

WNS (HOLDINGS) LTD  
Form 6-K  
January 31, 2019  
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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 December 31, 2018**  
**Commission File Number 001 32945**

**WNS (HOLDINGS) LIMITED**

**(WNS (Holdings) Limited)**

**Gate 4, Godrej & Boyce Complex**

**Pirojshanagar, Vikhroli (W)**

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**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

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), Form S-8 filed on October 11, 2016 (File No. 333-214042) and Form S-8 filed on October 31, 2018 (File No. 333-228070).

**CONVENTIONS USED IN THIS REPORT**

In this report, references to **US** are to the United States of America, its territories and its possessions. References to **UK** are to the United Kingdom. References to **India** are to the Republic of India. References to **China** are to the People's Republic of China. References to **South Africa** are to the Republic of South Africa. References to **\$** or **dollars** or **US dollars** are to the legal currency of the US, references to **₹** or **rupees** or **Indian rupees** are to the legal currency of India, references to **pound sterling** or **£** are to the legal currency of the UK, references to **pence** are to the legal currency of Jersey, Channel Islands, references to **Euro** are to the legal currency of the European Monetary Union, references to **South African rand** or **R** or **ZAR** are to the legal currency of South Africa, references to **A\$** or **AUD** or **Australian dollars** are to the legal currency of Australia, references to **CHF** or **Swiss Franc** are to the legal currency of Switzerland, references to **RMB** are to the legal currency of China, references to **LKR** or **Sri Lankan rupees** are to the legal currency of Sri Lanka, references to **PHP** or **Philippine Peso** are to the legal currency of the Philippines and references to **NZD** or **New Zealand dollar** are to the legal currency of New Zealand. Our financial statements are presented in US dollars and prepared in accordance with International Financial Reporting Standards and its interpretations ( **IFRS** ), as issued by the International Accounting Standards Board ( **IASB** ), as in effect as at December 31, 2018. To the extent the IASB issues any amendments or any new standards subsequent to December 31, 2018, 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, 2019. Unless otherwise indicated, the financial information in this interim report on Form 6-K has been prepared in accordance with IFRS, as issued by the IASB. Unless otherwise indicated, references to **GAAP** in this report are to IFRS, as issued by the IASB. References to **our ADSs** in this report are to our American Depositary Shares, each representing one of our ordinary shares.

References to a particular **fiscal year** are to our fiscal year ended March 31 of that calendar year, which is 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 the **Commission** or the **SEC** are to the United States Securities and Exchange Commission.

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

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

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

worldwide economic and business conditions;

political or economic instability in the jurisdictions where we have operations;

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 ability to attract and retain clients;

our liability arising from fraud or unauthorized disclosure of sensitive or confidential client and customer data;

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 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, 2018. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans, objectives or projected financial results referred to in any of the forward-looking statements. Except as required by law, we do not undertake to release revisions of any of these forward-looking statements to reflect future events or circumstances.

**Table of Contents****Part I- FINANCIAL INFORMATION****WNS (HOLDINGS) LIMITED****UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

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

	Notes	As at December 31, 2018	As at March 31, 2018
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	5	\$ 85,315	\$ 99,829
Investments	6	49,607	120,960
Trade receivables, net	7	73,804	71,388
Unbilled revenue	7	55,712	61,721
Funds held for clients		9,936	10,066
Derivative assets	13	14,955	11,738
Prepayments and other current assets	8	20,718	24,847
Total current assets		310,047	400,549
Non-current assets:			
Goodwill	9	130,049	135,186
Intangible assets	10	82,098	89,652
Property and equipment	11	57,377	60,606
Derivative assets	13	6,742	3,245
Deferred tax assets		21,853	27,395
Investments	6	80,311	542
Other non-current assets	8	59,025	42,388
Total non-current assets		437,455	359,014
<b>TOTAL ASSETS</b>		<b>\$ 747,502</b>	<b>\$ 759,563</b>
<b>LIABILITIES AND EQUITY</b>			
Current liabilities:			
Trade payables		\$ 20,002	\$ 19,703
Provisions and accrued expenses	15	27,703	28,826
Derivative liabilities	13	4,721	6,466
Pension and other employee obligations	14	55,649	64,617
Current portion of long-term debt	12	27,838	27,740
Contract liabilities	16	4,654	2,908
Current taxes payable		1,995	1,262
Other liabilities	17	14,691	15,739
Total current liabilities		157,253	167,261

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Non-current liabilities:			
Derivative liabilities	13	542	2,289
Pension and other employee obligations	14	10,466	9,621
Long-term debt	12	47,526	61,391
Contract liabilities	16	1,185	571
Other non-current liabilities	17	10,402	11,662
Deferred tax liabilities		11,209	11,812
Total non-current liabilities		81,330	97,346
<b>TOTAL LIABILITIES</b>		<b>\$ 238,583</b>	<b>\$ 264,607</b>
Shareholders' equity:			
Share capital (ordinary shares \$0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 51,069,370 shares and 54,834,080 shares; each as at December 31, 2018 and March 31, 2018, respectively)	18	8,046	8,533
Share premium		262,168	371,764
Retained earnings		448,473	364,424
Other components of equity		(153,417)	(115,534)
Total shareholders' equity, including shares held in treasury		565,270	629,187
Less: 1,100,000 shares as at December 31, 2018 and 4,400,000 shares as at March 31, 2018, held in treasury, at cost	18	(56,351)	(134,231)
Total shareholders' equity		508,919	494,956
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>\$ 747,502</b>	<b>\$ 759,563</b>

*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 December 31,		Nine months ended December 31,	
		2018	2017	2018	2017
Revenue	19	\$ 199,746	\$ 188,598	\$ 598,638	\$ 555,246
Cost of revenue	20	125,205	124,450	387,110	374,722
Gross profit		74,541	64,148	211,528	180,524
Operating expenses:					
Selling and marketing expenses	20	10,905	10,559	33,293	29,925
General and administrative expenses	20	28,171	28,345	83,936	87,094
Foreign exchange gain, net		(1,854)	(4,364)	(5,034)	(13,532)
Amortization of intangible assets		3,945	3,927	11,867	11,546
Operating profit		33,374	25,681	87,466	65,491
Other income, net	22	(3,644)	(2,473)	(10,003)	(7,676)
Finance expense	21	812	976	2,484	3,115
Profit before income taxes		36,206	27,178	94,985	70,052
Income tax expense	24	7,623	892	19,224	8,144
Profit after tax		\$ 28,583	\$ 26,286	\$ 75,761	\$ 61,908
Earnings per ordinary share	25				
Basic		\$ 0.57	\$ 0.52	\$ 1.51	\$ 1.23
Diluted		\$ 0.55	\$ 0.51	\$ 1.45	\$ 1.18

*See accompanying notes.*

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## WNS (HOLDINGS) LIMITED

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)

(Amounts in thousands)

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Profit after tax	\$ 28,583	\$ 26,286	\$ 75,761	\$ 61,908
Other comprehensive income/(loss), net of taxes				
<b>Items that will not be reclassified to profit or loss:</b>				
Pension adjustment	(536)	119	(1,016)	1,989
<b>Items that will be reclassified subsequently to profit or loss:</b>				
<b>Changes in fair value of cash flow hedges:</b>				
Current period gain	22,049	11,149	11,099	6,215
Net change in time value of option contracts designated as cash flow hedges	2,330		(1,342)	
Reclassification to profit or loss	(220)	(6,244)	305	(22,381)
Foreign currency translation gain/(loss)	6,902	11,915	(42,775)	15,753
Income tax (provision)/benefit relating to above	(5,476)	(655)	(1,393)	6,299
	\$ 25,585	\$ 16,165	\$ (34,106)	\$ 5,886
Total other comprehensive income/(loss), net of taxes	\$ 25,049	\$ 16,284	\$ (35,122)	\$ 7,875
Total comprehensive income	\$ 53,632	\$ 42,570	\$ 40,639	\$ 69,783

*See accompanying notes.*

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## WNS (HOLDINGS) LIMITED

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Share capital		Share premium	Retained earnings	Other components of equity			Treasury shares Number	Treasury shares Amount	Total shareholder equity
	Number	Par value			Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments			
Balance as at April 1, 2017	53,312,559	\$ 8,333	\$ 338,284	\$ 277,988	\$(132,167)	\$ 17,348	\$ (35)	3,300,000	\$ (94,685)	\$ 415,066
Shares issued for exercised options and restricted share units ( RSUs ) (Refer Note 23)	1,389,419	181	1,166							1,347
Purchase of treasury shares (Refer Note 18)								1,100,000	(39,546)	(39,546)
Share-based compensation (Refer Note 23)			23,506							23,506
Purchase of equity from non-controlling interest			(52)							(52)
Excess tax benefits relating to share-based options and RSUs			826							826
Transactions with owners	1,389,419	181	25,446					1,100,000	(39,546)	(13,919)
Profit after tax				61,908						61,908
Other comprehensive income/(loss), net of taxes					15,753	(9,867)	1,989			7,875

Total comprehensive income/(loss) for the period				61,908	15,753	(9,867)	1,989				69,783
Balance as at December 31, 2017	54,701,978	\$ 8,514	\$ 363,730	\$ 339,896	\$(116,415)	\$ 7,481	\$ 1,954	4,400,000	\$(134,231)	\$ 470,930	

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## WNS (HOLDINGS) LIMITED

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Share capital		Share premium	Retained earnings	Other components of equity			Treasury shares		Total shareholders' equity
	Number	Par value			Foreign currency translation reserve	Cash flow hedging reserve	Pension adjustments	Number	Amount	
Balance as at March 31, 2018	54,834,080	\$ 8,533	\$ 371,764	\$ 364,424	\$(117,965)	\$ (20)	\$ 2,451	4,400,000	\$(134,231)	\$ 494,950
Option of RS 9 (net of ) (Refer Note 2)				2,777		(2,761)				1
Option of RS 15 (net of ) (Refer Note 2)				5,511						5,511
Balance as at April 1, 2018	54,834,080	8,533	371,764	372,712	(117,965)	(2,781)	2,451	4,400,000	(134,231)	500,480
Shares issued exercised options and restricted share units ( RSUs ) (Refer Note 23)	635,290	85	(85)							
Cancellation of treasury shares (Refer Note 18)	(4,400,000)	(572)	(133,659)					(4,400,000)	134,231	
Purchase of treasury shares (Refer Note 18)								1,100,000	(56,351)	(56,351)
Share-based compensation (Refer Note 23)			23,501							23,501
Provision for excess tax benefits relating to share-based options and RSUs			647							647

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Transactions with owners	(3,764,710)	(487)	(109,596)					1,100,000	77,880	(32,200)
Profit after tax				75,761						75,761
Other comprehensive income, net of taxes					(42,775)	8,669	(1,016)			(35,122)
Total comprehensive income/(loss) for the period				75,761	(42,775)	8,669	(1,016)			40,634
Balance as at December 31, 2018	51,069,370	\$ 8,046	\$ 262,168	\$ 448,473	\$ (160,740)	\$ 5,888	\$ 1,435	1,100,000	\$ (56,351)	\$ 508,911

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

(Amounts in thousands)

	Notes	Nine months ended December 31,	
		2018	2017
<b>Cash flows from operating activities:</b>			
Cash generated from operations		\$ 120,621	\$ 113,018
Income taxes paid		(15,766)	(15,293)
Interest paid		(1,944)	(2,584)
Interest received		1,804	1,341
<b>Net cash provided by operating activities</b>		<b>104,715</b>	<b>96,482</b>
<b>Cash flows from investing activities:</b>			
Working capital adjustment towards acquisition of HealthHelp, net	4(a)		(508)
Adjustment towards acquisition of Denali, net	4(b)		454
Purchase of property and equipment and intangible assets		(24,631)	(27,830)
Proceeds from sale of property and equipment		103	284
Proceeds from restricted cash held in escrow	4(c)		239
Government grant received			168
Government grant repaid		(200)	(50)
Investment in fixed deposits		(19,024)	(14,105)
Proceeds from maturity of fixed deposits		24,395	
Proceeds from maturity of fixed maturity plans ( FMPs )			100
Profit on sale of marketable securities		730	
Dividends received		32	2,381
Investment in marketable securities (long-term)		(78,823)	
Marketable securities (short-term) sold / (purchased), net		57,456	10,109
<b>Net cash used in investing activities</b>		<b>(39,962)</b>	<b>(28,758)</b>
<b>Cash flows from financing activities:</b>			
Buyback of shares		(56,351)	(39,546)
Proceeds from exercise of stock options			1,347
Repayment of long-term debt		(14,050)	(14,050)
Excess tax benefit from share-based compensation expense		1,352	243
Purchase of equity of non-controlling interest			(52)
Payment of debt issuance cost			(354)
<b>Net cash used in financing activities</b>		<b>(69,049)</b>	<b>(52,412)</b>
Exchange difference on cash and cash equivalents		(10,218)	4,549
Net change in cash and cash equivalents		(14,514)	19,861

Cash and cash equivalents at the beginning of the period		99,829		69,803
<b>Cash and cash equivalents at the end of the period</b>		<b>\$ 85,315</b>	<b>\$</b>	<b>89,664</b>

**Non-cash transactions:****Investing activities**

(i) Liability towards property and equipment and intangible assets purchased on credit		\$ 2,968	\$	2,320
(ii) Release of restricted cash, held in escrow	4(c)	1,535		1,535
Reconciliation of liabilities arising from financing activities:				

	Opening balance April 1, 2018	Cash flows	Non-cash changes Amortization of debt issuance cost	Closing balance December 31, 2018
Long-term debt (including current portion)	\$ 89,131	\$ (14,050)	\$ 283	\$ 75,364

*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), Germany, London (UK), New Jersey (US), New Zealand, Singapore and Switzerland 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, Turkey, Spain, the United Kingdom ( UK ) and the United States ( US ). The Company's clients are primarily in the travel, shipping and logistics services and utilities; retail and consumer products group; banking and financial, healthcare and insurance and consulting and professional services industries.

