WNS (HOLDINGS) LTD
Form 6-K
November 01, 2016
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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 under

the Securities Exchange Act of 1934

For the quarter ended September 30, 2016

Commission File Number 001 32945

WNS (HOLDINGS) LIMITED

(WNS (Holdings) Limited)

Gate 4, Godrej & Boyce Complex

Pirojshanagar, Vikhroli (W)

Mumbai 400 079, India

+91-22 - 4095 - 2100

(Address of principal executive office)

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

Form 20-F x Form 40-F ¨

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

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

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): ¨

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant s home country), or under the rules of the home country exchange on which the registrant s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant s security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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WNS (Holdings) Limited is incorporating by reference the information set forth in this Form 6-K into its registration statements on Form S-8 filed on July 31, 2006 (File No. 333-136168), Form S-8 filed on February 17, 2009 (File No. 333-157356), Form S-8 filed on September 15, 2011 (File No. 333-176849), Form S-8 filed on September 27, 2013 (File No. 333-191416) and Form S-8 filed on October 11, 2016 (File No. 333-214042).

CONVENTIONS USED IN THIS REPORT

In this report, references to US are to the United States of America, its territories and its possessions. References to UK are to the United Kingdom. References to India are to the Republic of India. References to China are to the People s Republic of China. References to South Africa are to the Republic of South Africa. References to $ or dollars or US dollars are to the legal currency of the US, references to or rupees or Indian rupees are to the legal currenc India, references to pound sterling or £ are to the legal currency of the UK, references to pence are to the legal currency of Jersey, Channel Islands, references to Euro are to the legal currency of the European Monetary Union, references to South African rand or R or ZAR are to the legal currency of South Africa, references to A$ or AUD Australian dollars are to the legal currency of Australia, references to CHF or Swiss Franc are to the legal currency of Switzerland, and references to RMB are to the legal currency of China. Our financial statements are presented in US dollars and prepared in accordance with International Financial Reporting Standards and its interpretations, or IFRS, as issued by the International Accounting Standards Board, or the IASB, as in effect as at September 30, 2016. To the extent the IASB issues any amendments or any new standards subsequent to September 30, 2016, there may be differences between IFRS applied to prepare the financial statements included in this report and those that will be applied in our annual financial statements for the year ending March 31, 2017. Unless otherwise indicated, the financial information in this interim report on Form 6-K has been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the IASB, which is referred to as GAAP and any references to GAAP in this report are to IFRS, as issued by the IASB . References to our ADSs in this report are to our American Depositary Shares, each representing one of our ordinary shares.

References to a particular fiscal year are to our fiscal year ended March 31 of that calendar year, also referred to as fiscal . Any discrepancies in any table between totals and sums of the amounts listed are due to rounding.

In this report, unless otherwise specified or the context requires, the term WNS refers to WNS (Holdings) Limited, a public company incorporated under the laws of Jersey, Channel Islands, and the terms our company, the Company, we, our and us refer to WNS (Holdings) Limited and its subsidiaries.

In this report, references to Commission are to the United States Securities and Exchange Commission.

We also refer in various places within this report to revenue less repair payments, which is a non-GAAP financial measure that is calculated as (a) revenue less (b) in our auto claims business, payments to repair centers for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients. This non-GAAP financial information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are based on our current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as anticipate, believe, estimate, expect, intend, will, project, seek, should and simi Those statements include, among other things, the discussions of our business strategy and expectations concerning our market position, future operations, margins, profitability, liquidity and capital resources, tax assessment orders and future capital expenditures. We caution you that reliance on any forward-looking statement inherently involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be materially incorrect. These risks and uncertainties include but are not limited to:

- worldwide economic and business conditions;
- political or economic instability in the jurisdictions where we have operations;
- our dependence on a limited number of clients in a limited number of industries;
- regulatory, legislative and judicial developments;
- increasing competition in the business process management industry;
- technological innovation;
- telecommunications or technology disruptions;
- our liability arising from fraud or unauthorized disclosure of sensitive or confidential client and customer data;
- our ability to attract and retain clients;
- negative public reaction in the US or the UK to offshore outsourcing;
- our ability to expand our business or effectively manage growth;

- our ability to hire and retain enough sufficiently trained employees to support our operations;

- the effects of our different pricing strategies or those of our competitors;

- our ability to successfully consummate, integrate and achieve accretive benefits from our strategic acquisitions, and to successfully grow our revenue and expand our service offerings and market share;

- future regulatory actions and conditions in our operating areas; and

- volatility of our ADS price.

