of gain (loss) reclassified from AOCI into income (effective portion)		Amount of gain (loss) reclassified from AOCI into income (effective portion) Six months ended September 30, 2009	Location of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing)		Amount of gain (loss) recognized in income on derivative (ineffective portion and amount excluded from effectiveness testing) Six months ended September 30, 2009
Foreign exchange forward contracts	Revenue	$	1,394		$	
	Other expense, net		(4,801)	Other expense, net		160
Foreign exchange option contracts	Revenue		1,066			
	Other expense, net		(584)	Other expense, net		(153)
Interest rate swaps	Interest expense		(2,723)	Other expense, net		171

	$ (5,648)	**$ 178**

Derivatives not designated as hedging instruments	Location of gain or (loss) recognised in income on derivatives	Amount of gain or (loss) recognised in income on Derivatives Six months ended September 30, 2009
Foreign exchange forward contracts	Other expense, net	$ (301)
Foreign exchange option contracts	Other expense, net	(614)
		$ (915)

At September 30, 2009, an unrealized loss of $13,792 on derivative instruments included in other comprehensive loss is expected to be reclassified to earnings during the next 12 months.

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14. Taxes

Income taxes

Income tax expense for the three months and six month periods ended September 30, 2009 was $227 and $554 respectively, as compared to $1,847 and $1,639 for the three months and six month periods ended September 30, 2008, respectively. The decrease in income taxes of $1,620 in the three month period ended September 30, 2009 is primarily on account of a write back of deferred tax liabilities of $467 due to extension of tax holiday in India from fiscal 2010 to fiscal 2011 and a one-time dividend distribution tax of $1,028 paid in July 2008. The decrease in income taxes of $1,085 in the six month period ended September 30, 2009 is primarily due to a one-time dividend distribution tax of $1,028 paid in July 2008.

In January 2009 and October 2009, the Company received order from the Indian tax authorities that could give rise to an estimated $15,210 and $3,300, respectively, in additional taxes, including interest of $4,700 and $1,100 respectively. The Company has contested the order for January 2009 and plans to contest the October 2009 order. The Company believes that it is more likely than not that the Company s position will prevail in the ultimate outcome of the matters.

In August 2009, the Government of India vide Finance (No.2) Bill, 2009 (the Bill) extended the tax holiday period by an additional year through fiscal 2011. Further, the Bill also withdrew the levy of FBT and increased the minimum alternate tax (MAT) rate from 11.33% to 16.995%. Consequent to such amendments, during the three month and six month periods ended September 30, 2009, the Company recorded a net deferred tax benefit of $467 towards deferred tax assets and liabilities expected to reverse during the extended tax holiday period. The Company also recorded a credit of $205 on account of FBT charge recorded in the three month period ended June 30, 2009. The increase in MAT rate is expected to increase the cash outflow as payment of income taxes in future.

Under a restructuring plan, the Company s seven Indian subsidiaries, NTrance Customer Services Private Limited, Marketics Technologies India Private Limited, WNS Workflow Technologies (India) Private Limited, WNS Customer Solutions Private Limited, WNS Customer Solutions Shared Services Private Limited, Customer Operational Services (Chennai) Private Limited and Noida Customer Operations Private Limited, amalgamated with its Indian subsidiary WNS Global Services Private Limited (WNS Global). The amalgamation order has been approved by the High Court of Bombay vide an order dated August 27, 2009 and the amalgamation is effective April 1, 2007. The Company believes that this amalgamation would streamline its administrative operations, help achieve operational and financial synergies, and reduce its costs and expenses relating to regulatory compliance. The amalgamation did not have a significant impact on the consolidated financial statements of the Company, except for income taxes. As a result of the amalgamation, the amalgamated entities, which prior to the amalgamation were individually assessable for income taxes, effective April 1, 2007, are assessable as one amalgamated entity, resulting in a write back of $261 towards income taxes payable, recorded by the Company in the three month and six month periods ended September 30, 2009.

Others

On March 21, 2009, the Company received an order from the Indian service tax authority, demanding $7,280 of service tax and related penalty. The Company has contested the order and believes that it is more likely than not that the Company s position will prevail in the ultimate outcome of the matter.