WNS Holdings is incorporated in Jersey, Channel Islands and maintains a registered office in Jersey at 22, Grenville Street, St Helier, Jersey JE4 8PX.

These unaudited condensed interim consolidated financial statements were authorized for issue by the Board of Directors on January 31, 2019.

**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 the IASB. They do not include all of the information required in the annual financial statements in accordance with IFRS, as issued by the 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, 2018.

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, 2018, except as mentioned below.

**Adoption of IFRS 15**

Effective April 1, 2018, the Company adopted IFRS 15 Revenue from Contracts with Customers ( IFRS 15 ). As a result, the Company has changed its accounting policy for revenue recognition, which has been detailed below.

The Company has applied the standard retrospectively with the cumulative effect being recognized as a transition adjustment to the Company's opening retained earnings as at April 1, 2018. The comparative information has not been restated and continues to be reported in accordance with the principles of IAS 18 Revenue . The initial application of the standard applies to active contracts as at April 1, 2018.

The key area impacted upon adoption of IFRS 15 relates to the accounting for sales commission costs. Specifically, under IFRS 15, a portion of sales commission costs have been recorded as an asset and amortized on a straight-line basis over the expected life of contract rather than expensed as incurred under the Company's erstwhile accounting policy (Refer Note 19).

### **Revenue recognition**

The Company derives revenue from BPM services, comprising back office administration, data management, customer interaction services management, and Auto Claims handling services.

Revenue from rendering services is recognized on an accrual basis when the promised services are performed for an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. Revenue from the end of last billing to the reporting date is recognized as unbilled revenue. Unbilled revenue for certain contracts is classified as contract assets, as the right to consideration is conditional on factors other than the passage of time. Revenue is net of value-added taxes and includes reimbursements of out-of-pocket expenses.

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

***Revenue earned by back office administration, data management and customer interaction services management services***

Back office administration, data management and customer interaction services contracts are based on the following pricing models:

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

Revenues under time-and-material contracts and subscription arrangements are recognized as the services are performed. Revenues are recognized on cost-plus contracts on the basis of contractually agreed direct and indirect costs incurred on a client contract plus an agreed upon profit mark-up. Revenues are recognized on unit-price based contracts based on the number of specified units of work delivered to a client. Such revenues are recognized as the related services are provided in accordance with the client contract.

Revenue for performance obligations that are satisfied over time is recognized in accordance with the methods prescribed for measuring the progress. The input method (cost or efforts expended) has been used to measure progress

towards completion as there is a direct relationship between inputs and productivity.

In respect of arrangements involving subcontracting, in part or whole of the assigned work, the Company evaluates revenues to be recognized under criteria established by IFRS 15, Application guidance in paragraphs B34 to B38 *Principal versus agent considerations* .

Contracts with customers includes variability in transaction price primarily due to service level agreements, gain share, minimum commitment and volume discounts. Revenues relating to such arrangements are accounted for as variable consideration when the amount of revenue to be recognized can be estimated to the extent that it is probable that a significant reversal of any incremental revenue will not occur.

Amounts billed or payments received, where revenue recognition criteria have not been met, are recorded as deferred revenue and classified as contract liabilities. These are recognized as revenue when all the recognition criteria have been met. The costs related to the performance of BPM services unrelated to transition services (discussed below) are fulfilment costs classified as contract cost assets and recognized immediately when the conditions for revenue recognition have been met. Any upfront payment received towards future services is recognized over the period when such services are provided.

All incremental and direct costs incurred for acquiring contracts, such as certain sales commission, are classified as contract cost assets. Such costs are amortized over the expected life of the contract.

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Other upfront fees paid to customers are classified as contract assets. Such costs are amortized over the expected life of the contract and recorded as an adjustment to the transaction price and reduced from revenue. For certain BPM customers, the Company performs transition activities at the outset of entering into a new contract. The Company has determined these transition activities do not meet the criteria of IFRS 15 to be accounted for as a separate performance obligation and has deferred revenue attributable to these activities. Accordingly, transition revenues are classified as contract liabilities and are subsequently recognized ratably over the period in which the BPM services are performed. Costs related to such transition services are fulfillment costs which are directly related to the contract and result in generation or enhancement of resources and are expected to be recoverable under the contract and thereby classified as contract cost assets and are recognized ratably over the estimated life of the contract. Further, the deferral of costs is limited to the amount of the deferred revenue. Any costs in excess of the deferred transition revenue are recognized in the period they are incurred.

All contracts entered into by the Company specify the payment terms. Usual payment terms range between 30 - 60 days.

***Revenue earned by auto claims handling services***

Auto claims handling services include claims handling and administration ( Claims Handling ), car hire and arranging for repairs with repair centers across the UK and the related payment processing for such repairs ( Accident Management ). With respect to Claims Handling, the Company receives either a per-claim fee or a fixed fee. Revenue for per claim fee is recognized over the estimated processing period of the claim, which currently ranges from one to two months and revenue for fixed fee is recognized on a straight line basis over the period of the contract. In certain cases, the fee is contingent upon the successful recovery of a claim on behalf of the customer. In these circumstances, the revenue is deferred until the contingency is resolved. Revenue in respect of car hire is recognized over the car hire term.

In order to provide Accident Management services, the Company arranges for the repair through a network of repair centers. The repair costs are invoiced to customers. In determining whether the receipt from the customers related to payments to repair centers should be recognized as revenue, the Company considers the criteria established by IFRS 15, Application guidance in paragraphs B34 to B38 *Principal versus agent considerations* . When the Company determines that it is the principal in providing Accident Management services, amounts received from customers are recognized and presented as third party revenue and the payments to repair centers are recognized as cost of revenue in the consolidated statement of income. Factors considered in determining whether the Company is the principal in the transaction include whether:

- a) the Company has the primary responsibility for providing the services,

b) the Company negotiates labor rates with repair centers, and

c) the Company is responsible for timely and satisfactory completion of repairs.

If there are circumstances where the above criteria are not met and therefore the Company is not the principal in providing Accident Management services, amounts received from customers are recognized and presented net of payments to repair centers in the consolidated statement of income. Revenue from Accident Management services is recorded net of the repairer referral fees passed on to customers.

Revenue from legal services in the Auto Claims BPM segment is recognized on the admission of liability by the third party to the extent of fixed fees earned at each stage and any further income on the successful settlement of the claim.

Incremental and direct costs incurred to contract with a claimant are classified as contract cost assets and amortized over the expected period of benefit, not exceeding 15 months. All other costs to the Company are expensed as incurred.

For a description of the Company's revenue recognition accounting policy in effect before the Company's adoption of IFRS 15, see Note 2 Summary of significant accounting policies under Item 18 Financial Statements and Part I, Item 5 Operating and Financial review and prospects Critical Accounting Policies in the Company's annual report on Form 20-F for the year ended March 31, 2018.

### **Significant judgments**

The Company's determination of whether BPM services are considered distinct performance obligations that should be accounted for separately versus together may require significant judgment.

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**WNS (HOLDINGS) LIMITED**

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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**Adoption of IFRS 9**

On April 1, 2018, the Company adopted the standard IFRS 9 Financial Instruments ( IFRS 9 ) by availing the relief from restating comparative information. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement ( IAS 39 ). The cumulative impact on adoption of the standard has been recognized as an adjustment to the Company's opening retained earnings as at April 1, 2018.

The standard provides limited exception from prospective application of the new standard for the time value of options, when only the intrinsic value is designated by restating the comparative periods. The time value of options did not have any material impact on the consolidated financial statements. Hence, prior period comparative figures have not been restated and the cumulative impact has been recognized as an adjustment to the Company's retained earnings as at April 1, 2018.

The key areas impacted upon adoption of the standard relates to the recognition of gains/losses on cash flow hedges on intercompany forecasted revenue transactions as part of revenues which had previously been recognized in the foreign exchange gains/losses, net, accounting for time value of options and the presentation of classification and measurement of the Company's financial instruments.

The impact of this standard resulted in an increase in retained earnings of \$2,777 as at April 1, 2018 with corresponding increase in the losses in other components of equity of \$2,761, in trade receivables of \$74 and a decrease in other non-current assets of \$84.

Below are the accounting policies for financial instruments consequent to the adoption of IFRS 9:

**Financial instruments – initial recognition and subsequent measurement**

**A Financial instruments are classified in the following categories:**

Non-derivative financial assets comprising at amortized cost or at fair value through profit or loss ( FVTPL ).

Non-derivative financial liabilities comprising at FVTPL or at amortized cost.

Derivative financial instruments under the category of financial assets or financial liabilities at FVTPL or at fair value through other comprehensive income ( FVOCI ).

The classification of financial instruments depends on the purpose for which those were acquired. Management determines the classification of the Company's financial instruments at initial recognition.

Non-derivative financial instruments are recognized initially at fair value. Financial assets are derecognized when substantial risks and rewards of ownership of the financial asset have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized only when the Company has not retained control over the financial asset.

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

**i. Non-derivative financial assets:**

**a) Financial assets at amortized cost**

Financial assets that meet the following criteria are measured at amortized cost (except for investments that are designated at FVTPL on initial recognition):

- i) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- ii) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Financial assets at amortized costs are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets. They are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses.



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**b). Financial assets at FVTPL:**

Financial assets that do not meet the amortized cost or FVOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in the consolidated statement of income. The gains or losses on disposal of financial assets at FVTPL are recognized in the consolidated statement of income.

Interest income on financial assets at FVTPL is recognized in the consolidated statement of income. Dividend on financial assets at FVTPL is recognized when the Company's right to receive dividend is established.

**ii. Non-derivative financial liabilities**

All financial liabilities are recognized initially at fair value, except in the case of loans and borrowings which are recognized at fair value net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, bank overdrafts, contingent consideration and loans and borrowings.

Trade and other payables maturing later than 12 months after the reporting date are presented as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the effective interest rate method amortization process.

After initial recognition, contingent consideration are subsequently measured at fair value and the changes to the fair value are recognized in the consolidated statement of income.

**iii. Derivative financial instruments and hedge accounting**

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations and forecasted cash flows denominated in foreign currency. The Company limits the effect of foreign exchange rate fluctuation by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments where the counter party is primarily a bank. The Company holds derivative financial instruments such as foreign exchange forwards, option contracts and interest rate swaps to hedge certain foreign currency and interest rate exposures.

**Cash flow hedges**

The Company recognizes 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 other comprehensive income/(loss) in the statement of comprehensive income, which is reclassified into earnings 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 ineffective 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 as gains/losses, net in the consolidated statement of income. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in the cash flow hedging reserve (in other comprehensive income/(loss)) until the period the hedge was effective, remains in the cash flow hedging reserve until the forecasted transaction occurs. Cash flow hedge on interest rate swaps are recorded under finance expense, net. Cash flows from the derivative instruments are classified within cash flows from operating activities in the statement of cash flows.

When it is highly probable that a forecasted transaction will not occur, the Company discontinues the hedge accounting and recognizes immediately in the consolidated statement of income, the gains and losses attributable to such derivative instrument that were accumulated in other comprehensive income/(loss).

Gains/losses on cash flow hedges on forecasted revenue transactions are recorded in foreign exchange gains/losses forming part of revenue and changes in fair value of foreign currency derivative instruments not designated as cash flow hedges are recognized in the statement of income and reported within foreign exchange gains, net within results from operating activities.

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**iv. Offsetting of financial instruments**

Financial assets and financial liabilities are offset against each other and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

**v. Fair value of financial instruments**

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using appropriate valuation models. Where applicable, these models project future cash flows and discount the future amounts to a present value using market-based observable inputs including interest rate curves, credit risk, foreign exchange rates, and forward and spot prices for currencies.

**vi. Impairment of non-derivative financial assets**

The Company applies the forward-looking expected credit loss model ( ECL ) for recognizing impairment loss on financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables and unbilled revenue with no significant financing component are measured at an amount equal to lifetime ECL. The simplified approach for determining the lifetime ECL allowance is performed in two steps:

all trade receivables and unbilled revenue that are in default, as defined above, are individually assessed for impairment; and

a general reserve is recognized for all other trade receivables (including those not past due) based on historical loss rates.

For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain/loss in the consolidated statement of income.

## **vii. Investments**

### **a. Marketable securities and mutual funds**

The Company's marketable securities represent liquid investments and are acquired principally for the purpose of earning daily income. Investments in mutual funds represent investments in mutual fund schemes wherein the mutual fund issuer has invested these funds in enterprise development funds. Investments which are expected to be redeemed within 12 months from the reporting date are classified as current investments, otherwise they are classified as non-current.

These investments are designated at fair value through profit or loss and changes in fair value recognized in the consolidated statement of income. The fair value represents the original cost of the investment and the investment's fair value at each reporting period.

### **b. Investments in fixed maturity plans**

The Company's investments in fixed maturity plans ( FMPs ) represent investments in mutual fund schemes wherein the mutual fund issuer has invested these funds in certificate of deposits with banks in India. The investments in FMPs are designated as fair value through profit or loss and change in fair value is recognized in the consolidated statement of income. The fair value represents original cost of an investment and the investment's fair value at each reporting period or net asset value ( NAV ) as quoted.

The Company manages FMPs on a fair value basis in accordance with the entity's documented risk management, investment strategy and information provided to the key managerial personnel. The returns on the investment are measured based on the fair value movement rather than looking at the overall returns on the maturity. The Company's investment purchase and sale decisions are also based on the fair value fluctuations rather than a predetermined policy to hold the investment until maturity. Key management personnel believe that recording these investments through the consolidated statement of income would provide more relevant information to measure the performance of the investment.

For a description of the Company's accounting policy for Financial instruments' initial recognition and subsequent measurement in effect before the Company's adoption of IFRS 9, see Note 2 Summary of significant accounting policies under Item 18 Financial Statements and Part I, Item 5 Operating and Financial review and prospects Accounting Policies in the Company's annual report on Form 20-F for the year ended March 31, 2018.

