WNS (HOLDINGS) LTD
Form 20-F
May 02, 2013

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 20-F

o	**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x	**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2013

OR

o	**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

OR

o	**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

Commission file number 001-32945

WNS (Holdings) Limited

(Exact name of Registrant as specified in its charter)

Not Applicable
(Translation of Registrant s name into English)

Jersey, Channel Islands
(Jurisdiction of incorporation or organization)

Gate 4, Godrej & Boyce Complex

Pirojshanagar, Vikhroli(W)

Mumbai 400 079, India

(91-22) 4095-2100
(Address and Telephone number of principal executive offices)

Deepak Sogani

Group Chief Financial Officer

Gate 4, Godrej & Boyce Complex

Pirojshanagar, Vikhroli(W)

Mumbai 400 079, India

(91-22) 4095-2100

deepak.sogani@wns.com
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
American Depositary Shares, each represented by one Ordinary Share, par value 10 pence per share	The New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

As at March 31, 2013, 50,588,044 ordinary shares, par value 10 pence per share, were issued and outstanding, of which 49,947,822 ordinary shares were held in the form of American Depositary Shares, or ADSs. Each ADS represents one ordinary share.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

x Yes o No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

o Yes x No

Note Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

o Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer x	Non-accelerated filer o

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP o	International Financial Reporting Standards as issued by the International Accounting Standards Board x	Other o

If Other has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: o Item 17 o Item 18

If this report is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes x No

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WNS (HOLDINGS) LIMITED

Ex-4.5 Addendum to Lease Deed dated July 23, 2012 between Sri Divi Satya Mohan, Sri Attaluri Praveen and Sri Divi Satya Sayee Babu, on the one hand, and WNS Global Services Private Limited and WNS Business Consulting Services Private Limited, on the other hand.

Ex-4.6 Contract of Lease dated September 27, 2012 between Megaworld Corporation and WNS Global Services Philippines, Inc. with respect to lease of office premises.

Ex-4.12 Sale and Purchase Agreement dated June 21, 2012, between BFSL Limited, and BGL Group Limited, on the one hand, and WNS Global Services (UK) Limited and WNS (Holdings) Limited, on the other hand.

Ex-4.13 Co-existence Agreement dated June 21, 2012 among BFSL Limited, BGL Group Limited, Fusion Outsourcing Services Proprietary Limited, WNS Global Services (UK) Limited and WNS (Holdings) Limited.

Ex-4.14 Agreement for the Novation of Loan relating to Fusion Outsourcing Services Proprietary Limited dated June 21, 2012 among Fusion Outsourcing Services Proprietary Limited, BFSL Limited and WNS Global Services (UK) Limited.

Ex-8.1 List of subsidiaries of WNS (Holdings) Limited

Ex-12.1 Certification by the Chief Executive Officer to 17 CFR 240, 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Ex-12.2 Certification by the Chief Financial Officer to 17 CFR 240, 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Ex-13.1 Certification by the Chief Executive Officer to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Ex-13.2 Certification by the Chief Financial Officer to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Ex-15.1 Consent of Grant Thornton, independent registered public accounting firm

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CONVENTIONS USED IN THIS ANNUAL REPORT

In this annual report, references to US are to the United States of America, its territories and its possessions. References to UK are to the United Kingdom. References to India are to the Republic of India. References to China are to the People s Republic of China. References to South Africa are to the Republic of South Africa. References to $ or dollars or US dollars are to the legal currency of the US, references to rupees or Indian rupees are to the legal currency of India, references to pound sterling or £ are to the legal currency of the UK, references to pence are to the legal currency of Jersey, Channel Islands and references to Euro are to the legal currency of the European Monetary Union. Our financial statements are presented in US dollars. Prior to April 1, 2011, we prepared our financial statements in accordance with US generally accepted accounting principles, or US GAAP. With effect from April 1, 2011, we adopted the International Financial Reporting Standards and its interpretations, or IFRS , as issued by the International Accounting Standards Board, or the IASB . Our financial statements included in this annual report are prepared in accordance with IFRS, as issued by the IASB. Unless otherwise indicated, references to GAAP in this annual report are to IFRS, as issued by the IASB.

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

In this annual 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, we, our and us refer to WNS (Holdings) Limited and its subsidiaries.

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

We also refer in various places within this annual 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 (1) for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients and (2) for non fault repair cases with respect to one client (whose contract with us has been terminated with effect from April 18, 2012) as more fully explained in Part I Item 5. Operating and Financial Review and Prospects Overview. 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.

We also refer to information regarding the business process outsourcing, or BPO, industry, our company and our competitors from market research reports, analyst reports and other publicly available sources. Although we believe that this information is reliable, we have not independently verified the accuracy and completeness of the information. We caution you not to place undue reliance on this data.

This annual report also includes information regarding the business process outsourcing market from (1) the *Worldwide Offshore Key Horizontal BPO Services 2012-2016 Forecast* report dated November 2012 and the *Worldwide and U.S. Business Process Outsourcing Services 2012-2016 Forecast* report dated May 2012 by International Data Corporation, or IDC (which we refer to herein collectively as the IDC 2012 Reports), and (2) the *Quarterly Industry Review* report dated December 2012 by the National Association of Software and Services Companies, or NASSCOM, an industry association in India (which we refer to herein as the NASSCOM 2013 Report). The information contained in the IDC 2012 Reports and the NASSCOM 2013 Report represent data, research opinions or viewpoints published by IDC and by NASSCOM, respectively, and are not representations of fact. Each of the IDC 2012 Reports and the NASSCOM 2013 Report speaks as of its original publication date (and not as of the date of this annual report) and the opinions expressed in such reports are subject to change without notice.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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- worldwide economic and business conditions;
- political or economic instability in the jurisdictions where we have operations;
- regulatory, legislative and judicial developments;
- our ability to attract and retain clients;
- technological innovation;
- telecommunications or technology disruptions;
- future regulatory actions and conditions in our operating areas;
- our dependence on a limited number of clients in a limited number of industries;
- our ability to expand our business or effectively manage growth;
- our ability to hire and retain enough sufficiently trained employees to support our operations;
- negative public reaction in the US or the UK to offshore outsourcing;
- the effects of our different pricing strategies or those of our competitors;
- increasing competition in the business process outsourcing industry;

- our ability to successfully grow our revenue, expand our service offerings and market share and achieve accretive benefits from our acquisition of (1) Fusion Outsourcing Services (Proprietary) Limited, or Fusion (which we have renamed as WNS Global Services SA (Pty) Ltd following our acquisition) or (2) Aviva Global Services Singapore Pte. Ltd., or Aviva Global (which we have renamed as WNS Customer Solutions (Singapore) Private Limited, or WNS Global Singapore, following our acquisition) and our master services agreement with Aviva Global Services (Management Services) Private Limited, or Aviva MS, as described below;

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

- our ability to successfully consummate and integrate strategic acquisitions; and

- volatility of our ADS price.

These and other factors are more fully discussed in Part I Item 3. Key Information D. Risk Factors, Part I Item 5. Operating and Financial Review and Prospects and elsewhere in this annual report. 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.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. Selected Financial Data

Our consolidated financial statements as at and for the years ended March 31, 2013, March 31, 2012 and March 31, 2011 included in this annual report have been prepared in conformity with IFRS, as issued by the IASB. Our consolidated financial statements as at and for the year ended March 31, 2011 were originally prepared in accordance with US GAAP and were restated in accordance with IFRS for comparative purpose only.

The following selected financial data should be read in conjunction with Part I Item 5. Operating and Financial Review and Prospects and our consolidated financial statements included elsewhere in this annual report.

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The following selected consolidated statement of income data for fiscal 2013, 2012 and 2011 and selected consolidated statement of financial position data as at March 31, 2013 and March 31, 2012 have been derived from our audited consolidated financial statements included elsewhere in this annual report. The selected consolidated statement of financial position data as at March 31, 2011 have been derived from our audited consolidated financial statements which are not included in this annual report.

	For the year ended March 31,		
	2013	2012	2011
	(US dollars in millions, except share and per share data)		
Consolidated Statement of Income Data:			
Revenue(1)	$ 460.3	$ 474.1	$ 616.3
Cost of revenue(1)(2)	311.0	340.9	490.0
Gross profit	149.3	133.2	126.2
Operating expenses:			
Selling and marketing expenses(2)	30.2	26.3	23.5
General and administrative expenses(2)	57.1	51.3	56.4
Foreign exchange loss (gains), net	5.5	(1.9)	(15.1)
Amortization of intangible assets	26.4	29.5	31.8
Operating profit	30.1	28.0	29.7
Other income, net	(4.8)	(0.0)	(1.1)
Finance expense	3.6	4.0	11.4
Profit before income taxes	31.3	24.0	19.4
Provision for income taxes	9.9	11.5	1.5
Profit	$ 21.4	$ 12.5	$ 17.9
Earnings per share of ordinary share:			
Basic	$ 0.43	$ 0.28	$ 0.40
Diluted	$ 0.41	$ 0.27	$ 0.40
Basic weighted average ordinary shares outstanding	50,309,140	45,261,411	44,260,713
Diluted weighted average ordinary shares outstanding	51,711,532	46,504,282	45,232,413

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	As at March 31,		
	2013	2012	2011
		(US dollars in millions)	
Consolidated Statement of Financial Position Data:			
Assets			
Cash and cash equivalents	$ 27.9	$ 46.7	$ 27.1
Investments	46.5	26.4	0.0
Trade receivable including unbilled revenue, net	90.0	102.3	109.4
Other current assets(3)	39.5	50.2	44.9
Total current assets	**203.8**	**225.6**	**181.5**
Goodwill and intangible assets, net	179.2	201.8	250.1
Property and equipment, net	48.4	45.4	47.2
Deferred tax assets(4)	41.6	43.8	33.7
Investments	43.2	0.0	0.0
Other non-current assets(5)	18.6	8.4	10.3
Total non-current assets	**331.1**	**299.5**	**341.3**
Total assets	**534.9**	**525.2**	**522.7**
Liabilities and equity			
Current portion of long term debt	7.7	26.0	49.4
Trade payables(4)	29.3	47.9	44.3
Other current liabilities(6)	145.4	114.3	102.7
Total current liabilities	**182.4**	**188.2**	**196.4**
Long term debt	33.7	36.7	42.9
Other non-current liabilities(7)	18.2	16.6	19.0
Total non-current liabilities	**51.9**	**53.3**	**61.9**
Share capital (ordinary shares $0.16 (10 pence) par value, authorized 60,000,000 shares, issued: 50,588,044, 50,078,881 and 44,443,726 shares each as at March 31, 2013, March 31, 2012 and March 31, 2011 respectively)	7.9	7.8	7.0
Share premium	269.3	263.5	211.4
Other shareholders equity(4) (8)	23.4	12.3	46.1
Total shareholders equity	**300.6**	**283.7**	**264.4**
Total liabilities and equity	$ **534.9**	$ **525.2**	$ **522.7**

The following table sets forth for the periods indicated selected consolidated financial data, non-GAAP financial data and operating data:

	For the year ended March 31,		
	2013	2012	2011
		(US dollars in millions, except percentages and employee data)	
Other Consolidated Financial Data:			
Revenue	$ 460.3	$ 474.1	$ 616.3
Gross profit as a percentage of revenue	32.4%	28.1%	20.5%
Operating income as a percentage of revenue	6.5%	5.9%	4.8%
Non-GAAP Financial Data:			
Revenue less repair payments(9)	$ 436.1	$ 395.1	$ 369.4
Gross profit as a percentage of revenue less repair payments	34.2%	33.7%	34.2%
Operating income as a percentage of revenue less repair payments	6.9%	7.1%	8.0%
Operating Data:			
Number of employees (at year end)	25,520	23,874	21,523

Notes:

(1) During fiscal 2012, we re-negotiated contracts with certain of our clients and repair centers in the auto claims business, whereby the primary responsibility for providing the services is borne by the repair centers instead of us and the credit risk that the client may not pay for the services is no longer borne by us. As a result of these changes, we are no longer considered to be the principal in providing the services. Accordingly, we no longer account for the amount received from these clients for payments to repair centers and the payments made to repair centers for cases referred by these clients as revenue and cost of revenue, respectively, resulting in lower revenue and cost of revenue. The contract re-negotiation process is ongoing and aimed at simplifying our accounting requirements.

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(2) Includes the following share-based compensation amounts:

	For the year ended March 31,		
	2013	2012	2011
		(US dollars in millions)	
Cost of revenue	$ 1.0	$ 1.0	$ 0.7
Selling and marketing expenses	$ 0.4	$ 0.4	$ 0.2
General and administrative expenses	$ 3.9	$ 3.9	$ 2.3

(3) Consists of funds held for clients, derivative assets and prepayments and other current assets.

(4) During the quarter ended March 31, 2013, the trade payables balance as at March 31, 2012 and 2011 have been revised to reflect an increase by $0.6 million, the deferred tax assets balance as at March 31, 2012 and 2011 have been revised to reflect an increase by $0.1 million and retained earnings as at March 31, 2012 and 2011 have been revised to reflect a decrease by $0.4 million, as discussed in note 2 (y) to our consolidated financial statements included elsewhere in this annual report.

(5) Consists of non-current portion of derivative assets and other non-current assets.

(6) Consists of provisions and accrued expenses, derivative liabilities, pension and other employee obligations, short term line of credit, deferred revenue, current taxes payable and other liabilities.

(7) Consists of non-current portion of derivatives liabilities, pension and other employee obligations, deferred revenue, deferred tax liabilities and other non-current liabilities.

(8) Consists of retained earnings and other components of equity.

(9) Revenue less repair payments is a non-GAAP financial measure which is calculated as (a) revenue less (b) in our auto claims business, payments to repair centers (1) for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients and (2) for non fault repair cases with respect to one client (whose contract with us has been terminated with effect from April 18, 2012) as discussed below in Part I Item 5. Operating and Financial Review and Prospects Overview and notes to our consolidated financial statements included elsewhere in this annual report. The following table reconciles our revenue (a GAAP financial measure) to revenue less repair payments (a non-GAAP financial measure) for the indicated periods:

	For the year ended March 31,		
	2013	2012	2011
		(US dollars in millions)	
Revenue (GAAP)	$ 460.3	$ 474.1	$ 616.3
Less: Payments to repair centers(a)	24.1	79.1	246.9
Revenue less repair payments (non-GAAP)	$ 436.1	$ 395.1	$ 369.4

Note:

(a) Consists of payments to repair centers in our auto claims business (1) for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients and (2) for non fault repair cases with respect to one client as discussed below.

We have two reportable segments for financial statement reporting purposes WNS Global BPO and WNS Auto Claims BPO. In our WNS Auto Claims BPO segment, we provide both fault and non fault repairs. For fault repairs, we provide claims handling and repair management services, where we arrange for automobile repairs through a network of third party repair centers. In our repair management services, where we act as the principal in our dealings with the third party repair centers and our clients, the amounts which we invoice to our clients for payments made by us to third party repair centers are reported as revenue. Where we are not the principal in providing the services, we record revenue from repair services net of repair cost. Since we wholly subcontract the repairs to the repair centers, we evaluate the financial performance of our fault repair business based on revenue less repair payments to third party repair centers, which is a non-GAAP financial measure. We believe that revenue less repair payments for fault repairs reflects more accurately the value addition of the business process outsourcing services that we directly provide to our clients.

For our non fault repairs business, we generally provide a consolidated suite of accident management services including credit hire and credit repair, and we believe that measurement of such business on a basis that includes repair payments in revenue is appropriate. Revenue including repair payments is therefore used as a primary measure to allocate resources and measure operating performance for accident management services provided in our non fault repairs business. For one client in our non fault repairs business (whose contract with us has been terminated with effect from April 18, 2012), we provide only repair management services where we wholly subcontract the repairs to the repair centers (similar to our fault repairs). Accordingly, we evaluate the financial performance of our business with this client in a manner similar to how we evaluate our financial performance for our fault repairs business, that is, based on revenue less repair payments. Our non fault repairs business where we provide accident management services accounts for a relatively small portion of our revenue for our WNS Auto Claims BPO segment.

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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. We believe that the presentation of this non-GAAP financial measure in this annual report provides useful information for investors regarding the financial performance of our business and our two reportable segments. Our revenue less repair payments may not be comparable to similarly titled measures reported by other companies due to potential differences in the method of calculation.

B. Capitalization and Indebtedness

Not Applicable.

C. Reason for the Offer and the Use of Proceeds

Not Applicable.

D. Risk Factors

This annual report contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including those described in the following risk factors and elsewhere in this annual report. If any of the following risks actually occur, our business, financial condition and results of operations could suffer and the trading price of our ADSs could decline.

Risks Related to Our Business

The global economic conditions have been challenging and have had, and may continue to have, an adverse effect on the financial markets and the economy in general, which has had, and may continue to have, a material adverse effect on our business, our financial performance and the prices of our equity shares and ADSs.

Global economic conditions have been, and continue to be, challenging as certain adverse financial developments have caused a significant slowdown in the growth of the European, US and international financial markets, accompanied by a significant reduction in consumer and business spending worldwide. These adverse financial developments have included increased market volatility, tightening of liquidity in credit markets and diminished expectations for the global economy. Many key indicators of sustainable economic growth remain under pressure. Ongoing concerns over the pace of economic recovery in the US and its substantial debt burden, the ongoing European sovereign debt and economic crisis, the ability of certain countries to remain in the Eurozone, as well as concerns of slower economic growth in China and India, have contributed to increased volatility and diminished expectations for the European, US and global economies. The financial turmoil in Europe continues to be a threat to global capital markets and remains a challenge to global financial stability. If Greece, Ireland, Italy, Portugal and Spain or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. Even though the immediate negative impact on the US economy that could have resulted from a combination of certain tax increases and government budget cuts that were scheduled to become effective at the end of 2012 (commonly referred to as the fiscal cliff) were averted by the passing of the American Taxpayer Relief Act 2012 on January 1, 2013 and the suspension of the US debt ceiling through mid-May 2013, there continue to be concerns over the failure to achieve agreement on a long-term solution to the issues on government spending and its consequential impact on the increasing US national debt and rising debt ceiling, and its negative impact on the US economy. Further, there continue to be signs of economic weakness such as relatively high levels of unemployment in major markets including Europe and the US. Continuing conflicts and recent developments in North Korea, the Middle East, including Egypt, and Africa, may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets.

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

Furthermore, a weakening of the rate of exchange for the US dollar or the pound sterling (in which our revenue is principally denominated) against the Indian rupee (in which a significant portion of our costs are denominated) also adversely affects our results. Fluctuations between the pound sterling or the Indian rupee and the US dollar also expose us to translation risk when transactions denominated in pound sterling or Indian rupees are translated to US dollars, our reporting currency. For example, the pound sterling depreciated by 0.9% against the US dollar in fiscal 2013 as compared to the average exchange rate in fiscal 2012, and appreciated by 2.5% in fiscal 2012 as compared to the average exchange rate in fiscal 2011. Similarly, the Indian rupee depreciated by 13.5% against the US dollar in fiscal 2013 as compared to the average exchange rate in fiscal 2012, and depreciated by 5.2% in fiscal 2012 as compared to the average exchange rate in fiscal 2011.

Uncertainty about current global economic conditions could also continue to increase the volatility of our share price. We cannot predict the timing or duration of an economic slowdown or the timing or strength of a subsequent economic recovery generally or in our targeted industries, including the travel and insurance industry. If macroeconomic conditions worsen or the current global economic condition continues for a prolonged period of time, we are not able to predict the impact such worsening conditions will have on our targeted industries in general, and our results of operations specifically.

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A few major clients account for a significant portion of our revenue and any loss of business from these clients could reduce our revenue and significantly harm our business.

We have derived and believe that we will continue to derive in the near term a significant portion of our revenue from a limited number of large clients. In fiscal 2013 and 2012, our five largest clients accounted for 35.9% and 41.4% of our revenue and 37.9% and 40.5% of our revenue less repair payments, respectively. In fiscal 2013 and 2012, our three largest clients accounted for 30.8% and 34.1% of our revenue and 32.5% and 33.7% of our revenue less repair payments, respectively. In fiscal 2013, our largest client, Aviva International Holdings Limited, or Aviva, individually accounted for 16.9% and 17.8% of our revenue and revenue less repair payments, respectively, as compared to 17.3% and 20.7% in fiscal 2012, respectively. Any loss of business from any major client could reduce our revenue and significantly harm our business.

For example, in early 2012, as a result of concerns that the UK Competition Commission may ban the payment of referral fees by accident management companies to claims management companies and insurance companies in the provision of credit hire replacement vehicles and third-party vehicle repairs, one of our largest auto claims clients by revenue contribution in fiscal 2012 terminated its contract with us with effect from April 18, 2012. This client accounted for 10.4% and 7.5% of our revenue and 1.3% and 1.9% of our revenue less repair payments in fiscal 2012 and 2011, respectively. For more information, see Recent concerns over increases in car insurance premiums have led to investigations by the UK competition authority on whether any market practice, such as the payment of referral fees to accident management companies and insurance companies of non-fault drivers, restricts or distorts competition in connection with the provision of motor insurance, and also to the recent introduction of new laws banning the payment of referral fees for claims involving personal injury, which could have a material adverse effect on our non-fault repairs business in our auto claims business.

Our prior contracts with one of our major clients, Aviva, provided Aviva Global, which was Aviva s business process offshoring subsidiary, options to require us to transfer the relevant projects and operations of our facilities at Sri Lanka and Pune, India to Aviva Global. On January 1, 2007, Aviva Global exercised its call option requiring us to transfer the Sri Lanka facility to Aviva Global effective July 2, 2007. Effective July 2, 2007, we transferred the Sri Lanka facility to Aviva Global and we lost the revenue generated by the Sri Lanka facility. For the period from April 1, 2007 through July 2, 2007, the Sri Lanka facility contributed $2.0 million of revenue and in fiscal 2007, it accounted for 1.9% of our revenue and 3.0% of our revenue less repair payments. We may, in the future, enter into contracts with other clients with similar call options that may result in the loss of revenue that may have a material impact on our business, results of operations, financial condition and cash flows, particularly during the quarter in which the option takes effect.

We have, through our acquisition of Aviva Global in July 2008, resumed control of the Sri Lanka facility and we have continued to retain ownership of the Pune facility. Revenue from Aviva under our master services agreement with Aviva MS, or Aviva master services agreement, accounts for a significant portion of our revenue and we expect our dependence on Aviva to continue for the foreseeable future. The terms of the Aviva master services agreement provides for a committed amount of volume. However, notwithstanding the minimum volume commitment, there are also termination at will provisions which permit Aviva to terminate the agreement without cause with 180 days notice upon payment of a termination fee. These termination provisions dilute the impact of the minimum volume commitment.

In addition, the volume of work performed for specific clients is likely to vary from year to year, particularly since we may not be the exclusive outside service provider for our clients. Thus, a major client in one year may not provide the same level of revenue in any subsequent year. The loss of some or all of the business of any large client could have a material adverse effect on our business, results of operations, financial condition and cash flows. A number of factors other than our performance could cause the loss of or reduction in business or revenue from a client, and these factors are not predictable. For example, a client may demand price reductions, change its outsourcing strategy or move work in-house. A client may also be acquired by a company with a different outsourcing strategy that intends to switch to another business process outsourcing service provider or return work in-house.

Our revenue is highly dependent on clients concentrated in a few industries, as well as clients located primarily in Europe and the US. Economic slowdowns or factors that affect these industries or the economic environment in Europe or the US could reduce our revenue and seriously harm our business.

A substantial portion of our clients are concentrated in the insurance industry and the travel and leisure industry. In fiscal 2013 and 2012, 35.5% and 44.7% of our revenue, respectively, and 31.9% and 33.6% of our revenue less repair payments, respectively, were derived from clients in the insurance industry. During the same periods, clients in the travel and leisure industry contributed 20.5% and 18.8% of our revenue, respectively, and 21.5% and 22.6% of our revenue less repair payments, respectively. Our business and growth largely depend on continued demand for our services from clients in these industries and other industries that we may target in the future, as well as on trends in these industries to outsource business processes. Global economic conditions have been, and continue to be, challenging as certain adverse financial developments have caused a significant slowdown in the growth of the European, US and international financial markets, accompanied by a significant reduction in consumer and business spending worldwide. These adverse financial developments have included increased market volatility, tightening of liquidity in credit markets and diminished expectations for the global economy. Many key indicators of sustainable economic growth remain under pressure.