15. Recent accounting pronouncements

In December 2008, the FASB issued FSP ASC 715-20-65-2 *Employers Disclosures about Postretirement Benefit Plan Assets (ASC 715-20-65-2)* . The ASC amends ASC 715-20-65-2, to require additional disclosures about assets held in an employer s defined benefit pension or other postretirement plan. The FSP requires employers to provide the fair values of the various categories of plan assets held, classification of level of fair value disclosure in accordance with ASC 820-10 *Fair value measurement and Disclosures* (ASC 820-10) and the changes during the period attributable to actual return on plan assets and purchase sales and settlements of assets. The FSP is effective for fiscal years ending after December 15, 2009. The Company is currently evaluating the impact of the adoption of this standard and believes that the adoption of the FSP will result in increased disclosures in the consolidated financial statements.

In October 2009, the FASB issued ASU No. 2009-13, *Multiple-Deliverable Revenue Arrangements* . This ASU establishes the accounting and reporting guidance for arrangements including multiple revenue-generating activities. This ASU provides amendments to the criteria for separating deliverables, measuring and allocating arrangement consideration to one or more units of accounting. The amendments in this ASU also establish a selling price hierarchy for determining the selling price of a deliverable. Significantly enhanced disclosures are also required to provide information about a vendor s multiple-deliverable revenue arrangements, including information about the nature and terms, significant deliverables, and its performance within arrangements. The amendments also require providing information about the significant judgments made and changes to those judgments and about how the application of the relative selling-price method affects the timing or amount of revenue recognition. The amendments in this ASU are effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. Early application is permitted. The Company is currently evaluating this new ASU.

In October 2009, the FASB issued ASU No. 2009-14, *Certain Revenue Arrangements That Include Software Elements*. This ASU changes the accounting model for revenue arrangements that include both tangible products and software elements that are essential to the functionality, and scopes these products out of current software revenue guidance. The new guidance will include factors to help companies determine what software elements are considered essential to the functionality. The amendments will now subject software-enabled products to other revenue guidance and disclosure requirements, such as guidance surrounding revenue arrangements with multiple-deliverables. The amendments in this ASU are effective prospectively for revenue arrangements entered into or materially modified in the fiscal years beginning on or after June 15, 2010. Early application is permitted. The Company is currently evaluating this new ASU.

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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, 2009. Some of the statements in the following discussion are forward-looking statements. See Special note regarding forward-looking statements.

Overview

We are a leading provider of offshore business process outsourcing, or BPO, services. We provide comprehensive data, voice and analytical services to our clients, which are typically companies located in Europe and North America. 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 outsourcing 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 focus, however, is on deepening our client relationships and maximizing shareholder value over the life of a clients relationship with us.

Our revenue is generated primarily from providing business process outsourcing services. We have two reportable segments for financial statement reporting purposes WNS Global BPO and WNS Auto Claims BPO. In our WNS Auto Claims BPO segment, we provide both fault and non-fault repairs. For fault repairs, we provide claims handling and accident management services, where we arrange for automobile repairs through a network of third party repair centers. In our accident management services, we act as the principal in our dealings with the third party repair centers and our clients. The amounts we invoice to our clients for payments made by us to third party repair centers is reported as revenue. Since we wholly subcontract the repairs to the repair centers, we evaluate our financial performance based on revenue less repair payments to third party repair centers which is a non-GAAP measure. We believe that revenue less repair payments for fault repairs reflects more accurately the value addition of the business process outsourcing services that we directly provide to our clients. For non-fault repairs, revenue including repair payments is used as a primary measure to allocate resources and measure operating performance. As we provide a consolidated suite of accident management services including credit hire and credit repair for our non-fault repairs business, we believe that measurement of that line of business has to be on a basis that includes repair payments in revenue. Revenue less repair payments is a non-GAAP measure which is calculated as revenue less payments to repair centers. The presentation of this non-GAAP information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with US 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 measure) to revenue less repair payments (a non-GAAP measure) for the periods indicated:

	Three months ended September 30,		Six months ended September 30,	
	2009	2008	2009	2008
	(US dollars in millions)			
Revenue	$153.0	$149.8	$289.7	$272.7
Less: Payments to repair centers	52.8	40.8	91.0	81.5
Revenue less repair payments	$100.2	$109.0	$198.7	$191.2

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Global Market and Economic Conditions

In the United States, Europe and Asia, market and economic conditions have been challenging with tighter credit conditions and slower growth during fiscal 2009 and continuing into fiscal 2010. In fiscal 2009 and continuing into 2010, continued concerns about the systemic impact of inflation, energy costs, geopolitical issues, the availability and cost of credit, the mortgage market and a declining real estate market have contributed to increased market volatility and diminished expectations for the economy globally. These conditions, combined with volatile oil prices, declining business and consumer confidence and increased unemployment have, in fiscal 2009 and continuing into 2010, contributed to extreme volatility.

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 in the US and international 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, they may limit our ability to access financing or increase our cost of financing to meet liquidity needs, and affect the ability of our customers to use credit to purchase our services or to make timely payments to us, resulting in adverse effects on our financial condition and results of operations. Furthermore, a weakening of the rate of exchange for the US dollar or the pound sterling (in which our revenue is principally denominated) against the Indian rupee (in which a significant portion of our costs are denominated) also adversely affects our results. Fluctuations between the pound sterling or the Indian rupee and the US dollar also expose us to translation risk when transactions denominated in pound sterling or Indian rupees are translated to US dollars, our reporting currency. For example, the average pound sterling/US dollar exchange rate for fiscal 2009 depreciated 14.3% as compared to the average exchange rate for fiscal 2008 (based on the spot rate released by the Federal Reserve Board, or the spot rate), which adversely 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 the economic slowdown or the timing or strength of a subsequent economic recovery generally or in our targeted industries, including the travel and insurance industries. If macroeconomic conditions worsen or the current global economic condition continues for a prolonged period of time, we are not able to predict the impact 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 outsourcing services to our clients. For the three months ended September 30, 2009, our revenue was $153.0 million as compared to $149.8 million for the three months ended September 30, 2008, representing an increase of 2.2%. Our revenue less repair payments was $100.2 million for the three months ended September 30, 2009 as compared to $109.0 million for the three months ended September 30, 2008, representing a decrease of 8.1%.

For the six months ended September 30, 2009, our revenue was $289.7 million as compared to $272.7 million for the six months ended September 30, 2008, representing an increase of 6.2%. Our revenue less repair payments was $198.7 million for the six months ended September 30, 2009 as compared to $191.2 million for the six months ended September 30, 2008, representing an increase of 3.9%.

We believe that we have been successful in achieving revenue growth due to a number of factors, including our understanding of our clients industries, our focus on operational excellence and our world-class management team with significant experience in the global outsourcing industry. We have been successful in adding new clients who are diversified across industries and geographies to our existing large client base.

Our Contracts

We provide our services under contracts with our clients, the majority of which have terms ranging between three and 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 notice periods ranging from three to six months. 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.

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

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

In the WNS Global BPO segment, we charge for our services primarily based on three pricing models per full-time-equivalent; per transaction; or cost-plus as follows:

per full-time equivalent arrangements typically involve billings based on the number of full-time employees (or equivalent) deployed on the execution of the business process outsourced;

per transaction arrangements 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); or

cost-plus arrangements typically involve billing the contractually agreed direct and indirect costs and a fee based on the number of employees deployed under the arrangement.

In July 2006, we entered into a definitive contract with one of our major clients, British Airways, to replace our prior contract with them. The new contract will expire in May 2012. Under the new contract the parties have agreed to change the basis of pricing for a portion of the contracted services over a transition period from a per full time equivalent basis to a per unit transaction basis. This change has had the effect of reducing the amount of revenue that we receive under this contract for the same level of services. The change to a per unit transaction price basis allows us to share benefits from increases in efficiency in performing services under this contract. In fiscal 2008 and 2009, this change in the basis of pricing resulted in a decrease in the amount of revenue that we received under this contract for the same level of services provided by us but an increase in profitability due to increases in efficiency, as compared to fiscal 2007 under the per full time equivalent basis under the prior contract.