These and other factors are more fully discussed in our other filings with the Securities and Exchange Commission, or the SEC, including in Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in our annual report on Form 20-F for our fiscal year ended March 31, 2016. 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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	Notes	As at September 30, 2016 (Unaudited)	As at March 31, 2016
ASSETS			
Current assets:			
Cash and cash equivalents	5	$ 53,896	$ 41,854
Investments	6	105,661	132,989
Trade receivables, net	7	57,616	54,911
Unbilled revenue		45,000	44,318
Funds held for clients		11,015	11,895
Derivative assets	13	24,717	13,890
Prepayments and other assets	8	25,322	22,601
Total current assets		323,227	322,458
Non-current assets:			
Goodwill	9	85,563	76,242
Intangible assets	10	22,762	27,117
Property and equipment	11	49,243	50,417
Derivative assets	13	7,071	4,847
Deferred tax assets		20,213	22,522
Other non-current assets	8	28,492	21,848
Total non-current assets		213,344	202,993
TOTAL ASSETS		**$ 536,571**	**$ 525,451**
LIABILITIES AND EQUITY			
Current liabilities:			
Trade payables		$ 18,511	$ 19,862
Provisions and accrued expenses	15	23,633	24,741
Derivative liabilities	13	3,971	3,259
Pension and other employee obligations	14	38,470	44,814
Short term line of credit	12		
Deferred revenue	16	3,511	2,924
Current taxes payable		5,004	1,746
Other liabilities	17	10,085	5,985
Total current liabilities		103,185	103,331

Non-current liabilities:					
Derivative liabilities	13		732		451
Pension and other employee obligations	14		10,494		6,899
Deferred revenue	16		321		256
Other non-current liabilities	17		8,252		4,536
Deferred tax liabilities			4,074		1,789
Total non-current liabilities			23,873		13,931
TOTAL LIABILITIES		**$**	**127,058**	**$**	**117,262**
Shareholders equity:					
Share capital (ordinary shares $0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 53,225,479 shares and 52,406,304 shares; outstanding: 50,980,035 shares and 51,306,304 shares; each as at September 30, 2016 and March 31, 2016, respectively)	18		8,321		8,211
Share premium			325,904		306,874
Retained earnings			264,987		240,225
Other components of equity			(124,627)		(116,660)
Total shareholders equity, including shares held in treasury			474,585		438,650
Less: 2,245,444 shares as of September 30, 2016 and 1,100,000 shares as of March 31, 2016, held in treasury, at cost	18		(65,072)		(30,461)
Total shareholders equity			409,513		408,189
TOTAL LIABILITIES AND EQUITY		**$**	**536,571**	**$**	**525,451**

See accompanying notes.

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

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

	Notes	Three months ended September 30, 2016	Three months ended September 30, 2015	Six months ended September 30, 2016	Six months ended September 30, 2015
Revenue		$ 149,759	$ 141,039	$ 297,738	$ 275,170
Cost of revenue	19	99,695	90,493	198,378	179,293
Gross profit		50,064	50,546	99,360	95,877
Operating expenses:					
Selling and marketing expenses	19	8,025	8,028	15,723	15,463
General and administrative expenses	19	22,149	20,383	43,013	38,425
Foreign exchange (gain)/loss, net		(2,537)	(3,609)	(2,668)	(5,362)
Amortization of intangible assets		7,156	6,466	13,481	12,638
Operating profit		15,271	19,278	29,811	34,713
Other income, net	21	(2,077)	(1,808)	(4,405)	(3,968)
Finance expense	20	30	71	98	183
Profit before income taxes		17,318	21,015	34,118	38,498
Provision for income taxes	23	4,718	5,510	9,356	10,232
Profit		$ 12,600	$ 15,505	$ 24,762	$ 28,266
Earnings per share of ordinary share	24				
Basic		$ 0.25	$ 0.30	$ 0.48	$ 0.55
Diluted		$ 0.24	$ 0.29	$ 0.47	$ 0.53

See accompanying notes.