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Ongoing concerns over the pace of economic recovery in the US and its substantial debt burden, the ongoing European sovereign debt and economic crisis, the ability of certain countries to remain in the Eurozone, as well as concerns of slower economic growth in China and India, have contributed to increased volatility and diminished expectations for the European, US and global economies. The financial turmoil in Europe continues to be a threat to global capital markets and remains a challenge to global financial stability. If Greece, Ireland, Italy, Portugal and Spain or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. Even though the immediate negative impact on the US economy that could have resulted from a combination of certain tax increases and government budget cuts that were scheduled to become effective at the end of 2012 (commonly referred to as the fiscal cliff) were averted by the passing of the American Taxpayer Relief Act 2012 on January 1, 2013 and the suspension of the US debt ceiling through mid-May 2013, there continue to be concerns over the failure to achieve agreement on a long-term solution to the issues on government spending and its consequential impact on the increasing US national debt and rising debt ceiling, and its negative impact on the US economy. Further, there continue to be signs of economic weakness such as relatively high levels of unemployment in major markets including Europe and the US. Continuing conflicts and recent developments in North Korea, the Middle East, including Egypt, and Africa, may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets. Certain of our targeted industries are especially vulnerable to crises in the financial and credit markets and potential economic downturns. A downturn in any of our targeted industries, particularly the insurance or travel and leisure industries, a slowdown or reversal of the trend to outsource business processes in any of these industries or the introduction of regulation which restricts or discourages companies from outsourcing could result in a decrease in the demand for our services and adversely affect our results of operations. For example, as a result of the mortgage market crisis, in August 2007, FMFC, a US mortgage services client, filed a voluntary petition for relief under Chapter 11 of the US Bankruptcy Code. FMFC was a major client of Trinity Partners Inc. which we acquired in November 2005 from the First Magnus Group and became one of our major clients. In fiscal 2008 and 2007, First Magnus Financial Corporation, or FMFC accounted for 1.0% and 4.3% of our revenue, respectively, and 1.4% and 6.8% of our revenue less repair payments, respectively.

Further, the downturn in worldwide economic and business conditions has resulted in a few of our clients reducing or postponing their outsourced business requirements, which in turn has decreased the demand for our services and adversely affected our results of operations. In particular, our revenue is highly dependent on the economic environments in Europe and the US, which continue to show signs of economic weakness, such as relatively high levels of unemployment. In fiscal 2013 and 2012, 53.3% and 61.2% of our revenue, respectively, and 50.6% and 53.4% of our revenue less repair payments, respectively, were derived from clients located in the UK. During the same periods, 30.5% and 30.5% of our revenue, respectively, and 32.2% and 36.6% of our revenue less repair payments, respectively, were derived from clients located in North America (primarily the US). Further, during the same periods, 5.9% and 5.6% of our revenue, respectively, and 6.3% and 6.7% of our revenue less repair payments, respectively, were derived from clients in the rest of Europe. Any further weakening of the European or US economy will likely have a further adverse impact on our revenue.

Other developments may also lead to a decline in the demand for our services in these industries. Significant changes in the financial services industry or any of the other industries on which we focus, or a consolidation in any of these industries or acquisitions, particularly involving our clients, may decrease the potential number of buyers of our services. Any significant reduction in or the elimination of the use of the services we provide within any of these industries would result in reduced revenue and harm our business. Our clients may experience rapid changes in their prospects, substantial price competition and pressure on their profitability. Although such pressures can encourage outsourcing as a cost reduction measure, they may also result in increasing pressure on us from clients in these key industries to lower our prices which could negatively affect our business, results of operations, financial condition and cash flows.

We may fail to attract and retain enough sufficiently trained employees to support our operations, as competition for highly skilled personnel is significant and we experience significant employee attrition. These factors could have a material adverse effect on our business, results of operations, financial condition and cash flows.

The business process outsourcing industry relies on large numbers of skilled employees, and our success depends to a significant extent on our ability to attract, hire, train and retain qualified employees. The business process outsourcing industry, including our company, experiences high employee attrition. During fiscal 2013, 2012 and 2011, the attrition rate for our employees who have completed six months of employment with us was 35%, 38% and 43%, respectively. While our attrition rate for our employees who have completed six months of employment with us improved to 35% in fiscal 2013, we cannot assure you that our attrition rate will not increase. There is significant competition in the jurisdictions where our operation centers are located, including India, the Philippines and Sri Lanka, for professionals with the skills necessary to perform the services we offer to our clients. Increased competition for these professionals, in the business process outsourcing industry or otherwise, could have an adverse effect on us. A significant increase in the attrition rate among employees with specialized skills could decrease our operating efficiency and productivity and could lead to a decline in demand for our services.

In addition, our ability to maintain and renew existing engagements and obtain new business will depend largely on our ability to attract, train and retain personnel with skills that enable us to keep pace with growing demands for outsourcing, evolving industry standards and changing client preferences. Our failure either to attract, train and retain personnel with the qualifications necessary to fulfill the needs of our existing and future clients or to assimilate new employees successfully could have a material adverse effect on our business, results of operations, financial condition and cash flows.

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If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent or detect fraud. As a result, current and potential investors could lose confidence in our financial reporting, which could harm our business and have an adverse effect on our ADS price.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports. The effective internal controls together with adequate disclosure controls and procedures are designed to prevent or detect fraud. Deficiencies in our internal controls may adversely affect our management s ability to record, process, summarize, and report financial data on a timely basis. As a public company, we are required by Section 404 of the Sarbanes-Oxley Act of 2002 to include a report of management s assessment on our internal control over financial reporting and an auditor s attestation report on our internal control over financial reporting in our annual report on Form 20-F.

Although management concluded that our company s disclosure controls and procedures and internal control over financial reporting were effective as at March 31, 2013 and 2012, it is possible that, in the future, material weaknesses could be identified in our internal controls over financial reporting and we could be required to further implement remedial measures. If we fail to maintain effective disclosure controls and procedures or internal control over financial reporting, we could lose investor confidence in the accuracy and completeness of our financial reports, which could have a material adverse effect on our ADS price.

Any changes in accounting standards can be difficult to predict and can materially impact how we report our financial results.

We have adopted IFRS, as issued by the IASB, with effect from April 1, 2011. From time to time, the IASB changes its standards that govern the preparation of our financial statements. For example, the IASB has proposed amendments to its standards that govern hedge accounting, and these amendments, if adopted as proposed, would significantly change the way option contracts are accounted for. There is no assurance that the amendments will be adopted as proposed or at all or on the timing of any such amendments. Changes in accounting standards are difficult to anticipate and can significantly impact our reported financial condition and the results of our operations.

We may be unable to effectively manage our growth and maintain effective internal controls, which could have a material adverse effect on our operations, results of operations and financial condition.

Since we were founded in April 1996, and especially since Warburg Pincus acquired a controlling stake in our company in May 2002, we have experienced growth and significantly expanded our operations. Our employees have increased to 25,520 as at March 31, 2013 from 15,084 as at March 31, 2007. In January 2008, we established a new delivery center in Romania, which we expanded in fiscal 2011. Our subsidiary, WNS Philippines Inc., established a delivery center in the Philippines in April 2008, which it expanded in fiscal 2010. Additionally, in fiscal 2010, we established a new delivery center in Costa Rica and streamlined our operations by consolidating our production capacities in various delivery centers in Bangalore, Mumbai and Pune. In fiscal 2013 we opened new facilities in Poland and Vishakhapatnam, or Vizag. We also expect our delivery center in South Carolina, US to be fully operational in fiscal 2014. We now have delivery centers across 9 countries in Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, the UK and the US, including a subcontractor s delivery center in China. Further, in February 2011, we received in-principle approval for the allotment of a piece of land on lease for a term of 99 years, measuring 5 acres in Tiruchirapalli Navalpattu, special economic zone, or SEZ, in the state of Tamil Nadu, India from Electronics Corporation of Tamil Nadu Limited (ELCOT) for setting up delivery centers in future. We intend to further expand our global delivery capability, and we are exploring plans to do so in Asia Pacific and Latin America.

We have also completed numerous acquisitions. For example, in June 2012, we acquired Fusion, a leading BPO provider based in South Africa. Fusion provides a range of outsourcing services, including contact center, customer care and business continuity services, to both South African and international clients. With operations in Cape Town and Johannesburg, Fusion employed approximately 1,500 people as at June 30, 2012, which increased to 2,169 people as at March 31, 2013. In July 2008, we entered into a transaction with Aviva consisting of (1) a share sale and purchase agreement pursuant to which we acquired from Aviva all the shares of Aviva Global and (2) the Aviva master services agreement with Aviva MS pursuant to which we are providing BPO services to Aviva s UK business and Aviva s Irish subsidiary, Hibernian Aviva Direct Limited, and certain of its affiliates. Aviva Global was the business process offshoring subsidiary of Aviva. Through our acquisition of Aviva Global, we also added three facilities in Bangalore, Chennai and Sri Lanka in July 2008, and one facility in Pune in August 2008.

This growth places significant demands on our management and operational resources. In order to manage growth effectively, we must implement and improve operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, we may not be able to service our clients needs, hire and retain new employees, pursue new business, complete future acquisitions or operate our business effectively. Failure to effectively transfer new client business to our delivery centers, properly budget transfer costs or accurately estimate operational costs associated with new contracts could result in delays in executing client contracts, trigger service level penalties or cause our profit margins not to meet our expectations or our historical profit margins. As a result of any of these problems associated with expansion, our business, results of operations, financial condition and cash flows could be materially and adversely affected.

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We may face difficulties as we expand our operations to establish delivery centers in onshore locations in the US and offshore in countries in which we have limited or no prior operating experience.

In June 2012, we acquired Fusion, a leading BPO provider with two delivery centers in South Africa. In May 2012, we announced our plans to establish a new delivery center in South Carolina in the US, which will be our first delivery center in North America. We expect this new delivery center to be fully operational in fiscal 2014. We intend to continue to expand our global footprint in order to maintain an appropriate cost structure and meet our clients delivery needs. We plan to establish additional onshore delivery centers in the US and offshore delivery centers in Africa, the Asia Pacific and Latin America, which may involve expanding into countries other than those in which we currently operate. We have limited prior experience in operating onshore delivery centers in the US. Our expansion plans may also involve expanding into less developed countries, which may have less political, social or economic stability and less developed infrastructure and legal systems. As we expand our business into new countries we may encounter regulatory, personnel, technological and other difficulties that increase our expenses or delay our ability to start up our operations or become profitable in such countries. This may affect our relationships with our clients and could have an adverse effect on our business, results of operations, financial condition and cash flows.

Our loan agreements impose operating and financial restrictions on us and our subsidiaries.

Our loan agreements contain a number of covenants and other provisions that, among other things, impose operating and financial restrictions on us and our subsidiaries. These restrictions could put a strain on our financial position. For example:

- they may increase our vulnerability to general adverse economic and industry conditions;
- they may require us to dedicate a substantial portion of our cash flow from operations to payments on our loans, thereby reducing the availability of our cash flow to fund capital expenditure, working capital and other general corporate purposes;
- they may require us to seek lenders consent prior to paying dividends on our ordinary shares;
- they may limit our ability to incur additional borrowings or raise additional financing through equity or debt instruments;
- they impose certain financial covenants on us that we may not be able to meet, which may cause the lenders to accelerate the repayment of the balance loan outstanding; and
- a reduction in revenue by more than 10% in two succeeding quarters due to a change in the largest shareholder of the company may also constitute an event of default under certain of our loan agreements.

Further, the restrictions contained in our loan agreements could limit our ability to plan for or react to market conditions, meet capital needs or make acquisitions or otherwise restrict our activities or business plans. Our ability to comply with the covenants of our loan agreements may be affected by events beyond our control, and any material deviations from our forecasts could require us to seek waivers or amendments of covenants or alternative sources of financing or to reduce expenditures. We cannot assure you that such waivers, amendments or alternative financing could be obtained, or if obtained, would be on terms acceptable to us.

To service our indebtedness and other potential liquidity requirements, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control and we may need to access the credit market to meet our liquidity requirements.

Our ability to make payments on our loans and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a large extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. Furthermore, given that the uncertainty over global economic conditions remains, there can be no assurance that our business activity will be maintained at our expected level to generate the anticipated cash flows from operations or that our credit facilities would be available or sufficient. If global economic uncertainties continue, we may experience a decrease in demand for our services, resulting in our cash flows from operations being lower than anticipated. This may in turn result in our need to obtain additional financing.

If we cannot service our loan agreements, we may have to take actions such as seeking additional equity or reducing or delaying capital expenditures, strategic acquisitions and investments. We cannot assure you that any such actions, if necessary, could be effected on commercially reasonable terms or at all.

The international nature of our business exposes us to several risks, such as significant currency fluctuations and unexpected changes in the regulatory requirements of multiple jurisdictions.

We have operations in Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, the UK and the US, and we service clients across Asia, Europe, and North America. Our corporate structure also spans multiple jurisdictions, with our parent holding company incorporated in Jersey, Channel Islands, and intermediate and operating subsidiaries incorporated in Australia, Costa Rica, India, Mauritius, the Netherlands, the Philippines, Romania, South Africa, Singapore, Sri Lanka, the United Arab Emirates, the UK and the US. As a result, we are exposed to risks typically associated with conducting business internationally, many of which are beyond our control. These risks include:

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- significant currency fluctuations between the US dollar and the pound sterling (in which our revenue is principally denominated) and the Indian rupee (in which a significant portion of our costs are denominated);
- legal uncertainty owing to the overlap of different legal regimes, and problems in asserting contractual or other rights across international borders;
- potentially adverse tax consequences, such as scrutiny of transfer pricing arrangements by authorities in the countries in which we operate;
- potential tariffs and other trade barriers;
- unexpected changes in regulatory requirements;
- the burden and expense of complying with the laws and regulations of various jurisdictions; and
- terrorist attacks and other acts of violence or war.

The occurrence of any of these events could have a material adverse effect on our results of operations and financial condition.

Currency fluctuations among the Indian rupee, the pound sterling and the US dollar could have a material adverse effect on our results of operations.

Although substantially all of our revenue is denominated in pound sterling or US dollars, a significant portion of our expenses (other than payments to repair centers, which are primarily denominated in pound sterling) are incurred and paid in Indian rupees. We report our financial results in US dollars and our results of operations would be adversely affected if the Indian rupee appreciates against the US dollar or the pound sterling depreciates against the US dollar. The exchange rates between the Indian rupee and the US dollar and between the pound sterling and the US dollar have changed substantially in recent years and may fluctuate substantially in the future.

The average Indian rupee/US dollar exchange rate was approximately 54.38 per $1.00 in fiscal 2013, which represented a depreciation of the Indian rupee of 13.5% as compared with the average exchange rate of approximately 47.93 per $1.00 in fiscal 2012, which in turn represented a depreciation of the Indian rupee of 5.2% as compared with the average exchange rate of approximately 45.57 per $1.00 in fiscal 2011. The average pound sterling/US dollar exchange rate was approximately £0.63 per $1.00 in fiscal 2013, which represented a depreciation of the pound sterling of 0.9% as compared with the average exchange rate of approximately £0.63 per $1.00 in fiscal 2012, which in turn represented an appreciation of the pound sterling of 2.5% as compared with the average exchange rate of approximately £0.64 per $1.00 in fiscal 2011.

Our results of operations may be adversely affected if the Indian rupee appreciates significantly against the pound sterling or the US dollar or if the pound sterling depreciates against the US dollar. We hedge a portion of our foreign currency exposures using options and forward contracts. We cannot assure you that our hedging strategy will be successful or will mitigate our exposure to currency risk.

Recent concerns over increases in car insurance premiums have led to investigations by the UK competition authority on whether any market practice, such as the payment of referral fees to accident management companies and insurance companies of non-fault drivers, restricts or distorts competition in connection with the provision of motor insurance, and also to the recent introduction of new laws banning

the payment of referral fees for claims involving personal injury, which could have a material adverse effect on our non-fault repairs business in our auto claims business.

A number of aspects of the motor insurance sector are currently under review in the UK. The UK Office of Fair Trading, or the OFT, has conducted a market study of the UK private motor insurance market to investigate increases in car insurance premiums over the past two years. The study focused on the provision of repairs and replacement vehicles to drivers involved in road traffic accidents which were not their fault (or non-fault drivers). The OFT has provisionally decided that there are reasonable grounds to suspect that credit hire replacement vehicle arrangements and third-party vehicle repair arrangements for non-fault drivers are two factors that may be driving up insurance premiums. The OFT s market study has provisionally found that the practice of the payment of referral fees by accident management companies to claims management companies and insurance companies in the arrangements for the provision of credit hire replacement vehicles and third-party vehicle repairs to non-fault drivers appear to be inflating the cost of insurance claims. As a result, the OFT has provisionally decided to refer the matter to the UK Competition Commission for a more detailed investigation. The UK Competition Commission has the power to impose remedies or recommend legislative changes that could include a ban on the payment of referral fees in such arrangements.

In May 2012, the UK Legal Aid, Sentencing and Punishment of Offenders Act 2012, or the LASPO Act, was adopted. The provisions of the LASPO Act that prohibit the payment and receipt of referral fees by regulated professionals, such as solicitors, barristers, claims management companies and insurers, for claims involving personal injury, came into force in April 2013. The implementation of the ban on referral fees for claims involving personal injury cases pursuant to the LASPO Act is expected to have, and any other similar bans or restrictions imposed in future would likely have, a material adverse effect on the business of clients that are dependent on such referral fees. In turn, this would likely result in a loss of all or a material portion of the accident management services that we provide these clients in our non-fault repairs business. One of our largest auto claims clients by revenue contribution in fiscal 2012 that generates significant revenues through referral fees has terminated its contract with us with effect from April 18, 2012. This client accounted for 10.4% and 7.5% of our revenue and 1.3% and 1.9% of our revenue less repair payments in fiscal 2012 and 2011, respectively. We may lose some or all of the business from other clients that may be adversely affected by a ban on such referral fees.

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Our business may not develop in ways that we currently anticipate due to negative public reaction to offshore outsourcing, proposed legislation or otherwise.

We have based our strategy of future growth on certain assumptions regarding our industry, services and future demand in the market for such services. However, the trend to outsource business processes may not continue and could reverse. Offshore outsourcing is a politically sensitive topic in the UK, the US and elsewhere. For example, many organizations and public figures in the UK and the US have publicly expressed concern about a perceived association between offshore outsourcing providers and the loss of jobs in their home countries.

Such concerns have led to proposed measures in the US that are aimed at limiting or restricting outsourcing. There is also legislation that has been enacted or is pending at the state level in the US, with regard to limiting outsourcing. The measures that have been enacted to date are generally directed at restricting the ability of government agencies to outsource work to offshore business service providers. These measures have not had a significant effect on our business because governmental agencies are not a focus of our operations. However, some legislative proposals would, for example, require call centers to disclose their geographic locations, require notice to individuals whose personal information is disclosed to non-US affiliates or subcontractors, require disclosures of companies foreign outsourcing practices, or restrict US private sector companies that have federal government contracts, federal grants or guaranteed loan programs from outsourcing their services to offshore service providers. Such legislation could have an adverse impact on the economics of outsourcing for private companies in the US, which could in turn have an adverse impact on our business with US clients.

Such concerns have also led the UK and other European Union, or EU, jurisdictions to enact regulations which allow employees who are dismissed as a result of transfer of services, which may include outsourcing to non-UK or EU companies, to seek compensation either from the company from which they were dismissed or from the company to which the work was transferred. This could discourage EU companies from outsourcing work offshore and/or could result in increased operating costs for us.

In addition, there has been publicity about the negative experiences, such as theft and misappropriation of sensitive client data, of various companies that use offshore outsourcing, particularly in India.

Current or prospective clients may elect to perform such services themselves or may be discouraged from transferring these services from onshore to offshore providers to avoid negative perceptions that may be associated with using an offshore provider. Any slowdown or reversal of existing industry trends towards offshore outsourcing would seriously harm our ability to compete effectively with competitors that operate out of facilities located in the UK or the US.

Our executive and senior management team and other key team members in our business units are critical to our continued success and the loss of such personnel could harm our business.

Our future success substantially depends on the performance of the members of our executive and senior management team and other key team members in each of our business units. These personnel possess technical and business capabilities including domain expertise that are difficult to replace. There is intense competition for experienced senior management and personnel with technical and industry expertise in the business process outsourcing industry, and we may not be able to retain our key personnel due to various reasons, including the compensation philosophy followed by our company as described in Part I Item 6. Directors, Senior Management and Employees Compensation. Although we have entered into employment contracts with our executive officers, certain terms of those agreements may not be enforceable and in any event these agreements do not ensure the continued service of these executive officers. In the event of a loss of any key personnel, there is no assurance that we will be able to find suitable replacements for our key personnel within a reasonable time. The loss of key members of our senior management or other key team members, particularly to competitors, could have a material adverse effect on our business, results of operations, financial condition and cash flows. A loss of several members of our senior management at the same time or within a short period may lead to a disruption in the business of our company, which could materially adversely affect our performance.

Wage increases may prevent us from sustaining our competitive advantage and may reduce our profit margin.

Salaries and related benefits of our operations staff and other employees in India are among our most significant costs. Wage costs in India have historically been significantly lower than wage costs in the US and Europe for comparably skilled professionals, which has been one of our competitive advantages. However, rapid economic growth in India, increased demand for business process outsourcing to India, and increased competition for skilled employees in India may reduce this competitive advantage. In addition, if the US dollar or the pound sterling declines in value against the Indian rupee, wages in the US or the UK will further decrease relative to wages in India, which may further reduce our competitive advantage. We may need to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting the quantity and quality of employees that our business requires. Wage increases may reduce our profit margins and have a material adverse effect on our financial condition and cash flows.

Further, following our acquisitions of Aviva Global, Business Applications Associates Limited, or BizAps, and Chang Limited, our operations in the UK have expanded and our wage costs for employees located in the UK now represent a larger proportion of our total wage costs. Wage increases in the UK may therefore also reduce our profit margins and have a material adverse effect on our financial condition and cash flows.

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Our operating results may differ from period to period, which may make it difficult for us to prepare accurate internal financial forecasts and respond in a timely manner to offset such period to period fluctuations.

Our operating results may differ significantly from period to period due to factors such as client losses, variations in the volume of business from clients resulting from changes in our clients operations, the business decisions of our clients regarding the use of our services, delays or difficulties in expanding our operational facilities and infrastructure, changes to our pricing structure or that of our competitors, inaccurate estimates of resources and time required to complete ongoing projects, currency fluctuations and seasonal changes in the operations of our clients. For example, our clients in the travel and leisure industry experience seasonal changes in their operations in connection with the US summer holiday season, as well as episodic factors such as adverse weather conditions. Transaction volumes can be impacted by market conditions affecting the travel and insurance industries, including natural disasters, outbreak of infectious diseases or other serious public health concerns in Asia or elsewhere (such as the outbreak of the Influenza A (H7N9) virus in various parts of the world) and terrorist attacks. In addition, our contracts do not generally commit our clients to providing us with a specific volume of business.

In addition, the long sales cycle for our services, which typically ranges from three to 12 months, and the internal budget and approval processes of our prospective clients make it difficult to predict the timing of new client engagements. Commencement of work and ramping up of volume of work with certain new and existing clients have been slower than we had expected. Revenue is recognized upon actual provision of services and when the criteria for recognition are achieved. Accordingly, the financial benefit of gaining a new client may be delayed due to delays in the implementation of our services. These factors may make it difficult for us to prepare accurate internal financial forecasts or replace anticipated revenue that we do not receive as a result of those delays. Due to the above factors, it is possible that in some future quarters our operating results may be significantly below the expectations of the public market, analysts and investors.

Employee strikes and other labor-related disruptions may adversely affect our operations.

Our business depends on a large number of employees executing client operations. Strikes or labor disputes with our employees at our delivery centers may adversely affect our ability to conduct business. Our employees are not unionized, although they may in the future form unions. We cannot assure you that there will not be any strike, lock out or material labor dispute in the future. Work interruptions or stoppages could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Failure to adhere to the regulations that govern our business could result in us being unable to effectively perform our services. Failure to adhere to regulations that govern our clients businesses could result in breaches of contract with our clients.

Our clients business operations are subject to certain rules and regulations such as the Gramm-Leach-Bliley Act, the Health Insurance Portability and Accountability Act and Health Information Technology for Economic and Clinical Health Act in the US and the Financial Services Act in the UK. Our clients may contractually require that we perform our services in a manner that would enable them to comply with such rules and regulations. Failure to perform our services in such a manner could result in breaches of contract with our clients and, in some limited circumstances, civil fines and criminal penalties for us. In addition, we are required under various Indian laws to obtain and maintain permits and licenses for the conduct of our business. If we fail to comply with any applicable rules or regulations, or if we do not maintain our licenses or other qualifications to provide our services, we may not be able to provide services to existing clients or be able to attract new clients and could lose revenue, which could have a material adverse effect on our business.

Our clients may terminate contracts before completion or choose not to renew contracts which could adversely affect our business and reduce our revenue.

The terms of our client contracts typically range from three to eight years. Many of our client contracts can be terminated by our clients with or without cause, with three to six months notice and, in most cases, without penalty. The termination of a substantial percentage of these contracts could adversely affect our business and reduce our revenue. Contracts that will expire on or before March 31, 2014 (including work orders/statement of works that will expire on or before March 31, 2014 although the related master services agreement has been renewed) represented approximately 22.8% of our revenue and 20.3% of our revenue less repair payments from our clients in fiscal 2013. Failure to meet contractual requirements could result in cancellation or non-renewal of a contract. Some of our contracts may be terminated by the client if certain of our key personnel working on the client project leave our employment and we are unable to find suitable replacements. In addition, a contract termination or significant reduction in work assigned to us by a major client could cause us to experience a higher than expected number of unassigned employees, which would increase our cost of revenue as a percentage of revenue until we are able to reduce or reallocate our headcount. We may not be able to replace any client that elects to terminate or not renew its contract with us, which would adversely affect our business and revenue. For example, one of our largest auto claims clients by revenue contribution in fiscal 2012 has terminated its contract with us with effect from April 18, 2012. This client accounted for 10.4% and 7.5% of our revenue and 1.3% and 1.9% of our revenue less repair payments in fiscal 2012 and 2011, respectively. For more information, see Recent concerns over increases in car insurance premiums have led to investigations by the UK competition authority on whether any market practice, such as the payment of referral fees to accident management companies and insurance companies of non-fault drivers, restricts or distorts competition in connection with the provision of motor insurance, and also to the introduction of new laws banning the payment of referral fees for claims involving personal injury, which could have a material adverse effect on our non-fault repairs business in our auto claims business.