Our prior contracts with another major client, AVIVA, granted Aviva Global the option to require us to transfer our facilities at Sri Lanka and Pune to Aviva Global. Aviva Global was the business process offshoring subsidiary of AVIVA with facilities in Bangalore, India, and Colombo, Sri Lanka. Since 2004, we have provided BPO services to AVIVA pursuant to build-operate-transfer, or BOT, contracts from facilities in Pune, India, and Colombo, Sri Lanka. On January 1, 2007, Aviva Global exercised its call option requiring us to transfer the Sri Lanka facility to Aviva Global effective July 2, 2007. Effective July 2, 2007, we transferred the Sri Lanka facility to Aviva Global and we lost the revenue generated by the Sri Lanka facility. For the period from April 1, 2007 through July 2, 2007, the Sri Lanka facility contributed $2.0 million of revenue and in fiscal 2007, it accounted for 1.9% of our revenue and 3.0% of our revenue less repair payments. The Sri Lanka facility was transferred at book value and did not result in a material gain or loss. With the transaction that we entered into with AVIVA in July 2008 described below, we have, through the acquisition of Aviva Global, resumed control of the Sri Lanka facility and we have continued to retain ownership of the Pune facility and we expect these facilities to continue to generate revenue for us under the AVIVA master services agreement. However, we may in the future enter into contracts with other clients with similar call options that may result in the loss of revenue that may have a material impact on our business, results of operations, financial condition and cash flows, particularly during the three months in which the option takes effect.

In July 2008, we entered into a transaction with AVIVA consisting of a share sale and purchase agreement with AVIVA and a master services agreement with Aviva Global Services (Management Services) Private Limited, or AVIVA MS. Pursuant to the share sale and purchase agreement with AVIVA, we acquired all the shares of Aviva Global in July 2008. With our acquisition of Aviva Global, we have resumed control of the Sri Lanka facility that we had transferred to Aviva Global in July 2007 (as described above) as well as acquired Aviva Global s Bangalore facilities. Further, the Pune facility has remained with us. In addition, through our acquisition of Aviva Global, we acquired two facilities in Chennai and Pune which were operated by third party BPO providers for Aviva Global under similar BOT contracts. Aviva Global exercised its option to require the third party BPO providers to transfer these facilities to Aviva Global. The completion of the transfers of the Chennai and Pune facilities to Aviva Global occurred in July and August 2008, respectively. See Liquidity and Capital Resources for details on the purchase price paid to AVIVA for the AVIVA transaction.

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Pursuant to the master services agreement with AVIVA MS, or the AVIVA master services agreement, we have agreed to provide BPO services to AVIVA s UK and Canadian businesses for a term of eight years and four months. Under the terms of the agreement, we have agreed to provide a comprehensive spectrum of life and general insurance processing functions to AVIVA, including policy administration and settlement, along with finance and accounting, customer care and other support services. In addition, we have the exclusive right to provide certain services such as finance and accounting, insurance back-office, customer interaction and analytics services to AVIVA s UK and Canadian businesses for the first five years, subject to the rights and obligations of the AVIVA group under their existing contracts with other providers. In addition, we are providing BPO services to AVIVA s Irish subsidiary, Hibernian Aviva Direct Limited, or Hibernian, and certain of its affiliates, under the terms of the AVIVA master services agreement.