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

The cumulative effect of the changes made to the Company's consolidated statement of financial position as at April 1, 2018 for the adoption of IFRS 15 and IFRS 9 is as follows:

	As at March 31, 2018 (as previously reported)	Transition adjustments on adoption of IFRS 15	Transition adjustments on adoption of IFRS 9	As at April 1, 2018 (as adjusted)
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 99,829	\$	\$	\$ 99,829
Investments	120,960			120,960
Trade receivables, net	71,388		74	71,462
Unbilled revenue	61,721			61,721
Funds held for clients	10,066			10,066
Derivative assets	11,738			11,738
Prepayments and other current assets	24,847	1,520		26,367
<b>Total current assets</b>	<b>400,549</b>	<b>1,520</b>	<b>74</b>	<b>402,143</b>
Non-current assets:				
Goodwill	135,186			135,186
Intangible assets	89,652			89,652
Property and equipment	60,606			60,606
Derivative assets	3,245			3,245
Deferred tax assets	27,395	(1,803)	27	25,619
Investments	542			542
Other non-current assets	42,388	5,861	(84)	48,165
<b>Total non-current assets</b>	<b>359,014</b>	<b>4,058</b>	<b>(57)</b>	<b>363,015</b>
<b>TOTAL ASSETS</b>	<b>759,563</b>	<b>5,578</b>	<b>17</b>	<b>765,158</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities:				
Trade payables	19,703			19,703
Provisions and accrued expenses	28,826			28,826
Derivative liabilities	6,466			6,466
	64,617			64,617

Pension and other employee obligations				
Current portion of long- term debt	27,740			27,740
Deferred revenue	2,908	27		2,935
Current taxes payable	1,262			1,262
Other liabilities	15,739			15,739
<b>Total current liabilities</b>	<b>167,261</b>	<b>27</b>		<b>167,288</b>
Non-current liabilities:				
Derivative liabilities	2,289			2,289
Pension and other employee obligations	9,621			9,621
Long- term debt	61,391			61,391
Deferred revenue	571	37		608
Other non-current liabilities	11,662			11,662
Deferred tax liabilities	11,812	3	1	11,816
<b>Total non-current liabilities</b>	<b>97,346</b>	<b>40</b>	<b>1</b>	<b>97,387</b>
<b>TOTAL LIABILITIES</b>	<b>264,607</b>	<b>67</b>	<b>1</b>	<b>264,675</b>
Share capital	8,533			8,533
Share premium	371,764			371,764
Retained earnings	364,424	5,511	2,777	372,712
Other components of equity	(115,534)		(2,761)	(118,295)
Less: shares, held in treasury, at cost	(134,231)			(134,231)
Total shareholders equity	<b>494,956</b>	<b>5,511</b>	<b>16</b>	<b>500,483</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 759,563</b>	<b>\$ 5,578</b>	<b>\$ 17</b>	<b>\$ 765,158</b>

Details showing the classification and measurement of the Company's financial instruments on adoption of IFRS 9 as at April 1, 2018:

	IAS 39 Category	IFRS 9 Category	Total carrying value	Total fair value
Cash and cash equivalents	Loans and receivables	Financial assets at amortized cost	\$ 99,829	\$ 99,829
Investment in fixed deposits	Loans and receivables	Financial assets at amortized cost	21,548	21,548
Investments in marketable securities and mutual funds	Available for sale	Financial assets at FVTPL	99,954	99,954
Trade receivables	Loans and receivables	Financial assets at amortized cost	71,388	71,388

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Unbilled revenue	Loans and receivables	Financial assets at amortized cost	61,721	61,721
Funds held for clients	Loans and receivables	Financial assets at amortized cost	10,066	10,066
Prepayments and other assets	Loans and receivables	Financial assets at amortized cost	4,410	4,410
Other non-current assets	Loans and receivables	Financial assets at amortized cost	10,243	10,243
Derivative assets	Financial assets at FVTPL	Financial assets at FVTPL	2,212	2,212
Derivative assets	Derivative designated as cash flow hedges (carried at fair value)	Financial assets at FVOCI	12,771	12,771
<b>Total carrying value</b>			<b>\$ 394,142</b>	<b>\$ 394,142</b>

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

The impact of adoption of IFRS 15 and IFRS 9 on the Company's consolidated statement of financial position as at December 31, 2018 was as follows:

	<b>As reported (includes the impact of adoption of IFRS 15 and IFRS 9)</b>	<b>Adjustments on adoption of IFRS 15</b>	<b>Adjustments on adoption of IFRS 9</b>	<b>Balances without adoption of IFRS 15 and IFRS 9</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 85,315	\$	\$	\$ 85,315
Investments	49,607			49,607
Trade receivables, net	73,804		(16)	73,788
Unbilled revenue	55,712			55,712
Funds held for clients	9,936			9,936
Derivative assets	14,955			14,955
Prepayments and other current assets	20,718	(1,789)		18,929
<b>Total current assets</b>	<b>310,047</b>	<b>(1,789)</b>	<b>(16)</b>	<b>308,242</b>
Non-current assets:				
Goodwill	130,049			130,049
Intangible assets	82,098			82,098
Property and equipment	57,377			57,377
Derivative assets	6,742			6,742
Deferred tax assets	21,853	1,803	(27)	23,629
Investments	80,311			80,311
Other non-current assets	59,025	(5,311)	132	53,846
<b>Total non-current assets</b>	<b>437,455</b>	<b>(3,508)</b>	<b>105</b>	<b>434,052</b>
<b>TOTAL ASSETS</b>	<b>747,502</b>	<b>(5,297)</b>	<b>89</b>	<b>742,294</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities:				
Trade payables	20,002			20,002
Provisions and accrued expenses	27,703			27,703



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Derivative liabilities	4,721			4,721
Pension and other employee obligations	55,649			55,649
Current portion of long- term debt	27,838			27,838
Contract liabilities	4,654	(13)		4,641
Current taxes payable	1,995			1,995
Other liabilities	14,691			14,691
<b>Total current liabilities</b>	<b>157,253</b>	<b>(13)</b>		<b>157,240</b>
Non-current liabilities:				
Derivative liabilities	542			542
Pension and other employee obligations	10,466			10,466
Long- term debt	47,526			47,526
Contract liabilities	1,185	(11)		1,174
Other non-current liabilities	10,402			10,402
Deferred tax liabilities	11,209	(3)	(1)	11,205
<b>Total non-current liabilities</b>	<b>81,330</b>	<b>(14)</b>	<b>(1)</b>	<b>81,315</b>
<b>TOTAL LIABILITIES</b>	<b>238,583</b>	<b>(27)</b>	<b>(1)</b>	<b>238,555</b>
Share capital	8,046			8,046
Share premium	262,168			262,168
Retained earnings	448,473	(5,856)	205	442,822
Other components of equity	(153,417)	586	(115)	(152,946)
Less: shares, held in treasury, at cost	(56,351)			(56,351)
<b>Total shareholders equity</b>	<b>508,919</b>	<b>(5,270)</b>	<b>90</b>	<b>503,739</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 747,502</b>	<b>\$ (5,297)</b>	<b>\$ 89</b>	<b>\$ 742,294</b>

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

The impact of adoption of IFRS 15 and IFRS 9 on the Company's consolidated statement of income for the three months ended December 31, 2018 was as follows:

	<b>Three months ended December 31, 2018</b>			<b>Amounts without adoption of IFRS 15 and IFRS 9</b>
	<b>As reported (includes the impact of adoption of IFRS 15 and IFRS 9)</b>	<b>Adjustments on adoption of IFRS 15</b>	<b>Adjustments on adoption of IFRS 9</b>	
Revenue	\$ 199,746	\$	\$ (29)	\$ 199,717
Cost of revenue	125,205	(1,162)		124,043
Gross profit	74,541	1,162	(29)	75,674
Operating expenses:				
Selling and marketing expenses	10,905	354		11,259
General and administrative expenses	28,171		(39)	28,132
Foreign exchange gain, net	(1,854)		(5,279)	(7,133)
Amortization of intangible assets	3,945			3,945
Operating profit	33,374	808	5,289	39,471
Other income, net	(3,644)			(3,644)
Finance expense, net	812			812
Profit before income taxes	36,206	808	5,289	42,303
Income tax expense	7,623		1,090	8,713
<b>Profit after tax</b>	<b>\$ 28,583</b>	<b>\$ 808</b>	<b>\$ 4,199</b>	<b>\$ 33,590</b>

The impact of adoption of IFRS 15 and IFRS 9 on the Company's consolidated statement of income for the nine months ended December 31, 2018 was as follows:

	<b>Nine months ended December 31, 2018</b>			<b>Amounts without adoption of IFRS 15 and IFRS 9</b>
	<b>As reported (includes the impact of adoption of IFRS 15 and IFRS 9)</b>	<b>Adjustments on adoption of IFRS 15</b>	<b>Adjustments on adoption of IFRS 9</b>	

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				<b>IFRS 9</b>
Revenue	\$ 598,638	\$	\$ 1,001	\$ 599,639
Cost of revenue	387,110	732		387,842
Gross profit	211,528	(732)	1,001	211,797
Operating expenses:				
Selling and marketing expenses	33,293	(387)		32,906
General and administrative expenses	83,936		(106)	83,830
Foreign exchange gain, net	(5,034)		(2,587)	(7,621)
Amortization of intangible assets	11,867			11,867
Operating profit	87,466	(345)	3,694	90,815
Other income, net	(10,003)			(10,003)
Finance expense, net	2,484			2,484
Profit before income taxes	94,985	(345)	3,694	98,334
Income tax expense	19,224		712	19,936
<b>Profit after tax</b>	<b>\$ 75,761</b>	<b>\$ (345)</b>	<b>\$ 2,982</b>	<b>\$ 78,398</b>

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

**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, 2018 or later periods. Those which are considered to be relevant to the Company's operations are set out below.

- i. In January 2016, the IASB 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.

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

- ii. In June 2017, the IFRIC issued IFRIC 23 **Uncertainty over Income Tax Treatments** to clarify the accounting for uncertainties in income taxes, by specifically addressing the following:

the determination of whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments;

the assumptions an entity makes about the examination of tax treatments by tax authorities;

the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates where there is an uncertainty regarding the treatment of an item; and

the reassessment of judgements and estimates if facts and circumstances change.

IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.

On initial application, the requirements are to be applied by recognizing the cumulative effect of initially applying them in retained earnings, or in other appropriate components of equity, at the start of the reporting period in which an entity first applies them, without adjusting comparative information. Full retrospective application is permitted, if an entity can do so without using hindsight.

The Company expects the adoption of this standard will have no material impact on its consolidated financial statements.

- iii. In February 2018, the IASB issued amendments to IAS 19 **Employee Benefits** regarding plan amendments, curtailments and settlements. The amendments are as follows:

If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement;

In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding asset ceiling.

The above amendments are effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted but must be disclosed.

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

iv. In October 2018, the IASB issued amendments to IFRS 3 Business Combinations regarding the definition of a Business . The amendments:

clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;

narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;

add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;

remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and

add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The above amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.

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

**Table of Contents****WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(Amounts in thousands, except share and per share data)****4. Business Combinations****a) HealthHelp**

On March 15, 2017 ( Acquisition date ), the Company acquired all ownership interests of MTS HealthHelp Inc. and its subsidiaries ( HealthHelp ), which provides benefits management across several specialty healthcare areas, including radiology, cardiology, oncology, sleep care, orthopedics, and pain management, for a total consideration of \$68,910, including working capital adjustments of \$573 and a contingent consideration of \$8,545, payable over a period of two years linked to revenue targets and continuation of an identified client contract. The fair value of the contingent consideration liability was estimated using level 3 inputs which included an assumption for discount rate of 2.5%. The potential undiscounted amount of all future payments that the Company could be required to make under the contingent consideration arrangement is between \$0 and \$8,876.

The Company funded the acquisition primarily with a five year secured term loan. The Company is expected to leverage Health Help s capability in care management to address the needs of payor, provider and insurance organizations.

The Company incurred acquisition related costs of \$1,809, which were included in General and administrative expenses in the consolidated statement of income for the year ended March 31, 2017.

During the year ended March 31, 2018, the Company made a payment of \$573 towards working capital adjustments. During the year ended March 31, 2018, a contingent consideration of \$3,114 was also paid by the Company to the sellers on achievement of the revenue target in relation to the identified client contract related to the first measurement period and an amount of \$1,324 was reversed and credited to its consolidated income statement, due to the shortfall in revenue target achievement for the identified client contract, in accordance with the terms of the share purchase agreement.

The purchase price has been allocated, as set out below, to the assets acquired and liabilities assumed in the business combination.

	<b>Amount</b>
Cash	\$ 3,119
Trade receivables	4,910
Unbilled revenue	2,016
Prepayments and other current assets	1,060
Property and equipment	4,612
Intangible assets	
- Software	1,274



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- Customer contracts	4,537
- Customer relationships	49,584
- Service mark	400
- Covenant not-to-compete	4,693
- Technology	4,852
Non-current assets	161
Term loan	(29,249)
Current liabilities	(2,555)
Non-current liabilities	(1,423)
Deferred tax liability	(18,163)
<b>Net assets acquired</b>	<b>\$ 29,828</b>
Less: Purchase consideration	68,910
<b>Goodwill on acquisition</b>	<b>\$ 39,082</b>

Goodwill of \$14,876 arising from this acquisition is expected to be deductible for tax purposes. Goodwill is attributable mainly to expected synergies and assembled workforce arising from the acquisition.

During the year ended March 31, 2018, the Company completed the accounting of the assets acquired and liabilities assumed on acquisition. Corresponding changes to the comparatives for the three and nine months ended December 31, 2017 were not made, as the impact of the change on finalization of purchase price allocation is not material.