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Some of our client contracts contain provisions which, if triggered, could result in lower future revenue and have an adverse effect on our business.

In many of our client contracts, we agree to include certain provisions which provide for downward revision of our prices under certain circumstances. For example, certain contracts allow a client in certain limited circumstances to request a benchmark study comparing our pricing and performance with that of an agreed list of other service providers for comparable services. Based on the results of the study and depending on the reasons for any unfavorable variance, we may be required to make improvements in the service we provide or to reduce the pricing for services to be performed under the remaining term of the contract. Some of our contracts also provide that, during the term of the contract and for a certain period thereafter ranging from six to twelve months, we may not provide similar services to certain or any of their competitors using the same personnel. These restrictions may hamper our ability to compete for and provide services to other clients in the same industry, which may result in lower future revenue and profitability.

Some of our contracts specify that if a change in control of our company occurs during the term of the contract, the client has the right to terminate the contract. These provisions may result in our contracts being terminated if there is such a change in control, resulting in a potential loss of revenue. Some of our client contracts also contain provisions that would require us to pay penalties to our clients if we do not meet pre-agreed service level requirements. Failure to meet these requirements could result in the payment of significant penalties by us to our clients which in turn could have an adverse effect on our business, results of operations, financial condition and cash flows.

If our pricing structures do not accurately anticipate the cost and complexity of performing our work, our profitability may be negatively affected.

The terms of our client contracts typically range from three to eight years. In many of our contracts, we commit to long-term pricing with our clients, and we negotiate pricing terms with our clients utilizing a range of pricing structures and conditions. Depending on the particular contract, these include input-based pricing (such as full-time equivalent-based pricing arrangements), fixed-price arrangements, output-based pricing (such as transaction-based pricing), outcome-based pricing, and contracts with features of all these pricing models. Our pricing is highly dependent on our internal forecasts and predictions about our projects and the marketplace, which are largely based on limited data and could turn out to be inaccurate. If we do not accurately estimate the costs and timing for completing projects, our contracts could prove unprofitable for us or yield lower profit margins than anticipated. Some of our client contracts do not allow us to terminate the contracts except in the case of non-payment by our client. If any contract turns out to be economically non-viable for us, we may still be liable to continue to provide services under the contract.

We intend to focus on increasing our service offerings that are based on non-linear pricing models (such as fixed-price and outcome-based pricing models) that allow us to price our services based on the value we deliver to our clients rather than the headcount deployed to deliver the services to them. Non-linear revenues may be subject to short term pressure on margins as initiatives in developing the products and services take time to deliver. The risk of entering into non-linear pricing arrangements is that if we fail to properly estimate the appropriate pricing for a project, we may incur lower profits or losses as a result of being unable to execute projects with the amount of labor we expected or at a margin sufficient to recover our initial investments in our solutions. While non-linear pricing models are expected to result in higher revenue productivity per employee and improved margins, they also mean that we bear the risk of cost overruns, wage inflation, fluctuations in currency exchange rates and failure to achieve clients business objectives in connection with these projects. Although we use our internally developed methodologies and processes and past project experience to reduce the risks associated with estimating, planning and performing transaction-based pricing, fixed-price and outcome-based pricing projects, if we fail to estimate accurately the resources required for a project, future wage inflation rates or currency exchange rates, or if we fail to meet defined performance goals or objectives, our profitability may suffer.

We have recently entered into a subcontracting arrangement for the delivery of services in China. We have in the past and may in the future enter into subcontracting arrangements for the delivery of services in jurisdictions where we do not have delivery centers. We could face greater risk when pricing our outsourcing contracts, as our outsourcing projects typically entail the coordination of operations and workforces with our subcontractor, and utilizing workforces with different skill sets and competencies. Furthermore, when outsourcing work we assume responsibility for our subcontractors performance. Our pricing, cost and profit margin estimates on outsourced work may include anticipated long-term cost savings from transformational and other initiatives that we expect to achieve and sustain over the life of the outsourcing contract. There is a risk that we will under price our contracts, fail to accurately estimate the costs of performing the work or fail to accurately assess the risks associated with potential contracts. In particular, any increased or unexpected costs, delays or failures to achieve anticipated cost savings, or unexpected risks we encounter in connection with the performance of this work, including those caused by factors outside our control, could make these contracts less profitable or unprofitable, which could have an adverse effect on our profit margin.

Our profitability will suffer if we are not able to maintain our pricing and asset utilization levels and control our costs.

Our profit margin, and therefore our profitability, is largely a function of our asset utilization and the rates we are able to recover for our services. An important component of our asset utilization is our seat utilization rate, which is the average number of work shifts per day, out of a maximum of three, for which we are able to utilize our work stations, or seats. During fiscal 2013 and 2012, we incurred significant expenditures to increase our number of seats by establishing additional delivery centers or expanding production capacities in our existing delivery centers. If we are not able to maintain the pricing for our services or an appropriate seat utilization rate, without corresponding cost reductions, our profitability will suffer. The rates we are able to recover for our services are affected by a number of factors, including our clients perceptions of our ability to add value through our services, competition, introduction of new services or products by us or our competitors, our ability to accurately estimate, attain and sustain revenue from client contracts, margins and cash flows over increasingly longer contract periods and general economic and political conditions.

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Our profitability is also a function of our ability to control our costs and improve our efficiency. As we increase the number of our employees and execute our strategies for growth, we may not be able to manage the significantly larger and more geographically diverse workforce that may result, which could adversely affect our ability to control our costs or improve our efficiency. Further, because there is no certainty that our business will ramp up at the rate that we anticipate, we may incur expenses for the increased capacity for a significant period of time without a corresponding growth in our revenues. Commencement of work and ramping up of volume of work with certain new and existing clients have been slower than we had expected. If our revenue does not grow at our expected rate, we may not be able to maintain or improve our profitability.

We face competition from onshore and offshore business process outsourcing companies and from information technology companies that also offer business process outsourcing services. Our clients may also choose to run their business processes themselves, either in their home countries or through captive units located offshore.

The market for outsourcing services is very competitive and we expect competition to intensify and increase from a number of sources. We believe that the principal competitive factors in our markets are price, service quality, sales and marketing skills, and industry expertise. We face significant competition from our clients own in-house groups including, in some cases, in-house departments operating offshore or captive units. Clients who currently outsource a significant proportion of their business processes or information technology services to vendors in India may, for various reasons, including diversifying geographic risk, seek to reduce their dependence on any one country. We also face competition from onshore and offshore business process outsourcing and information technology services companies. In addition, the trend toward offshore outsourcing, international expansion by foreign and domestic competitors and continuing technological changes will result in new and different competitors entering our markets. These competitors may include entrants from the communications, software and data networking industries or entrants in geographic locations with lower costs than those in which we operate.

Some of these existing and future competitors have greater financial, human and other resources, longer operating histories, greater technological expertise, more recognizable brand names and more established relationships in the industries that we currently serve or may serve in the future. In addition, some of our competitors may enter into strategic or commercial relationships among themselves or with larger, more established companies in order to increase their ability to address client needs, or enter into similar arrangements with potential clients. Increased competition, our inability to compete successfully against competitors, pricing pressures or loss of market share could result in reduced operating margins which could harm our business, results of operations, financial condition and cash flows.

We have incurred losses in the past. We may not be profitable in the future.

We incurred losses in each of the three fiscal years from fiscal 2003 through fiscal 2005. We expect our selling, general and administrative expenses to increase in future periods. If our revenue does not grow at a faster rate than these expected increases in our expenses, or if our operating expenses are higher than we anticipate, we may not be profitable and we may incur losses.

If we cause disruptions to our clients businesses, provide inadequate service or are in breach of our representations or obligations, our clients may have claims for substantial damages against us. Our insurance coverage may be inadequate to cover these claims and, as a result, our profits may be substantially reduced.

Most of our contracts with clients contain service level and performance requirements, including requirements relating to the quality of our services and the timing and quality of responses to the client s customer inquiries. In some cases, the quality of services that we provide is measured by quality assurance ratings and surveys which are based in part on the results of direct monitoring by our clients of interactions between our employees and our client s customers. Failure to consistently meet service requirements of a client or errors made by our associates in the course of delivering services to our clients could disrupt the client s business and result in a reduction in revenue or a claim for substantial damages against us. For example, some of our agreements stipulate standards of service that, if not met by us, will result in lower payment to us. In addition, in connection with acquiring new business from a client or entering into client contracts, our employees may make various representations, including representations relating to the quality of our services, abilities of our associates and our project management techniques. A failure or inability to meet a contractual requirement or our representations could seriously damage our reputation and affect our ability to attract new business or result in a claim for substantial damages against us.

Our dependence on our offshore delivery centers requires us to maintain active data and voice communications between our main delivery centers in Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, the UK and the US, our subcontractor s delivery center in China, our international technology hubs in the UK and the US and our clients offices. Although we maintain redundant facilities and communications links, disruptions could result from, among other things, technical and electricity breakdowns, computer glitches and viruses and adverse weather conditions. Any significant failure of our equipment or systems, or any major disruption to basic infrastructure like power and telecommunications in the locations in which we operate, could impede our ability to provide services to our clients, have a negative impact on our reputation, cause us to lose clients, reduce our revenue and harm our business.

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Under our contracts with our clients, our liability for breach of our obligations is generally limited to actual damages suffered by the client and capped at a portion of the fees paid or payable to us under the relevant contract. Although our contracts contain limitations on liability, such limitations may be unenforceable or otherwise may not protect us from liability for damages. In addition, certain liabilities, such as claims of third parties for which we may be required to indemnify our clients, are generally not limited under those agreements. Further, although we have professional indemnity insurance coverage, the coverage may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims and our insurers may disclaim coverage as to any future claims. The successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have a material adverse effect on our business, reputation, results of operations, financial condition and cash flows.

We are liable to our clients for damages caused by unauthorized disclosure of sensitive or confidential information, whether through a breach or circumvention of our or our clients computer systems and processes, through our employees or otherwise.

We are typically required to manage, utilize and store sensitive or confidential client data in connection with the services we provide. Under the terms of our client contracts, we are required to keep such information strictly confidential. Our client contracts do not include any limitation on our liability to them with respect to breaches of our obligation to maintain confidentiality on the information we receive from them. Although we seek to implement measures to protect sensitive and confidential client data, there can be no assurance that we would be able to prevent breaches of security. Further, some of our projects require us to conduct business functions and computer operations using our clients systems over which we do not have control and which may not be compliant with industry security standards. In addition, some of the client designed processes that we are contractually required to follow for delivering services to them and which we are unable to unilaterally change, could be designed in a manner that allows for control weaknesses to exist and be exploited. Any vulnerability in a client s system or client designed process, if exploited, could result in breaches of security or unauthorized transactions and result in a claim for substantial damages against us. If any person, including any of our employees, penetrates our or our clients network security or otherwise mismanages or misappropriates sensitive or confidential client data, we could be subject to significant liability and lawsuits from our clients or their customers for breaching contractual confidentiality provisions or privacy laws. Although we have insurance coverage for mismanagement or misappropriation of such information by our employees, that coverage may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims against us, and our insurers may disclaim coverage as to any future claims. Penetration of the network security of our or our clients data centers or computer systems or unauthorized use or disclosure of sensitive or confidential client data, whether through breach of our or our clients computer systems, systems failure, loss or theft of assets containing confidential information or otherwise, could also have a negative impact on our reputation which would harm our business.

Fraud and significant security breaches in our or our clients computer systems and network infrastructure could adversely impact our business

Our business is dependent on the secure and reliable operation of our information systems, including those used to operate and manage our business and our clients information systems, whether operated by our clients themselves or by us in connection with our provision of services to them. Although we take adequate measures to safeguard against system-related and other fraud, there can be no assurance that we would be able to prevent fraud or even detect them on a timely basis, particularly where it relates to our clients information systems which are not managed by us. For example, we have identified incidences where our employees have allegedly exploited weaknesses in information systems as well as processes in order to misappropriate confidential client data and used such confidential data to record fraudulent transactions and have recently received communication from a client seeking, among others, an indemnity for any losses incurred by them on such a matter relating to their processes performed by us. We are generally required to indemnify our clients from third party claims arising out of such fraudulent transactions and our client contracts generally do not include any limitation on our liability to our clients losses arising from fraudulent activities by our employees. Accordingly, we may have significant liability arising from such fraudulent transactions which may materially affect our business and financial results. Although we have professional indemnity insurance coverage for losses arising from fraudulent activities by our employees, that coverage may not continue to be available on reasonable terms or in sufficient amounts to cover one or more large claims against us, and our insurers may also disclaim coverage as to any future claims. We may also suffer reputational harm as a result of fraud committed by our employees, or by our perceived inability to properly manage fraud related risks, which could in turn lead to enhanced regulatory oversight and scrutiny.

Our expansion into new markets may create additional challenges with respect to managing the risk of fraud due to the increased geographical dispersion and use of intermediaries. Our business also requires the appropriate and secure utilization of client and other sensitive information. We cannot be certain that advances in criminal capabilities (including cyber attacks or cyber intrusions over the internet, malware, computer viruses and the like), discovery of new vulnerabilities or attempts to exploit existing vulnerabilities in our or our clients systems, other data thefts, physical system or network break-ins or inappropriate access, or other developments will not compromise or breach the technology protecting our or our client s computer systems and networks that access and store sensitive information. Cyber threats, such as phishing and trojans, could intrude into our or our client s network to steal data or to seek sensitive information. Any intrusion into our network or our client s network (to the extent attributed to us or perceived to be attributed to us) that results in any breach of security could cause damage to our reputation and adversely impact our business and financial results. Although we have implemented security technology and operational procedures to prevent such occurrences, there can be no assurance that these security measures will be successful. A significant failure in security measures could have a material adverse effect on our business, reputation, results of operations and financial condition.

Our business could be materially and adversely affected if we do not protect our intellectual property or if our services are found to infringe on the intellectual property of others.

Our success depends in part on certain methodologies, practices, tools and technical expertise we utilize in designing, developing, implementing and maintaining applications and other proprietary intellectual property rights. In order to protect our rights in such intellectual properties, we rely upon a combination of nondisclosure and other contractual arrangements as well as trade secret, copyright and trademark laws. We also generally enter into confidentiality agreements with our employees, consultants, clients and potential clients, and limit access to and distribution of our proprietary information to the extent required for our business purpose.

India is a member of the Berne Convention, an international intellectual property treaty, and has agreed to recognize protections on intellectual property rights conferred under the laws of other foreign countries, including the laws of the United States. There can be no assurance that the laws, rules, regulations and treaties in effect in the United States, India and the other jurisdictions in which we operate and the contractual and other protective measures we take, are adequate to protect us from misappropriation or unauthorized use of our intellectual property, or that such laws will not change. We may not be able to detect unauthorized use and take appropriate steps to enforce our rights, and any such steps may not be successful. Infringement by others of our intellectual property, including the costs of enforcing our intellectual property rights, may have a material adverse effect on our business, results of operations and financial condition.

Our clients may provide us with access to, and require us to use, third party software in connection with our delivery of services to them. Our client contracts generally require our clients to indemnify us for any infringement of intellectual property rights or licenses to third party software when our clients provide such access to us. If the indemnities under our client contracts are inadequate to cover the damages and losses we suffer due to infringement of third party intellectual property rights or licenses to third party software to which we were given access, our business and results of operations could be adversely affected. We are also generally required, by our client contracts, to indemnify our clients for any breaches of intellectual property rights by our services. Although we believe that we are not infringing on the intellectual property rights of others, claims may nonetheless be successfully asserted against us in the future. The costs of defending any such claims could be significant, and any successful claim may require us to modify, discontinue or rename any of our services. Any such changes may have a material adverse effect on our business, results of operations and financial condition.

We may not succeed in identifying suitable acquisition targets or integrating any acquired business into our operations, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our growth strategy involves gaining new clients and expanding our service offerings, both organically and through strategic acquisitions. It is possible that in the future we may not succeed in identifying suitable acquisition targets available for sale or investments on reasonable terms, have access to the capital required to finance potential acquisitions or investments, or be able to consummate any acquisition or investments. Future acquisitions or joint ventures may also result in the incurrence of indebtedness or the issuance of additional equity securities, which may present difficulties in financing the acquisition or joint venture on attractive terms. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions may affect our competitiveness and our growth prospects.

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Historically, we have expanded some of our service offerings and gained new clients through strategic acquisitions. For example, we acquired Aviva Global in July 2008, BizAps in June 2008, Chang Limited in April 2008, and Flovate Technologies Limited, or Flovate (which we subsequently renamed as WNS Workflow Technologies Limited), in June 2007. In March 2008, we entered into a joint venture with Advanced Contact Solutions, Inc., or ACS, a provider in BPO services and customer care in the Philippines, to form WNS Philippines Inc. In November 2011, we acquired ACS s shareholding in WNS Philippines Inc. and increased our share ownership from 65% to 100%. The lack of profitability of any of our acquisitions or joint ventures could have a material adverse effect on our operating results.

In addition, our management may not be able to successfully integrate any acquired business into our operations or benefit from any joint ventures that we enter into, and any acquisition we do complete or any joint venture we do enter into may not result in long-term benefits to us. For instance, if we acquire a company, we could experience difficulties in assimilating that company s personnel, operations, technology and software, or the key personnel of the acquired company may decide not to work for us. In June 2012, we acquired Fusion, a leading BPO provider based in South Africa. Fusion provides a range of outsourcing services, including contact center, customer care and business continuity services, to both South African and international clients. With operations in Cape Town and Johannesburg, Fusion employed approximately 1,500 people as at June 30, 2012 which increased to 2,169 people as at March 31, 2013. We cannot assure you that we will be able to successfully integrate Fusion s business operations with ours, or that we will be able to successfully leverage Fusion s assets to grow our revenue, expand our service offerings and market share or achieve accretive benefits from our acquisition of Fusion.

Further, we may receive claims or demands by the sellers of the entities acquired by us on the indemnities that we have provided to them for losses or damages arising from any breach of contract by us. Conversely, while we may be able to claim against the sellers on their indemnities to us for breach of contract or breach of the representations and warranties given by the sellers in respect of the entities acquired by us, there can be no assurance that our claims will succeed, or if they do, that we will be able to successfully enforce our claims against the sellers at a reasonable cost. Acquisitions and joint ventures also typically involve a number of other risks, including diversion of management s attention, legal liabilities and the need to amortize acquired intangible assets, any of which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We recorded a significant impairment charge to our earnings in fiscal 2008 and may be required to record another significant charge to earnings in the future when we review our goodwill, intangible or other assets for potential impairment.

As at March 31, 2013, we had goodwill and intangible assets of approximately $87.1 million and $92.1 million, respectively, which primarily resulted from the purchases of Fusion, Aviva Global, BizAps, Chang Limited, Flovate, Marketics Technologies (India) Private Limited, or Marketics, Town & Country Assistance Limited (which we subsequently rebranded as WNS Assistance) and WNS Global Services Private Limited, or WNS Global. Of the $92.1 million of intangible assets as at March 31, 2013, $84.0 million pertain to our purchase of Aviva Global. Under IFRS, we are required to review our goodwill, intangibles or other assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. In addition, goodwill, intangible or other assets with indefinite lives are required to be tested for impairment at least annually. We performed an impairment review and recorded a significant impairment charge to our earnings in fiscal 2008 relating to Trinity Partners Inc. If, for example, the insurance industry experiences a significant decline in business and we determine that we will not be able to achieve the cash flows that we had expected from our acquisition of Aviva Global, we may have to record an impairment of all or a portion of the $84.0 million of intangible assets relating to our purchase of Aviva Global. Although our impairment review of goodwill and intangible assets in fiscal 2013, 2012 and 2011 did not indicate any impairment, we may be required in the future to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or other intangible assets is determined. Such charges may have a significant adverse impact on our results of operations.

Our facilities are at risk of damage by natural disasters.

Our operational facilities and communication hubs may be damaged in natural disasters such as earthquakes, floods, heavy rains, tsunamis and cyclones. For example, during floods caused by typhoons in Manila, Philippines in September 2009, our delivery center was rendered inaccessible and our associates were not able to commute to the delivery center for a few days, thereby adversely impacting our provision of services to our clients. During the floods in Mumbai in July 2005, our operations were adversely affected as a result of the disruption of the city s public utility and transport services making it difficult for our associates to commute to our office. Such natural disasters may also lead to disruption to information systems and telephone service for sustained periods. Damage or destruction that interrupts our provision of outsourcing services could damage our relationships with our clients and may cause us to incur substantial additional expenses to repair or replace damaged equipment or facilities. We may also be liable to our clients for disruption in service resulting from such damage or destruction. While we currently have property damage insurance and business interruption insurance, our insurance coverage may not be sufficient. Furthermore, we may be unable to secure such insurance coverage at premiums acceptable to us in the future or secure such insurance coverage at all. Prolonged disruption of our services as a result of natural disasters would also entitle our clients to terminate their contracts with us.

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We are incorporated in Jersey, Channel Islands and are subject to Jersey rules and regulations. If the tax benefits enjoyed by our company are withdrawn or changed, we may be liable for higher tax, thereby reducing our profitability.

As a company incorporated in Jersey, Channel Islands, we operate under the zero-ten business tax regime and are not currently required to pay taxes in Jersey. Although we continue to enjoy the benefits of the zero-ten business tax regime, if Jersey tax laws change or the tax benefits we enjoy are otherwise withdrawn or changed, we may become liable for higher tax, thereby reducing our profitability.

Risks Related to Key Delivery Locations

A substantial portion of our assets and operations are located in India and we are subject to regulatory, economic, social and political uncertainties in India.

Our primary operating subsidiary, WNS Global, is incorporated in India, and a substantial portion of our assets and employees are located in India. We intend to continue to develop and expand our facilities in India. The Government of India, however, has exercised and continues to exercise significant influence over many aspects of the Indian economy. The Government of India has provided significant tax incentives and relaxed certain regulatory restrictions in order to encourage foreign investment in specified sectors of the economy, including the business process outsourcing industry. Those programs that have benefited us include tax holidays, liberalized import and export duties and preferential rules on foreign investment and repatriation. We cannot assure you that such liberalization policies will continue. The Government of India may also enact new tax legislation or amend the existing legislation that could impact the way we are taxed in the future. For more information, see New tax legislation and the results of actions by taxing authorities may have an adverse effect on our operations and our overall tax rate. Various other factors, including a collapse of the present coalition government due to the withdrawal of support of coalition members or the formation of a new unstable government with limited support, could trigger significant changes in India s economic liberalization and deregulation policies and disrupt business and economic conditions in India generally and our business in particular. Our financial performance and the market price of our ADSs may be adversely affected by changes in inflation, exchange rates and controls, interest rates, Government of India policies (including taxation regulations and policies), social stability or other political, economic or diplomatic developments affecting India in the future.

India has witnessed communal clashes in the past. Although such clashes in India have, in the recent past, been sporadic and have been contained within reasonably short periods of time, any such civil disturbance in the future could result in disruptions in transportation or communication networks, as well as have adverse implications for general economic conditions in India. Such events could have a material adverse effect on our business, the value of our ADSs and your investment in our ADSs.

If the tax benefits and other incentives that we currently enjoy are reduced or withdrawn or not available for any other reason, our financial condition would be negatively affected.

We have benefitted from, and continue to benefit from, certain tax holidays and exemptions in various jurisdictions in which we have operations.

In fiscal 2013 and 2012, our tax rate in India and Sri Lanka impacted our effective tax rate. We would have incurred approximately $0.8 million and $1.7 million in additional income tax expense on our operations in Sri Lanka and on our SEZ operations in India for fiscal 2013 and 2012, respectively, if the tax holidays and exemptions as described below had not been available for the respective years.

In fiscal 2011, our tax rate in India and, to a lesser extent, Sri Lanka significantly impacted our effective tax rate. We incurred minimal income tax expense on our operations in India and Sri Lanka in fiscal 2011 as a result of the tax holiday enjoyed by our delivery centers registered in the STPI in India and the tax exemption enjoyed in Sri Lanka as described below. We would have incurred approximately $14.0 million in additional income tax expense on our STPI operations in India and our operations in Sri Lanka, if the tax holiday and exemption had not been available for the period. The STPI tax holiday in India expired on April 1, 2011.

We expect our tax rate in India and Sri Lanka and, to a lesser extent, the Philippines to continue to impact our effective tax rate. Our tax rate in India have been impacted by the reduction in the tax exemption enjoyed by our delivery center located in Gurgaon under the SEZ scheme from 100.0% to 50.0% which started in fiscal 2013. However, we expect to expand the operations in our delivery centers located in other SEZs that are still in their initial five years of operations and therefore eligible for 100.0% income tax exemption.

In the past, the majority of our Indian operations were eligible to claim income tax exemption with respect to profits earned from export revenue from operating units registered under the Software Technology Parks of India, or STPI. The benefit was available for a period of 10 years from the date of commencement of operations, but not beyond March 31, 2011. Effective April 1, 2011, upon the expiration of this tax exemption, income derived from our operations in India became subject to the prevailing annual tax rate, which is currently 32.45%. Further, the Government of India, pursuant to the Finance Bill 2013, has proposed to increase the annual tax rate to 33.99%.