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

	Three months ended September 30,		Six months ended September 30,	
	2016	**2015**	**2016**	**2015**
Profit	$ 12,600	$ 15,505	$ 24,762	$ 28,266
Other comprehensive income, net of taxes				
Items that will not be reclassified to profit or loss:				
Pension adjustment	(282)	20	(3,115)	(577)
Items that will be reclassified subsequently to profit or loss:				
Changes in fair value of cash flow hedges:				
Current period gain/(loss)	12,557	2,476	23,343	(6,918)
Reclassification to profit/(loss)	(6,070)	(3,972)	(9,799)	(7,692)
Foreign currency translation	2,530	(13,650)	(13,382)	(16,204)
Income tax (provision)/benefit relating to above	(2,806)	172	(5,014)	4,288
	$ 6,211	$ (14,974)	$ (4,852)	$ (26,526)
Total other comprehensive income/(loss), net of taxes	$ 5,929	$ (14,954)	$ (7,967)	$ (27,103)
Total comprehensive income	$ 18,529	$ 551	$ 16,795	$ 1,163

See accompanying notes.

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Share capital		Share	Retained	Other components of equity			Treasury shares		Tot
					Foreign currency translation	Cash flow hedging	Pension			shareho
	Number	Par value	premium	earnings	reserve	reserve	adjustments	Number	Amount	equi
ce as at April 1,	51,950,662	$ 8,141	$ 286,805	$ 180,345	$ (103,529)	$ 15,445	$ 1,899		$	$ 389,
s issued for ised options estricted share (RSUs)	335,853	52	881							
ase of treasury s (Refer to Note								1,100,000	(30,461)	(30,
-based ensation (Refer te 22)			8,808							8,
ss tax benefits ng to -based options SUs			115							
actions with rs	335,853	52	9,804					1,100,000	(30,461)	(20,
				28,266						28,
comprehensive ne/(loss), net of					(16,204)	(10,322)	(577)			(27,
comprehensive ne/(loss) for the d				28,266	(16,204)	(10,322)	(577)			1,
	52,286,515	$ 8,193	$ 296,609	$ 208,611	$ (119,733)	$ 5,123	$ 1,322	1,100,000	$ (30,461)	$ 369,

ce as at
mber 30, 2015

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Share capital				Other components of equity			Treasury shares		Total
	Number	Par value	Share premium	Retained earnings	Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	Number	Amount	sharehold equity
lance as at ril 1, 2016	52,406,304	$ 8,211	$ 306,874	$ 240,225	$ (124,357)	$ 5,928	$ 1,769	1,100,000	$ (30,461)	$ 408,18
ares issued exercised tions and tricted share ts (RSUs)	819,175	110	7,990							8,10
rchase of asury shares efer to Note)								1,145,444	(34,611)	(34,61
are-based mpensation efer to Note)			11,355							11,35
cess tax nefits ating to are-based tions and Us			(315)							(31
ansactions th owners	819,175	110	19,030					1,145,444	(34,611)	(15,47
ofit				24,762						24,76
her mprehensive ome/(loss), t of taxes					(13,382)	8,530	(3,115)			(7,96

tal mprehensive ome/(loss) the period				24,762	(13,382)	8,530	(3,115)			16,79
lance as at ptember 30, 16	53,225,479	$ 8,321	$ 325,904	$ 264,987	$ (137,739)	$ 14,458	$ (1,346)	2,245,444	$ (65,072)	$ 409,51