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(Amounts in thousands, except share and per share data)****b) Denali Sourcing Services Inc.**

On January 20, 2017 ( Acquisition Date ), the Company acquired all outstanding shares of Denali Sourcing Services Inc. ( Denali ), a provider of strategic procurement BPM solutions for a purchase consideration of \$38,668 (including the contingent consideration of \$6,277, dependent on the achievement of revenue targets over a period of three years and deferred consideration of \$522 payable in first quarter of fiscal 2018), including adjustments for working capital. The fair value of the contingent consideration liability was estimated using Level 3 inputs which included an assumption for discount rate of 2.5%. The potential undiscounted amount of all future payments that the Company could be required to make under the contingent consideration arrangement is between \$0 and \$6,578. The payment was funded through a three-year secured term loan.

Denali delivers global sourcing and procurement services to high-tech, retail and Consumer Packaged Goods ( CPG ), banking and financial services, utilities, and healthcare verticals. The acquisition of Denali is expected to add a strategic procurement capability to the Company's existing Finance and Accounting services and will enable the Company to offer procurement solutions to its clients.

The Company incurred acquisition related costs of \$502, which were included in General and administrative expenses in the consolidated statement of income for the year ended March 31, 2017.

During the year ended March 31, 2018, the Company made payment of \$522 towards deferred consideration and an amount of \$968 was reduced from the purchase consideration towards working capital adjustments. During the year ended March 31, 2018, a contingent consideration of \$2,351 was also paid by the Company to the sellers on achievement of the revenue target related to the first measurement period.

The purchase price has been allocated, as set out below, to the assets acquired and liabilities assumed in the business combination.

	<b>Amount</b>
Cash	\$ 1,204
Trade receivables	2,799
Unbilled revenue	1,258
Prepayments and other current assets	95
Property and equipment	53
Deferred tax asset	18
Intangible assets	
- Software	3
- Customer contracts	3,025
- Customer relationships	8,000
- Trade name	545

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- Covenant not-to-compete	1,718
Non-current assets	27
Current liabilities	(3,781)
Short-term line of credit	(475)
Non-current liabilities	(343)
Deferred tax liability	(5,020)
<b>Net assets acquired</b>	<b>\$ 9,126</b>
Less: Purchase consideration	38,668
<b>Goodwill on acquisition</b>	<b>\$ 29,542</b>

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

During the year ended March 31, 2018, the Company completed the accounting of the assets acquired and liabilities assumed on acquisition. Corresponding changes to the comparatives for the three and nine months ended December 31, 2017 were not made, as the impact of the change on finalization of purchase price allocation is not material.

**Table of Contents****WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(Amounts in thousands, except share and per share data)****c) 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 \$18,265 including working capital adjustments of \$765 and contingent consideration of \$5,112 (held in escrow), subject to compliance with certain conditions, payable over a period of three years. 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 incurred acquisition related costs of \$24, which were included in General and administrative expenses in the consolidated statement of income for the year ended March 31, 2017.

During the year ended March 31, 2018, the Company released from escrow an amount of \$1,535 towards the first instalment of contingent consideration to the sellers. During the nine months ended December 31, 2018, the Company released from escrow an amount of \$1,535 towards the second instalment of contingent consideration to the sellers.

The purchase price has been allocated, as set out below, to the assets acquired and liabilities assumed in the business combination.

	<b>Amount</b>
Cash	\$ 432
Trade receivables	370
Unbilled revenue	706
Investments	87
Prepayments and other current assets	99
Property and equipment	78
Deferred tax asset	49
Intangible assets	
- Software	10
- Customer contracts	701
- Customer relationships	1,894
- Trade name	104
- Covenant not-to-compete	2,655
- Technology	1,238
Non-current assets	74
Current liabilities	(1,236)
Non-current liabilities	(126)
Deferred tax liability	(2,281)

<b>Net assets acquired</b>	<b>\$ 4,854</b>
Less: Purchase consideration	18,265
<b>Goodwill on acquisition</b>	<b>\$ 13,411</b>

Goodwill arising from this acquisition is not expected to be deductible for tax purposes (Refer Note 24). Goodwill is attributable mainly to expected synergies and assembled workforce arising from the acquisition.

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(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	
	December 31, 2018	March 31, 2018
Cash and bank balances	\$ 52,303	\$ 47,738
Short term deposits with banks <sup>(1)</sup>	33,012	52,091
<b>Total</b>	<b>\$ 85,315</b>	<b>\$ 99,829</b>

**Note:**

- (1) 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.

**6. Investments**

Investments consist of the following:

	As at	
	December 31, 2018	March 31, 2018
Investments in marketable securities and mutual funds <sup>(1)</sup>	\$ 116,381	\$ 99,954
Investment in fixed deposits	13,537	21,548
<b>Total</b>	<b>\$ 129,918</b>	<b>\$ 121,502</b>

**Note:**

- (1) Marketable securities are investments made principally for the purpose of earning daily income. Investments which are expected to be redeemed within 12 months from the reporting date are classified as current investments, otherwise they are classified as non-current.

	<b>As at</b>	
	<b>December 31,</b>	<b>March 31,</b>
	<b>2018</b>	<b>2018</b>
Current investments	\$ 49,607	\$ 120,960
Non-current investments	80,311	542
<b>Total</b>	<b>\$ 129,918</b>	<b>\$ 121,502</b>

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**7. Trade receivables and unbilled revenue, net**

Trade receivables and unbilled revenue consist of the following:

	As at	
	December 31, 2018	March 31, 2018
Trade receivables and unbilled revenue*	\$ 130,067	\$ 133,673
Less: Allowances for expected credit losses	(551)	(564)
<b>Total</b>	<b>\$ 129,516</b>	<b>\$ 133,109</b>

\* As at December 31, 2018, unbilled revenue includes contract assets amounting to \$1,412.  
The movement in the allowances for expected credit losses is as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Balance as on March 31, 2018	\$	\$	\$ 564	\$
Impact of adoption of IFRS 9			(74)	
Balance at the beginning of the period	310	2,653	490	1,713
Charged to profit or loss	308	92	402	1,419
Write-offs, net of collections	(19)	(82)	(304)	(246)
Reversals	(33)	(138)	(41)	(449)
Translation adjustment	(15)	23	4	111
<b>Balance at the end of the period</b>	<b>\$ 551</b>	<b>\$ 2,548</b>	<b>\$ 551</b>	<b>\$ 2,548</b>



Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**8. Prepayment and other assets**

Prepayment and other assets consist of the following:

	As at	
	December 31, 2018	March 31, 2018
<b>Current:</b>		
Service tax and other tax receivables	\$ 810	\$ 6,569
Deferred transition cost*		571
Contract assets	4,999	
Employee receivables	1,602	1,099
Advances to suppliers	2,249	2,877
Prepaid expenses	6,397	7,994
Restricted cash, held in escrow (Refer Note 4 (c))	1,535	1,535
Others assets	3,126	4,202
<b>Total</b>	<b>\$ 20,718</b>	<b>\$ 24,847</b>
<b>Non-current:</b>		
Deposits	\$ 8,672	\$ 8,708
Income tax assets	9,484	12,595
Service tax and other tax receivables	20,420	11,410
Deferred transition cost*		2,467
Contract assets	17,510	
Restricted cash, held in escrow (Refer Note 4 (c))		1,535
Others assets	2,939	5,673
<b>Total</b>	<b>\$ 59,025</b>	<b>\$ 42,388</b>

\* As at December 31, 2018, deferred transition cost is included within contract assets in accordance with IFRS 15.

**9. Goodwill**

A summary of the carrying value of goodwill is as follows:

	As at	
	December 31, 2018	March 31, 2018
Gross carrying amount	\$ 152,212	\$ 159,500
Accumulated impairment of goodwill	(22,163)	(24,314)
<b>Total</b>	<b>\$ 130,049</b>	<b>\$ 135,186</b>

The movement in goodwill balance by reportable segment as at December 31, 2018 and March 31, 2018 is as follows:

#### Gross carrying amount

	WNS		
	WNS Global BPM	Auto Claims BPM	Total
<b>Balance as at April 1, 2017</b>	\$ 129,878	\$ 25,803	\$ 155,681
Goodwill initially arising on acquisitions	(92)		(92)
Foreign currency translation adjustment	767	3,144	3,911
<b>Balance as at March 31, 2018</b>	<b>\$ 130,553</b>	<b>\$ 28,947</b>	<b>\$ 159,500</b>
Foreign currency translation adjustment	(4,727)	(2,561)	(7,288)
<b>Balance as at December 31, 2018</b>	<b>\$ 125,826</b>	<b>\$ 26,386</b>	<b>\$ 152,212</b>

#### Accumulated impairment losses on goodwill

	WNS		
	WNS Global BPM	Auto Claims BPM	Total
<b>Balance as at April 1, 2017</b>	\$	\$ 21,673	\$ 21,673
Foreign currency translation adjustment		2,641	2,641
<b>Balance as at March 31, 2018</b>	<b>\$</b>	<b>\$ 24,314</b>	<b>\$ 24,314</b>
Foreign currency translation adjustment		(2,151)	(2,151)
<b>Balance as at December 31, 2018</b>	<b>\$</b>	<b>\$ 22,163</b>	<b>\$ 22,163</b>

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## WNS (HOLDINGS) LIMITED

## NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

**10. Intangible assets**

The changes in the carrying value of intangible assets for the year ended March 31, 2018 are as follows:

Gross carrying value	Intellectual Property and				Covenant				Total	
	Customer contracts	Customer relationships	other rights	Trade names/Technology	Leasehold benefits	not-to- compete	Service mark	Software		
Balance as at April 1, 2017	\$ 167,001	\$ 121,922	\$ 3,861	\$ 653	\$ 6,131	\$ 1,835	\$ 9,451	400	\$ 25,586	\$ 336,840
Additions			250						7,369	7,619
Translation adjustments	93	940	470		(6)		10		894	2,401
Balance as at March 31, 2018	\$ 167,094	\$ 122,862	\$ 4,581	\$ 653	\$ 6,125	\$ 1,835	\$ 9,461	\$ 400	\$ 33,849	\$ 346,860
<b>Accumulated amortization</b>										
Balance as at April 1, 2017	\$ 157,976	\$ 62,175	\$ 3,861	\$ 80	\$ 172	\$ 1,835	\$ 964	\$	\$ 13,153	\$ 240,216
Amortization	2,725	3,700	74	236	790		2,310		5,670	15,505
Translation adjustments	(62)	873	470	(1)	(4)		12		199	1,487
Balance as at March 31, 2018	\$ 160,639	\$ 66,748	\$ 4,405	\$ 315	\$ 958	\$ 1,835	\$ 3,286	\$	\$ 19,022	\$ 257,208
<b>Net carrying value as at March 31, 2018</b>	<b>\$ 6,455</b>	<b>\$ 56,114</b>	<b>\$ 176</b>	<b>\$ 338</b>	<b>\$ 5,167</b>	<b>\$</b>	<b>\$ 6,175</b>	<b>\$ 400</b>	<b>\$ 14,827</b>	<b>\$ 89,652</b>

The changes in the carrying value of intangible assets for the nine months ended December 31, 2018 are as follows:

Gross carrying value	Intellectual Property and				Covenant				Total
	Customer contracts	Customer relationships	other rights	Trade names/Technology	Leasehold benefits	not-to- compete	Service mark	Software	

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Balance as at April 1, 2018	\$ 167,094	\$ 122,862	\$ 4,581	\$ 653	\$ 6,125	\$ 1,835	\$ 9,461	400	\$ 33,849	\$ 346,860
Additions									5,698	5,698
Translation adjustments	(5,761)	(1,426)	(383)	(7)	(84)		(199)		(2,068)	(9,928)
Balance as at December 31, 2018	\$ 161,333	\$ 121,436	\$ 4,198	\$ 646	\$ 6,041	\$ 1,835	\$ 9,262	\$ 400	\$ 37,479	\$ 342,630
<b>Accumulated amortization</b>										
Balance as at April 1, 2018	\$ 160,639	\$ 66,748	\$ 4,405	\$ 315	\$ 958	\$ 1,835	\$ 3,286	\$	\$ 19,022	\$ 257,208
Amortization	2,009	2,755	94	146	583		1,681		4,599	11,867
Translation adjustments	(5,555)	(1,226)	(383)	(6)	(22)		(101)		(1,250)	(8,543)
Balance as at December 31, 2018	\$ 157,093	\$ 68,277	\$ 4,116	\$ 455	\$ 1,519	\$ 1,835	\$ 4,866	\$	\$ 22,371	\$ 260,532
<b>Net carrying value as at December 31, 2018</b>	<b>\$ 4,240</b>	<b>\$ 53,159</b>	<b>\$ 82</b>	<b>\$ 191</b>	<b>\$ 4,522</b>	<b>\$</b>	<b>\$ 4,396</b>	<b>\$ 400</b>	<b>\$ 15,108</b>	<b>\$ 82,098</b>

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**11. Property and equipment**

The changes in the carrying value of property and equipment for the year ended March 31, 2018 are as follows:

	<b>Buildings</b>	<b>Computers and software</b>	<b>Furniture, fixtures and office equipment</b>	<b>Vehicles</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Gross carrying value</b>						
Balance as at April 1, 2017	\$ 10,246	\$ 69,871	\$ 68,877	\$ 587	\$ 60,992	\$ 210,573
Additions		4,597	9,389	93	9,756	23,835
Disposals/retirements		(3,350)	(1,718)	(29)	(2,303)	(7,400)
Translation adjustments	(23)	1,965	839	5	721	3,507
<b>Balance as at March 31, 2018</b>	<b>\$ 10,223</b>	<b>\$ 73,083</b>	<b>\$ 77,387</b>	<b>\$ 656</b>	<b>\$ 69,166</b>	<b>\$ 230,515</b>
<b>Accumulated depreciation</b>						
Balance as at April 1, 2017	\$ 4,208	\$ 59,811	\$ 51,431	\$ 429	\$ 41,180	\$ 157,059
Depreciation	514	6,442	6,623	97	6,278	19,954
Disposals/retirements		(3,345)	(1,674)	(30)	(2,308)	(7,357)
Translation adjustments	(12)	1,822	512	1	296	2,619
<b>Balance as at March 31, 2018</b>	<b>\$ 4,710</b>	<b>\$ 64,730</b>	<b>\$ 56,892</b>	<b>\$ 497</b>	<b>\$ 45,446</b>	<b>\$ 172,275</b>
Capital work-in-progress						2,366
<b>Net carrying value as at March 31, 2018</b>						<b>\$ 60,606</b>

The changes in the carrying value of property and equipment for the nine months ended December 31, 2018 are as follows:

	<b>Buildings</b>	<b>Computers and software</b>	<b>Furniture, fixtures and office equipment</b>	<b>Vehicles</b>	<b>Leasehold improvements</b>	<b>Total</b>
<b>Gross carrying value</b>						
Balance as at April 1, 2018	\$ 10,223	\$ 73,083	\$ 77,387	\$ 656	\$ 69,166	\$ 230,515
Additions		4,673	5,479	317	5,797	16,266

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Disposals/retirements		(1,444)	(1,785)	(184)	(681)	(4,094)
Translation adjustments	(297)	(5,226)	(5,165)	(51)	(4,626)	(15,365)
Balance as at December 31, 2018	\$ 9,926	71,086	75,916	738	69,656	227,322

**Accumulated depreciation**

Balance as at April 1, 2018	\$ 4,710	\$ 64,730	\$ 56,892	\$ 497	\$ 45,446	\$ 172,275
Depreciation	373	4,135	5,426	103	5,309	15,346
Disposals/retirements		(1,419)	(1,758)	(184)	(580)	(3,941)
Translation adjustments	(137)	(4,745)	(3,805)	(37)	(3,087)	(11,811)
Balance as at December 31, 2018	\$ 4,946	\$ 62,701	\$ 56,755	\$ 379	\$ 47,088	\$ 171,869

Capital work-in-progress 1,924

**Net carrying value as at  
December 31, 2018**

**\$ 57,377**

Certain property and equipment are pledged as collateral against borrowings with a carrying amount of \$108 and \$107 as at December 31, 2018 and March 31, 2018, respectively.