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 revenues, except for our contract with one of our top five clients based on revenue less repair payments in fiscal 2009, and the AVIVA master services agreement that we entered into in July 2008 as described above. Under the terms of our agreement with one of our top five clients, the annual forecasted revenue to be provided to us for calendar years 2010 and 2011 amounts to $41.1 million and $39.9 million, respectively. In the event actual revenue provided to us in any year is less than 75% of the annual forecasted revenue for that year, or the Annual Minimum Revenue Commitment, the client has agreed to pay us 65% of the difference between the Annual Minimum Revenue Commitment and the actual revenue provided for that year after certain deductions. However, notwithstanding these minimum revenue commitments, there are also termination at will provisions which permit the client to terminate the individual statements of work without cause with 180 days notice upon payment of a termination fee. These termination provisions dilute the impact of the minimum revenue commitment. Our existing agreement with this client expires in December 2010. We are currently negotiating a new agreement with this client that will replace the existing agreement. The terms of the new agreement may vary from the terms of the existing agreement. We expect to complete negotiations and enter into the new agreement with the client in the fourth quarter of fiscal 2010. In the case of the AVIVA master services agreement, AVIVA MS has agreed to provide a minimum volume of business, or Minimum Volume Commitment, to us during the term of the contract. 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 of at least nine hours for 250 days a year. In August 2009, we entered into a deed of variation to the AVIVA master services agreement pursuant to which AVIVA agreed to increase the minimum volume commitment from the current 3,000 billable full time employees to 3,300 billable full time employees for a period of 17 months from March 1, 2010 to July 31, 2011 and to 3,250 billable full time employees for a period of six months from August 1, 2011 to January 31, 2012. The minimum volume commitment will revert to 3,000 billable full time employees after January 31, 2012 for the remaining term of the AVIVA master services agreement. 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 termination at will provisions which permit AVIVA MS to terminate the AVIVA master services agreement without cause at any time after the expiry of 24 months from October 9, 2008, except in the case of the Chennai facility which was transferred to Aviva Global in July 2008, at any time after expiry of 24 months from September 19, 2008, and in the case of the Pune facility which was transferred to Aviva Global in August 2008, at any time after expiry of 24 months from October 10, 2008, in each case, with six months notice upon payment of a termination fee. The Annual Minimum Revenue Commitment and the Minimum Volume Commitment under these two contracts were met in fiscal 2009.

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First Magnus Financial Corporation, or FMFC, a US mortgage lender, was one of our major clients from November 2005 to August 2007. FMFC was a major client of Trinity Partners Inc., or Trinity Partners, which we acquired in November 2005 from the First Magnus Group. In August 2007, FMFC filed a voluntary petition for relief under Chapter 11 of the US Bankruptcy Code. For fiscal 2007, FMFC accounted for 4.3% and 6.8% of our revenue and revenue less repair payments, respectively. For the three months ended June 30, 2007, FMFC accounted for 3.7% of our revenue, and 6.0% of our revenue less repair payments. Contractually, FMFC was obligated to provide us with annual minimum revenue, or pay the shortfall, through fiscal 2011. We have filed claims in FMFC s Chapter 11 case both for the payment of unpaid invoices for services rendered to FMFC before FMFC filed for Chapter 11 bankruptcy, for our entitlement under FMFC s annual minimum revenue commitment, and for administrative expenses. The amount of outstanding claims filed totaled $15.6 million; however, the realizability of these claims cannot be determined at this time. We have provided an allowance for doubtful accounts for the entire amount of accounts receivable from FMFC. In the same matter, the liquidating trustee, appointed by the bankruptcy court, has filed a petition against us claiming a refund of payments made by FMFC to us during the 90 days period immediately prior to its filing of the bankruptcy petition. FMFC paid a sum of $4 million during the period from May 22, 2007 through August 21, 2007. All these payments were made in the ordinary course of business and were against the undisputed invoices of the services provided by us to FMFC during the relevant period. After consultation with our counsel, we believe we have a meritorious defense against any such claim by the liquidating trustee and we intend to dispute such claim.

A small portion of our revenue is comprised of reimbursements of out-of-pocket expenses incurred by us in providing services to our clients. In our WNS Auto Claims BPO segment, we earn revenue from claims handling and accident management services. For claims handling, we charge on a per claim basis or a fixed fee per vehicle over a contract period. For automobile accident 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 consolidated suite of services towards accident management including credit hire and credit repair for non-fault repairs business. Overall, we believe that we have established a sustainable business model which offers revenue visibility over a substantial portion of our business. We have done so by:

- developing a broad client base which has resulted in limited reliance on any particular client;
- seeking to balance our revenue base by targeting industries that offer significant offshore outsourcing potential;
- addressing the largest markets for offshore business process outsourcing services, which provide geographic diversity across our client base; and
- focusing our service mix on diverse data, voice and analytical processes, resulting in enhanced client retention.