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WNS (HOLDINGS) LIMITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	Six months ended September 30, 2016	2015
Cash flows from operating activities:		
Cash generated from operations	$ 46,593	$ 51,271
Income taxes paid	(11,347)	(8,402)
Interest paid	(43)	(255)
Interest received	442	961
Net cash provided by operating activities	**35,645**	**43,575**
Cash flows from investing activities:		
Acquisition of Value Edge, net of cash acquired (Refer to Note 4(a))	(11,957)	
Restricted cash, held in escrow (Refer to Note 4(a))	(5,112)	
Purchase of property and equipment and intangible assets	(12,079)	(15,233)
Payment for Telkom business combination, net of cash acquired (Refer to Note 4(b))		(2,572)
Proceeds from sale of property and equipment	335	173
Dividend received	2,270	2,323
Marketable securities sold/(purchased), net	26,559	9,055
Proceeds from sale of fixed maturity plans (FMPs)		30,114
Net cash provided by investing activities	**16**	**23,860**
Cash flows from financing activities:		
Buyback of shares	(34,611)	(30,461)
Proceeds from exercise of share-based options	8,100	933
Excess tax benefit from share-based compensation expense	247	54
Repayments of short-term borrowings, net		(13,058)
Repayment of long-term debt		(13,163)
Net cash used in financing activities	**(26,264)**	**(55,695)**
Exchange difference on cash and cash equivalents	2,645	(4,877)
Net change in cash and cash equivalents	12,042	6,863
Cash and cash equivalents at the beginning of the period	41,854	32,448
Cash and cash equivalents at the end of the period	**$ 53,896**	**$ 39,311**
Non-cash transactions: (investing activities)		
	$ 2,662	$ 2,731

Note: (i) Liability towards property and equipment and intangible assets purchased on credit / deferred credit	
(ii) Contingent consideration payable towards acquisition of Value Edge (Refer to Note 4(a))	5,112

See accompanying notes.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

1. Company overview

WNS (Holdings) Limited (WNS Holdings), along with its subsidiaries (collectively, the Company), is a global business process management (BPM) company with client service offices in Australia, Dubai (United Arab Emirates), London (UK), New Jersey (US), Switzerland, Germany and Singapore and delivery centers in the People s Republic of China (China), Costa Rica, India, the Philippines, Poland, Romania, Republic of South Africa (South Africa), Sri Lanka, the United Kingdom (UK) and the United States (US). The Company s clients are primarily in the insurance; travel and leisure; diversified businesses including manufacturing, retail, consumer packaged goods (CPG), media and entertainment and telecommunications; utilities; consulting and professional services, banking and financial services; healthcare; and shipping and logistics industries. In the Auto Claims BPM segment, effective July 1, 2015, WNS Legal Assistance LLP, a subsidiary of WNS Global Services (UK) Limited received an approval from Solicitors Regulatory Authority, UK to provide legal services in relation to personal injury claims.

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

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on October 31, 2016.

2. Summary of significant accounting policies

Basis of preparation

These condensed interim consolidated financial statements are prepared in compliance with International Accounting Standard (IAS) 34, Interim financial reporting as issued by IASB. They do not include all of the information required in annual financial statements in accordance with IFRS, as issued by IASB and should be read in conjunction with the audited consolidated financial statements and related notes included in the Company s annual report on Form 20-F for the fiscal year ended March 31, 2016.

The accounting policies applied are consistent with the policies that were applied for the preparation of the consolidated financial statements for the year ended March 31, 2016.

3. New accounting pronouncements not yet adopted by the Company

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

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

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

IFRS 15 replaces the following standards and interpretations:

IAS 11 Construction Contracts

IAS 18 Revenue

IFRIC 13 Customer Loyalty Programmes

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 18 Transfers of Assets from Customers

SIC-31 Revenue - Barter Transactions Involving Advertising Services

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

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

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

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

In April 2016, the IASB issued amendments to IFRS 15, clarifying some requirements and providing additional transitional relief for companies. The amendments do not change the underlying principles of IFRS 15 but clarify how those principles should be applied. The amendments clarify how to:

- identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
- determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and
- determine whether the revenue from granting a license should be recognized at a point in time or over time.