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## WNS (HOLDINGS) LIMITED

## NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

**12. Loans and borrowings***Long-term debt*

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

Currency	Interest rate	Final maturity (fiscal year)	As at	
			December 31, 2018	March 31, 2018
US dollars	3M USD Libor +1.27%	2020	17,050	22,700
US dollars	3M USD Libor +0.95%	2022	58,800	67,200
<b>Total</b>			<b>75,850</b>	<b>89,900</b>
Less: Debt issuance cost			486	769
<b>Total</b>			<b>75,364</b>	<b>89,131</b>
Current portion of long-term debt			\$ 27,838	\$ 27,740
Long-term debt			\$ 47,526	\$ 61,391

In January 2017, WNS North America Inc. obtained from BNP Paribas, Hong Kong, a three-year term loan facility of \$34,000 at an interest rate equal to the three-month US dollar LIBOR plus a margin of 1.27% per annum to finance the acquisition of Denali. WNS North America Inc. has pledged its shares of Denali as security for the loan. In connection with the term loan, the Company has entered into an interest rate swap with a bank to swap the variable portion of the interest based on three month US dollar LIBOR to a fixed rate of 1.5610%. The facility agreement for the term loan contains certain financial covenants as defined in the facility agreement. This term loan is repayable in six semi-annual installments. The first five repayment installments are \$5,650 each and the sixth and final repayment installment is \$5,750. On July 20, 2017, January 22, 2018, July 20, 2018 and January 22, 2019, the Company made scheduled repayments of \$5,650 each. As at December 31, 2018, the Company has complied with the financial covenants in all material respects in relation to this loan facility.

In March 2017, WNS (Mauritius) Limited obtained from HSBC Bank (Mauritius) Ltd. and Standard Chartered Bank, UK a five-year term loan facility of \$84,000 at an interest rate equal to the three-month US dollar LIBOR plus a margin of 0.95% per annum to finance the acquisition of HealthHelp. The Company has pledged its shares of WNS (Mauritius) Limited as security for the loan. In connection with the term loan, the Company has entered into interest rate swaps with banks to swap the variable portion of the interest based on three month US dollar LIBOR to a fixed rate of 1.9635%. The facility agreement for the term loan contains certain financial covenants as defined in the facility agreement. This term loan is repayable in ten semi-annual installments of \$8,400 each. On September 14, 2017, March 14, 2018 and September 17, 2018 the Company made scheduled repayments of \$8,400 each. As at

December 31, 2018, the Company has complied with the financial covenants in all material respects in relation to this loan facility.

The Company has pledged trade receivables, other financial assets and property and equipment with an aggregate amount of \$118,147 and \$113,174 as at December 31, 2018 and March 31, 2018, respectively, as collateral for the above borrowings.

*Short-term lines of credit*

The Company's Indian subsidiary, WNS Global Services Private Limited ( WNS Global ), has unsecured lines of credit with banks amounting to \$59,572 (based on the exchange rate on December 31, 2018). The Company has also established a line of credit in the UK amounting to \$12,616 (based on the exchange rate on December 31, 2018). Further the Company has also established a line of credit in South Africa amounting to \$1,426 (based on the exchange rate on December 31, 2018).

As at December 31, 2018, no amounts were drawn under these lines of credit.



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

**13. Financial instruments****Financial instruments by category**

The carrying value and fair value of financial instruments by class as at December 31, 2018 are as follows:

	<b>Financial assets at amortized cost</b>	<b>Financial assets at FVTPL</b>	<b>Financial assets at FVOCI</b>	<b>Total carrying value</b>	<b>Total fair value</b>
Cash and cash equivalents	\$ 85,315	\$	\$	\$ 85,315	\$ 85,315
Investment in fixed deposits	13,537			13,537	13,537
Investments in marketable securities and mutual funds		116,381		116,381	116,381
Trade receivables	73,804			73,804	73,804
Unbilled revenue <sup>(1)</sup>	54,300			54,300	54,300
Funds held for clients	9,936			9,936	9,936
Prepayments and other assets <sup>(2)</sup>	5,189			5,189	5,189
Other non-current assets <sup>(3)</sup>	8,672			8,672	8,672
Derivative assets		3,383	18,314	21,697	21,697
<b>Total carrying value</b>	<b>\$ 250,753</b>	<b>\$ 119,764</b>	<b>\$ 18,314</b>	<b>\$ 388,831</b>	<b>\$ 388,831</b>

**Financial liabilities**

	<b>Financial liabilities at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Financial liabilities at FVOCI</b>	<b>Total carrying value</b>	<b>Total fair value</b>
Trade payables	\$ 20,002	\$	\$	\$ 20,002	\$ 20,002
Long-term debt (includes current portion) <sup>(4)</sup>	75,850			75,850	75,850
Other employee obligations <sup>(5)</sup>	49,231			49,231	49,231
Provision and accrued expenses	27,703			27,703	27,703
Other liabilities <sup>(6)</sup>	2,229	10,058		12,287	12,287
Derivative liabilities		1,681	3,582	5,263	5,263

<b>Total carrying value</b>	<b>\$ 175,015</b>	<b>\$ 11,739</b>	<b>\$ 3,582</b>	<b>\$ 190,336</b>	<b>\$ 190,336</b>
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**Notes:**

- (1) Excluding non-financial assets \$1,412.
- (2) Excluding non-financial assets \$15,529.
- (3) Excluding non-financial assets \$50,353.
- (4) Excluding non-financial asset (unamortized debt issuance cost) \$486.
- (5) Excluding non-financial liabilities \$16,884.
- (6) Excluding non-financial liabilities \$12,806.

**Table of Contents****WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The carrying value and fair value of financial instruments by class as at March 31, 2018 are as follows:

**Financial assets**

	<b>Financial assets at amortized cost</b>	<b>Financial assets at FVTPL</b>	<b>Financial assets at FVOCI</b>	<b>Total carrying value</b>	<b>Total fair value</b>
Cash and cash equivalents	\$ 99,829	\$	\$	\$ 99,829	\$ 99,829
Investment in fixed deposits	21,548			21,548	21,548
Investments in marketable securities and mutual funds		99,954		99,954	99,954
Trade receivables	71,388			71,388	71,388
Unbilled revenue	61,721			61,721	61,721
Funds held for clients	10,066			10,066	10,066
Prepayments and other assets <sup>(1)</sup>	4,410			4,410	4,410
Other non-current assets <sup>(2)</sup>	10,243			10,243	10,243
Derivative assets		2,212	12,771	14,983	14,983
<b>Total carrying value</b>	<b>\$ 279,205</b>	<b>\$ 102,166</b>	<b>\$ 12,771</b>	<b>\$ 394,142</b>	<b>\$ 394,142</b>

**Financial liabilities**

	<b>Financial liabilities at amortized cost</b>	<b>Financial liabilities at FVTPL</b>	<b>Financial liabilities at FVOCI</b>	<b>Total carrying value</b>	<b>Total fair value</b>
Trade payables	\$ 19,703	\$	\$	\$ 19,703	\$ 19,703
Long-term debt (includes current portion) <sup>(3)</sup>	89,900			89,900	89,900
Other employee obligations <sup>(4)</sup>	59,346			59,346	59,346
Provision and accrued expenses	28,826			28,826	28,826
Other liabilities <sup>(5)</sup>	2,447	11,388		13,835	13,835
Derivative liabilities		946	7,809	8,755	8,755
<b>Total carrying value</b>	<b>\$ 200,222</b>	<b>\$ 12,334</b>	<b>\$ 7,809</b>	<b>\$ 220,365</b>	<b>\$ 220,365</b>

**Notes:**

- (1) Excluding non-financial assets \$20,437.
- (2) Excluding non-financial assets \$32,145.
- (3) Excluding non-financial asset (unamortized debt issuance cost) \$769.
- (4) Excluding non-financial liabilities \$14,892.
- (5) Excluding non-financial liabilities \$13,566.

For the financial assets and liabilities subject to offsetting or similar arrangements, each agreement between the Company and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis.

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## WNS (HOLDINGS) LIMITED

## NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements as at December 31, 2018 are as follows:

Description of types of financial assets	Gross amounts		Net amounts		Cash collateral received	Net Amount
	of recognized financial assets	of recognized financial liabilities offset	of recognized financial assets	of recognized financial liabilities offset		
	amounts of recognized financial assets	amounts of the statement	amounts of the statement	amounts of the statement	Financial instruments	
Derivative assets	\$ 21,697	\$	\$ 21,697	\$ (3,285)	\$	\$ 18,412
<b>Total</b>	<b>\$ 21,697</b>	<b>\$</b>	<b>\$ 21,697</b>	<b>\$ (3,285)</b>	<b>\$</b>	<b>\$ 18,412</b>

Description of types of financial liabilities	Gross amounts		Net amounts		Cash collateral pledged	Net Amount
	of recognized financial liabilities	of recognized financial liabilities	of recognized financial liabilities	of recognized financial liabilities		
	amounts of recognized financial liabilities	amounts of the statement	amounts of the statement	amounts of the statement	Financial instruments	
Derivative liabilities	\$ 5,263	\$	\$ 5,263	\$ (3,285)	\$	\$ 1,978
<b>Total</b>	<b>\$ 5,263</b>	<b>\$</b>	<b>\$ 5,263</b>	<b>\$ (3,285)</b>	<b>\$</b>	<b>\$ 1,978</b>

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements or similar agreements as at March 31, 2018 are as follows:

Description of types of financial assets	Gross amounts of recognized financial		Net amounts of financial		Cash collateral received	Net Amount
	recognized financial assets	of financial position	of financial position	Financial instruments		
Derivative assets	\$ 14,983	\$	\$ 14,983	\$ (4,215)	\$	\$ 10,768
<b>Total</b>	<b>\$ 14,983</b>	<b>\$</b>	<b>\$ 14,983</b>	<b>\$ (4,215)</b>	<b>\$</b>	<b>\$ 10,768</b>

Description of types of financial liabilities	Gross amounts of recognized financial		Net amounts of financial		Cash collateral pledged	Net Amount
	recognized financial liabilities	of financial position	of financial position	Financial Instruments		
Derivative liabilities	\$ 8,755	\$	\$ 8,755	\$ (4,215)	\$	\$ 4,540
<b>Total</b>	<b>\$ 8,755</b>	<b>\$</b>	<b>\$ 8,755</b>	<b>\$ (4,215)</b>	<b>\$</b>	<b>\$ 4,540</b>

### Fair value hierarchy

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

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

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

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

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## WNS (HOLDINGS) LIMITED

## NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The assets and liabilities measured at fair value on a recurring basis as at December 31, 2018 are as follows:

Description	December 31, 2018	Fair value measurement at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets</b>				
<i>Financial assets at FVTPL</i>				
Foreign exchange contracts	\$ 3,383	\$	\$ 3,383	\$
Investments in marketable securities and mutual funds	116,381	115,930	451	
<i>Financial assets at FVOCI</i>				
Foreign exchange contracts	17,527		17,527	
Interest rate swaps	787		787	
<b>Total assets</b>	<b>\$ 138,078</b>	<b>\$ 115,930</b>	<b>\$ 22,148</b>	<b>\$</b>
<b>Liabilities</b>				
<i>Financial liabilities at FVTPL</i>				
Foreign exchange contracts	\$ 1,681	\$	\$ 1,681	\$
Contingent consideration	10,058			10,058
<i>Financial liabilities at FVOCI</i>				
Foreign exchange contracts	3,582		3,582	
<b>Total liabilities</b>	<b>\$ 15,321</b>	<b>\$</b>	<b>\$ 5,263</b>	<b>\$ 10,058</b>



Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The assets and liabilities measured at fair value on a recurring basis as at March 31, 2018 are as follows:-

Description	March 31, 2018	Fair value measurement at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets</b>				
<i>Financial assets at FVTPL</i>				
Foreign exchange contracts	\$ 2,212	\$	\$ 2,212	\$
Investments in marketable securities and mutual funds	99,954	99,412	542	
<i>Financial assets at FVOCI</i>				
Foreign exchange contracts	11,709		11,709	
Interest rate swaps	1,062		1,062	
<b>Total assets</b>	<b>\$ 114,937</b>	<b>\$ 99,412</b>	<b>\$ 15,525</b>	<b>\$</b>
<b>Liabilities</b>				
<i>Financial liabilities at FVTPL</i>				
Foreign exchange contracts	\$ 946	\$	\$ 946	\$
Contingent consideration	11,388			11,388
<i>Financial liabilities at FVOCI</i>				
Foreign exchange contracts	7,809		7,809	
<b>Total liabilities</b>	<b>\$ 20,143</b>	<b>\$</b>	<b>\$ 8,755</b>	<b>\$ 11,388</b>

**Description of significant unobservable inputs to Level 3 valuation**

The fair value of the contingent consideration liability was estimated using a probability weighted method and achievement of revenue target with a discount rate of 2.5%. One percentage point change in the unobservable inputs used in fair valuation of the contingent consideration does not have a significant impact on its value.