Further, in 2005, the Government of India implemented the Special Economic Zones Act, 2005, or the SEZ legislation, with the effect that taxable income of new operations established in designated SEZs may be eligible for a 15-year tax holiday scheme consisting of a complete tax holiday for the initial five years and a partial tax holiday for the subsequent ten years, subject to the satisfaction of certain capital investment conditions. Our delivery center located in Gurgaon, India and registered under the SEZ scheme is eligible for a 50.0% income tax exemption from fiscal 2013 until fiscal 2022. During fiscal 2012, we also started operations in delivery centers in Pune, Navi Mumbai and Chennai, India registered under the SEZ scheme, through which we are eligible for a 100.0% income tax exemption until fiscal 2016 and a 50.0% income tax exemption from fiscal 2017 until fiscal 2026.

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The SEZ legislation has been criticized on economic grounds by the International Monetary Fund and the SEZ legislation may be challenged by certain non-governmental organizations. It is possible that, as a result of such political pressures, the procedure for obtaining benefits under the SEZ legislation may become more onerous, the types of land eligible for SEZ status may be further restricted or the SEZ legislation may be amended or repealed. Moreover, there is continuing uncertainty as to the governmental and regulatory approvals required to establish operations in the SEZs or to qualify for the tax benefit. This uncertainty may delay our establishment of additional operations in the SEZs.

In addition to these tax holidays, our Indian subsidiaries are also entitled to certain benefits under relevant state legislation and regulations. These benefits include the preferential allotment of land in industrial areas developed by state agencies, incentives for captive power generation, rebates and waivers in relation to payments for transfer of property and registration (including for purchase or lease of premises) and commercial usage of electricity.

Since the adoption of the Indian Finance Act, 2007, we have become subject to minimum alternate tax, or MAT, and, since fiscal 2008, we have been required to pay additional taxes. The Government of India, pursuant to the Indian Finance Act, 2011, has also levied MAT on the book profits earned by the SEZ units at the prevailing tax rate, which is currently 20.01%. Further, the Government of India, pursuant to the Finance Bill 2013, has proposed to increase the tax rate to 20.96%. To the extent MAT paid exceeds the actual tax payable on our taxable income we would be able to offset such MAT credits from tax payable in the succeeding ten years, subject to the satisfaction of certain conditions. During fiscal 2013, we have offset $1.3 million of our MAT payments for earlier years from our increased tax liability based on our taxable income following the expiry of our tax holiday on STPI effective fiscal 2012.

Our operations in Sri Lanka are also eligible for tax exemptions. One of our Sri Lankan subsidiaries was eligible to claim income tax exemption with respect to profits earned from export revenue by our delivery center registered with the Board of Investment, Sri Lanka, or the BOI. This tax exemption expired in fiscal 2011, however, effective fiscal 2012; the Government of Sri Lanka has exempted the profits earned from export revenue from tax. This has enabled our Sri Lankan subsidiary to continue to claim tax exemption under the Sri Lanka Inland Revenue Act following the expiry of the tax exemption.

Our subsidiary in the Philippines, WNS Global Services Philippines, Inc., is also eligible to claim income tax exemption with respect to profits earned from export revenue by our delivery centers registered with the Philippines Economic Zone Authority. This tax exemption is available for four years from the date of grant of the tax exemption and will expire in fiscal 2014. During fiscal 2013, we started operations in a new delivery center in the Philippines which is also eligible for a tax exemption that will expire in fiscal 2017. Following the expiry of the tax exemption, income generated by WNS Global Services Philippines, Inc. will be taxed at the prevailing annual tax rate, which is currently 30.0%.

Our subsidiary in Costa Rica is also eligible for a 100.0% income tax exemption from fiscal 2010 until fiscal 2017 and a 50.0% income tax exemption from fiscal 2018 to fiscal 2021.

When any of our tax holidays or exemptions expire or terminate, or if the applicable government withdraws or reduces the benefits of a tax holiday or exemption that we enjoy, our tax expense may materially increase and this increase may have a material impact on our results of operations.

The applicable tax authorities may also disallow deductions claimed by us and assess additional taxable income on us in connection with their review of our tax returns.

New tax legislation and the results of actions by taxing authorities may have an adverse effect on our operations and our overall tax rate.

The Government of India may enact new tax legislation that could impact the way we are taxed in the future. For example, the Direct Taxes Code Bill, which was tabled in the Indian Parliament in August 2010, is intended to replace the Indian Income Tax Act, 1961. Under the Direct Taxes Code Bill, a non-Indian company with a place of effective management in India would be treated as a tax resident in India and would be consequently liable to tax in India on its global income. The Direct Taxes Code Bill, if enacted, also proposes to discontinue the existing profit based incentives for SEZ units operational after March 31, 2014 and replace them with investment based incentive for SEZ units operational after that date. The implications of the Direct Taxes Code, if enacted, on our operations are presently still unclear and may result in a material increase in our tax liability.

Further, the Government of India, pursuant to the Indian Finance Act 2012, has clarified that, with retrospective effect from April 1, 1962, any income accruing or arising directly or indirectly through the transfer of capital assets situated in India will be taxable in India. If any of our transactions are deemed to involve the direct or indirect transfer of a capital asset located in India, such transactions could be investigated by the Indian tax authorities, which could lead to the issuance of tax assessment orders and a material increase in our tax liability. For example, in December 2012, we received a request from the relevant income tax authority in India for information relating to our acquisition in July 2008 from Aviva of all the shares of Aviva Global, which owned subsidiaries with assets in India and Sri Lanka. No allegation or demand for payment of additional tax relating to that transaction has been made yet. The Government of India has issued guidelines on General Anti Avoidance Rule, or the GAAR, which is expected to be effective April 1, 2015, and which is intended to curb sophisticated tax avoidance. Under the GAAR, a business arrangement will be deemed an impermissible avoidance arrangement if the main purpose of the arrangement is to obtain tax benefits. Although the full implications of the GAAR are presently still unclear, if we are deemed to have violated any of its provisions, we may face an increase to our tax liability.

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The Government of India, the US or other jurisdictions where we have a presence could enact new tax legislation which would have a material adverse effect on our business, results of operations and financial condition. In addition, our ability to repatriate surplus earnings from our delivery centers in a tax-efficient manner is dependent upon interpretations of local laws, possible changes in such laws and the renegotiation of existing double tax avoidance treaties. Changes to any of these may adversely affect our overall tax rate, or the cost of our services to our clients, which would have a material adverse effect on our business, results of operations and financial condition.

We are subject to transfer pricing and other tax related regulations and any determination that we have failed to comply with them could materially adversely affect our profitability.

Transfer pricing regulations to which we are subject require that any international transaction among our company and its subsidiaries, or the WNS group enterprises, be on arm s-length terms. Transfer pricing regulations in India have been extended to cover specified Indian domestic transactions as well. We believe that the international and India domestic transactions among the WNS group enterprises are on arm s-length terms. If, however, the applicable tax authorities determine that the transactions among the WNS group enterprises do not meet arms length criteria, we may incur increased tax liability, including accrued interest and penalties. This would cause our tax expense to increase, possibly materially, thereby reducing our profitability and cash flows.

We may be required to pay additional taxes in connection with audits by the Indian tax authorities.

From time to time, we receive orders of assessment from Indian tax authorities assessing additional taxable income on us and/or our subsidiaries in connection with their review of our tax returns. We currently have orders of assessment for fiscal 2003 through fiscal 2010 pending before various appellate authorities. These orders assess additional taxable income that could in the aggregate give rise to an estimated 2,827.3 million ($52.1 million based on the exchange rate on March 31, 2013) in additional taxes, including interest of 1,029.4 million ($19.0 million based on the exchange rate on March 31, 2013).

These orders of assessment allege that the transfer prices we applied to certain of the international transactions between WNS Global, one of our Indian subsidiaries, and our other wholly-owned subsidiaries were not on arm s length terms, disallow a tax holiday benefit claimed by us, deny the set off of brought forward business losses and unabsorbed depreciation and disallow certain expenses claimed as tax deductible by WNS Global. As at March 31, 2013, we have provided a tax reserve of 910.4 million ($16.8 million based on the exchange rate on March 31, 2013) primarily on account of the Indian tax authorities denying the set off of brought forward business losses and unabsorbed depreciation. We have appealed against these orders of assessment before higher appellate authorities. For more details on these assessments, see Part I Item 5. Operating and Financial Review and Prospects Tax Assessment Orders.

In addition, we currently have orders of assessment pertaining to similar issues that have been decided in our favor by first level appellate authorities, vacating tax demands of 2,400.8 million ($44.2 million based on the exchange rate on March 31, 2013) in additional taxes, including interest of 748.7 million ($13.8 million based on the exchange rate on March 31, 2013). The income tax authorities have filed appeals against these orders at higher appellate authorities.

In case of disputes, the Indian tax authorities may require us to deposit with them all or a portion of the disputed amounts pending resolution of the matters on appeal. Any amount paid by us as deposits will be refunded to us with interest if we succeed in our appeals. We have deposited some portion of the disputed amount with the tax authorities and may be required to deposit the remaining portion of the disputed amount with the tax authorities pending final resolution of the respective matters.

As at March 31, 2013, corporate tax returns for fiscal years 2010 and thereafter remain subject to examination by tax authorities in India.

After consultation with our Indian tax advisors and based on the facts of these cases, certain legal opinions from counsel, the nature of the tax authorities disallowances and the orders from first level appellate authorities deciding similar issues in our favor in respect of assessment orders for earlier fiscal years, we believe these orders are unlikely to be sustained at the higher appellate authorities and we intend to vigorously dispute the orders of assessment.

In March 2009, we also received an assessment order from the Indian Service Tax Authority demanding payment of 348.1 million ($6.4 million based on the exchange rate on March 31, 2013) 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 BPO services provided by WNS Global to clients based abroad as the export proceeds are repatriated outside India by WNS Global. In response to an appeal filed by us with the appellate tribunal against the assessment order in April 2009, the appellate tribunal has remanded the matter back to the lower tax authorities to be adjudicated afresh. Based on consultations with our Indian tax advisors, we believe this order of assessment is more likely than not to be upheld in our favor. We intend to continue to vigorously dispute the assessment.

No assurance can be given, however, that we will prevail in our tax disputes. If we do not prevail, payment of additional taxes, interest and penalties may adversely affect our results of operations, financial condition and cash flows. There can also be no assurance that we will not receive similar or additional orders of assessment in the future.

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Terrorist attacks and other acts of violence involving India or its neighboring countries could adversely affect our operations, resulting in a loss of client confidence and materially adversely affecting our business, results of operations, financial condition and cash flows.

Terrorist attacks and other acts of violence or war involving India or its neighboring countries may adversely affect worldwide financial markets and could potentially lead to economic recession, which could adversely affect our business, results of operations, financial condition and cash flows. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries, including India and Pakistan. In previous years, military confrontations between India and Pakistan have occurred in the region of Kashmir and along the India/Pakistan border. There have also been incidents in and near India such as the bombings of the Taj Mahal Hotel and Oberoi Hotel in Mumbai in 2008, a terrorist attack on the Indian Parliament, troop mobilizations along the India/Pakistan border and an aggravated geopolitical situation in the region. Such military activity or terrorist attacks in the future could influence the Indian economy by disrupting communications and making travel more difficult. Resulting political tensions could create a greater perception that investments in Indian companies involve a high degree of risk. Such political tensions could similarly create a perception that there is a risk of disruption of services provided by India-based companies, which could have a material adverse effect on the market for our services. Furthermore, if India were to become engaged in armed hostilities, particularly hostilities that were protracted or involved the threat or use of nuclear weapons, we might not be able to continue our operations.

Restrictions on entry visas may affect our ability to compete for and provide services to clients in the US and the UK, which could have a material adverse effect on future revenue.

The vast majority of our employees are Indian nationals. The ability of some of our executives to work with and meet our European and North American clients and our clients from other countries depends on the ability of our senior managers and employees to obtain the necessary visas and entry permits. In response to previous terrorist attacks and global unrest, US and European immigration authorities have increased the level of scrutiny in granting visas. Immigration laws in those countries may also require us to meet certain other legal requirements as a condition to obtaining or maintaining entry visas. These restrictions have significantly lengthened the time requirements to obtain visas for our personnel, which has in the past resulted, and may continue to result, in delays in the ability of our personnel to meet with our clients. In addition, immigration laws are subject to legislative change and varying standards of application and enforcement due to political forces, economic conditions or other events, including terrorist attacks. We cannot predict the political or economic events that could affect immigration laws or any restrictive impact those events could have on obtaining or monitoring entry visas for our personnel. If we are unable to obtain the necessary visas for personnel who need to visit our clients sites or, if such visas are delayed, we may not be able to provide services to our clients or to continue to provide services on a timely basis, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.

If more stringent labor laws become applicable to us, our profitability may be adversely affected.

India has stringent labor legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. Though we are exempt from a number of these labor laws at present, there can be no assurance that such laws will not become applicable to the business process outsourcing industry in India in the future. In addition, our employees may in the future form unions. If these labor laws become applicable to our workers or if our employees unionize, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, and our profitability may be adversely affected.

Risks Related to our ADSs

Substantial future sales of our shares or ADSs in the public market could cause our ADS price to fall.

Sales by us or our shareholders of a substantial number of our ADSs in the public market, or the perception that these sales could occur, could cause the market price of our ADSs to decline. These sales, or the perception that these sales could occur, also might make it more difficult for us to sell securities in the future at a time or at a price that we deem appropriate or to pay for acquisitions using our equity securities. As at March 31, 2013, we had 50,588,044 ordinary shares outstanding, including 49,947,822 shares represented by 49,947,822 ADSs. In addition, as at March 31, 2013, a total of 3,335,612 ordinary shares or ADSs are issuable upon the exercise or vesting of options and restricted share units, or RSUs, outstanding under our 2002 Stock Incentive Plan and our Second Amended and Restated 2006 Incentive Award Plan. All ADSs are freely transferable, except that ADSs owned by our affiliates may only be sold in the US if they are registered or qualify for an exemption from registration, including pursuant to Rule 144 under the Securities Act of 1933, as amended, or the Securities Act. The remaining ordinary shares outstanding may also only be sold in the US if they are registered or qualify for an exemption from registration, including pursuant to Rule 144 under the Securities Act.

The market price for our ADSs may be volatile.

The market price for our ADSs is likely to be highly volatile and subject to wide fluctuations in response to factors including the following:

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- announcements of technological developments;
- regulatory developments in our target markets affecting us, our clients or our competitors;
- actual or anticipated fluctuations in our operating results;
- changes in financial estimates by securities research analysts;
- changes in the economic performance or market valuations of other companies engaged in business process outsourcing;
- addition or loss of executive officers or key employees;
- sales or expected sales of additional shares or ADSs;
- loss of one or more significant clients; and
- a change in control, or possible change of control, of our company

In addition, securities markets generally and from time to time experience significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our ADSs.

We may not be able to pay any dividends on our shares and ADSs.

We have never declared or paid any dividends on our ordinary shares. We cannot give any assurance that we will declare dividends of any amount, at any rate or at all. Because we are a holding company, we rely principally on dividends, if any, paid by our subsidiaries to us to fund our dividend payments, if any, to our shareholders. Any limitation on the ability of our subsidiaries to pay dividends to us could have a material adverse effect on our ability to pay dividends to you.

Any future determination to pay cash dividends will be at the discretion of our Board of Directors and will be dependent upon our results of operations and cash flows, our financial position and capital requirements, general business conditions, legal, tax, regulatory and any contractual restrictions on the payment of dividends and any other factors our Board of Directors deems relevant at the time.

Subject to the provisions of the Companies (Jersey) Law 1991, or the 1991 Law, and our Articles of Association, we may by ordinary resolution declare annual dividends to be paid to our shareholders according to their respective rights and interests in our distributable reserves. Any dividends we may declare must not exceed the amount recommended by our Board of Directors. Our board may also declare and pay an interim dividend or dividends, including a dividend payable at a fixed rate, if paying an interim dividend or dividends appears to the Board to be justified by our distributable reserves. We can only declare dividends if our directors who are to authorize the distribution make a prior statement that, having made full enquiry into our affairs and prospects, they have formed the opinion that:

- immediately following the date on which the distribution is proposed to be made, we will be able to discharge our liabilities as they fall due; and

- having regard to our prospects and to the intentions of our directors with respect to the management of our business and to the amount and character of the financial resources that will in their view be available to us, we will be able to continue to carry on business and we will be able to discharge our liabilities as they fall due until the expiry of the period of 12 months immediately following the date on which the distribution is proposed to be made or until we are dissolved under Article 150 of the 1991 Law, whichever first occurs.

Subject to the deposit agreement governing the issuance of our ADSs, holders of ADSs will be entitled to receive dividends paid on the ordinary shares represented by such ADSs. See Risks Related to Our Business Our loan agreements impose operating and financial restrictions on us and our subsidiaries.

Holders of ADSs may be restricted in their ability to exercise voting rights.

At our request, the depositary of the ADSs will mail to you any notice of shareholders meeting received from us together with information explaining how to instruct the depositary to exercise the voting rights of the ordinary shares represented by ADSs. If the depositary timely receives voting instructions from you, it will endeavor to vote the ordinary shares represented by your ADSs in accordance with such voting instructions. However, the ability of the depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the ordinary shares on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner. Ordinary shares for which no voting instructions have been received will not be voted.

As a foreign private issuer, we are not subject to the proxy rules of the Commission, which regulate the form and content of solicitations by US-based issuers of proxies from their shareholders. The form of notice and proxy statement that we have been using does not include all of the information that would be provided under the Commission s proxy rules.

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Holders of ADSs may be subject to limitations on transfers of their ADSs.

The ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems necessary or advisable in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when the transfer books of the depositary are closed, or at any time or from time to time if we or the depositary deem it necessary or advisable to do so because of any requirement of law or of any government or governmental body or commission or any securities exchange on which the American Depositary Receipts, or ADRs, or our ordinary shares are listed, or under any provision of the deposit agreement or provisions of or governing the deposited shares, or any meeting of our shareholders, or for any other reason.

Holders of ADSs may not be able to participate in rights offerings or elect to receive share dividends and may experience dilution of their holdings, and the sale, deposit, cancellation and transfer of our ADSs issued after exercise of rights may be restricted.

If we offer our shareholders any rights to subscribe for additional shares or any other rights, the depositary may make these rights available to them after consultation with us. We cannot make rights available to holders of our ADSs in the US unless we register the rights and the securities to which the rights relate under the Securities Act, or an exemption from the registration requirements is available. In addition, under the deposit agreement, the depositary will not distribute rights to holders of our ADSs unless we have requested that such rights be made available to them and the depositary has determined that such distribution of rights is lawful and reasonably practicable. We can give no assurance that we can establish an exemption from the registration requirements under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of our ADSs may be unable to participate in our rights offerings and may experience dilution of your holdings as a result. The depositary may allow rights that are not distributed or sold to lapse. In that case, holders of our ADSs will receive no value for them. In addition, US securities laws may restrict the sale, deposit, cancellation and transfer of ADSs issued after exercise of rights.

We may be classified as a passive foreign investment company, which could result in adverse US federal income tax consequences to US Holders of our ADSs or ordinary shares.

Based on our financial statements and relevant market and shareholder data, we believe that we should not be treated as a passive foreign investment company for US federal income tax purposes, or PFIC, with respect to our most recently closed taxable year. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you that we will not be a PFIC for any taxable year. A non-US corporation will be a PFIC for any taxable year if either (i) at least 75% of its gross income for such year is passive income or (ii) at least 50% of the value of its assets (based on an average of the quarterly values of the assets) during such year is attributable to assets that produce passive income or are held for the production of passive income. A separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Because the value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our ADSs and ordinary shares, fluctuations in the market price of the ADSs and ordinary shares may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC. If we are a PFIC for any taxable year during which a US Holder (as defined in Part I Item 10. Additional Information E. Taxation US Federal Income Taxation) holds an ADS or ordinary share, certain adverse US federal income tax consequences could apply to such US Holder.

We have certain anti-takeover provisions in our Articles of Association that may discourage a change in control.

Our Articles of Association contain anti-takeover provisions that could make it more difficult for a third party to acquire us without the consent of our Board of Directors. These provisions include:

- a classified Board of Directors with staggered three-year terms; and

- the ability of our Board of Directors to determine the rights, preferences and privileges of our preferred shares and to issue the preferred shares without shareholder approval, which could be exercised by our Board of Directors to increase the number of outstanding shares and prevent or delay a takeover attempt.

These provisions could make it more difficult for a third party to acquire us, even if the third party s offer may be considered beneficial by many shareholders. As a result, shareholders may be limited in their ability to obtain a premium for their shares.

It may be difficult for you to effect service of process and enforce legal judgments against us or our affiliates.

We are incorporated in Jersey, Channel Islands, and our primary operating subsidiary, WNS Global, is incorporated in India. A majority of our directors and senior executives are not residents of the US and virtually all of our assets and the assets of those persons are located outside the US. As a result, it may not be possible for you to effect service of process within the US upon those persons or us. In addition, you may be unable to enforce judgments obtained in courts of the US against those persons outside the jurisdiction of their residence, including judgments predicated solely upon the securities laws of the US.

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ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of our Company

WNS (Holdings) Limited was incorporated as a private liability company on February 18, 2002 under the laws of Jersey, Channel Islands, and maintains a registered office in Jersey at Queensway House, Hilgrove Street, St Helier, Jersey JE1 1ES. We converted from a private limited company to a public limited company on January 4, 2006 when we acquired more than 30 shareholders as calculated in accordance with Article 17A of the 1991 Law. We gave notice of this to the Jersey Financial Services Commission, or JFSC, in accordance with Article 17(3) of the 1991 Law on January 12, 2006. Our principal executive office is located at Gate 4, Godrej & Boyce Complex, Pirojshanagar, Vikhroli (W), Mumbai 400 079, India, and the telephone number for this office is (91-22) 4095-2100. Our website address is *www.wns.com* . **Information contained on our website does not constitute part of this annual report.** Our agent for service in the US is our subsidiary, WNS North America Inc., 15 Exchange Place, 3rd, Floor, Suite 310, Jersey City, New Jersey 07302, US.

We began operations as an in-house unit of British Airways in 1996 and started focusing on providing business process outsourcing services to third parties in fiscal 2003. Warburg Pincus acquired a controlling stake in our company from British Airways in May 2002 and inducted a new senior management team. In fiscal 2003, we acquired Town & Country Assistance Limited, a UK-based automobile claims handling company, thereby extending our service portfolio beyond the travel and leisure industry to include insurance-based automobile claims processing. We subsequently rebranded the company as WNS Assistance, which is part of WNS Auto Claims BPO, our reportable segment for financial statement purposes. In fiscal 2004, we acquired the health claims management business of Greensnow Inc. In fiscal 2006, we acquired Trinity Partners Inc. (which we merged into our subsidiary, WNS North America Inc.), a provider of BPO services to financial institutions, focusing on mortgage banking. In August 2006, we acquired from PRG Airlines Services Limited, or PRG Airlines, its fare audit services business. In September 2006, we acquired from GHS Holdings LLC, or GHS, its financial accounting business. In May 2007, we acquired Marketics, a provider of offshore analytics services. In June 2007, we acquired Flovate, a company engaged in the development and maintenance of software products and solutions, which we subsequently renamed as WNS Workflow Technologies Limited. In March 2008, we entered into a joint venture with ACS, a provider in BPO services and customer care in the Philippines, to form WNS Philippines Inc. and in November 2011, we acquired ACS s shareholding in WNS Philippines Inc., which became our wholly-owned subsidiary. In April 2008, we acquired Chang Limited, an auto insurance claims processing services provider in the UK, through its wholly-owned subsidiary, Accidents Happen Assistance Limited, or AHA (formerly known as Call 24-7 Limited, or Call 24-7). In June 2008, we acquired BizAps, a provider of Systems Applications and Products, or SAP®, solutions to optimize the enterprise resource planning functionality for our finance and accounting processes. In July 2008, we entered into a transaction with Aviva consisting of (1) a share sale and purchase agreement pursuant to which we acquired from Aviva all the shares of Aviva Global and (2) the Aviva master services agreement (as varied by the variation agreement entered into in March 2009), pursuant to which we are providing BPO services to Aviva s UK business and Aviva s Irish subsidiary, Hibernian Aviva Direct Limited, and certain of its affiliates. Aviva Global was the business process offshoring subsidiary of Aviva. See Part I Item 5. Operating and Financial Review and Prospects Revenue Our Contracts for more details on this transaction. In June 2012, we acquired Fusion, a provider of a range of outsourcing services, including contact center, customer care and business continuity services, to both South African and international clients. Following our acquisition of Fusion, we have renamed it as WNS Global Services SA (Pty) Ltd.