In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies IFRS 15. The amendments have the same effective date as IFRS 15.

IFRS 15 is effective for fiscal years beginning on or after January 1, 2018. Earlier application is permitted. The Company is currently evaluating the impact that this new standard will have on its consolidated financial statements.

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

Key requirements of IFRS 9:

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

- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVTOCI)
- amortized cost.

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

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

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

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

increases the eligibility of hedged item and hedging instruments; and

introduces a more principles based approach to assess hedge effectiveness.

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

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

(1) The requirement to present changes in the fair value of a liability due to changes in own credit risk may be applied early in isolation; and

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

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

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

iii. In January 2016, the IASB has issued IFRS 16 Leases (IFRS 16). Key changes in IFRS 16 include:

- eliminates the requirement to classify a lease as either operating or finance lease in the books of lessee;
- introduces a single lessee accounting model, which requires lessee to recognize assets and liabilities for all leases, initially measured at the present value of unavoidable future lease payment. Entity may elect not to apply this accounting requirement to short term leases and leases for which underlying asset is of low value;
- replaces the straight-line operating lease expense model with a depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs);
- requires lessee to classify cash payments for principal and interest portion of lease arrangement within financing activities and financing/operating activities respectively in the cash flow statements; and
- requires entities to determine whether a contract conveys the right to control the use of an identified asset for a period of time to assess whether that contract is, or contains, a lease.

IFRS 16 replaces IAS 17 Leases and related interpretations viz. IFRIC 4 Determining whether an Arrangement contains a Lease ; SIC-15 Operating Leases Incentives ; and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease .

IFRS 16 substantially carries forward lessor accounting requirements in IAS 17 Leases . Disclosures, however, have been enhanced.

IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. Early application is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

A lessee shall apply IFRS 16 either retrospectively to each prior reporting period presented or record a cumulative effect of initial application of IFRS 16 as an adjustment to opening balance of equity at the date of initial application.

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

iv. In January 2016, the IASB issued amendments to IAS 12 Income Taxes to clarify the following:

- the carrying value of an asset does not limit the estimation of probable future taxable profits;
- estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; and
- an entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted.

The Company expects the adoption of these amendments will have no impact on its consolidated financial statements.

v. In January 2016, the IASB issued amendments in IAS 7 Statement of Cash Flows to clarify and improve information provided to users of financial statements about an entity s financing activities.

The IASB requires that the following changes in liabilities arising from financing activities to be disclosed (to the extent necessary):

- changes from financing cash flows;
- changes arising from obtaining and losing control of subsidiaries or other businesses;
- the effect of changes of foreign exchange rates;
- changes in fair value; and
- other changes.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The amendments are effective for annual periods beginning on or after January 1, 2017. Earlier application is permitted. Entities need not present comparative information when they first apply the amendments.

The Company is currently evaluating the effect of this amendment on its consolidated financial statements.

vi. In June 2016, the IASB issued amendments in IFRS 2 Share-based Payment to clarify the following:

- the accounting for cash-settled share-based payment transactions that include a performance condition should follow the same approach as for equity-settled share-based payment;

- the classification of share-based payment transactions with net settlement features for withholding tax obligations should be classified as equity-settled in its entirety, provided the share-based payment would have been classified as equity-settled had it not included the net settlement feature; and

- modifications of a share-based payment that changes the transaction from cash-settled to equity-settled to be accounted for as follows:

  i. the original liability is derecognized;

  ii. the equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

  iii. any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in the statement of income immediately.

The above amendments are effective for annual periods beginning on or after January 1, 2018. Earlier application is permitted. The amendments are to be applied prospectively. However, if an entity applies the amendments retrospectively, it must do so for all of the amendments described above.

The Company is currently evaluating the impact of these amendments on its consolidated financial statements.