The fair value is estimated using discounted cash flow approach which involves assumptions and judgments regarding risk characteristics of the instruments, discount rates, future cash flows and foreign exchange spot, forward premium

rates and market rates of interest.

During the three and nine months ended December 31, 2018 and the year ended March 31, 2018, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

### **Derivative financial instruments**

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

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(Amounts in thousands, except share and per share data)**

The following table presents the notional values of outstanding foreign exchange forward contracts, foreign exchange option contracts and interest rate swap contracts:

	As at	
	December 31, 2018	March 31, 2018
<b>Forward contracts (Sell)</b>		
In US dollars	\$ 221,944	\$ 242,418
In United Kingdom pound sterling	152,731	132,591
In Euro	31,254	23,883
In Australian dollars	44,152	48,147
Others	2,272	2,332
	<b>\$ 452,353</b>	<b>\$ 449,371</b>
<b>Option contracts (Sell)</b>		
In US dollars	\$ 135,771	\$ 107,629
In United Kingdom pound sterling	110,071	116,401
In Euro	33,039	21,483
In Australian dollars	42,078	28,828
Others	112	927
	<b>\$ 321,071</b>	<b>\$ 275,268</b>
<b>Interest rate swap contracts</b>		
In US dollars	\$ 75,850	\$ 89,900

The amount of gain/ (loss) reclassified from other comprehensive income into consolidated statement of income in respective line items for the three and nine months ended December 31, 2018 and 2017 are as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Revenue	\$ 113	\$ 2,405	\$ (578)	\$ 9,313
Foreign exchange gain/(loss), net		3,969	(2)	13,581
Finance expense, net	107	(130)	276	(512)
	(28)	(2,347)	(374)	(8,339)

Income tax related to amounts  
reclassified into consolidated statement  
of income

<b>Total</b>	<b>\$ 192</b>	<b>\$ 3,897</b>	<b>\$ (678)</b>	<b>\$ 14,043</b>
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As at December 31, 2018, a gain amounting to \$5,182 on account of cash flow hedges in relation to forward and option contracts entered is expected to be reclassified from other comprehensive income into consolidated statement of income over a period of 24 months and a gain amounting to \$706 on account of cash flow hedges in relation to interest rate swaps is expected to be reclassified from other comprehensive income into consolidated statement of income over a period of 39 months.

Due to the discontinuation of cash flow hedge accounting on account of non-occurrence of original forecasted transactions by the end of the originally specified time period, the Company recognized in its consolidated statement of income for the three months ended December 31, 2018 and 2017 a gain of Nil each, and for the nine months ended December 31, 2018 and 2017 a loss of \$2 and \$20, respectively.

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**14. Pension and other employee obligations**

Pension and other employee obligations consist of the following:

	As at	
	December 31, 2018	March 31, 2018
<b>Current:</b>		
Salaries and bonus	\$ 48,385	\$ 59,346
Pension	1,215	1,189
Withholding taxes on salary and statutory payables	6,049	4,082
<b>Total</b>	<b>\$ 55,649</b>	<b>\$ 64,617</b>
<b>Non-current:</b>		
Pension and other obligations	\$ 10,466	\$ 9,621
<b>Total</b>	<b>\$ 10,466</b>	<b>\$ 9,621</b>

**15. Provisions and accrued expenses**

Provisions and accrued expenses consist of the following:

	As at	
	December 31, 2018	March 31, 2018
Accrued expenses	\$ 27,703	\$ 28,826
<b>Total</b>	<b>\$ 27,703</b>	<b>\$ 28,826</b>

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**16. Contract liabilities**

Contract liabilities consists of the following:

	As at	
	December 31, 2018	March 31, 2018
<b>Current:</b>		
Payments in advance of services	\$ 2,474	\$ 557
Advance billings	2,011	2,104
Others	169	247
<b>Total</b>	<b>\$ 4,654</b>	<b>\$ 2,908</b>

	As at	
	December 31, 2018	March 31, 2018
<b>Non-current:</b>		
Payments in advance of services	\$ 1,163	\$ 550
Advance billings	5	2
Others	17	19
<b>Total</b>	<b>\$ 1,185</b>	<b>\$ 571</b>

**17. Other liabilities**

Other liabilities consist of the following:

	As at	
	December 31, 2018	March 31, 2018
<b>Current:</b>		
Withholding taxes and value added tax payables	\$ 4,135	\$ 5,117
Contingent consideration (Refer Note 4(a), 4(b) and 4(c))	8,438	8,233

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Deferred rent	620	800
Other liabilities	1,498	1,589
<b>Total</b>	<b>\$ 14,691</b>	<b>\$ 15,739</b>
<b>Non-current:</b>		
Deferred rent	\$ 7,547	\$ 6,544
Contingent consideration (Refer Note 4(a), 4(b) and 4(c))	1,620	3,155
Other liabilities	1,235	1,963
<b>Total</b>	<b>\$ 10,402</b>	<b>\$ 11,662</b>

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**WNS (HOLDINGS) LIMITED**

**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**18. Share capital**

As at December 31, 2018, the authorized share capital was £6,100 divided into 60,000,000 ordinary shares of 10 pence each and 1,000,000 preferred shares of 10 pence each. The Company had 49,969,370 ordinary shares (excluding 1,100,000 treasury shares) outstanding as at December 31, 2018. There were no preferred shares outstanding as at December 31, 2018.

As at March 31, 2018, the authorized share capital was £6,100 divided into 60,000,000 ordinary shares of 10 pence each and 1,000,000 preferred shares of 10 pence each. The Company had 50,434,080 ordinary shares (excluding 4,400,000 treasury shares) outstanding as at March 31, 2018. There were no preferred shares outstanding as at March 31, 2018.

**Treasury shares**

On March 16, 2016, the Company's shareholders authorized a share repurchase program for the repurchase of up to 3,300,000 of the Company's American Depositary Shares (ADSs) each representing one ordinary share, par value 10 pence per share of the Company, at a price range of \$10 to \$50 per ADS. Pursuant to the terms of the repurchase program, the Company's ADSs may be purchased in the open market from time to time for 36 months from March 16, 2016, the date of shareholders' approval. The Company was not obligated under the repurchase program to repurchase a specific number of ADSs, and the repurchase program could be suspended at any time at the Company's discretion.

During the year ended March 31, 2017, the Company purchased 2,200,000 ADSs in the open market for a total consideration of \$64,224 (including transaction costs of \$33 for share repurchase of 2,200,000 ADSs, \$111 paid towards cancellation fees for ADSs in relation to share repurchase of 2,200,000 ADSs which was completed during the year ended March 31, 2017, and \$55 paid towards cancellation fees for ADSs in relation to share repurchase of 1,100,000 ADSs, which was completed during the year ended March 31, 2016). During the year ended March 31, 2018, the Company purchased the balance 1,100,000 ADSs in the open market for a total consideration of \$39,546 (including transaction costs of \$17) and completed the share repurchase program. The shares underlying these purchased ADSs are recorded as treasury shares.

In March 2018, the shareholders of the Company authorized the repurchase of up to 3,300,000 of the Company's ADSs, at a price range of \$10 to \$100 per ADS. Pursuant to the terms of the repurchase program, the Company's ADSs may be purchased in the open market from time to time for 36 months from March 30, 2018, the date of shareholders' approval. The Company is not obligated under the repurchase program to repurchase a specific number of ADSs, and the repurchase program may be suspended at any time at the Company's discretion. The Company intends to fund the repurchase with cash on hand.

During the three and nine months ended December 31, 2018, the Company purchased Nil and 1,100,000 ADSs, respectively, in the open market for a total consideration of Nil and \$56,296, respectively (including transaction costs of Nil and \$11, respectively).



During the nine months ended December 31, 2018, the Company received authorization from the Board of Directors to cancel, and cancelled, 4,400,000 ADSs that were held as treasury shares for an aggregate cost of \$134,231. The effect of cancellation of these treasury shares was recognized in share capital amounting to \$572 and in share premium amounting to \$133,659, in compliance with Jersey Law. There was no effect on the total shareholders' equity as a result of this cancellation.

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

**19. Revenue****Disaggregation of revenue**

In the following tables, revenue is disaggregated by service type, major industries serviced and geography.

**Revenue by service type**

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Industry-specific	\$ 78,602	\$ 64,204	\$ 225,864	\$ 187,413
Customer interaction services	42,112	47,519	138,223	142,609
Finance and accounting	42,952	40,555	125,968	118,726
Research and analytics	23,607	23,202	68,083	66,635
Auto claims	8,764	7,999	27,707	26,125
Others	3,709	5,119	12,793	13,738
<b>Total</b>	<b>\$ 199,746</b>	<b>\$ 188,598</b>	<b>\$ 598,638</b>	<b>\$ 555,246</b>

**Revenue by industry**

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Insurance*	\$ 56,558	\$ 49,737	\$ 163,502	\$ 144,638
Travel and leisure	31,422	35,575	103,503	105,332
Diversified businesses including manufacturing, retail, CPG, media and entertainment, and telecom	34,592	34,408	102,814	99,488
Healthcare	31,312	27,325	89,934	80,393
Utilities	13,197	15,378	41,863	48,487
Shipping and logistics	12,889	7,802	37,832	22,579
Consulting and professional services	10,737	9,991	32,283	29,163
Banking and financial services	9,039	8,382	26,907	25,166
<b>Total</b>	<b>\$ 199,746</b>	<b>\$ 188,598</b>	<b>\$ 598,638</b>	<b>\$ 555,246</b>

\* Includes revenue disclosed under the Auto Claims BPM segment in Note 27.

***Revenue by contract type***

	<b>Three months ended December 31,</b>		<b>The months ended December 31,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Full-time-equivalent	\$ 130,101	\$ 119,088	\$ 384,872	\$ 346,764
Transaction*	32,847	33,740	104,421	103,760
Subscription	16,286	14,316	47,949	42,984
Fixed price	10,823	10,569	30,847	28,595
Others	9,689	10,885	30,549	33,143
<b>Total</b>	<b>\$ 199,746</b>	<b>\$ 188,598</b>	<b>\$ 598,638</b>	<b>\$ 555,246</b>

\* Includes revenue disclosed under the Auto Claims BPM segment in Note 27.

***Revenue by geography***

Refer Note 27 Operating segments - External revenue for revenue by geography.

**Contract acquisition costs**

As at April 1, 2018, the Company capitalized \$6,821 towards incremental costs incurred for acquiring contracts that were not completed.

Further, the Company capitalized an additional amount of \$648 and \$859 during the three and nine months ended December 31, 2018, respectively. The Company amortized an amount of \$293 and \$1,245 during the three and nine months ended December 31, 2018, respectively. The capitalized costs are amortized on a straight-line basis over the expected life of the contract.

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## WNS (HOLDINGS) LIMITED

## NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

**20. Expenses by nature**

Expenses by nature consist of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Employee cost	\$ 113,249	\$ 111,837	\$ 346,948	\$ 335,174
Repair payments	3,888	3,437	11,279	12,480
Facilities cost	22,174	21,771	68,757	65,600
Depreciation	5,252	4,935	15,346	14,911
Legal and professional expenses	4,326	5,579	14,379	16,293
Travel expenses	5,140	6,030	16,558	17,695
Others	10,252	9,765	31,072	29,588
<b>Total cost of revenue, selling and marketing and general and administrative expenses</b>	<b>\$ 164,281</b>	<b>\$ 163,354</b>	<b>\$ 504,339</b>	<b>\$ 491,741</b>

**21. Finance expense, net**

Finance expense, net consists of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Interest expense	\$ 832	\$ 728	\$ 2,477	\$ 2,226
Interest rate swaps	(108)	130	(276)	512
Debt issuance cost	88	118	283	377
<b>Total</b>	<b>\$ 812</b>	<b>\$ 976</b>	<b>\$ 2,484</b>	<b>\$ 3,115</b>

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**22. Other income, net**

Other income, net consists of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Interest income	\$ 595	\$ 934	\$ 1,825	\$ 2,640
Dividend income		835	32	2,381
Net gain arising on financial assets designated as FVTPL	1,887		5,570	3
Others, net	1,162	704	2,576	2,652
<b>Total</b>	<b>\$ 3,644</b>	<b>\$ 2,473</b>	<b>\$ 10,003</b>	<b>\$ 7,676</b>

**23. Share-based payments**

The Company has three share-based incentive plans: the 2002 Stock Incentive Plan adopted on July 1, 2002 (which has expired), the 2006 Incentive Award Plan adopted on June 1, 2006, as amended and restated in February 2009, September 2011 and September 2013 (which has expired), and the 2016 Incentive Award Plan effective from September 27, 2016, as amended and restated in September 2018 (collectively referred to as the Plans). All the plans are equity settled. Under the Plans, share-based options and RSUs may be granted to eligible participants. Options and RSUs are generally granted for a term of ten years and have a graded vesting period of up to four years. The Company settles employee share-based options and RSU exercises with newly issued ordinary shares. As at December 31, 2018, the Company had 3,229,367 ordinary shares available for future grants.