In fiscal 2010, we restructured our organizational structure in order to streamline our administrative operations, achieve operational and financial synergies, and reduce the costs and expenses relating to regulatory compliance. This restructuring involved the merger of the following seven Indian subsidiaries of WNS Global into WNS Global through a Scheme of Amalgamation approved by an order of the Bombay High Court passed in August 2009 pursuant to the Indian Companies Act, 1956: Customer Operational Services (Chennai) Private Limited, Marketics, Noida Customer Operations Private Limited, or Noida, NTrance Customer Services Private Limited, WNS Customer Solutions (Private) Limited, or WNS Customer Solutions, WNS Customer Solutions Shared Services Private Limited and WNS Workflow Technologies (India) Private Limited. In another restructuring exercise, three of our subsidiaries, First Offshoring Technologies Private Limited, Hi-Tech Offshoring Services Private Limited and Servicesource Offshore Technologies Private Limited, were merged into WNS Global through a Scheme of Amalgamation approved by an order of the Bombay High Court passed in March 2010 pursuant to the Indian Companies Act, 1956. In fiscal

2011 and 2012, we restructured and rationalized our UK and US group companies, wherein three of our UK-based non-operating subsidiaries, Chang Limited, Town & Country Assistance Limited and BizAps, were voluntarily dissolved. In the US, two of our subsidiaries, WNS Customer Solutions North America Inc. and Business Application Associates Inc. were merged with and into WNS North America Inc. In fiscal 2012, we also incorporated a new subsidiary in the US, WNS Global Services Inc., and a new branch of WNS (Mauritius) Limited in the Dubai Airport Free Zone, United Arab Emirates, WNS Mauritius Limited ME (Branch), and de-registered our existing subsidiary WNS Global FZE in the Ras-Al-Khaimah Free Trade Zone, United Arab Emirates or UAE. In fiscal 2013 as part of our restructuring activities WNS Philippines Inc. was merged into WNS Global Services Philippines, Inc. and our Costa Rican subsidiary, WNS BPO Services Costa Rica, S.R.L. (formerly known as WNS BPO Services Costa Rica, S.A.), was transferred and is now a subsidiary of WNS North America Inc. In May 2012, WNS Global Services (UK) Limited, or WNS UK, established a branch in Poland, WNS Global Services (UK) Limited (Spółka Z Ograniczoną Odpowiedzialnością) Oddział W Polsce, Gdańsk. In March 2013, we also established a new branch of Business Applications Associates Beijing Ltd. in Guangzhou, China named Business Applications Associates Beijing Limited Guangzhou Branch. As a result of the various restructuring activities undertaken between fiscal 2010 and 2013, our organizational structure has been simplified, and now comprises 21 companies in 16 countries, including two branches in Poland and UAE. Of these 21 companies, WNS Cares Foundation, which is a wholly-owned subsidiary of WNS Global, is a not-for-profit organization registered under Section 25 of the Companies Act, 1956, India formed for the purpose of promoting corporate social responsibilities and not considered for the purpose of preparing our consolidated financial statements. In April 2012, we were awarded the Golden Peacock Award for Global Corporate Social Responsibility for 2011-2012 for our contribution through WNS Cares Foundation towards education of under privileged children.

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We are headquartered in Mumbai, India, and we have client service offices in New Jersey (US), New South Wales (Australia), London (UK), and Singapore and delivery centers in San Jose (Costa Rica), Bangalore, Chennai, Gurgaon, Mumbai, Nashik, Pune and Vizag (India), Manila (the Philippines), Gydnia (Poland), Bucharest (Romania), Cape Town and Johannesburg (South Africa), Colombo (Sri Lanka), Ipswich, Manchester and Mansfield (the UK), Houston, Texas and Columbia, South Carolina (the US).

We completed our initial public offering in July 2006 and our ADSs are listed on the New York Stock Exchange, or the NYSE, under the symbol WNS. In February 2012, in connection with our follow-on offering, we issued new ordinary shares in the form of ADSs, at a price of $9.25 per ADS, aggregating approximately $50.0 million and at the same time, Warburg Pincus divested 6,847,500 ordinary shares in the form of ADSs. In February 2013, Warburg Pincus sold its remaining 14,519,144 ordinary shares in the form of ADSs, thereby divesting its entire stake in our company.

Our capital expenditure in fiscal 2013, 2012 and 2011 amounted to $21.2 million, $21.2 million and $15.3 million, respectively. Our principal capital expenditure were incurred for the purposes of setting up new delivery centers, expanding existing delivery centers and developing new technology-enabled solutions to enable execution and management of clients business processes. We expect our capital expenditure needs in fiscal 2014 to be approximately $21.0 million, a significant amount of which we expect to spend on infrastructure build-out and the streamlining of our operations. The geographical distribution, timing and volume of our capital expenditures in the future will depend on new client contracts we may enter into or the expansion of our business under our existing client contracts. As at March 31, 2013, we had commitments for capital expenditures of $4.4 million relating to the purchase of property and equipment for our delivery centers. Of this committed amount, we plan to spend approximately $1.7 million in India, approximately $1.2 million in South Africa, approximately $0.6 million in the rest of the world, approximately $0.5 million in Europe (excluding the UK) and approximately $0.4 million in the UK. We expect to fund these estimated capital expenditures from cash generated from operating activities, existing cash and cash equivalents and use of existing credit facilities. See Part I Item 5. Operating and Financial Review and Prospects Liquidity and Capital Resources for more information.

B. Business Overview

We are a leading global provider of BPO services, offering comprehensive data, voice, analytical and business transformation services with a blended onshore, nearshore and offshore delivery model. We transfer the business processes of our clients to our delivery centers, located in Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, the UK and the US, as well as to our subcontractor s delivery center in China, with a view to offer cost savings, operational flexibility, improved quality and actionable insights to our clients. We seek to help our clients transform their businesses by identifying business and process optimization opportunities through technology-enabled solutions, process design improvements, analytics and improved business understanding.

We win outsourcing engagements from our clients based on our domain knowledge of their business, our experience in managing the specific processes they seek to outsource and our customer-centric approach. Our company is organized into vertical business units in order to provide more specialized focus on each of the industries that we target, to more effectively manage our sales and marketing process and to develop in-depth domain knowledge. The major industry verticals we currently target are the insurance; travel and leisure; manufacturing, retail, consumer products, media and entertainment, telecommunication, or telecom, and diversified businesses; consulting and professional services; utilities; healthcare; banking and financial services; shipping and logistics; and public sector industries.

Our portfolio of services includes vertical-specific processes that are tailored to address our clients specific business and industry practices. In addition, we offer a set of shared services that are common across multiple industries, including customer care, finance and accounting, research and analytics, technology services and legal services. In fiscal 2013, we established a new horizontal unit that offers human resources outsourcing services.

We monitor our execution of our clients business processes against multiple performance parameters, and we aim to consistently meet and exceed these parameters in order to maintain and expand our client relationships. We aim to build long-term client relationships, and we typically sign multi-year contracts with our clients that provide us with recurring revenue. In fiscal 2013, 72 and 68 clients contributed more than $1 million to our revenue and revenue less repair payments, respectively. In fiscal 2012, 71 and 68 clients contributed more than $1 million to our revenue and revenue less repair payments, respectively.

As at March 31, 2013, we had 25,520 employees executing approximately 700 distinct business processes for our 236 clients.

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In fiscal 2013, our revenue was $460.3 million, our revenue less repair payments was $436.1 million and our profit was $21.4 million. Our revenue less repair payments is a non-GAAP financial measure. For a discussion of our revenue less repair payments and a reconciliation of our revenue less repair payments to revenue, see Part I Item 5. Operating and Financial Review and Prospects Overview.

Industry Overview

Companies are outsourcing a growing proportion of their business processes in order to reduce costs, increase process quality, increase flexibility, and improve business outcomes. Companies have shifted their BPO requirements from simpler processes such as call center related activities to a wider range of more complex business processes, including finance and accounting, research and analytics and industry-specific solutions. Companies are also asking their BPO providers to deliver higher-value services, such as process re-engineering and transformation services, which increase competitive advantage and have an impact on revenues as well as profits. In order to provide complex services and transformational capabilities, providers must increasingly leverage technology platform solutions, analytics and industry-specific knowledge to deliver better processes and business outcomes. These companies are also asking for more flexible business models that align the interests of the provider with those of the company, including transaction-based and outcome-based engagements. Many of these companies are outsourcing to offshore locations such as China, India and the Philippines to access a large, high quality and cost-effective workforce. They are also outsourcing to nearshore and onshore locations across the globe to mitigate risks and to take advantage of language capabilities and cultural alignment. We are a leading global provider in the BPO industry and believe that we are well positioned to benefit from these outsourcing trends with our blend of onshore, nearshore and offshore delivery capabilities.

The global business process outsourcing industry is a large and growing industry. According to the IDC 2012 Reports, the worldwide BPO market is estimated to have grown at a compound annual growth rate, or CAGR, of 3.5% from $143 billion in 2008 to $164 billion in 2012. IDC estimated that the worldwide BPO market will grow at a CAGR of 5.4% from 2012 to 2016, to $203 billion. Furthermore, the offshore-based BPO market is expected to continue to grow at a faster rate than the worldwide BPO market. According to IDC, the offshore-based BPO market is estimated to have grown at a CAGR of 17.5% from $3.1 billion in 2008 to $5.9 billion in 2012. In addition, IDC estimated that the worldwide offshore-based BPO market will grow at a CAGR of 20.4% from 2012 to 2016, to $12.4 billion.

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The following chart sets forth the estimated growth in revenue generated from worldwide offshore-based BPO services and worldwide BPO services:

Source: IDC Market Review, Worldwide Offshore Key Horizontal BPO Services 2012-2016 Forecast
Note: Years ending March 31

Source: IDC Market Review, Worldwide and U.S. Business Process Outsourcing Services 2012-2016 Forecast
Note: Years ending March 31

We believe that India is considered to be an attractive destination for offshore information technology, or IT, services and BPO services. According to the NASSCOM 2013 Report, India is a preferred offshore destination because of five key reasons:

- *scale and maturity* : more than 25 years of outsourcing experience;
- *a rich talent pool* : an annual technology talent output of approximately one billion;
- *competitiveness*: approximately 60-70% more cost efficient than source countries and approximately 15-20% lower than the next lowest offshoring destination;
- *customer centricity* : approximately 30-32% revenues from verticalized business process management services; and
- *strong ecosystem*: largest number of delivery centers, focused training and development and a secure environment.

Business process outsourcing typically requires a long-term strategic commitment for companies. The processes that companies outsource frequently are complex in nature, and tightly integrated with their core operations. These processes require a high degree of customization and, often, a multi-stage outsource transfer program. Companies therefore would incur high switching and other costs to transfer these processes back to their internal operations or to other business process outsourcing providers, whether onshore or offshore. As a result, once a business process outsourcing provider gains the confidence of a client, the resulting business relationship usually is characterized by multi-year contracts with predictable annual revenue.

Given the long-term, strategic nature of these engagements, companies undertake a rigorous process in evaluating their business process outsourcing provider. Based on our experience, a client typically seeks several key attributes in a business process outsourcing provider, including:

- domain knowledge and industry-specific expertise;
- process expertise across horizontal service offerings;
- ability to innovate, add new operational expertise and drive down costs;
- demonstrated ability to execute a diverse range of mission-critical and often complex business processes;
- global presence via onshore, nearshore and offshore delivery centers;
- capability to scale employees and infrastructure without a diminution in quality of service; and
- established reputation and industry leadership.

As the business process outsourcing industry evolves further, we believe that industry-specific knowledge, higher-value process expertise, a global delivery platform, scale, reputation and leadership will become increasingly important factors in this selection process.

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We believe that non-linear pricing models which allow BPO providers to price their services based on volume of transactions processed or the value delivered to companies will replace, in certain engagements, pricing models that are primarily based on headcount (often referred to as full-time equivalents, or FTEs), as companies look to align revenues and costs by paying for the value delivered to them rather than the efforts deployed to provide the services to them. Non-linear pricing models therefore create the incentive for BPO providers to improve the productivity of their employees and the efficiency of their operations.

Competitive Strengths

We believe that we have the competitive strengths necessary to maintain and enhance our position as a leading global provider of BPO services:

Well positioned for the evolving BPO market

The BPO industry, which started with the first wave of outsourced processes, such as call center customer service activities, has now expanded to include higher-value services that involve process re-engineering, management of mission-critical operations and business transformation. We believe that as companies have become more experienced with outsourcing, they generally look to outsource an increasing number of processes and to outsource increasingly complex and more vertical-specific processes. We believe that our industry-specific expertise, comprehensive portfolio of complex services, transformation capabilities, technology-enabled solutions and customer-centric approach position us at the forefront of the evolving BPO market. In addition, as companies increasingly look to diverse global delivery locations for their BPO services to mitigate risk and leverage language capabilities and cultural alignment, we believe we are well positioned to benefit from this trend with our blend of onshore, nearshore and offshore delivery capabilities.

Deep industry expertise

We have established deep expertise in the industries we target as a result of our legacy client relationships, acquisitions and the hiring of management with specific industry knowledge. We have developed methodologies, proprietary knowledge and industry-specific technology platforms applicable to our target industries that allow us to provide industry-focused solutions and be more responsive to customer needs within these industries.

In addition, we have organized our company into business units aligned along each of the industries on which we focus. By doing so, we are able to approach clients in each of our target industries with a combined sales, marketing and delivery effort that leverages our in-depth industry knowledge and industry-specific technology platforms.

For example, in our insurance vertical, we have specialized expertise in multiple insurance sub-sectors including property and casualty, auto and life. We offer various insurance-specific processes such as premium and policy administration, claims management, actuarial services and underwriting.

We have received numerous recognitions for our industry leadership including:

- Everest Group s 2012 PEAK Matrix for Insurance BPO Industry Leader in Insurance BPO
- HfS Research Industry Leader in Global Insurance BPO 2012
- International Data Corporation (IDC) A major player worldwide in Business Analytics BPO*
- Stevie® Awards for Sales and Customer Service 2013- Customer Service Management Team of the Year, Telesales Team of the Year and Contact Center of the Year (Up to 100 Seats)
- International Association of Outsourcing Professionals (IAOP) Ranked amongst the 2012 Global Outsourcing 100
- CISO 2012 Power List Ranked amongst top 15 companies
- CIO 100 Awards 2012 Top 100 Award and Networking Pioneer Special Award
- Golden Peacock Award Global Corporate Social Responsibility 2012
- Global CSR Award 2012 Excellence in Corporate Social Responsibility Practice Overall category
- The Medici Institute India The Medici Innovation Hall of Fame 2013 Award
- BPeSA Western Cape Contract Centre Awards 2012 Best Large Outsourced Contract Centre
- Asia Responsible Entrepreneurship Award (AREA) for Social Empowerment 2012

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* Source: *IDC Marketscape: Worldwide Business Analytics BPO Services 2012 Vendor Analysis, doc #234937, May 2012.*

Comprehensive portfolio of complex services, higher-value transformational services and technology-enabled solutions

We seek to focus our service portfolio on more complex processes and solutions, and to evolve away from reliance on services that are less integral to our clients operations, such as telemarketing and technical helpdesks, which characterized the business process outsourcing industry in its early days. We also offer higher-value services such as transformation services, which are designed to help our clients to identify business and process optimization opportunities and leverage our industry and process expertise, technology solutions and analytics capabilities.

We also have developed and continue to develop technology-enabled solutions that utilize our proprietary software and licensed software in conjunction with our core business process outsourcing services. These integrated, technology-enabled solutions allow us to offer higher value, differentiated services which are more scalable and repeatable and create value for our clients through increased process efficiency and quality. We also collaborate with technology companies, combining their software platforms and expertise with our service capabilities to deliver business solutions to the marketplace. We believe these technology-enabled solutions will enable us to grow our revenue in a non-linear way by decoupling revenue growth from headcount growth.

For example, we offer various technology-enabled platforms as part of our broad suite of transformation services that also includes Consulting and Program Management Services, Process and Quality Services and Technology Services. For a large North American airline, we utilized our VERIFARE ® fare audit platform to streamline the airline s revenue recovery process, thereby allowing the airline to increase the amount of revenue recovered from inaccurate fare charges.

Proven global delivery platform

We deliver our services from 31 delivery centers around the world, located in Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, the UK and the US, as well as through a subcontractor s delivery center in China. Our ability to offer services delivered from onshore, nearshore and offshore locations benefits our clients by providing them with high-quality services from scalable, efficient and cost-effective locations based on their requirements and process needs. It also provides our clients with the benefits of language capabilities, cultural alignment and risk mitigation in their outsourcing programs.

We believe the breadth of our delivery capability allows us to meet our clients needs, diversifies our workforce and allows us to access local talent pools around the world.

Our client-centric focus

We have a client-centric engagement model that leverages our industry-specific and shared-services expertise, flexible pricing models, client-partner relationship approach, as well as our global delivery platform to offer business solutions designed to meet our clients specific needs.

We have sought to enhance our value proposition to our clients by providing them with more flexible pricing models that align our objectives with those of our clients. In addition to traditional headcount-based pricing, we provide alternative pricing models such as transaction-based pricing and outcome-based pricing.

We have also adopted a client-centric sales model, which is tightly integrated with our vertical organizational structure. Strategic accounts are assigned a dedicated client partner from our team who will be responsible for managing the day-to-day relationship. The client partner is typically a seasoned resource with deep domain experience, who works directly from the client s local offices. Within our company, the client partner is aligned with a specific vertical, and directly manages sales resources responsible for expanding client relationships (farmers). The client partner is responsible for driving business value to our clients, ensuring quality of delivery and customer satisfaction, and managing account growth and profitability.

We believe our ability to provide highly relevant solutions, alternative pricing models, a client-centric approach and a global delivery platform gives our clients the capabilities they seek from their outsourcing partner. As a result, we have built long-standing relationships with large multinational companies.

Experience in transferring processes offshore and running them efficiently

Many of the business processes that our clients outsource to us are mission-critical and core to their operations, requiring substantial program management expertise. We have developed a sophisticated program management methodology intended to ensure the smooth transfer of business processes from our clients facilities to our delivery centers. Our highly experienced program management team has transferred approximately 700 distinct business processes for our clients.

We focus on delivering our client processes effectively on an ongoing basis. We have also invested in a quality assurance team that helps us to satisfy the International Standard Organization, or ISO, 9001: 2000 standards for quality management systems, and applies Six Sigma, a statistical methodology for improving consistency across processes, and other process re-engineering methodologies such as LEAN to further improve our process delivery.

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Extensive investment in human capital development

We have established the WNS Learning Academy, which provides ongoing training to our employees for the purpose of continuously improving their leadership and professional skills. We seek to promote our team leaders and operations managers from within, thereby offering internal advancement opportunities and clear long-term career paths.

As part of their development, we have launched programs for our front line managers and top talent to help them to improve their performance in their current roles and to develop new skill sets to enable them to take on new roles. These programs include our business intervention program TransforME , a top talent program for our employees in senior leadership roles.

We have also put in place our New Leadership Competency framework, which serves as a tool to help leaders measure the skill sets and behavioral patterns required by them and their teams to excel in the current and future roles.

In addition, we also create individual development plans for our top talent based on inputs from our line managers and business units heads to help further their career development.

Our aim is to develop a truly global team, invest in high-growth opportunities and increase our employees sales effectiveness in farming and hunting while leveraging on technology to create a learning organization.

Experienced management team

We benefit from the effective leadership of a global management team with diverse backgrounds including extensive experience in outsourcing. Members of our executive and senior management team have, on average, over 20 years of experience in diverse industries, including in the business process and IT outsourcing sector, and in the course of their respective careers have gathered experience in developing long-standing client relationships, launching practices in new geographies, developing new service offerings and successfully integrating acquisitions.

Business Strategy

Our objective is to strengthen our position as a leading global business process outsourcing provider. To achieve this, we will seek to increase our client base, expand our existing relationships, further develop our industry expertise, enhance our value proposition to our clients, develop new business services, enhance our brand, expand our global delivery platform and make selective acquisitions.

We have made significant investments to accelerate our growth. These investments include:

- the expansion and reorganization of our sales force;

- an increase in the expertise and management capability within our sales force;

- the expansion of other sales channels including the development of new partnerships and alliances and broadening our engagement with outsourcing industry advisors and analysts;

- an increase in the range of services and solutions offered to our clients across different industries and business functions;

- the establishment of our Capability Creation Group to facilitate the creation of new client offerings and automation of solutions;

- an increase in the amount of technology in our service offerings including the development of new technology-enabled solutions; and

- the expansion of our global delivery platform.

The key elements of our growth strategy are described below.

Increase business from existing clients and add business from new clients

We have organized our company into vertical business units to focus on each of the industries that we target and to manage more effectively our sales and marketing process. We also have expanded our sales force, from 68 members as at March 31, 2012 to 81 members as at March 31, 2013, in order to provide broader sales coverage and to add management experience. Our sales force is organized into two groups, one focused primarily on expanding existing client relationships (farmers) and another focused on seeking new clients (hunters).

We seek to expand our relationships with existing clients by identifying additional processes that can be transferred to our global delivery centers, cross-selling new services, adding technology-based offerings and expanding into other lines of business and geographies within each client. Our account managers and client partners have industry-specific knowledge and expertise and are responsible for maintaining a thorough understanding of our clients outsourcing roadmaps as well as identifying and advocating new outsourcing opportunities. As a result of this strategy, we have a strong track record of extending the scope of our client relationships over time.

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For new clients, we seek to provide value-added solutions by leveraging our deep industry knowledge and process expertise. As a result of our capabilities and industry vertical go-to-market approach, we have been able to compete effectively for new opportunities as they arise.

Reinforce leadership in existing industries

Through our industry-focused operating model, we have established leading business process outsourcing practices in various industries and business sectors. We intend to leverage our knowledge of the insurance; travel and leisure; and banking and financial services industries, with additional focus on the manufacturing, retail, consumer products, media and entertainment, telecom and diversified businesses; consulting and professional services; utilities; healthcare; shipping and logistics; and public sector industries to penetrate additional client opportunities within these industries. To complement our industry-focused approach, we intend to invest in talent and technology platforms with the goal of expanding our business and acquiring industry specific expertise to improve our service offerings across industries.

Provide higher value added services

We seek to enhance our value proposition to our clients by leveraging our industry-specific expertise; our portfolio of higher-value services such as our finance and accounting services, research and analytics services, transformation services and technology-enabled solutions; and our flexible pricing models. We also intend to broaden the scope of our higher-value service offerings to capture new market opportunities.

By delivering an increasing portfolio of higher-value services to our clients and migrating them towards transaction- or outcome-based pricing models, we aim to increase the value of our solutions to our clients and enhance the strength, size and profitability of these relationships. In January 2012, we established our Capability Creation Group, which is responsible for facilitating the creation of new client offerings and the automation of solutions across the organization.

Enhance awareness of the WNS brand name

Our reputation for operational excellence and domain expertise among our clients has been instrumental in attracting and retaining new clients as well as talented and qualified employees. We believe we have benefited from strong word-of-mouth brand equity in the past to scale our business. However, as the size and the complexity of the business process outsourcing market grows, we are actively increasing our efforts to enhance awareness of the WNS brand in our target markets and among potential employees. To accomplish this, we have established a dedicated global marketing team comprised of experienced industry talent. We are also focusing on developing channels to increase market awareness of the WNS brand, including participation in industry events and conferences, exposure in industry publications, internet marketing techniques, and other initiatives that encourage innovation in the BPO industry, such as the publication of articles and white papers, webinars and podcasts. In addition, we are aggressively targeting BPO industry analysts, sourcing advisors, general management consulting firms, and boutique outsourcing firms, who are often retained by prospective clients to provide strategic advice, act as intermediaries in the sourcing processes, develop scope specifications and aid in the partner selection process.

Expand our delivery capabilities

We currently have 31 delivery centers located in nine countries around the world. We also deliver services through a subcontractor s delivery center in China. In fiscal 2013, we expanded our delivery capacity by 3,047 seats or approximately 16.1% of our capacity at the end of fiscal 2012. We intend to expand our global delivery capability through additional delivery centers in onshore, nearshore and offshore locations as well through collaborations with other providers. This approach will allow us to offer our clients maximum value and flexibility, as well as gain access to potential clients and markets that may have specific delivery requirements or constraints.

Broaden industry expertise and enhance growth through selective acquisitions and partnerships

Our acquisition strategy is focused on adding new service and technology capabilities, industry expertise, and expanding our geographic delivery platform. Our acquisition track record demonstrates our ability to integrate, manage and develop the specific capabilities we acquire. Our intention is to continue to pursue targeted acquisitions in the future and to rely on our integration capabilities to expand the growth of our business.

Business Process Outsourcing Service Offerings

We offer our services to clients through industry-focused business units. We are organized into the following vertical business units to provide more specialized focus on each of these industries and more effectively manage our sales and marketing process:

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- Insurance;
- Travel and leisure;
- Manufacturing, retail, consumer products, media and entertainment, telecom and diversified businesses;
- Consulting and professional services;
- Healthcare;
- Banking and financial services;
- Utilities;
- Shipping and logistics; and
- Public sector.

In addition to industry-specific services, we offer a range of services that are common across multiple industries (which we refer to as our horizontal services), in the areas of customer care (or contact center), finance and accounting, human resource outsourcing, research and analytics, technology and legal services. We also have a global transformation practice which offers higher-value services such as transformation services that are designed to help our clients identify business and process optimization opportunities through technology-enabled solutions, process design and improvements, including the Six Sigma principles, and other techniques and program management leverage to achieve cost savings.

To achieve in-depth understanding of our clients industries and provide industry-specific services, we manage and conduct our sales processes in our three key markets Europe, North America and Asia-Pacific. Our sales teams are led by senior professionals who focus on target industries, processes and clients. Each business unit is staffed by a dedicated team of managers and employees engaged in providing business process outsourcing client solutions. In addition, each business unit draws upon common support services from our information technology, human resources, training, corporate communications, corporate finance, risk management and legal departments, which we refer to as our corporate-enabling units.