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WNS (HOLDINGS) LIMITED

NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

4. Business Combinations

a) Value Edge

On June 14, 2016 (Acquisition Date), the Company acquired all outstanding equity shares of Value Edge Research Services Private Limited (Value Edge) which provides business research and analytics reports and databases across the domains of pharmaceutical, biotech and medical devices, for a total consideration of $17,500 (subject to working capital adjustments, if any), including contingent consideration of $5,112 (held in escrow account), payable over a period of three years (refer to Note 8 and Note 17). The acquisition is expected to deepen the Company s domain and specialized analytical capabilities in the growing pharma market, and provide the Company with a technology asset, which is leverageable across clients and industries.

The Company has incurred acquisition related costs of $24, which have been included in General and administrative expenses in the condensed consolidated statement of income.

The purchase price has been allocated on a provisional basis, as set out below, subject to working capital adjustments, if any, to the assets acquired and liabilities assumed in the business combination.

	Amount
Cash	$ 431
Trade receivables	369
Unbilled revenue	705
Investments	87
Prepayments and other current assets	99
Property and equipment	78
Deferred tax asset	49
Intangible assets	
- Software	10
- Customer contracts	731
- Customer relationships	2,058
- Trade name	104
- Non-compete agreement	2,640
- Technology	1,238
Non-current assets	74
Current liabilities	(1,201)
Non-current liabilities	(126)
Deferred tax liability	(2,343)

Net assets acquired	**$ 5,003**
Less: Purchase consideration	17,500
Goodwill on acquisition	**$ 12,497**

The trade receivables comprise gross contractual amounts due of $369 and the Company, based on its best estimate at the acquisition date, expects to collect the entire amount. The unbilled revenue comprises gross contractual amounts of $705 and the Company, based on its best estimate at the acquisition date, expects to invoice the entire amount and collect it.

Goodwill arising from this acquisition is not expected to be deductible for tax purposes.

Goodwill is attributable mainly to expected synergies, revenue growth, future market development and the assembled workforce of Value Edge.

Impact of acquisition on the results of the Company:

The acquisition of Value Edge contributed $1,202 to the Company s revenue for the six months ended September 30, 2016, and $(25) to the Company s profit for the six months ended September 30, 2016.

Had the acquisition occurred on April 1, 2016, the Company s revenue and profit for the six months ended September 30, 2016 would have been $299,844 (unaudited) and $25,139 (unaudited), respectively.

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b) Telkom

On April 10, 2015, the Company entered into an agreement with Telkom SA SOC LIMITED (Telkom), a leading provider of communication services in South Africa, pursuant to which the Company agreed to acquire a contract and the related workforce of Telkom effective May 1, 2015 (Acquisition Date). The net purchase price of the transaction, which was paid in cash, was ZAR 35,639 ($2,572 based on the exchange rate on September 30, 2015).

The purchase price has been allocated as follows:

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

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

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

5. Cash and cash equivalents

The Company considers all highly liquid investments with an initial maturity of up to three months to be cash equivalents. Cash and cash equivalents consist of the following:

	As at	
	September 30, 2016	March 31, 2016
Cash and bank balance	$ 35,002	$ 25,194
Short term deposits with banks	18,894	16,660
Total	**$ 53,896**	**$ 41,854**

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

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

6. Investments

Investments consist of the following:

	As at	
	September 30, 2016	**March 31, 2016**
Marketable securities[1]	$ 90,860	$ 118,198
Investment in FMPs	90	
Investment in fixed deposits	14,711	14,791
Total	**$ 105,661**	**$ 132,989**

Note:

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

	As at	
	September 30, 2016	**March 31, 2016**
Current investments	$ 105,661	$ 132,989
Non-current investments		
Total	**$ 105,661**	**$ 132,989**

7. Trade receivables, net

Trade receivables consist of the following:

	As at	
	September 30, 2016	**March 31, 2016**

Trade receivables	$ 59,661	$ 59,357
Less: Allowances for doubtful accounts receivable	(2,045)	(4,446)
Total	**$ 57,616**	**$ 54,911**