Expenses

The majority of our expenses are comprised of cost of revenue and operating expenses. The key components of our cost of revenue are payments to repair centers, employee costs and infrastructure-related costs. Our operating expenses include selling, general and administrative, or SG&A, expenses and amortization of intangible assets. Our non-operating expenses include interest expenses, other income and other expenses.

Cost of Revenue

Our WNS Auto Claims BPO segment includes automobile accident management services, where we arrange for repairs through a network of repair centers. The payments to repair centers represent the largest component of cost of revenue. The value of these payments in any given period is primarily driven by the volume of accidents and the amount of the repair costs related to such accidents.

Employee costs are also a significant component of cost of revenue. In addition to employee salaries, employee costs include costs related to recruitment, training and retention.

Our infrastructure costs are comprised of depreciation, lease rentals, 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.

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SG&A Expenses

Our SG&A expenses are primarily comprised of corporate employee costs for sales and marketing, general and administrative and other support personnel, travel expenses, legal and professional fees, share-based compensation expense, brand building expenses, and other general expenses not related to cost of revenue.

Amortization of Intangible Assets

Amortization of intangible assets is associated with our acquisitions of Marketics Technologies (India) Private Limited, or Marketics, in May 2007, Flovate Technologies Limited, or Flovate, in June 2007, Call 24-7 Limited, or Call 24-7, in April 2008, Business Applications Associates Limited, or BizAps, in June 2008 and Aviva Global in July 2008.

Other Income (Expense), Net

Other income (expense), net is comprised of interest expenses, interest income and foreign exchange gains or losses. Interest expense primarily relates to interest charges payable on our secured 4.5 year term loan facility of $200 million taken to finance our transaction with AVIVA and interest charges arising from our short-term note payable and our line of credit.

Operating Data

The following table presents certain operating data as of dates indicated:

	September 30, 2009	**June 30, 2009**	**March 31, 2009**	**December 31, 2008**	**September 30, 2008**
Total head count	21,243	21,494	21,356	21,328	20,966
Built up seats(1)	15,536	15,643	15,485	15,940	16,386
Used seats(1)	13,129	12,780	12,456	12,322	12,195

Note:

(1) Built up seats refer to the total number of production seats (excluding support functions like Finance, Human Resource and Administration) 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 acquire a new client or increase headcount.

Results of Operations

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

	Revenue Three months ended September 30,		Revenue less repair payments Three months ended September 30,		Revenue Six months ended September 30,		Revenue less repair payments Six months ended September 30,	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Cost of revenue	75.9%	76.7%	63.2%	68.0%	74.4%	78.2%	62.7%	69.0%
Gross profit	24.1%	23.3%	36.8%	32.0%	25.6%	21.8%	37.3%	31.0%
Operating expenses								
SG&A	14.4%	14.2%	22.1%	19.5%	14.8%	14.5%	21.6%	20.7%
Amortization of intangible assets	5.3%	5.3%	8.1%	7.4%	5.6%	3.5%	8.2%	5.0%
Operating income	4.4%	3.7%	6.7%	5.1%	5.2%	3.8%	7.5%	5.4%
Other expense, net	(1.3)%	(0.2)%	(2.1)%	(0.2)%	(1.7)%	(0.7)%	(2.5)%	(0.9)%
Interest expense, net	(2.3)%	(2.1)%	(3.4)%	(3.0)%	(2.6)%	(1.2)%	(3.8)%	(1.8)%
Provision for income taxes	0.1%	1.2%	0.2%	1.7%	0.2%	0.6%	0.3%	0.9%
Net income	0.7%	0.2%	1.0%	0.2%	0.7%	1.3%	1.0%	1.9%
Net loss attributable to non-controlling interest	0.2%		0.4%		0.2%		0.2%	
Net income attributable to the Company s Shareholders	0.9%	0.2%	1.4%	0.2%	0.8%	1.3%	1.2%	1.9%