Vertical Business Units:

Insurance

Our insurance services (actuarial and non-actuarial) are structured into three lines of business offerings customized for property and casualty insurance, life and annuities and healthcare. We cater to a diverse and sizeable number of clients globally and have significant experience across a broad range of insurance product lines.

The key insurance industry sectors we serve include:

- Life, annuity, and property and casualty insurers;
- Insurance brokers and loss assessors, property and casualty insurance providers, re-insurance brokers and motor insurance companies;
- Self-insured auto fleet owners;
- Commercial and retail banks;
- Mortgage banks and loan servicers;
- Asset managers and financial advisory service providers; and
- Healthcare payers, providers and device manufacturers.

Our insurance business vertical includes our auto claims business, consisting of WNS Assistance and AHA, which comprises our WNS Auto Claims BPO segment. We offer a technology-driven model that enables us to handle the entire automobile insurance claims cycle. We offer comprehensive repair management services to our clients where we arrange for the repair of automobiles through a network of repair centers. We also offer claims management services where we process accident insurance claims for our clients. In addition, we provide third party claims handling services including the administration and settlement of property and bodily injury claims while providing repair management and rehabilitation services to our insured and self-insured fleet clients and the end-customers of our insurance company clients. Our service for uninsured losses focuses on recovering repair costs and legal expenses directly from negligent third parties. See Part I Item 5. Operating and Financial Review and Prospects Overview.

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As at March 31, 2013, we had 5,694 employees working in this business unit. In fiscal 2013 and 2012, this business unit accounted for 35.5% and 44.7% of our revenue and 31.9% and 33.6% of our revenue less repair payments, respectively.

The following graphic illustrates the key areas of services provided to clients in this business unit:

Proprietary Platform:

• Proprietary platforms designed to transform business processes: (i) ClaimPro End-to-End Claims Management softwareTM; (ii) Elixir Suites of Products platform for life and annuity, and property and casualty lines of business; and (iii) broker portal for premium accounting.

Case Study

Our client, a leading insurance provider across life, general and health insurance verticals, wanted a solution to the challenges that it was facing in its management information systems, or MIS, and data analytics function, which was due to complex and disparate data sources, information silo within the client organization and duplication in reporting.

Since the commencement of our engagement with the client, our team has provided the following services to the client:

• *Establishment of a center of excellence, or CoE:* Our team established a CoE to support the client s MIS function with a blended onshore and offshore team. Our offshore team focused on delivery of services while our onshore team focused on client interaction and management.

• *Analytics resources management*: Our team has re-aligned the client s analytics resources to optimize value and enhance efficiency of these resources.

• *Automation of reporting procedures and data mining*: Our team improved efficiences through the automation of standard reporting procedures and use of technology-driven data mining.

• *Risk management*: Our team used key performance indicators and service-level agreements, or SLAs, to manage internal processes and performance to improve risk management and control. Based on the ground knowledge of our onshore team, we were able to build a fraud analytics model for the client.

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We have helped our client strengthen and improve its efficiencies in its MIS and data reporting and analytics function. Specific benefits delivered to the client included:

- Providing actionable intelligence to internal business units based on insights from the CoE, which may be translated into profitable growth.
- Improved end-to-end accountability for business results and target transformation by jointly leveraging on our and client s own internal resources.
- Improved process efficiencies through consolidation and standardization of processes and rationalization of platforms across the client s business.

Travel and Leisure Services

We deliver end-to-end services to clients across the travel and leisure industry value chain. We provide a wide range of scalable solutions that support air, car, hotel, marine and packaged travel and leisure services offered by our clients.

The key travel and leisure industry sectors we serve include:

- Airlines;
- Travel agencies, online travel agencies, tour operators and hospitality companies;
- Rental car companies and motor clubs;
- Hotels and cruise lines; and
- Global distribution systems providers.

As at March 31, 2013, we had 5,725 employees in this business unit, several hundred of whom have International Air Transport Association, Universal Federation of Travel Agents or other travel industry related certifications. In fiscal 2013 and 2012, this business unit accounted for 20.5% and 18.8% of our revenue and 21.5% and 22.6% of our revenue less repair payments, respectively.

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The following graphic illustrates the key areas of services provided to clients in this business unit:

Proprietary Platform:

- Proprietary platform-based service offerings: VERIFARE®, a fare audit platform, and JADE®, a passenger revenue accounting, or PRA, platform.

Case Study

Our client, a leading European airline and travel group, decided in 2003 to outsource to us its PRA operations in order to drive greater efficiencies, reduce costs and enhance productivity. In addition to its own PRA operations, the airline outsourced to us the revenue accounting processes that it was offering to other carriers on a hosted basis.

The initiatives undertaken by us that are designed to improve efficiency and reduce costs of the revenue accounting process included:

- *Effecting robust and seamless transition:* By leveraging our proprietary transition methodology EnABLE we effected a smooth transition of the client s PRA processes to us. It was a complex transition given that the client s PRA operations encompassed approximately 90 legacy applications and operated on two different revenue accounting systems, one used for the client s PRA operations and one used for the carriers for whom the client provided hosted PRA services. This required onshore training for our core team, rigorous pre-process training for our offshore team, and detailed process documentation.

- *Enriching the knowledge repository tool:* We enriched the knowledge repository tool by developing comprehensive documentation on the system s processes, best practices and tools, and made them easily accessible to the team.

- *Consolidating and re-engineering processes:* We re-engineered and restructured the fare audit process to help provide enhanced revenue recovery and revenue protection to the client. The processes have been consolidated from our delivery centers in Europe, the Middle East and the US.

We have helped our client improve process efficiencies, reduce costs and improve the productivity of its PRA operations. Specific benefits delivered to the client included:

- Identifying recoveries of unauthorized discounts offered by travel agents, without airline consent;

- Improving accuracy in interline sampling (or scientific random sampling), leading to increased revenue protection;

- Improving turnaround time;

- Managing a significant number of exception transactions, which refer to transactions that cannot be processed electronically due to non-automated ticketing by certain airlines, for which the client s PRA process is insufficient; and

- Reducing the cost of revenue accounting operations.

Manufacturing, Retail, Consumer Products, Media and Entertainment, Telecom and Diversified Businesses

We deliver comprehensive BPO services for the manufacturing, retail, consumer products, media and entertainment, telecom and diversified business.

As at March 31, 2013, we had 4,287 employees in this business unit. In fiscal 2013 and 2012, this business unit accounted for 15.5% and 12.2% of our revenue and 16.4% and 14.6% of our revenue less repair payments, respectively.

Manufacturing: Our manufacturing team has experience in delivering metrics-driven solutions and transformation programs for our manufacturing clients. The key manufacturing sectors we serve include:

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- Electronics manufacturers;
- Metal and mining manufacturers;
- Medical equipment manufacturers;
- Surgical equipment and vision care product manufacturers; and
- Building and construction product manufacturers.

The following graphic illustrates the key areas of services provided to clients in this business unit:

Retail and Consumer Products: Our retail and consumer packaged goods, or CPG, team offers services that leverage on our proprietary tools and methodologies that are designed to help our clients improve customer service, optimize marketing expenditures, reduce operational costs and streamline processes through efficiency, quality and productivity improvements.

The key retail and CPG sectors we serve include:

- Beverage companies;
- Office products retailers;
- Restaurants;
- Discount stores;
- Specialty apparel retailers;
- Retailers; and
- Departmental stores.

To support our operations, we have launched our proprietary research and analytics platform, WADESM, which was designed and developed to enable retail and CPG companies to access, organize and analyze data from various outside sources and use the information to take informed decisions.

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The following graphic illustrates the key areas of services provided to clients in this business unit:

Media and Entertainment: Our media and entertainment team offers services that leverage our proprietary tools and methodologies that are designed to help our clients create new revenue streams, capitalize on emerging digital opportunities, harness new-age consumers to their advantage and boost margins.

The key media and entertainment sectors we serve include:

- Music companies;
- Publishing companies;
- Television;
- Radio;
- Films;
- Gaming and animation companies;

- Sports entertainment; and
- Internet and outdoor advertising firms.

Our vertical approach to delivering outcomes, large team of domain experts and award-winning proprietary research and analytics solution platform, WADESM, are at the core of the solutions we design for our clients in the media and entertainment space.

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The following graphic illustrates the key areas of services provided to clients in this business unit:

Telecom: Our experience in consolidating and centralizing the functions of our telecommunications clients with built-in variable capacity to meet business requirements helps us deliver business value. We offer analytics, optimization, domain and process expertise.

The following graphic illustrates the key areas of services provided to clients in this business unit:

Proprietary Platform:

- Proprietary platform-based service offering: research and analytics solution platform WADESM.

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Case Study

Our client, a leading manufacturer and supplier of electronics and information technology products for consumer and professional markets worldwide, wanted to centralize its procurement function by having one procurement hub and unify the procurement processes for all of its 27 European operations.

Since the commencement of our engagement with the client, our team has provided the following services to the client:

- *Establishment of procurement hub*: Our team centralized the procurement function of all 27 business entities by establishing one procurement hub that manages all of the client s procurement needs in Europe and delivers cost-savings for the client by leveraging on the client s overall spend and scale.

- *Unified procurement processes*: Our team has unified the client s procure-to-pay process by implementing SAP® SRM software and a no purchase order, no pay system whereby vendor invoices must refer to a valid SAP® SRM purchase order number in order to be paid.

- *Supplier Master Data Management:* Our team has put in place processes to find, collect, harmonize and aggregate supplier master data to ensure consistent data is utilized.

- *Supplier rationalization*: Our team has helped the client to simplify its business operations and realize cost reductions by rationalizing its existing supplier network.

- *Establishment of a multi-lingual procurement helpdesk*: Our team established a procurement helpdesk to efficiently resolve procurement-related queries which operated in seven different languages to cater to the geographical diversity of the client s operations.

We helped our client to simplify its business operations and reduce costs in its procurement function. Specific benefits delivered to the client included:

- Increased managed spend.

- Improved spend visibility.

- Improved compliance with procurement policies.

Consulting and Professional Services

We set up our consulting and professional services, or CPS, business unit in 2011 to cater to the growing needs of the consulting and professional services industry. Our CPS business unit has a strong India presence coupled with global delivery capabilities, which allows us to serve a diverse and large global client base.

Our CPS business unit currently provides our clients with cross industry, end-to-end services in research and analytics, finance and accounting, customer care, legal services and transformation solutions.

The consulting and professional services sectors we serve include:

- Retail and pharmaceutical consulting;
- Information services;
- Private equity;
- Property management services; and
- Market research.

As at March 31, 2013, we had 1,350 employees in the business unit. In fiscal 2013 and 2012, this business unit accounted for 6.9% and 6.3% of our revenue and 7.3% and 7.5% revenue less repair payments, respectively.

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The following graphic illustrates the key areas of services delivered in this business unit:

Case Study

Our client, a leading retail consulting firm engaged in providing customer data analysis, wanted to establish an offshore hub to assist its onshore team in campaign management, data management and reporting jobs using analytics platforms and applications such as Statistical Analysis System, or SAS, Visual Basis for Applications, or VBA, and Structured Query Language, or SQL. Our client also wanted to encourage global efficiencies and best practices by the offshore hub, which challenged the client s existing business culture.

Since the commencement of our engagement with the client, our team has provided the following services to the client:

- *Data and campaign management*: Our team targets, segments, executes and evaluates promotional campaigns using SAS and SQL. We also manage campaign statistics and report and analyze the return on investment of the campaign.
- *Data solutions management*: Our team manages weekly data loads on our client s scheduler tools, running customized IT applications and SAS to enhance efficiency.
- *Insights reporting*: Our team uses third party tools to analyze and understand segment response and consumer behavior, and identify opportunities to improve campaign effectiveness.
- *Digital media*: Our digital media team provides support on content generation through photo imaging and graphics software.

- *Market research*: Our team conducts market research projects from our Mumbai office.

Through our processes we have delivered the following benefits to our client:

- An increase in the number of error-free deliveries; and

- Improvements in efficiency and productivity, creating increased headroom in its onshore team.

Healthcare

We deliver end-to-end BPO services across the healthcare industry value chain. We offer health information management, or HIM, coding (including current procedural technology, or CPT, and international classification of diseases, ICD-9), medicare and medical claim processing, revenue management related processes and Health Insurance Portability and Accountability Act, or HIPAA, compliance.

The healthcare industry sectors we serve include:

- Durable medical equipment manufacturers;

- Third-party billing service providers;

- Third-party administrators;

- Payers and providers of pharmaceutical products;

- Providers for utilization management and case management services; and

- Providers of workers compensation, medical management and disability solutions.

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As at March 31, 2013, we had 1,566 employees in this business unit. In fiscal 2013 and 2012, this business unit accounted for 6.5% and 6.1% of our revenue and 6.9% and 7.4% of our revenue less repair payments, respectively.

The following graphic illustrates the key areas of services provided to clients in this business unit:

Proprietary Platform:

- Proprietary platform: The *Interactive Transaction Entry System* (ITeS), a scriptable data capture workflow application platform for high-speed and high-quality keying from image (KFI) or keying from paper (KFP) processes with efficient process set-up and business rule implementation, quality control and productivity monitoring tools and automated pre or post production.

Case Study

Our client, one of the global leaders in specialty home medical equipment, designs and manufactures high-end and specialty medical devices that require verification of insurance benefits and pre-authorization of complex medical claims. The client wanted to improve cash flows by optimizing its revenue cycle and selected us to provide sales order processing and support and healthcare billing and collection from insurance carriers and patients.

Since the commencement of our engagement with the client, our team has provided the following services to the client:

- *Alignment of outcome*: Our team implemented a system of risk-based rewards and penalties to align our team with our client s outcomes.

- *Capacity augmentation*: Our team implemented processes which have helped to improve productivity and increase the client s capacity.

- *Claims management*: Our team used specific analytics to help the client identify and prioritize claims with a greater likelihood of being paid.

- *Quality monitoring systems*: Our team created systems to help the client monitor and improve its process quality and capabilities.

Through our efforts, we improved our client s revenue cycle operations, which in turn led to an increase in collections, an acceleration of cash flow and an improvement in customer service. Specific benefits delivered to the client included:

- Improvement in the order-to-bill process and development of modifications with enhanced collection speed using Six Sigma tools and IT enhancements.

- Establishment of an analytics-driven collections strategy that has led to an increase in collections.

- Dashboards that created significant visibility into detailed lead indicators and drivers.

- Reduction in costs associated with billing.

Banking and financial Services

We provide a broad range of business operation services for the banking and financial services industry.

We aim to add value to our clients businesses by improving their customer satisfaction, unlocking cost efficiencies and streamlining processes through technology optimization.

The key banking and financial sectors we serve include:

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- Consumer, retail and commercial banking and mortgage;
- Wealth, investment management and investment banking;
- Research and analytics services;
- Credit cards, capital markets and asset management;
- Financial advisory firms; and
- Financial research and financial market intelligence companies.

As at March 31, 2013, we had 2,035 employees working in this business unit. In fiscal 2013 and 2012, this business unit accounted for 5.5% and 5.2% of our revenue and 5.9% and 6.2% of our revenue less repair payments, respectively.

The following graphic illustrates the key areas of services provided to clients in this business unit:

Proprietary Platform:

- Proprietary software: Digital LoanTM for lending management.

Case Study

Our client, a leading asset management firm that specializes in creating investment strategies and solutions for sophisticated, high net-worth individuals and institutional investors, engaged us to provide bank loan underwriting support, monitor customer investments using detailed financial modeling and provide a macroeconomic overview of the loans and investment grade and high-yield debt markets through weekly newsletters, reports and industry reviews.

Since the commencement of our engagement with the client, our team has provided the following services to the client:

- *Underwriting support*: Our team provided the client with support in its bank loans underwriting function.

- *Research support and development of new products*: Our team provided research support searches and has also designed and developed several new products for the client such as a weekly macroeconomic newsletter, which was distributed to its external clients.

- *Establishment of standardized calculation approach*: Our team implemented a standardized approach for calculating key financial metrics that are used in client s operations.

- *Monitoring exposures*: Our team provided structured credit process updates and monitored collateralized debt or loan obligations deals where the client had interest or exposure.

Through our processes we have delivered the following benefits to our client:

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- Increased product coverage.
- Created a sustainable offshore business model.
- Improved efficiencies and consistency of results with standardized approach.

Utilities

Our utilities team offers end-to-end solutions, which utilize our technology platforms and sophisticated analytical tools that allow utilities companies to transform their operations and thereby gain a competitive edge in the market place.

The key energy and utilities industry sectors we serve include:

- Oil and gas;
- Electricity; and
- Renewable energy.

As at March 31, 2013, we had 2,106 employees working in this business unit. In fiscal 2013 and 2012, this business unit accounted for 6.6% and 4.5% of our revenue, and 7.0% and 5.5% of our revenue less repair payments, respectively.

The following graphic illustrates the key areas of services provided to clients in this business unit:

Case Study

Our client, a leading gas and electricity provider in the UK and the US, wanted to fuel its growth by improving its customer service levels and increase customer satisfaction while reducing its operational costs.

Since the commencement of our engagement with the client, our team has provided the following services to the client:

- Customer care process management: Our team handled customer care processes including interacting with the client s customers through e-mail, white mail and telephone calls and helped the customer cope with increased customer interaction volumes.
- Customer management system: Our team also managed billing exceptions to ensure correct bills were generated for the client.
- Process management: Our team helped the client implement its first SAP® platform and developed guidelines to enhance process management.

Through our processes we have delivered the following benefits to our client:

- Reduction in backlogs.
- Reduction in customer complaints.

- Increased customer satisfaction.
- Improved debt recovery rates through transformation of the tariff and measurement system.

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Shipping and Logistics

We deliver a range of industry-specific business processes across the shipping and logistics industry, as well as provide services in the areas of finance and accounting, customer care, business technology, procurement and human resources administration. We also offer decision support services in the form of research and analytics. To support our shipping and logistics team, we use our proprietary consumer information system platform, which aids various customer services such as account management, billing support and analytics.

The key shipping and logistics industry sectors we serve include:

- Global courier companies;
- Non-vessel operating common carriers/forwarders;
- Container shipping liners;
- Trucking records management companies; and
- Bulk and tanker carriers.

As at March 31, 2013, we had 1,040 employees working in this business unit. In fiscal 2013 and 2012, this business unit accounted for 2.6% and 2.2% of our revenue, and 2.8% and 2.6% of our revenue less repair payments, respectively.

The following graphic illustrates the key areas of services provided to clients in this business unit:

Case Study

Our client, a leading global air express and courier company, wanted to standardize its finance and accounting function, specifically those relating to its Ship-to-Collect process across the Europe, Middle East and Africa region.

Since the commencement of our engagement with the client, our team has provided the following services to the client:

- *Bill manifesting*: Our team handled manifesting of airway bills, indexing and classification of supporting documents.
- *Billing*: Our team manually rectified errors and released airway bills to generate freight, duties and taxes for invoices that fail the auto-billing process.
- *Invoice adjustment*: Our team handled the resolution of billing disputes as well as necessary adjustment to billing entries.
- *Cash application*: Our team matched payments received to open invoices and investigated sources for unapplied cash.
- *Accounts Payable*: Our team also scrutinized and processed invoices for payment.

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Through our processes we have delivered the following benefits to our client:

- Increased invoicing accuracy levels.
- Improved turnaround time for billing of consignments.
- Reduced unapplied cash.
- Reduced cost of operations.

Horizontal Units

Contact Center

We have a strong track record of supporting customer care functions while focusing on cost-efficiency. To increase customer loyalty and satisfaction, we offer tailor-made customer care solutions by leveraging our domain expertise in customer service functions and strong talent pool. Contact center services are offered across our vertical business units.

As at March 31, 2013, we had 8,419 employees in this horizontal unit. In fiscal 2013 and 2012, this horizontal unit accounted for 23.9% and 17.4% of our revenue, and 25.2% and 20.9% of our revenue less repair payments, respectively.

The following graphic illustrates the key contact center services we provide:

Case Study

Our client, Travelocity, one of the largest providers of internet-enabled consumer-direct travel services worldwide, was undergoing a metamorphosis and engaged us to help manage its increasing volume of customer inquiries that was critical to its growth.

Since the commencement of our engagement with the client, our team has provided the following services to the client:

- Delivered process efficiencies in order to handle a larger volume of customer inquiries.
- Delivered actionable insights using third party tools to collect and analyze customer data.

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Through our processes we have delivered the following benefits to our client:

- Reduced operational costs.
- Reduced average handling time.
- Increased call volumes being handled per agent.
- Increased in sales conversion rate.

Finance and Accounting

Our finance and accounting service offerings include standardization of finance and accounting processes and transformation of finance operations. Finance and accounting services are offered across our vertical business units.

We have experience in delivering large scale and complex finance and accounting transformation programs, which include:

- Rapid, large scale transitions;
- Implementation of shared service centers and rationalization of financial systems to optimize and consolidate our clients information technology platforms;
- Multi-location, multi-system global finance and accounting consolidation; and
- End-to-end processes ranging from simple, transaction-based processes to high-end, judgment-based processes, such as analytics and treasury.

As at March 31, 2013, we had 3,395 employees in this horizontal unit. In fiscal 2013 and 2012, this horizontal unit accounted for 17.6% and 15.5% of our revenue, and 18.6% and 18.6% of our revenue less repair payments, respectively.

The following graphic illustrates the key finance and accounting services we provide:

Proprietary Platform:

- Proprietary platform-based service offering: Xponential The ERP Card SolutionTM, a part of our BizAps Procure to Pay (P2P) Solutions brand umbrella.

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Case Study

Our client, one of the leading electricity and residential energy providers in the UK, wanted to reduce revenue leakages and operating costs, improve customer service levels and increase customer satisfaction as well as improve its internal control and minimize risk through enhanced process management.

Since the commencement of our engagement with the client, our team has provided the following services to the client:

- Managed the client s end-to-end meter operations, including billing, customer management and accounting functions.
- Handled customer care processes including interacting with the client s customers.
- Implemented processes and developed guidelines to enhance internal controls and management.

Through our processes we have delivered the following benefits to our client:

- Reduction in backlogs.
- Reduction in customer complaints.
- Increased customer satisfaction.
- Improved debt recovery rates through transformation of the tariff and measurement system.

Human Resource Outsourcing

We support organizations in meeting their human resources objectives through comprehensive service offerings for human resources-related functions. Our solutions enable clients to overcome challenges such as managing the high cost of human resources operations, improving compliance with quality parameters, handling routine human resources activities that require significant manual intervention and managing disparate legacy human resources systems. Human resources outsourcing services are offered across our vertical business units. This horizontal unit was established in fiscal 2013.

As at March 31, 2013, we had 81 employees in this horizontal unit. In fiscal 2013, this horizontal unit accounted for 0.2% of our revenue and 0.3% of our revenue less repair payments.

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The following graphic illustrates the key human resources outsourcing services we provide:

Research and Analytics

Leveraging our research and analytics expertise, industry expertise and global delivery model, our research and analytics outsourcing services help companies better understand their customers and provide insight-based business decision support.

Our wide range of services, which include analytics, market research, and business and financial research, provide enhanced business understanding and actionable insights to our clients. Research and analytics services are offered across our vertical business units.

To support our operations, we have launched our proprietary research and analytics platform, WADESM, which was designed and developed to enable retail and CPG companies to access, organize and analyze data from various outside sources and use the information to make informed decisions.

As at March 31, 2013, we had 1,913 employees in this horizontal unit. In fiscal 2013 and 2012, this horizontal unit accounted for 11.3% and 9.9% of our revenue, and 11.9% and 11.9% of our revenue less repair payments, respectively.

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The following graphic illustrates the key research and analytics services we provide:

Proprietary Platform:

- Proprietary platform-based service offering: research and analytics solution framework WADESM.

Case Study

Our client, a leading player in the media and entertainment vertical, engaged us to help provide accurate forecasts for its DVD inventories across multiple stores in the US.

Since the commencement of our engagement with the client, our team has provided the following services to the client:

- Created a multi-stage planning improvement program to improve allocations of DVDs in different stores.
- Created a statistical tool that is used real-time to predict which stores risk running out of stock based on sales trends in the first few hours of product launch to improve stock replenishment. While creating these solutions, we factored in multiple challenges like sharp changes in historical sales trends, limited data availability and an inadequate industry approach to product classification.

Through our processes we have delivered the following benefits to our client:

- Reduced inventory costs.
- Improved reaction time to sales trends based on product launch data and improved stock replenishment plans.

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Technology Services

Our technology services team offers a suite of end-to-end services designed to help our clients to identify business and process optimization opportunities and leverage our industry and process expertise, technology solutions and analytics capabilities. Technology services are offered across our vertical business units.

As at March 31, 2013, we had 132 employees in this horizontal unit. In fiscal 2013 and 2012, this horizontal unit accounted for 1.5% and 1.2% of our revenue, and 1.6% and 1.5% of our revenue less repair payments, respectively.

The following graphic illustrates the key technology services we provide:

Legal Services

Our legal process outsourcing solutions team provides organizations access to a high quality talent pool of legal professionals, a global delivery model and deep domain expertise.

We aim to help our clients reduce the costs of their legal processes and, more importantly, allow their associates to focus on spending more time with their clients, thereby creating greater value for their organization.