The movement in the allowances for doubtful accounts receivable is as follows:

	Three months ended September 30,		Six months ended September 30,	
	2016	**2015**	**2016**	**2015**
Balance at the beginning of the period	$ 2,003	$ 5,556	$ 4,446	$ 5,336
Charged to operations	129	237	461	620
Write-offs, net of collections	9	(282)	(2,445)	(328)
Reversals	(27)	(236)	(235)	(564)
Translation adjustments	(69)	(135)	(182)	76
Balance at the end of the period	**$ 2,045**	**$ 5,140**	**$ 2,045**	**$ 5,140**

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NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

8. Prepayments and other assets

Prepayments and other assets consist of the following:

	As at	
	September 30, 2016	**March 31, 2016**
Current:		
Service tax and other tax receivables	$ 6,312	$ 5,871
Deferred transition cost	346	191
Employee receivables	1,579	1,319
Advances to suppliers	1,756	2,015
Prepaid expenses	8,678	6,278
Restricted cash, held in escrow (Refer to Note 4(a) and Note 17)	1,704	
Others	4,947	6,927
Total	**$ 25,322**	**$ 22,601**
Non-current:		
Deposits	$ 6,593	$ 6,348
Income tax assets	8,237	6,697
Service tax and other tax receivables	5,478	5,419
Deferred transition cost	555	223
Restricted cash, held in escrow (Refer to Note 4(a) and Note 17)	3,408	
Others	4,221	3,161
Total	**$ 28,492**	**$ 21,848**

9. Goodwill

The movement in goodwill by reportable segment as at September 30, 2016 and March 31, 2016 is as follows:

WNS

	WNS Global BPM	Auto Claims BPM	Total
Balance as at April 1, 2015	$ 48,519	$ 30,539	$ 79,058
Goodwill arising from business combination of Telkom contract and the related workforce (Refer to Note 4(b))	1,178		1,178
Foreign currency translation	(3,194)	(800)	(3,994)
Balance as at March 31, 2016	**$ 46,503**	**$ 29,739**	**$ 76,242**
Goodwill arising on acquisition (Refer to Note 4(a))*	12,497		12,497
Foreign currency translation	(213)	(2,963)	(3,176)
Balance as at September 30, 2016	**$ 58,787**	**$ 26,776**	**$ 85,563**

* Carrying value of goodwill allocated to Research & Analytics cash generating unit (CGU).

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10. Intangible assets

The changes in the carrying value of intangible assets for the year ended March 31, 2016 are as follows:

Gross carrying value	**Customer contracts**	**Customer relationships**	**Intellectual property rights**	**Leasehold benefits**	**Covenant not-to-compete**	**Software**	**Total**
Balance as at April 1, 2015	$ 158,753	$ 63,928	$ 4,569	$ 1,835	$ 332	$ 12,411	$ 241,828
Additions						8,574	8,574
On business combination (Refer to Note 4(b))	2,990						2,990
Disposals						(342)	(342)
Translation adjustments	(4,957)	(781)	(119)		(6)	(883)	(6,746)
Balance as at March 31, 2016	$ 156,786	$ 63,147	$ 4,450	$ 1,835	$ 326	$ 19,760	$ 246,304
Accumulated amortization							
Balance as at April 1, 2015	$ 133,191	$ 53,909	$ 4,569	$ 1,835	$ 332	$ 4,718	$ 198,554
Amortization	15,657	5,688				3,853	25,198
Disposals						(157)	(157)
Translation adjustments	(3,365)	(605)	(119)		(6)	(313)	(4,408)
Balance as at March 31, 2016	$ 145,483	$ 58,992	$ 4,450	$ 1,835	$ 326	$ 8,101	$ 219,187
Net carrying value as at March 31, 2016	**$ 11,303**	**$ 4,155**	**$**	**$**	**$**	**$ 11,659**	**$ 27,117**

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

The changes in the carrying value of intangible assets for the six months ended September 30**,** 2016 are as follows:

	Intellectual	Covenant