Share-based compensation expense during the three and nine months ended December 31, 2018 and 2017 is as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Share-based compensation expense recorded in				
Cost of revenue	\$ 1,249	\$ 972	\$ 3,377	\$ 3,017
Selling and marketing expenses	1,300	650	2,911	2,005
General and administrative expenses	5,182	5,555	17,213	18,484

<b>Total share-based compensation expense</b>	<b>\$ 7,731</b>	<b>\$ 7,177</b>	<b>\$ 23,501</b>	<b>\$ 23,506</b>
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Upon exercise of share options and RSUs, the Company issued 35,364 and 154,902 shares for the three months ended December 31, 2018 and 2017, respectively, and 635,290 and 1,389,419 shares for the nine months ended December 31, 2018 and 2017, respectively.

### **BBBEE program in South Africa**

During the year ended March 31, 2018, the Company's South African subsidiary issued share appreciation rights to certain employees to be settled with the Company's shares. As part of the settlement, the Company granted 32,050 RSUs during the year ended March 31, 2018 and 14,250 RSUs during the nine months ended December 31, 2018, which shall vest on the fourth and third anniversaries, respectively, from the grant date, subject to such grantee's continued employment with the Company through the applicable vesting date. The grant date fair value was estimated using a binomial lattice model.

The total stock compensation expense in relation to these RSUs was \$3,040 to be amortized over the vesting period of four years. The stock compensation expense charged during the three and nine months ended December 31, 2018 was \$190 and \$570, respectively (three and nine months ended December 31, 2017: \$190 and \$357 respectively).

### **RSUs related to Total Shareholder's Return (TSR)**

During the nine months ended December 31, 2018, the Company issued 166,760 RSUs (nine months ended December 31, 2017: 135,630 RSUs) to certain employees, the conditions for the vesting of which are linked to the TSR of the Company in addition to the condition of continued employment with the Company through the applicable vesting period.

The performance of these RSUs shall be assessed based on the TSR of the custom peer group (based on percentile rank) and the industry index (based on outperformance rank). The RSUs granted with the TSR condition, shall vest on the third anniversary of the grant date, subject to the participant's continued employment with the Company through the applicable vesting date and achievement of the specified conditions of stock performance and total shareholder return parameters.

The fair value of these RSUs is determined using Monte-Carlo simulation. The grant date fair value was determined at \$57.20 for the RSUs issued during the nine months ended December 31, 2018 (\$36.52 for the RSUs issued during the nine months ended December 31, 2017).

The total stock compensation expense charged during the three and nine months ended December 31, 2018 was \$764 and \$2,178, respectively (three and nine months ended December 31, 2017: \$373 and \$1,009, respectively) in relation to these RSUs. As at December 31, 2018, there was \$5,896 of unrecognized compensation costs in relation to these RSUs.

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## WNS (HOLDINGS) LIMITED

## NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

**24. Income taxes**

The domestic and foreign source component of profit/ (loss) before income taxes is as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Domestic	\$ (996)	\$ (1,461)	(2,570)	\$ (4,562)
Foreign	37,202	28,639	97,555	74,614
<b>Profit before income taxes</b>	<b>\$ 36,206</b>	<b>\$ 27,178</b>	<b>\$ 94,985</b>	<b>\$ 70,052</b>

The Company's income tax expense consists of the following:

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
<b>Current taxes</b>				
Domestic taxes	\$	\$	\$	\$
Foreign taxes	7,997	6,950	19,968	14,766
	<b>\$ 7,997</b>	<b>\$ 6,950</b>	<b>\$ 19,968</b>	<b>\$ 14,766</b>
<b>Deferred taxes</b>				
Domestic taxes	\$	\$	\$	\$
Foreign taxes	(374)	(6,058)	(744)	(6,622)
	<b>\$ (374)</b>	<b>\$ (6,058)</b>	<b>\$ (744)</b>	<b>\$ (6,622)</b>
	<b>\$ 7,623</b>	<b>\$ 892</b>	<b>\$ 19,224</b>	<b>\$ 8,144</b>

Domestic taxes are nil as there are no statutory taxes applicable in Jersey, Channel Islands at a rate of 0%. Foreign taxes are based on applicable tax rates in each subsidiary's jurisdiction.

Income tax expense / (credit) has been allocated as follows:

	Three months ended December 31,		Three months ended December 31,	
	2018	2017	2018	2017
Income taxes on profit	\$ 7,623	\$ 892	\$ 19,224	\$ 8,144
Income taxes on other comprehensive income/(loss):				
Unrealized gain on cash flow hedging derivatives	5,476	655	1,393	(6,299)
Income taxes recognized in equity:				
Excess tax deductions related to share-based options and RSUs	652	140	705	(583)
<b>Total income taxes</b>	<b>\$ 13,751</b>	<b>\$ 1,687</b>	<b>\$ 21,322</b>	<b>\$ 1,262</b>



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**NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

On July 27, 2017, National Company Law Tribunal in India approved the scheme of amalgamation of Value Edge and WNS Global Services Private Limited ( WNS India ), pursuant to which Value Edge was merged with and into WNS India. The merger resulted in the creation of a tax base of goodwill and certain other identifiable intangible assets in the financial statements of WNS India. WNS India is entitled to claim a tax benefit for amortization of goodwill and intangible assets in its future tax returns. The Company had previously recorded a deferred tax liability for the temporary differences between the tax base of identifiable intangible assets and its carrying amount in the Company's consolidated financial statements upon the acquisition of Value Edge. As a result, the carrying value of such liability as at the effective date of the scheme of amalgamation, amounting to \$1,686, was derecognized during the year ended March 31, 2018.

The Company in fiscal 2012 started operations in delivery centers in Pune, Mumbai and Chennai, India registered under the Special Economic Zone ( SEZ ) scheme. These operations are eligible for a 50% income tax exemption from fiscal 2017 to fiscal 2026. During fiscal 2015, the Company started operations in new delivery centers in Gurgaon and Pune, India registered under the SEZ scheme. These operations are eligible for a 100% income tax exemption until fiscal 2019, and a 50% income tax exemption from fiscal 2020 to fiscal 2029.

During fiscal 2018, the Company started operations in new delivery centers in Pune and Gurgaon, India registered under the SEZ scheme that are eligible for a 100% income tax exemption until fiscal 2022, and a 50% income tax exemption from fiscal 2023 to fiscal 2032. During fiscal 2019, the Company started operations in new delivery centers in Noida and Pune, India registered under the SEZ scheme. These operations are eligible for a 100% income tax exemption until fiscal 2023 and are eligible for a 50% income tax exemption from fiscal 2024 to 2033. The Government of India pursuant to the Indian Finance Act, 2011 has also levied a minimum alternate tax ( MAT ) on the book profits earned by the SEZ units at the prevailing rate, which is currently 21.55%. The Company's operations in Costa Rica are eligible for a 50% income tax exemption from fiscal 2018 to fiscal 2021. From fiscal 2016 until fiscal year 2019, the Company commenced operations in delivery centers in the Philippines which are eligible for various tax exemption benefits expiring between 2020 and 2024. The Government of Sri Lanka has exempted the profits earned from export revenue from tax, which enabled the Company's Sri Lankan subsidiary to claim a tax exemption until fiscal 2018 and to be taxed at 14% on net basis with effect from April 1, 2018.

The Tax Cuts and Jobs Act of 2017 (the 2017 US Tax Reforms ) was enacted on December 22, 2017 with an effective date of January 1, 2018. The reduction in the corporate tax rate from 35% to 21% has an impact on the various current and deferred tax items recorded by the Company's subsidiaries. The Company had recorded a provisional amount of \$5,212 for the effects of the change in law in its financial results for the three months ended December 31, 2017, with the amount to be updated during the measurement period as additional information is obtained, prepared and analyzed. The Company during the three months ended December 31, 2018 has analyzed the impacts of the effects of the change in law on its financial results and has recorded a final one-time tax benefit of \$414, primarily resulting from the adjustments to its deferred tax balances arising from business combinations, share-based compensation, losses and accruals and transition tax, thereby reducing the effective tax rate by 0.3% for the nine months ended December 31, 2018.

From time to time, the Company receives orders of assessment from the Indian tax authorities assessing additional taxable income on the Company and/or its subsidiaries in connection with their review of their tax returns. The Company currently has orders of assessment outstanding for various years through fiscal 2015, which assess additional taxable income that could in the aggregate give rise to an estimated \$44,118 in additional taxes, including interest of \$16,098. These orders of assessment allege that the transfer prices the Company applied to certain of the international transactions between WNS Global and its other wholly-owned subsidiaries were not on arm's length terms, disallow a tax holiday benefit claimed by the Company, deny the set off of brought forward business losses and unabsorbed depreciation and disallow certain expenses claimed as tax deductible by WNS Global. The Company has appealed against these orders of assessment before higher appellate authorities.

In addition, the Company has orders of assessment pertaining to similar issues that have been decided in favor of the Company by appellate authorities, vacating the tax demands of \$42,036 in additional taxes, including interest of \$12,981. The income tax authorities have filed or may file appeals against these orders at higher appellate authorities.

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Uncertain tax positions are reflected at the amount likely to be paid to the taxation authorities. A liability is recognized in connection with each item that is not probable of being sustained on examination by taxing authority. The liability is measured using single best estimate of the most likely outcome for each position taken in the tax return. Thus, the provision would be the aggregate liability in connection with all uncertain tax positions. As at December 31, 2018, the Company has provided a tax reserve of \$11,555 primarily on account of the Indian tax authorities denying the set off of brought forward business losses and unabsorbed depreciation.

As at December 31, 2018, corporate tax returns for years ended March 31, 2016 and onward remain subject to examination by tax authorities in India.

Based on the facts of these cases, the nature of the tax authorities' disallowances and the orders from appellate authorities deciding similar issues in favor of the Company in respect of assessment orders for earlier fiscal years and after consultation with the Company's external tax advisors, the Company believe these orders are unlikely to be sustained at the higher appellate authorities. The Company has deposited \$12,531 of the disputed amounts with the tax authorities and may be required to deposit the remaining portion of the disputed amounts with the tax authorities pending final resolution of the respective matters.

**Others**

On March 21, 2009, the Company received an assessment order from the Indian service tax authority, demanding payment of \$4,989 of service tax and related penalty for the period from March 1, 2003 to January 31, 2005. The assessment order alleges that service tax is payable in India on BPM services provided by the Company to clients based abroad as the export proceeds are repatriated outside India by the Company. In response to the appeal filed by the Company with appellate tribunal against the assessment order in April 2009, the appellate tribunal has remanded the matter back to lower tax authorities to be adjudicated afresh. After consultation with Indian tax advisors, the Company believes this order of assessment is more likely than not to be upheld in favor of the Company. The Company intends to continue to vigorously dispute the assessment.

**25. Earnings per share**

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

	<b>Three months ended December 31,</b>		<b>Nine months ended December 31,</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Numerator:</b>				
Profit after tax	\$ 28,583	\$ 26,286	\$ 75,761	\$ 61,908

Denominator:				
Basic weighted average ordinary shares outstanding	49,950,547	50,238,903	50,182,306	50,397,032
Dilutive impact of equivalent share-based options and RSUs	1,729,230	1,732,016	1,972,188	2,201,016
Diluted weighted average ordinary shares outstanding	51,679,777	51,970,919	52,154,494	52,598,048

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

The Company excluded from the calculation of diluted EPS options and RSUs to purchase 35,625 and 29,875 shares for the three and nine months ended December 31, 2018 and 2017, respectively, because their effect would be anti-dilutive.

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The following is a list of subsidiaries of WNS as at December 31, 2018:

		<b>Place of</b>
<b>Direct subsidiaries</b>	<b>Step subsidiaries</b>	<b>incorporation</b>
WNS Global Services Netherlands Cooperatief U.A.		The Netherlands
	WNS Global Services Philippines Inc.	Philippines
	WNS Global Services (Romania) S.R.L.	Romania
WNS North America Inc.		Delaware, USA
	WNS Business Consulting Services Private Limited	India
	WNS Global Services Inc.	Delaware, USA
	WNS BPO Services Costa Rica, S.R.L	Costa Rica
	Denali Sourcing Services Inc. <sup>(1)</sup>	Delaware, USA
WNS Assistance Limited (previously WNS Workflow Technologies Limited)		United Kingdom
	WNS Assistance (Legal) Limited <sup>(2)</sup>	United Kingdom
	Accidents Happen Assistance Limited	United Kingdom
	WNS Legal Assistance LLP <sup>(3)</sup>	United Kingdom
WNS (Mauritius) Limited		Mauritius
	WNS Capital Investment Limited	Mauritius
	- WNS Customer Solutions (Singapore) Private Limited	Singapore
	-WNS Global Services (Australia) Pty Ltd	Australia
	- WNS New Zealand Limited <sup>(4)</sup>	New Zealand
	-Business Applications Associates Beijing Ltd	China
	WNS Global Services Private Limited <sup>(5)</sup>	India
	- WNS Global Services (UK) Limited <sup>(6)</sup>	United Kingdom
	- WNS Global Services SA (Pty) Limited	South Africa
	- WNS B-BBEE Staff Share Trust <sup>(7)</sup>	South Africa
	- Ucademy (Pty) Limited <sup>(8)</sup>	South Africa
	- WNS SA Domestic (Pty) Limited <sup>(9)</sup>	South Africa
	- MTS HealthHelp Inc. <sup>(10)</sup>	Delaware, USA
	- HealthHelp Holdings LLC <sup>(10)</sup>	Delaware, USA
	- HealthHelp LLC <sup>(10)</sup>	Delaware, USA
	- WNS-HealthHelp Philippines Inc. <sup>(11)</sup>	Philippines

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- Value Edge Inc. <sup>(12)</sup>	Delaware, USA
- Value Edge AG. <sup>(12)</sup>	Switzerland
- Value Edge GmbH <sup>(12)</sup>	Germany
WNS Global Services (Private) Limited	Sri Lanka
WNS Global Services (Dalian) Co. Ltd.	China
WNS Global Services (UK) International Limited <sup>(13)</sup>	United Kingdom
- WNS Global Services North Americas Inc. <sup>(14)</sup>	Delaware, USA