As at March 31, 2013, we had 131 employees in this horizontal unit. In fiscal 2013 and 2012, this horizontal unit accounted for 0.7% and 0.7% of our revenue and 0.8% and 0.8% of our revenue less repair payments, respectively.

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The following graphic illustrates the key legal services we provide:

Sales and Marketing

The sales cycle for business process outsourcing services can be time consuming and complex in nature. The extended sales cycle generally includes initiating client contact, submitting requests for information and requests for proposals for client business, hosting client visits to our delivery centers, performing analysis including diagnostic studies and conducting pilot implementations to demonstrate our delivery capabilities. Due to the complex nature of the sales cycle, we have aligned our sales teams to our vertical business units and staffed them with hunting, or sales, professionals, as well as farming, or client relationship, professionals. Our hunters and farmers have specialized industry knowledge and experience, which enable them to better understand prospective and existing client s business needs and to offer appropriate domain-specific solutions.

Our sales and sales support professionals are based in Australia, Dubai, Eastern Europe, India, Singapore, South Africa, the UK and the US. Our sales teams work closely with our sales support team in India, which provides critical analytical support throughout the sales cycle. Other key functions provided by our India sales support team include generating leads for potential business opportunities and telephone sales support. Our front-line sales teams are responsible for identifying and initiating discussions with prospective clients, and selling services in new areas to existing clients. We assign dedicated client partners and/or account managers to our key clients. These managers work with their clients daily at the client locations. They also are the conduit to our service delivery teams addressing clients needs. More importantly, by leveraging their detailed understanding of the client s business and outsourcing objectives gained through this close interaction, our existing clients and account managers actively identify and target additional processes that can be outsourced to us. Through this methodology, we have developed a strong track record of increasing our sales to existing clients over time.

During the past two fiscal years, we have significantly grown our client facing team from 47 members as at March 31, 2011 to 81 members as at March 31, 2013, including hunters and farmers.

Clients

As at March 31, 2013, we had a diverse client base of 236 clients across a variety of industries and process types, including companies that we believe are among the leading players in their respective industries.

We believe the diversity in our client profile differentiates us from our competitors. See Part I Item 5. Operating and Financial Review and Prospects Revenue for additional information on our client base.

The table below sets forth the number of our clients by revenue less repair payments for the periods indicated. We believe that the large number of clients who generate more than $1 million of annual revenue less repair payments indicates our ability to extend the depth of our relationships with existing clients over time.

	Year ended March 31,	
	2013	2012
Below $1.0 million	168	154
$1.0 million to $5.0 million	50	49
$5.0 million to $10.0 million	8	11
More than $10.0 million	10	8

Competition

Competition in the business process outsourcing services industry is intense and growing steadily. See Part I Item 3. Key Information D. Risk Factors Risks Related to Our Business We face competition from onshore and offshore business process outsourcing companies and from information technology companies that also offer business process outsourcing services. Our clients may also choose to run their business processes themselves, either in their home countries or through captive units located offshore.

We compete primarily with:

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- focused business process outsourcing service companies based in offshore locations (primarily India), such as EXL Service Holdings, Inc., Firstsource Solutions Limited and Genpact Limited;

- business process outsourcing divisions of numerous information technology service companies operating out of India such as Cognizant Technology Solutions, the BPO unit of Infosys Technologies Limited, Tata Consultancy Services Limited and Wipro BPO, owned by Wipro Technologies Limited; and

- global companies such as Accenture Limited., Affiliated Computer Services Inc., Electronic Data Systems Corporation, a division of Hewlett-Packard, and International Business Machines Corporation which provide an array of products and services, including broad-based information technology, software, consulting and business process outsourcing services.

In addition, departments of certain companies may choose to perform their business processes in-house, in some cases via an owned and operated facility in an offshore location such as India. Their employees provide these services as part of their regular business operations.

Intellectual Property

We use a combination of our clients software systems, third-party software platforms and systems and our own proprietary software and platforms to provide our services. Our proprietary and licensed software allows us to market our services with an integrated solution that combines a technology platform with our core business process outsourcing service offering. Our principal proprietary software includes our passenger revenue accounting platform and fare audit platform, which we use in our travel and leisure business unit, and auto claims software platform, which we use in WNS Assistance. In addition, we use our proprietary software to optimize our clients finance and accounting processes. These include solutions for:

- Invoice approval;

- Maintaining master data, such as vendor and customer data;

- Vendor and customer communication;

- Purchasing card expense management for SAP®; and

- Cash applications.

We customarily enter into licensing and non-disclosure agreements with our clients with respect to the use of their software systems and platforms. Our client contracts usually provide that all customized intellectual property created specifically for the use of our clients will be assigned to them.

Our employees are also required to sign confidentiality agreements as a condition to their employment. These agreements include confidentiality undertakings regarding our company s and the client s intellectual property that bind our employees even after they cease to work with us. These agreements also ensure that all intellectual property created or developed by our employees in the course of their employment is assigned to us.

We have registered the trademark WNS and WNS-Extending Your Enterprise in most of the countries where we have global presence.

Technology

We have a dedicated team of technology experts who support clients at each stage of their engagement with us. The team conducts diagnostic studies for prospective clients and designs and executes technology solutions to enable offshore execution and management of the clients business processes. The global IT infrastructure is managed by an internal IT infrastructure and operations team, which seeks to ensure that our associates face minimal loss in time and efficiency in their work processes. The team supports over 19,000 desktops across 31 locations world-wide and includes specialists in the areas of wide-area-network or local-area-network telecommunications, servers, desktop and information security.

Wide-area-network We have designed and built WNSnet, a high-capacity global multi-protocol label switching network, connecting all of our delivery centers in Costa Rica, Europe, India, the Philippines, South Africa and Sri Lanka, including our subcontractor s delivery center in China, to network points of presence, or PoPs, in the US and UK. There are two PoPs in the US: one in Ashburn, Virginia and one in Los Angeles, California. In addition, there are two PoPs in the UK: one in Telecity, London and the other in Telehouse, London. Connectivity to our clients data centers is generally extended from two PoPs to provide redundancy. The PoPs are connected to our delivery centers on multiple high capacity leased circuits contracted from multiple telecom service providers and set up on diverse cable systems. This ensures that outage at any PoP, on any cable system or any service provider network, will not impact end-to-end connectivity to customers. WNSnet is managed 24/7 by our network operations center, or NOC, which is based in Mumbai. We have set up a backup NOC in Pune as a contingency measure.

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Contact Center Technology Infrastructure We have installed the Avaya MultiVantage platform at all our call centers for delivering voice processes. The Avaya MultiVantage platform permits secure access to define and redefine the call flow, vectoring, agent skills, splits and other call routing parameters as and when required.

Data centers We also offer facilities for hosting client data if required. We have data centers at Mumbai, Pune and Gurgaon in India with over 25,000 square feet of floor space. We host servers for over 125 clients in the data centers and also all servers required for our corporate applications.

Technology service management methodology We have designed our technology service management methodology on the information technology infrastructure library framework. The competency developed by serving various clients across verticals is under continual upgrade and includes processes for the following: service desk, incident management, problem tracking and resolution, change control and management, configuration management and release management.

Process and Quality Assurance and Risk Management

Our process and quality assurance compliance programs are critical to the success of our operations. We have an independent quality team to monitor, analyze, provide feedback on and report process performance and compliance. Our company-wide quality management system, which employs over 500 quality assurance analysts, focuses on managing our client processes effectively on an ongoing basis. Our process delivery is managed by independent empowered teams and measured regularly against pre-defined operational metrics. We also have over 900 employees in our quality assurance team that satisfies the ISO 9001:2008 standards for quality management systems. We apply the Six Sigma and LEAN methodologies which are statistical methodologies for improving consistent quality across processes as well as quality management principles for improving the operation of our clients processes and providing a consistent level of service quality to our clients. As at March 31, 2013, more than 500 of our projects were completed using the Six Sigma and LEAN methodologies and currently 402 projects are ongoing.

We have been awarded the Golden Peacock Global Business Process Excellence Award for the year 2012 for our excellence in delivering transformational and cutting-edge outsourcing solutions. We also received the IQPC Award for Process Excellence in 2012, Golden Peacock National Quality Award in 2011, Golden Peacock Eco-Innovation Award for Green Lean Sigma Program awarded by The World Environment Foundation in 2009 and the Golden Peacock Innovative Products/Service Award in 2011. We also apply other process re-engineering methodologies to further improve our process delivery and undertake periodic audits of both our information systems policy and implemented controls.

Our Board of Directors is primarily responsible for overseeing our risk management processes. The Board of Directors receives and reviews reports from the Head of Risk Management and Audit as considered appropriate regarding our company s assessment of risks. The Board of Directors focuses on the most significant risks facing our company and our company s general risk management strategy, and also ensures that risks undertaken by our company are consistent with the Board s appetite for risk.

Our risk management framework also focuses on two important elements: business continuity planning and information security.

Our approach to business continuity planning involves implementation of an organization-wide business continuity management framework which includes continual self-assessment, strategy formulation, execution and review. Our business continuity strategy leverages our expanding network of delivery centers for operational and technological risk mitigation in the event of a disaster. To manage our business continuity planning program, we employ a dedicated team of experienced professionals. A customized business continuity strategy is developed for key clients, depending on their specific requirements. For mission-critical processes, operations are typically split across multiple delivery centers in accordance with client-approved customized business continuity plans.

Our approach to information security involves implementation of an organization-wide information security management system, which complies with the ISO 27001:2005 to manage organizational information security risks. These measures seek to ensure that sensitive company information remains secure. Currently, information security systems at 21 delivery centers are ISO 27001:2005 certified, and we expect to seek similar certifications in our newer delivery centers. In addition, we comply with the Payment Card Industry Data Security Standard (PCI DSS) which is a multifaceted security standard aimed at helping companies proactively protect cardholder data and sensitive authentication data.

In addition, our clients may be governed by regulations specific to their industries or in the jurisdictions where they operate or where their customers are domiciled or in their home jurisdictions which may require them to comply with certain process-specific requirements. As we serve a large number of clients globally and across various industries, we rely on our clients to identify the process-specific compliance requirements and the measures that must be implemented in order to comply with their regulatory obligations. We assist our clients to maintain and enforce compliance in their business processes by implementing control and monitoring procedures and providing training to our clients employees. The control and monitoring procedures defined by this function are separate from and in addition to our periodic internal audits.

Human Capital

As at March 31, 2013, we had 25,520 employees, of which 8 are based in Australia, 255 are based in Costa Rica, 19,868 are based in India, 1,865 are based in the Philippines, 52 are based in Poland, 360 are based in Romania, 2,169 are based in South Africa, 571 are based in Sri Lanka, 3 are based in United Arab Emirates, 303 are based in the UK and 66 are based in the US. Most of our associates hold university degrees. As at March 31, 2012 and 2011, we had 23,874 and 21,523 employees, respectively. Our employees are not unionized. We believe that our employee relations are good. We focus heavily on recruiting, training and retaining our employees.

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Recruiting and Retention

We believe that talent acquisition is an integral part our overall organizational strategy. We have developed effective human resource strategies and demonstrated a strong track record in recruitment specific to the needs of our business units to optimize the training and development of our employees. As we continue to grow, we look to improve and enhance our candidate pool, which is sourced from recruitment agencies, job portals, advertisements, college campuses (where we focus on recruiting talented individuals) and walk-in applications. In addition, a significant number of our applicants are referred to us by existing employees. We recruit an average of 1,117 employees per month.

During fiscal 2013, 2012 and 2011, the attrition rate for our employees who have completed six months of employment with us was 35%, 38% and 43%, respectively.

Training and Development

We devote significant resources to the training and development of our associates. Our training typically covers modules in leadership and client processes, including the functional aspects of client processes such as quality and transfer. Training for new associates may also include behavioral and process training as well as cultural, voice and accent training, as required by our clients.

We have established the WNS Learning Academy, where we offer specialized skills development, such as leadership and management development, and behavioral programs as well as pre-process training that includes voice and accent and customer service training, for new associates. The WNS Learning Academy is staffed with over 50 full-time trainers and content designers. We customize our training programs according to the nature of the client s business, the country in which the client operates and the services the client requires. Further, the WNS Learning Academy has an in-house e-learning unit which creates computer or web-based learning modules to support ongoing learning and development.

Since the launch of the WNS Learning Academy, we have made significant efforts to improve the learning and development of our supervisory, management and leadership teams, which is visible through focused learning initiatives targeted at employees with specific job roles and based upon current and future business competency requirements. Our learning initiatives include, among others, the following:

- A five-day leadership program, implemented in 2008, with a 60-90 day action learning project focused on professional and leadership skills and process improvement for over 2,000 team leaders and managers;

- Educational opportunities through tie-ups with leading institutions, such as the Indian Institute of Management and Symbiosis Institute of Business Management;

- The launch of LA TV, a Blackberry based corporate training tool for learning on-the-go;

- Train the Trainer programs, in which master trainers visit our various locations to conduct training sessions;

- The ongoing launch of virtual domain universities in each business unit, which we intend to serve as a one stop solution for domain knowledge; and

- Diversity and cross-cultural understanding training initiatives.

Through these learning initiatives and others, we are addressing developmental and functional needs at the junior management level, leadership and sales focus at the middle management level and business and strategic development at the senior leadership level. Our goal is to consolidate, build and share intellectual property and business knowledge throughout our organization, which we believe will benefit us, as well as our clients, in the long run.

Further, in connection with our focus on institutionalizing talent identification, succession planning and talent development frameworks, the WNS Learning Academy is involved with the design and implementation of talent development roadmaps that are designed to help us organically build leaders for the future and develop clear succession plans. We plan to achieve this through the design and roll-out of customized individual development plans, as well as specialized training programs run for groups of employees at similar stages of career development or in similar roles, which we call clustered interventions.

In order to keep pace with the ever-changing global business environment, we recognize that there is a strong need to focus on consolidating, building and sharing our domain knowledge. Hence, in fiscal 2013, we proposed to set up a Domain Virtual University in each business unit. The university will serve as one stop solution for domain knowledge. The establishment of the university is aimed at retaining and building our domain knowledge for each business unit and is expected to benefit us as well as our clients in the long run.

Other Development Initiatives

Diversity and inclusion As we increase our global presence, we believe it is important to grow and foster an inclusive and diverse business environment, and therefore we seek to equip our managers with the skills required to collaborate, manage and lead in a diverse global environment. Our learning and development team is proactively designing training materials related to diversity and cross-cultural understanding in order to groom successful managers who have a global mindset and the necessary soft skills to function effectively in a diverse environment. We believe that skills such as good communication and cultural adaptability and understanding are essential in the workplace. Therefore, we aim to instill in our global managers an awareness of, and an appreciation for, the differences among the cultures with which they do business and to provide them the techniques and support they need to succeed.

Representatives of the learning and development team are also involved in feasibility studies for potential new locations from a talent availability point of view. To improve our reach, we are increasingly deploying blended learning solutions via video-based and e-learning to reach our managers globally.

Front line capability building As an individual advances within an organization, it is important that he or she adds the qualifications and skills required to perform the role and responsibilities to which he or she is assigned. Our Learning Academy focuses on providing new managers the necessary tools to successfully make the transition from employee to business leader. In doing so, our Learning Academy trains new managers on the technical and leadership skills necessary to manage people, understand key drivers of financial performance, provide good customer service and follow our business and shared best practices.

Regulations

Due to the industry and geographic diversity of our operations and services, our operations are subject to a variety of rules and regulations, and several federal and state agencies in Europe, China, Costa Rica, India, the Philippines, Singapore, South Africa, Sri Lanka, United Arab Emirates and the US that regulate various aspects of our business. See Part I Item 3. Key Information D. Risk Factors Risks Related to our Business Failure to adhere to the regulations that govern our business could result in us being unable to effectively perform our services. Failure to adhere to regulations that govern our clients businesses could result in breaches of contract with our clients.

We have benefitted from, and continue to benefit from, certain tax holidays and exemptions in various jurisdictions in which we have operations.

In fiscal 2013 and 2012, our tax rate in India and Sri Lanka impacted our effective tax rate. We would have incurred approximately $0.8 million and $1.7 million in additional income tax expense on our operations in Sri Lanka and on our SEZ operations in India for fiscal 2013 and 2012, respectively, if the tax holidays or exemptions as described below had not been available for the respective periods.

In fiscal 2011, our tax rate in India and, to a lesser extent, Sri Lanka, significantly impacted our effective tax rate. We incurred minimal income tax expense on our operations in India and Sri Lanka in fiscal 2011 as a result of the tax holiday enjoyed by our delivery centers registered in the STPI in India and tax exemption enjoyed in Sri Lanka as described below. We would have incurred approximately $14.0 million in additional income tax expense on our STPI operations in India and Sri Lanka, if the tax exemption had not been available for the period. The STPI tax holiday in India expired on April 1, 2011.

We expect our tax rate in India and Sri Lanka and, to a lesser extent, the Philippines to continue to impact our effective tax rate. Our tax rate in India have been impacted by the reduction in the tax exemption enjoyed by our delivery center located in Gurgaon under the SEZ scheme from 100.0% to 50.0% which started in fiscal 2013. However, we expect to expand the operations in our delivery centers located in other SEZs that are still in their initial five years of operations and therefore eligible for 100.0% income tax exemption.

In the past, the majority of our Indian operations were eligible to claim income tax exemption with respect to profits earned from export revenue from operating units registered under the STPI. The benefit was available for a period of 10 years from the date of commencement of operations, but not beyond March 31, 2011. Effective April 1, 2011, upon the expiration of this tax exemption, income derived from our operations in India became subject to the prevailing annual tax rate, which is currently 32.45%. Further, the Government of India, pursuant to the Finance Bill 2013, has proposed to increase the annual tax rate to 33.99%

Further, in 2005, the Government of India implemented the SEZ legislation, with the effect that taxable income of new operations established in designated SEZs may be eligible for a 15-year tax holiday scheme consisting of a complete tax holiday for the initial five years and a partial tax holiday for the subsequent ten years, subject to the satisfaction of certain capital investment conditions. Our delivery center located in Gurgaon, India and registered under the SEZ scheme is eligible for a 50.0% income tax exemption from fiscal 2013 until fiscal 2022. During fiscal 2012, we also started operations in delivery centers in Pune, Navi Mumbai and Chennai, India registered under the SEZ scheme, through which we are eligible for a 100.0% income tax exemption until fiscal 2016 and a 50.0% income tax exemption from fiscal 2017 until fiscal 2026.

The SEZ legislation has been criticized on economic grounds by the International Monetary Fund and the SEZ legislation may be challenged by certain non-governmental organizations. It is possible that, as a result of such political pressures, the procedure for obtaining benefits under the SEZ legislation may become more onerous, the types of land eligible for SEZ status may be further restricted or the SEZ legislation may be amended or repealed. Moreover, there is continuing uncertainty as to the governmental and regulatory approvals required to establish operations in the SEZs or to qualify for the tax benefit. This uncertainty may delay our establishment of additional operations in the SEZs.

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In addition to these tax holidays, our Indian subsidiaries are also entitled to certain benefits under relevant state legislation and regulations. These benefits include the preferential allotment of land in industrial areas developed by state agencies, incentives for captive power generation, rebates and waivers in relation to payments for transfer of property and registration (including for purchase or lease of premises) and commercial usage of electricity.

Since the adoption of the Indian Finance Act, 2007, we have become subject to MAT and, since fiscal 2008, we have been required to pay additional taxes. The Government of India, pursuant to the Indian Finance Act, 2011, has also levied MAT on the book profits earned by the SEZ units at the prevailing tax rate, which is currently 20.01%. Further, the Government of India, pursuant to the Finance Bill 2013, has proposed to increase the tax rate to 20.96%. To the extent MAT paid exceeds the actual tax payable on our taxable income we would be able to offset such MAT credits from tax payable in the succeeding ten years, subject to the satisfaction of certain conditions. During fiscal 2013, we have offset $1.3 million of our MAT payments for earlier years from our increased tax liability based on our taxable income following the expiry of our tax holiday on STPI effective fiscal 2012.

The Government of India may enact new tax legislation that could impact the way we are taxed in the future. For example, the Direct Taxes Code Bill, which was tabled in the Indian Parliament in August 2010, is intended to replace the Indian Income Tax Act, 1961. Under the Direct Taxes Code Bill, a non-Indian company with a place of effective management in India would be treated as a tax resident in India and would be consequently liable to tax in India on its global income. The Direct Taxes Code Bill, if enacted, also proposes to discontinue the existing profit based incentives for SEZ units operational after March 31, 2014 and replace them with investment based incentive for SEZ units operational after that date. The implications of the Direct Taxes Code, if enacted, on our operations are presently still unclear and may result in a material increase in our tax liability.

Further, the Government of India, pursuant to the Indian Finance Act 2012, has clarified that, with retrospective effect from April 1, 1962, any income accruing or arising directly or indirectly through the transfer of capital assets situated in India will be taxable in India. If any of our transactions are deemed to involve the direct or indirect transfer of a capital asset located in India, such transactions could be investigated by the Indian tax authorities, which could lead to the issuance of tax assessment orders and a material increase in our tax liability. For example, in December 2012, we received a request from the relevant income tax authority in India for information relating to our acquisition in July 2008 from Aviva of all the shares of Aviva Global, which owned subsidiaries with assets in India and Sri Lanka. No allegation or demand for payment of additional tax relating to that transaction has been made yet. The Government of India has issued guidelines on the GAAR, which is expected to be effective April 1, 2015, and which is intended to curb sophisticated tax avoidance. Under the GAAR, a business arrangement will be deemed an impermissible avoidance arrangement if the main purpose of the arrangement is to obtain a tax benefits. Although the full implications of the GAAR are presently still unclear, if we are deemed to have violated any of its provisions, we may face an increase to our tax liability.

In August 2009, the Government of India passed the Indian Finance (No. 2) Act, 2009, which abolished the levy of fringe benefit tax on certain expenses incurred by an employer and share-based compensation provided to employees, by an employer. However, it also provides that share-based compensation paid and other fringe benefits or amenities provided to employees would be taxable in the hands of the employees as salary benefit and an employer would be required to withhold taxes payable thereon.

Our operations in Sri Lanka are also eligible for tax exemptions. One of our Sri Lankan subsidiaries was eligible to claim income tax exemption with respect to profits earned from export revenue by our delivery center registered with the BOI. This tax exemption expired in fiscal 2011, however, effective fiscal 2012, the Government of Sri Lanka has exempted the profits earned from export revenue from tax. This has enabled our Sri Lankan subsidiary to continue to claim tax exemption under the Sri Lanka Inland Revenue Act following the expiry of the tax exemption.

Our subsidiary in the Philippines, WNS Global Services Philippines Inc., is also eligible to claim income tax exemption with respect to profits earned from export revenue by our delivery centers registered with the Philippines Economic Zone Authority. This tax exemption is available for four years from the date of grant of the tax exemption and will expire in fiscal 2014. During fiscal 2013, we started operations in a new delivery center in the Philippines which is also eligible for a tax exemption that will expire in fiscal 2017. Following the expiry of the tax exemption, income generated by WNS Global Services Philippines, Inc. will be taxed at the prevailing annual tax rate, which is currently 30.0%.

Our subsidiary in Costa Rica is also eligible for a 100% income tax exemption from fiscal 2010 until fiscal 2017 and a 50.0% income tax exemption from fiscal 2018 to fiscal 2021.

See Part I Item 5. Operating and Financial Review and Prospects Critical Accounting Policies Income Taxes .

Enforcement of Civil Liabilities

We are incorporated in Jersey, Channel Islands. Most of our directors and executive officers reside outside of the US. Substantially all of the assets of these persons and substantially all of our assets are located outside the US. As a result, it may not be possible for investors to effect service of process on these persons or us within the US, or to enforce against these persons or us, either inside or outside the US, a judgment obtained in a US court predicated upon the civil liability provisions of the federal securities or other laws of the US or any state thereof. A judgment of a US court is not directly enforceable in Jersey, but constitutes a cause of action which will be enforced by Jersey courts provided that:

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- the court which pronounced the judgment has jurisdiction to entertain the case according to the principles recognized by Jersey law with reference to the jurisdiction of the US courts;
- the judgment is given on the merits and is final and conclusive it cannot be altered by the courts which pronounced it;
- there is payable pursuant to the judgment a sum of money, not being a sum payable in respect of tax or other charges of a like nature or in respect of a fine or other penalty;
- the courts of the US have jurisdiction in the circumstances of the case;
- the judgment can be enforced by execution in the jurisdiction in which the judgment is given;
- the person against whom the judgment is given does not benefit from immunity under the principles of public international law;
- there is no earlier judgment in another court between the same parties on the same issues as are dealt with in the judgment to be enforced;
- the judgment was not obtained by fraud, duress and was not based on a clear mistake of fact; and
- the recognition and enforcement of the judgment is not contrary to public policy in Jersey, including observance of the principles of natural justice which require that documents in the US proceeding were properly served on the defendant and that the defendant was given the right to be heard and represented by counsel in a free and fair trial before an impartial tribunal.