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The following table reconciles revenue less repair payments to revenue and sets forth payments to repair centers and revenue less repair payments as a percentage of revenue:

	Three months ended September 30,				Six months ended September 30,			
	2009	2008	2009	2008	2009	2008	2009	2008
	(US dollars in millions)							
Revenue	$153.0	$149.8	100%	100%	$289.7	$272.7	100%	100%
Less: Payments to repair centers	52.8	40.8	35%	27%	91.0	81.5	31%	30%
Revenue less repair payments	$100.2	$109.0	65%	73%	$198.7	$191.2	69%	70%

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

	Three months ended,		Six months ended,	
	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
	(US dollars in millions)			
Revenue	$153.0	$ 149.8	$289.7	$ 272.7
Cost of revenue(1)	116.1	114.9	215.6	213.4
Gross profit	36.9	34.9	74.1	59.3
Operating expenses SG&A expenses(2)	22.1	21.3	42.9	39.5
Amortization of intangible assets	8.1	8.0	16.3	9.5
Impairment of goodwill and intangible assets				
Operating income	6.7	5.6	14.9	10.4
Other expense, net	(2.1)	(0.3)	(4.9)	(1.8)
Interest expense, net	(3.4)	(3.2)	(7.6)	(3.4)
Provision for income taxes	0.2	1.8	0.6	1.6
Net income	1.0	0.2	2.0	3.6
Net loss attributable to non-controlling interest	0.4		0.5	
Net income attributable to the Company s Shareholders	1.4	0.2	2.4	3.6

Notes:

(1) Includes share-based compensation expense of $1.2 million and $2.1 million for the three and six months ended September 30, 2009, respectively, and $1.0 million and $1.8 million

for the three and six months ended September 30, 2008, respectively.

(2) Includes share-based compensation expense of \$3.2 million and \$5.6 million for the three and six months ended September 30, 2009, respectively, and \$2.5 million and \$4.7 million for the three and six months ended September 30, 2008, respectively.

Results for three months ended September 30, 2009 compared to the three months ended September 30, 2008

Revenue

Revenue for the three months ended September 30, 2009 was \$153.0 million as compared to \$149.8 million for the three months ended September 30, 2008, representing an increase of \$3.2 million or 2.2%. This increase in revenue of \$3.2 million was primarily attributable to an increase in revenue from new clients of \$6.7 million, partially offset by a decrease in revenue from existing clients of \$3.5 million. The decrease in revenue from existing clients was on account of an adverse movement in the exchange rate of pound sterling to US dollar by an average of 13.4% for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. Revenue from the UK, Europe (excluding the UK) and North America (primarily the US) accounted for \$93.3 million, \$23.3 million and \$35.6 million, representing 60.9%, 15.2% and 23.2%, respectively, of our revenue for the three months ended September 30, 2009, compared to \$84.7 million, \$29.9 million and \$34.8 million, representing 56.5%, 20.0% and 23.2%, respectively, of our revenue for the three months ended September 30, 2008.

Revenue Less Repair Payments

Revenue less repair payments for the three months ended September 30, 2009 was $100.2 million, a decrease of $8.8 million or 8.1% over our revenue less repair payments of $109.0 million for the three months ended September 30, 2008. This decrease in revenue less repair payments of $8.8 million was primarily attributable to a decrease in revenue less repair payments from existing clients of $13.0 million, partially offset by an increase in revenue less repair payments from new clients of $4.2 million. The decrease in revenue less repair payments from existing clients was primarily attributable to the adverse movement in the exchange rate of pound Sterling to US dollar by an average of 13.4% for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. Contract prices across the various types of processes remained substantially stable over this period. Revenue less repair payments from the UK, Europe (excluding the UK) and North America (primarily the US) accounted for $57.3 million, $6.4 million and $35.6 million, representing 57.2%, 6.4% and 35.5%, respectively, of our revenue less repair payments for the three months ended September 30, 2009, compared to $65.8 million, $8.0 million and $34.8 million, representing 60.4%, 7.3% and 31.9%, respectively, of our revenue less repair payments for the three months ended September 30, 2008. For the three months ended September 30, 2009, we realized an increase in revenue less repair payments most significantly in our industrial and infrastructure business unit, and to a lesser extent, in our emerging services business unit. During the same period we experienced a decrease in revenue less repair payments in our banking, financial services and insurance, or BFSI, business unit, and to a lesser extent, in our travel and leisure business unit.