- (1) On January 20, 2017, the Company acquired all outstanding equity shares of Denali Sourcing Services Inc.
- (2) WNS Assistance (Legal) Limited, a wholly owned subsidiary of WNS Assistance Limited, was incorporated on April 20, 2016.
- (3) WNS Legal Assistance LLP is a limited liability partnership, organized under the laws of England and Wales in November 2014. WNS Legal Assistance LLP provides legal services in relation to personal injury claims within the Auto Claims BPM (as defined in Note 27) segment in the UK. During the year ended March 31, 2018, the Company acquired 20% of the equity capital of WNS Legal Assistance LLP from Prettys Solicitors (the non-controlling interest in WNS Legal Assistance LLP) as a consequence of which, WNS Legal Assistance LLP has become a wholly owned subsidiary of WNS Assistance Limited. As at December 31, 2018, WNS Legal Assistance LLP is 98.75% owned by WNS Assistance Limited and 1.25% owned by WNS Assistance (Legal) Limited.
- (4) WNS New Zealand Limited, a wholly owned subsidiary of WNS Global Services (Australia) Pty Ltd, was incorporated on June 13, 2017.
- (5) WNS Global Services Private Limited is held jointly by WNS (Mauritius) Limited and WNS Customer Solutions (Singapore) Private Limited. The percentage of holding of WNS (Mauritius) Limited is 80% and of WNS Customer Solutions (Singapore) Private Limited is 20%.
- (6) WNS Global Services (UK) Limited is jointly held by WNS Global Services Private Limited and WNS (Holdings) Limited. As at December 31, 2018, the percentage of holding of WNS Global Services Private Limited is 71.7% and of WNS (Holdings) Limited is 28.3%.
- (7) The WNS B-BBEE Staff Share Trust (the trust ) was registered on April 26, 2017 in relation to the grant of share appreciation rights by WNS Global Services SA (Pty) Limited. The trust holds 10% of the equity capital of WNS Global Services SA (Pty) Limited and the balance 90% is held by WNS Global Services (UK) Limited.
- (8) Ucademy (Pty) Limited has been incorporated as a subsidiary of WNS Global Services SA (Pty) Limited with effect from June 20, 2016
- (9) WNS SA Domestic (Pty) Limited, a wholly-owned subsidiary of WNS Global Services SA (Pty) Limited, was incorporated on December 19, 2018.
- (10) On March 15, 2017, the Company acquired all ownership interests of MTS HealthHelp Inc. and its subsidiaries, which existed on that date. HealthHelp Holdings LLC is 63.7% owned by MTS HealthHelp Inc. and 36.3% owned by WNS North America Inc.
- (11) WNS-HealthHelp Philippines Inc., a wholly-owned subsidiary of HealthHelp LLC, was incorporated on December 21, 2018.
- (12) On June 14, 2016, the Company acquired all outstanding equity shares of Value Edge Research Services Private Limited. As part of the acquisition, the Company also acquired the three subsidiaries of Value Edge Research Services Private Limited, which existed on that date. Value Edge Research Services Private Limited was merged with and into WNS Global Services Private Limited pursuant to a Scheme of Amalgamation approved by the National Company Law Tribunal on July 27, 2017.
- (13) WNS Global Services (UK) International Limited, a wholly owned subsidiary of WNS (Mauritius) Limited, was incorporated on September 17, 2018.
- (14) WNS Global Services North Americas Inc, a wholly owned subsidiary of WNS Global Services (UK) International Limited, was incorporated on October 4, 2018.



**Table of Contents****WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****(Amounts in thousands, except share and per share data)****27. Operating segments**

The Company has several operating segments based on a mix of industry and the types of services. The composition and organization of these operating segments currently is designed in such a way that the back office shared processes, i.e. the horizontal structure, delivers service to industry specific back office and front office processes i.e. the vertical structure. These structures represent a matrix form of organization structure, accordingly operating segments have been determined based on the core principle of segment reporting in accordance with IFRS 8 Operating segments ( IFRS 8 ). Segment managers are responsible for the performance of the operating segments on a combined vertical structure which includes travel, shipping and logistics services and utilities; retail and consumer products group; banking and financial, healthcare, insurance services including auto claims; and consulting and professional services; and others. The segment managers performance is reviewed by the Group Chief Executive Officer, who has been identified as the Chief Operating Decision Maker ( CODM ). The CODM evaluates the Company s performance and allocates resources based on revenue growth of combined vertical structure.

The Company believes that the business process management services that it provides to customers in industries other than auto claims such as travel, shipping and logistics services; utilities, retail and consumer products group; banking and financial, healthcare and insurance; and others are similar in terms of services, service delivery methods, use of technology, and average long-term gross profit margin and hence meet the aggregation criteria in accordance with IFRS 8. WNS Assistance Limited and Accidents Happen Assistance Limited (which provide automobile repair through a network of third party repair centers), and WNS Assistance (Legal) Limited and WNS Legal Assistance LLP (which provides legal services in relation to personal injury claims), constitute the WNS Auto Claims BPM, the performance of which is evaluated by the CODM separately. WNS Auto Claims BPM segment does not meet the aggregation criteria in accordance with IFRS 8. Accordingly, the Company has determined that it has two reportable segments WNS Global BPM and WNS Auto Claims BPM.

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



Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

The segment results for the three months ended December 31, 2018 are as follows:

	Three months ended December 31, 2018			Total
	WNS Global BPM	WNS Auto Claims BPM	Inter segments*	
<b>Revenue from external customers</b>	\$ 190,983	\$ 8,763	\$	\$ 199,746
Segment revenue	\$ 191,005	\$ 8,763	\$ (22)	\$ 199,746
Payments to repair centers		3,888		3,888
<b>Revenue less repair payments (non-GAAP)</b>	191,005	4,875	(22)	195,858
Depreciation	5,203	49		5,252
Other costs	140,671	4,907	(22)	145,556
<b>Segment operating profit/(loss)</b>	45,131	(81)		45,050
Other income, net	(3,155)	(489)		(3,644)
Finance expense, net	812			812
<b>Segment profit before income taxes</b>	47,474	408		47,882
Income tax expense	7,582	41		7,623
<b>Segment profit</b>	39,892	367		40,259
Amortization of intangible assets				3,945
Share-based compensation expense				7,731
<b>Profit after tax</b>				\$ 28,583
Addition to non-current assets	\$ 3,557	\$ 618	\$	\$ 4,175
<b>Total assets, net of elimination</b>	<b>627,067</b>	<b>120,435</b>		<b>747,502</b>
<b>Total liabilities, net of elimination</b>	<b>\$ 158,369</b>	<b>\$ 80,214</b>	<b>\$</b>	<b>\$ 238,583</b>

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

The segment results for the three months ended December 31, 2017 are as follows:

**Three months ended December 31, 2017**

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	<b>WNS Global BPM</b>	<b>WNS Auto Claims BPM</b>	<b>Inter segments*</b>	<b>Total</b>
<b>Revenue from external customers</b>	\$ 180,600	\$ 7,998	\$	\$ 188,598
Segment revenue	\$ 180,604	\$ 7,998	\$ (4)	\$ 188,598
Payments to repair centers		3,436		3,436
<b>Revenue less repair payments (non-GAAP)</b>	180,604	4,562	(4)	185,162
Depreciation	4,865	69		4,934
Other costs	139,095	4,352	(4)	143,443
<b>Segment operating profit</b>	36,644	141		36,785
Other income, net	(2,337)	(136)		(2,473)
Finance expense, net	976			976
<b>Segment profit before income taxes</b>	38,005	277		38,282
Income tax expense	869	23		892
<b>Segment profit</b>	37,136	254		37,390
Amortization of intangible assets				3,927
Share-based compensation expense				7,177
<b>Profit after tax</b>				\$ 26,286
Addition to non-current assets	\$ 7,221	\$ 36	\$	\$ 7,257
Total assets, net of elimination	618,437	122,202		740,639
Total liabilities, net of elimination	\$ 189,624	\$ 80,085	\$	\$ 269,709

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

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

The segment results for the nine months ended December 31, 2018 are as follows:

	<b>Nine months ended December 31, 2018</b>			
	<b>WNS Global BPM</b>	<b>WNS Auto Claims BPM</b>	<b>Inter segments*</b>	<b>Total</b>
<b>Revenue from external customers</b>	\$ 570,931	\$ 27,707	\$	\$ 598,638
Segment revenue	\$ 570,994	\$ 27,707	\$ (63)	\$ 598,638
Payments to repair centers		11,279		11,279
<b>Revenue less repair payments (non-GAAP)</b>	570,994	16,428	(63)	587,359
Depreciation	15,183	163		15,346
Other costs	433,339	15,903	(63)	449,179
<b>Segment operating profit</b>	122,472	362		122,834
Other income, net	(9,033)	(970)		(10,003)
Finance expense	2,484			2,484
<b>Segment profit before income taxes</b>	129,021	1,332		130,353
Income tax expense	19,093	131		19,224
<b>Segment profit</b>	109,928	1,201		111,129
Amortization of intangible assets				11,867
Share-based compensation expense				23,501
<b>Profit after tax</b>				\$ 75,761
Addition to non-current assets	\$ 20,476	\$ 1,046	\$	\$ 21,522
<b>Total assets, net of elimination</b>	<b>627,067</b>	<b>120,435</b>		<b>747,502</b>
<b>Total liabilities, net of elimination</b>	<b>\$ 158,369</b>	<b>\$ 80,214</b>	<b>\$</b>	<b>\$ 238,583</b>

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

The segment results for the nine months ended December 31, 2017 are as follows:

**Nine months ended December 31, 2017**

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	<b>WNS Global BPM</b>	<b>WNS Auto Claims BPM</b>	<b>Inter segments*</b>	<b>Total</b>
<b>Revenue from external customers</b>	\$ 529,122	\$ 26,124	\$	\$ 555,246
Segment revenue	\$ 529,163	\$ 26,124	\$ (41)	\$ 555,246
Payments to repair centers		12,480		12,480
<b>Revenue less repair payments (non-GAAP)</b>	529,163	13,644	(41)	542,766
Depreciation	14,705	205		14,910
Other costs	414,510	12,844	(41)	427,313
<b>Segment operating profit</b>	99,948	595		100,543
Other income, net	(6,879)	(797)		(7,676)
Finance expense	3,115			3,115
<b>Segment profit before income taxes</b>	103,712	1,392		105,104
Income tax expense	7,959	185		8,144
<b>Segment profit</b>	95,753	1,207		96,960
Amortization of intangible assets				11,546
Share-based compensation expense				23,506
<b>Profit after tax</b>				\$ 61,908
Addition to non-current assets	\$ 23,912	\$ 231	\$	\$ 24,143
Total assets, net of elimination	618,437	122,202		740,639
Total liabilities, net of elimination	\$ 189,624	\$ 80,085	\$	\$ 269,709

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

Table of Contents**WNS (HOLDINGS) LIMITED****NOTES TO UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

**External revenue**

Revenues from the geographic segments are based on the domicile of the customer. The Company's external revenue by geographic area is as follows:

	Three months ended December 31,		Nine months ended December 31,	
	2018	2017	2018	2017
Jersey, Channel Islands	\$	\$	\$	\$
North America (primarily the US)	81,559	76,814	244,981	225,516
UK	62,576	60,650	192,734	190,658
Australia	20,866	19,475	58,329	49,833
Europe (excluding UK)	13,908	13,100	38,291	34,688
South Africa	8,921	10,378	29,661	31,682
Rest of the world	11,916	8,181	34,642	22,869
<b>Total</b>	<b>\$ 199,746</b>	<b>\$ 188,598</b>	<b>\$ 598,638</b>	<b>\$ 555,246</b>

**28. Commitment and contingencies***Operating leases*

The Company has entered into various non-cancelable operating lease agreements for certain delivery centers and offices with original lease periods expiring between 2019 and 2028 that are renewable on a periodic basis at the option of the lessor and the lessee and include rent escalation clauses. The details of future minimum lease payments under non-cancelable operating leases as at December 31, 2018 are as follows:

<b>Tenure</b>	<b>Operating leases</b>
Less than 1 year	\$ 28,410
1-3 years	50,659
3-5 years	36,749
More than 5 years	28,434
<b>Total minimum lease payments</b>	<b>\$ 144,252</b>

Rental expenses charged to the consolidated income statement were \$8,825 and \$8,370 for the three months ended December 31, 2018 and 2017, respectively and \$26,803 and \$24,779 for the nine months ended December 31, 2018 and 2017, respectively.

***Capital commitments***

As at December 31, 2018 and March 31, 2018, the Company had committed to spend approximately \$6,030 and \$5,762, respectively, under agreements to purchase property and equipment. These amounts are net of capital advances paid in respect of these purchases.

***Bank guarantees and others***

Certain subsidiaries of the Company hold bank guarantees aggregating \$1,343 and \$2,579 as at December 31, 2018 and March 31, 2018, respectively. These guarantees have a remaining expiry term ranging from one to five years.

Restricted time deposits placed with bankers as security for guarantees given by them to regulatory authorities aggregating \$563 and \$575 as at December 31, 2018 and March 31, 2018, respectively, are included in other assets. These deposits represent cash collateral against bank guarantees issued by the banks on behalf of the Company to third parties.

***Contingencies***

In the ordinary course of business, the Company is involved in lawsuits, claims and administrative proceedings. While uncertainties are inherent in the final outcome of these matters, the Company believes, after consultation with counsel, that the disposition of these proceedings will not have a material adverse effect on the Company's financial position, results of operations or cash flows.

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

*You should read the following discussion in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this report. We urge you to carefully review and consider the various disclosures made by us in this report and in our other SEC filings, including our annual report on Form 20-F for our fiscal year ended March 31, 2018. Some of the statements in the following discussion are forward-looking statements. See Special note regarding forward-looking statements.*

**Overview**