Cost of Revenue

Cost of revenue for the three months ended September 30, 2009 was 75.9% of revenue as compared to 76.7% of revenue for the three months ended September 30, 2008. Cost of revenue for the three months ended September 30, 2009 was $116.1 million, an increase of $1.2 million or 1.1% over our cost of revenue of $114.9 million for the three months ended September 30, 2008. Cost of revenue excluding payments made to repair centers for our fault repair services decreased by $10.8 million for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008. Cost of revenue excluding payments made to repair centers decreased due to (i) a decrease in the infrastructure cost by $7.4 million mainly on account of lower sub-contracting cost and due to the depreciation of the Indian rupee against the US dollar by an average of 10.3% for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008, (ii) a decrease in our operating employee compensation cost by $2.8 million, due to this movement in the exchange rate, partially offset by an increase in our share-based compensation cost included in operating employee compensation by $0.2 million, and (iii) a decrease in travel and depreciation costs by $0.5 million and $0.3 million, respectively. Payments made to repair centers increased by $12.0 million to $52.8 million for the three months ended September 30, 2009 from $40.8 million for the three months ended September 30, 2008 mainly due to increased business from existing clients of WNS Assistance, our auto claims business.

Gross Profit

Gross profit for the three months ended September 30, 2009 was $36.9 million, or 24.1% of revenue, as compared to $34.9 million, or 23.3% of revenue, for the three months ended September 30, 2008. Gross profit as a percentage of revenue less repair payments was 36.8% for the three months ended September 30, 2009 compared to 32.0% for the three months ended September 30, 2008. Gross profit as a percentage of revenue less repair payments increased by approximately 4.8% for the three months ended September 30, 2009 as compared to the three months ended September 30, 2008 primarily on account of a decrease in cost of revenue excluding payment to repair centers by $10.8 million as discussed above.

SG&A Expenses

SG&A expenses for the three months ended September 30, 2009 were $22.1 million, an increase of $0.8 million or 3.7% over our SG&A expenses of $21.3 million for the three months ended September 30, 2008. The increase was primarily on account of (i) an increase in non-operating employee compensation by $2.4 million due to an increase in headcount and wages, including an increase in share-based compensation costs by $0.7 million, (ii) an increase in facilities cost by $0.3 million primarily on account of an inflationary increase of the costs, (iii) an increase in bad debt cost of $0.2 million and (iv) an increase in other administration related expenses such as communication costs and marketing costs by $0.1 million. The increase was partially offset by (i) a decrease in professional fees by $0.9 million, (ii) a decrease in travel expenses by $0.5 million, (iii) a decrease in fringe benefit tax on other expenses by $0.4 million, and (iv) a decrease in recruitment and training cost by $0.4 million. SG&A expenses as a percentage of revenue was 14.4% for the three months ended September 30, 2009 as compared to 14.2% for the three months ended September 30, 2008. SG&A expenses as a percentage of revenue less repair payments was 22.1% for the three months ended September 30, 2009 as compared to 19.5% for the three months ended September 30, 2008.

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Amortization of Intangible Assets

Amortization of intangible assets remained at similar levels for the three months ended September 30, 2009 and for the three months ended September 30, 2008 at $8.1 million and $8.0 million, respectively.

Operating Income

Income from operations for the three months ended September 30, 2009 was $6.7 million compared to $5.6 million for the three months ended September 30, 2008, due to the reasons discussed above. Income from operations as a percentage of revenue was 4.4% for the three months ended September 30, 2009 as compared to 3.7% for the three months ended September 30, 2008. Income from operations as a percentage of revenue less repair payments was 6.7% for the three months ended September 30, 2009 as compared to 5.1% for the three months ended September 30, 2008.

Other (Expense) Income, Net

Other expenses, net for the three months e