It is the policy of Jersey courts to award compensation for the loss or damage actually sustained by the person to whom the compensation is awarded. Although the award of punitive damages is generally unknown to the Jersey legal system, there is no prohibition on them either by statute or by customary law. Whether a judgment is contrary to public policy depends on the facts of each case. Exorbitant, unconscionable, or excessive awards will generally be contrary to public policy. Moreover, if a US court gives a judgment for multiple damages against a qualifying defendant, the Protection of Trading Interests Act 1980, an Act of the UK extended to Jersey by the Protection of Trading Interests Act 1980 (Jersey) Order 1983, or the Order, provides that such judgment would not be enforceable in Jersey and the amount which may be payable by such defendant may be limited. The Order provides, among others, that such qualifying defendant may be able to recover such amount paid by it as represents the excess of such multiple damages over the sum assessed as compensation by the court that gave the judgment. A qualifying defendant for these purposes is a citizen of the UK and Colonies, a body corporate incorporated in the UK, Jersey or other territory for whose international relations the UK is responsible or a person carrying on business in Jersey.

Jersey courts cannot enter into the merits of the foreign judgment and cannot act as a court of appeal or review over the foreign courts. It is doubtful whether an original action based on US federal securities laws can be brought before Jersey courts. A plaintiff who is not resident in Jersey may be required to provide security for costs in the event of proceedings being initiated in Jersey.

There is uncertainty as to whether the courts of India would, and Mourant Ozannes, our counsel as to Jersey law, have advised us that there is uncertainty as to whether the courts of Jersey would:

- recognize or enforce judgments of US courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the US or any state in the US; or

- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the federal securities laws of the US or any state in the US.

Section 44A of the Code of Civil Procedure, 1908 (India), or the Civil Code, as amended, provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Indian government has by notification declared to be a reciprocating territory, such foreign judgment may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant superior court in India. Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties and does not include arbitration awards. The US has not been declared by the Indian government to be a reciprocating territory for the purposes of Section 44A of the Civil Code.

A judgment of a foreign court, which is not a court in a reciprocating territory, may be enforced in India only by a suit upon the judgment, subject to Section 13 of the Civil Code and not by proceedings in execution and such judgment of a foreign court is considered as evidence. This section, which is the statutory basis for the recognition of foreign judgments, states that a foreign judgment is conclusive evidence as to any matter directly adjudicated upon except:

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- where the judgment has not been pronounced by a court of competent jurisdiction;
- where the judgment has not been given on the merits of the case;
- where the judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
- where the proceedings in which the judgment was obtained were opposed to natural justice;
- where the judgment has been obtained by fraud; or
- where the judgment sustains a claim founded on a breach of any law in force in India.

The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. Generally, there are considerable delays in the disposal of suits by Indian courts. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the Reserve Bank of India under the Indian Foreign Exchange Management Act, 1999, to repatriate any amount recovered pursuant to such execution. Any judgment in a foreign currency would be converted into Indian rupees on the date of judgment and not on the date of payment.

C. Organizational Structure

The following diagram illustrates our company s organizational structure and the place of organization of each of our subsidiaries as of the date hereof. Unless otherwise indicated, each of our subsidiary is 100% owned, directly or indirectly, by WNS (Holdings) Limited.

Notes:

(1) WNS (Holdings) Limited has made a 99.99% capital contribution in WNS Global Services Netherlands Cooperative U.A. or the Co-op. The remaining 0.01% capital contribution in the Co-op was made by WNS North America Inc. to satisfy the regulatory requirement to have a minimum of two members.

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(2) All the shares except one share of WNS Business Consulting Services Private Limited are held by WNS North America Inc. The remaining one share is held by nominee shareholder on behalf of WNS North America Inc. to satisfy the regulatory requirement to have a minimum of two shareholders.

(3) WNS Philippines, Inc. is merged into WNS Global Services Philippines Inc. with effect from August 31, 2012.

(4) WNS Cares Foundation is a not for profit organization registered under Section 25 of the Companies Act, 1956, India formed for the purpose of promoting corporate social responsibilities and is not considered for the purpose of preparing our consolidated financial statements.

(5) Branch office of WNS UK was established in Poland effective May 9, 2012.

(6) On June 21, 2012, Fusion was acquired by us and which we have renamed as WNS Global Services SA (Pty) Ltd.

(7) Business Applications Associates Beijing Limited Guangzhou Branch was formed on March 18, 2013 and is a branch of Business Applications Associates Beijing Ltd.

D. Property, Plants and Equipment

As at March 31, 2013, we have an installed capacity of 21,975 workstations, or seats, that can operate on an uninterrupted 24/7 basis and can be staffed on a three-shift per day basis. The majority of our properties are leased by us, as described in the table below, and most of our leases are renewable at our option. The following table describes each of our delivery centers and sales offices, including centers under construction, and sets forth our lease expiration dates:

Location	Total Space (square feet)	Total Number of Workstations/Seats	Lease Expiration	Extendable Until(1)
India:				
Mumbai	362,391	3,634		
Godrej Plant 10			February 15, 2016	N/A
Godrej Plant 11			February 15, 2016	N/A
Godrej Plant 5			February 15, 2016	N/A
Raheja (SEZ)			May 31, 2019	N/A
Gurgaon	207,733	2,288		
Infinity Tower A			April 30, 2014	N/A
Infinity Tower B			May 31, 2014	N/A
Infinity Tower C			March 31, 2015	N/A
DLF (SEZ) 6			September 15, 2017	N/A

Udyog Vihar			July 14, 2014	July 14, 2020
			July 20, 2014	July 20, 2020
Pune	601,086(2)	6,259(2)		
Magarpatta(3)			N/A	N/A
Weikfield			February 14, 2014	February 14, 2018
			April 30, 2014	April 30, 2018
			June 14, 2014	June 14, 2018
Mantri Estate			May 26, 2016	May 26, 2020
Magarpatta (SEZ) - Level 5(4)			Date to be fixed(6)	Date to be fixed(6)
Magarpatta (SEZ) - Level 6(4)			Date to be fixed(6)	Date to be fixed(6)
Magarpatta (SEZ) - Level 7(5)			Date to be fixed(6)	Date to be fixed(6)
Nasik	88,356	981		
Shreeniketan			June 30, 2013	June 30, 2016
Vascon			October 14, 2013	October 14, 2017
Bangalore	191,890	1,997		
RMZ Centennial			June 14, 2015	June 14, 2025
			October 31, 2015	October 31, 2025
Chennai	188,777(7)	1,111(7)		
RMZ Millenia			March 31, 2015	March 31, 2045(8)
DLF (SEZ)			March 31, 2016	N/A
DLF (SEZ) - Phase 2			March 31, 2017	N/A
DLF (SEZ) - Phase 3 (9)			March 31, 2017	March 31, 2022
Vishakhapatnam	37,050(10)	578		
MPS Plaza			March 4, 2017	March 4, 2027
Sri Lanka:	33,124	474		
Colombo (HNB)			July 31, 2014	N/A
UK: (11)	34,573	519		
Ipswich			March 31, 2013(12)	N/A
			October 31, 2014	N/A
Cheadle			July 21, 2020	N/A
Piccadilly			February 1, 2017	N/A
Mansfield			February 14, 2016	N/A
Hayes			February 28, 2021	N/A
US:	27,225(13)	(13)		
Exchange Place, NJ			July 30, 2019	July 30, 2024
The State Building			April 19, 2017	April 19, 2023
Romania:	38,750	381		
Bucharest(14)			February 25, 2023	February 25, 2026
The Philippines:	143,331	1,579		
Eastwood			November 30, 2015	N/A
			June 30, 2016	June 30, 2019
			August 30, 2015	August 30, 2018
Techno Plaza			April 30, 2019	April 30, 2024
Costa Rica	25,184	403		
Forum H San Jose			April 30, 2016	N/A
United Arab Emirates	510			
Dubai Airport Free Trade Zone			November 27, 2014	November 27, 2017
South Africa	147,013	1706		
Cape Town			March 31, 2013(15)	March 31, 2019
			September 30, 2017	N/A
Johannesburg(16)			May 31, 2013	N/A
Poland	15,621	65	April 1, 2013	April 1, 2018
			April 1, 2018	April 1, 2023

Notes:

N/A means not applicable.

(1) Reflects the expiration date if each of our applicable extension options are exercised.

(2) The total space includes, but the total number of workstations does not include, those of Magarpatta (SEZ) Level 7, which is yet to be operational.

(3) We own these premises and a *pari passu* charge have been created under a term loan agreement with HDFC Bank Limited and HSBC Bank (Mauritius) Limited for a three-year rupee-denominated term loan of 510 million and $7 million respectively.

(4) We have executed the lease agreements for these premises and the amount of stamp duties payable on these leases are pending adjudication by the local governmental authorities.

(5) We have entered into a letter of intent with the landlord for a lease of this premise.

(6) The lease expiration date is five years from the commencement of the lease and the lease is extendable for up to 10 years from the lease expiration date.

(7) The total space includes, but the total number of workstations does not include, those of DLF (SEZ) - Phase 2 and Phase 3, which are yet to be operational.

(8) We have executed a new lease agreement extending the lease expiration date and changing the lease renewal date from August 31, 2048.

(9) This space is yet to be operational and we expect to complete the interior fit-out works in fiscal 2014.

(10) We have entered into an addendum to lease deed in July 2012 for additional space in the premise.

(11) We have entered into an agreement for lease in December 2012 for new premises known as 16A Museum Street., Ipswich. A lease will be executed upon the landlord obtaining requisite consents.

(12) The original lease expired in August 2012 was extended till March 2013. We are in the process of extending this lease further till May 2013.

(13) The total space includes, but the total number of workstations does not include, those of Exchange Place, NJ and The State Building, which are yet to be operational.

(14) We executed a new lease to replace the two prior leases for this space.

(15) We have signed an agreement extending this lease until March 31, 2019.

(16) We will be entering into a new lease agreement with the landlord to extend this lease for a period of three years commencing from June 1, 2013.

Our delivery centers are equipped with fiber optic connectivity and have backups to their power supply designed to achieve uninterrupted operations.

In fiscal 2014, we intend to establish additional delivery centers, as well as continue to streamline our operations by further consolidating production capacities in our delivery centers.

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ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion on the financial condition and results of operations of our company should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this annual report. Some of the statements in the following discussion contain forward-looking statements that involve risks and uncertainties. See Special Note Regarding Forward-Looking Statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including, but not limited to, those described below and elsewhere in this annual report, particularly in the risk factors described in Part I Item 3 . Key Information D. Risk Factors.

Overview

We are a leading global provider of BPO services, offering comprehensive data, voice, analytical and business transformation services with a blended onshore, nearshore and offshore delivery model. We transfer the business processes of our clients to our delivery centers, located in Costa Rica, India, the Philippines, Poland, Romania, South Africa, Sri Lanka, the UK and the US, as well as to our subcontractor s delivery center in China, with a view to offer cost savings, operational flexibility, improved quality and actionable insights to our clients. We seek to help our clients transform their businesses by identifying business and process optimization opportunities through technology-enabled solutions, process design improvements, analytics and improved business understanding.

We win outsourcing engagements from our clients based on our domain knowledge of their business, our experience in managing the specific processes they seek to outsource and our customer-centric approach. Our company is organized into vertical business units in order to provide more specialized focus on each of the industries that we target, to more effectively manage our sales and marketing process and to develop in-depth domain knowledge. The major industry verticals we currently target are the insurance; travel and leisure; manufacturing, retail, consumer products, media and entertainment, telecom and diversified businesses; consulting and professional services; utilities; healthcare; banking and financial services; shipping and logistics; and public sector industries.

Our portfolio of services includes vertical-specific processes that are tailored to address our clients specific business and industry practices. In addition, we offer a set of shared services that are common across multiple industries, including customer care, finance and accounting, legal services, procurement, research and analytics and technology services. In fiscal 2013, we established a new horizontal unit that offers human resources outsourcing services.

Although we typically enter into long-term contractual arrangements with our clients, these contracts can usually be terminated with or without cause by our clients and often with short notice periods. Nevertheless, our client relationships tend to be long-term in nature given the scale and complexity of the services we provide coupled with risks and costs associated with switching processes in-house or to other service providers.

We structure each contract to meet our clients specific business requirements and our target rate of return over the life of the contract. In addition, since the sales cycle for offshore business process outsourcing is long and complex, it is often difficult to predict the timing of new client engagements. As a result, we may experience fluctuations in growth rates and profitability from quarter to quarter, depending on the timing and nature of new contracts. Our operating results may also differ significantly from quarter to quarter due to seasonal changes in the operations of our clients. For example, our clients in the travel and leisure industry typically experience seasonal changes in their operations in connection with the US summer holiday season, as well as episodic factors such as adverse weather conditions. Our focus, however, is on deepening our client relationships and maximizing shareholder value over the life of a client s relationship with us.

Our revenue is generated primarily from providing business process outsourcing services. We have two reportable segments for financial statement reporting purposes WNS Global BPO and WNS Auto Claims BPO. In our WNS Auto Claims BPO segment, we provide both fault and non fault repairs. For fault repairs, we provide claims handling and repair management services, where we arrange for automobile repairs through a network of third party repair centers. In our repair management services, where we act as the principal in our dealings with the third party repair centers and our clients, the amounts which we invoice to our clients for payments made by us to third party repair centers are reported as revenue. Where we are not the principal in providing the services, we record revenue from repair services net of repair cost. See Note 2.s of the consolidated financial statements included elsewhere in this annual report. Since we wholly subcontract the repairs to the repair centers, we evaluate the financial performance of our fault repair business based on revenue less repair payments to third party repair centers, which is a non-GAAP financial measure. We believe that revenue less repair payments for fault repairs reflects more accurately the value addition of the business process outsourcing services that we directly provide to our clients.

For our non fault repairs business, we generally provide a consolidated suite of accident management services including credit hire and credit repair, and we believe that measurement of such business on a basis that includes repair payments in revenue is appropriate. Revenue including repair payments is therefore used as a primary measure to allocate resources and measure operating performance for accident management services provided in our non fault repairs business. For one client in our non fault repairs business (whose contract with us has been terminated with effect from April 18, 2012), we provide only repair management services where we wholly subcontract the repairs to the repair centers (similar to our fault repairs). Accordingly, we evaluate the financial performance of our business with this client in a manner similar to how we evaluate our financial performance for our fault repairs business, that is, based on revenue less repair payments. Our non fault repairs business where we provide accident management services accounts for a relatively small portion of our revenue for our WNS Auto Claims BPO segment.

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Revenue less repair payments is a non-GAAP financial measure which is calculated as (a) revenue less (b) in our auto claims business, payments to repair centers (1) for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients and (2) for non fault repair cases with respect to one client as discussed above. This non-GAAP financial information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP. Our revenue less repair payments may not be comparable to similarly titled measures reported by other companies due to potential differences in the method of calculation.

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

	Year ended March 31,		
	2013	2012	2011
	(US dollars in millions)		
Revenue	$ 460.3	$ 474.1	$ 616.3
Less: Payments to repair centers(1)	24.1	79.1	246.9
Revenue less repair payments	$ 436.1	$ 395.1	$ 369.4

Note:

(1) Consists of payments to repair centers in our auto claims business (a) for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients and (b) for non fault repair cases with respect to one client as discussed above.

The following table sets forth our constant currency revenue less repair payments for the periods indicated. Constant currency revenue less repair payments is a non-GAAP financial measure. We present constant currency revenue less repair payments so that revenue less repair payments may be viewed without the impact of foreign currency exchange rate fluctuations, thereby facilitating period-to-period comparisons of business performance. Constant currency revenue less repair payments is calculated by restating prior year revenue less repair payments denominated in pound sterling or Euro using the foreign exchange rate used for the latest period.

	Year ended March 31,		
	2013	2012	2011
	(US dollars in millions)		
Constant currency revenue less repair payments	$ 436.1	$ 392.1	$ 372.3

Global Economic Conditions

Global economic conditions have been, and continue to be, challenging as certain adverse financial developments have caused a significant slowdown in the growth of the European, US and international financial markets, accompanied by a significant reduction in consumer and business spending worldwide. These adverse financial developments have included increased market volatility, tightening of liquidity in credit markets and diminished expectations for the global economy. Many key indicators of sustainable economic growth remain under pressure. Ongoing concerns over the pace of economic recovery in the US and its substantial debt burden, the ongoing European sovereign debt and economic crisis, the ability of certain countries to remain in the Eurozone, as well as concerns of slower economic growth in China and India, have contributed to increased volatility and diminished expectations for the European, US and global economies. The financial turmoil in Europe continues to be a threat to global capital markets and remains a challenge to global financial stability. If Greece, Ireland, Italy, Portugal and Spain or other countries require additional financial support or if sovereign credit ratings continue to decline, yields on the sovereign debt of certain countries may continue to increase, the cost of borrowing may increase and credit may become more limited. Even though the immediate negative impact on the US economy that could have resulted from a combination of certain tax increases and government budget cuts that were scheduled to become effective at the end of 2012 (commonly referred to as the fiscal cliff) were averted by the passing of the American Taxpayer Relief Act 2012 on January 1, 2013 and the suspension of the US debt ceiling through mid-May 2013, there continue to be concerns over the failure to achieve agreement on a long-term solution to the issues on government spending and its consequential impact on the increasing US national debt and rising debt ceiling, and its negative impact on the US economy. Further, there continue to be signs of economic weakness such as relatively high levels of unemployment in major markets including Europe and the US. Continuing conflicts and recent developments in North Korea, the Middle East, including Egypt, and Africa, may lead to additional acts of terrorism and armed conflict around the world, which may contribute to further economic instability in the global financial markets.

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

Furthermore, a weakening of the rate of exchange for the US dollar or the pound sterling (in which our revenue is principally denominated) against the Indian rupee (in which a significant portion of our costs are denominated) also adversely affects our results. Fluctuations between the pound sterling or the Indian rupee and the US dollar also expose us to translation risk when transactions denominated in pound sterling or Indian rupees are translated into US dollars, our reporting currency. For example, the pound sterling depreciated by 0.9% against the US dollar in fiscal 2013 as compared to the average exchange rate in fiscal 2012, and appreciated by 2.5% in fiscal 2012 as compared to the average exchange rate in fiscal 2011. Similarly, the Indian rupee depreciated by 13.5% against the US dollar in fiscal 2013 as compared to the average exchange rate in fiscal 2012, and depreciated by 5.2% in fiscal 2012 as compared to the average exchange rate in fiscal 2011. Depreciation of the pound sterling against the US dollar in fiscal 2013 adversely impacted our results of operations although depreciation of the Indian rupee against the US dollar in the same period significantly positively impacted our results of operations.

Uncertainty about current global economic conditions could also continue to increase the volatility of our share price. We cannot predict the timing or duration of an economic slowdown or the timing or strength of a subsequent economic recovery generally or in our targeted industries, including the travel and insurance industry. If macroeconomic conditions worsen or the current global economic condition continues for a prolonged period of time, we are not able to predict the impact such worsening conditions will have on our targeted industries in general, and our results of operations specifically.

Our History and Milestones

We began operations as an in-house unit of British Airways in 1996 and started focusing on providing business process outsourcing services to third parties in fiscal 2003. The following are the key milestones in our operating history since Warburg Pincus acquired a controlling stake in our company from British Airways in May 2002 and inducted a new senior management team:

- In fiscal 2003, we acquired Town & Country Assistance Limited (which we subsequently rebranded as WNS Assistance and which is part of WNS Auto Claims BPO, our reportable segment for financial statement purposes), a UK-based automobile claims handling company, thereby extending our service portfolio beyond the travel and leisure industry to include insurance-based automobile claims processing.

- In fiscal 2003, we invested in capabilities to begin providing enterprise services, and research and analytics services to address the requirements of emerging industry segments in the offshore outsourcing context.

- In fiscal 2003 and 2004, we invested in our infrastructure to expand our service portfolio from data-oriented processing to include complex voice and blended data/voice service capabilities, and commenced offering comprehensive processes in the travel and leisure, banking and financial services and insurance industries.

- In fiscal 2004, we acquired the health claims management business of Greensnow Inc.

- In fiscal 2005, we opened facilities in Gurgaon, India, and Colombo, Sri Lanka, thereby expanding our operating footprints across India, Sri Lanka and the UK.

- In fiscal 2006, we acquired Trinity Partners Inc. (which we subsequently merged into our subsidiary, WNS North America Inc.), a provider of business process outsourcing services to financial institutions, focusing on mortgage banking.

- In fiscal 2007, we expanded our facilities in Gurgaon, Mumbai and Pune.

- In fiscal 2007, we acquired the fare audit services business of PRG Airlines and the financial accounting business of GHS.

- In May 2007, we acquired Marketics, a provider of offshore analytics services.

- In June 2007, we acquired Flovate, a company engaged in the development and maintenance of software products and solutions, which we subsequently renamed as WNS Workflow Technologies Limited.

- In July 2007, we completed the transfer of our delivery center in Sri Lanka to Aviva Global.

- In January 2008, we launched a 133-seat facility in Bucharest, Romania.

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- In March 2008, we entered into a joint venture with ACS, a provider in BPO services and customer care in the Philippines, to form WNS Philippines Inc.

- In April 2008, we opened a facility in Manila, the Philippines.

- In April 2008, we acquired Chang Limited, an auto insurance claims processing services provider in the UK, through its wholly-owned subsidiary, AHA (formerly known as Call 24-7).

- In June 2008, we acquired BizAps, a provider of SAP® solutions to optimize the enterprise resource planning functionality for our finance and accounting processes.

- In July 2008, we entered into a transaction with Aviva consisting of (1) a share sale and purchase agreement pursuant to which we acquired from Aviva all the shares of Aviva Global and (2) the Aviva master services agreement (as varied by the variation agreement entered into in March 2009), pursuant to which we are providing BPO services to Aviva s UK business and Aviva s Irish subsidiary, Hibernian Aviva Direct Limited, and certain of its affiliates.

- In November 2009, we opened a facility in San Jose, Costa Rica.

- In January 2010, we moved from our existing facility to a new and expanded facility in Manila, the Philippines.

- In October 2010, we moved from our existing facility in Marple to Manchester, UK and expanded our facility in Manila, the Philippines.

- In November 2010, we expanded our sales office in London, UK.

- In March 2011, we expanded our facility in Bucharest, Romania.

- In November 2011, we acquired ACS s shareholding in WNS Philippines Inc., which became our wholly-owned subsidiary.

- In fiscal 2012, we expanded our facilities in Mumbai, Pune, Gurgaon, Chennai, the Philippines, Costa Rica and Romania.

- In February 2012, we completed a follow-on public offering of ADS and raised approximately $50.0 million to fund our growth initiatives and enhance delivery capability.

- In fiscal 2013, we acquired Fusion, a provider of a range of outsourcing services, including contact center, customer care and business continuity services, to both South African and international clients, which we subsequently renamed as WNS Global Services SA (Pty) Ltd.

- In June 2012, we opened a facility in Vizag, India.

- In December 2012, we opened a facility in Gydnia, Poland.

- In fiscal 2013, we entered into a subcontract arrangement with a service provider in China to deliver services out of China.

As a result of these acquisitions and other corporate developments, our financial results in corresponding periods may not be directly comparable.

Revenue

We generate revenue by providing business process outsourcing services to our clients. The following table shows our revenue (a GAAP financial measure) and revenue less repair payments (a non-GAAP financial measure) for the periods indicated:

	Year ended March 31,		Change	
	(US dollars in millions)			
	2013	**2012**	**$**	**%**
Revenue	$ 460.3	$ 474.1	(13.9)	(2.9)%
Revenue less repair payments	$ 436.1	$ 395.1	41.1	10.4%

During fiscal 2012, we terminated a contract with a large client to whom we had provided repair management services. As we acted as principal in our dealings with third party repair centers and this client, we accounted for the amounts received from this client for payments to repair centers as revenue and the payments made to repair centers in connection with our services provided to this client as cost of revenue (see Overview). The termination of this contract resulted in a decrease in revenue, with a corresponding decrease of the same amount in our cost of revenue. In addition, during the first quarter of fiscal 2012, we re-negotiated contracts with certain of our clients and repair centers in our auto claims business, whereby the primary responsibility of providing the services is borne by the repair centers instead of us and the credit risk that the client may not pay for the services is no longer borne by us. As a result of these changes, we are no longer considered to be the principal in providing the services. Accordingly, we no longer account for the amount received from these clients for payments to repair centers as revenue and the payments made to repair centers for cases referred by these clients as cost of revenue, resulting in lower revenue and cost of revenue. The contract re-negotiation process is ongoing and aimed at simplifying our accounting requirements. This contract re-negotiation process does not affect our revenue less repair payments.

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We have a large client base diversified across industries and geographies. Our client base grew from 14 clients in May 2002 to 236 clients as at March 31, 2013.

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

Revenue by Top Clients

For fiscal 2013, 2012 and 2011, the percentage of revenue and revenue less repair payments that we derived from our largest clients were in the proportions set forth in the following table:

	Revenue Year ended March 31,			Revenue less repair payments Year ended March 31,		
	2013	2012	2011	2013	2012	2011
Top client	16.9%	17.3%	16.4%	17.8%	20.7%	20.4%
Top five clients	37.1%	41.4%	54.3%	39.2%	40.5%	41.1%
Top ten clients	49.5%	53.6%	65.8%	52.0%	53.6%	53.4%
Top twenty clients	66.3%	69.3%	77.8%	68.5%	68.9%	70.2%

In fiscal 2013, our three largest clients individually accounted for 16.9%, 7.3% and 6.5%, respectively, of our revenue as compared to 17.3%, 10.4% and 6.3%, respectively, in fiscal 2012 and 16.4%, 13.2% and 12.2%, respectively, in fiscal 2011. Our second largest client by revenue contribution in fiscal 2012, which accounted for 10.4% of our revenue and 1.3% of our revenue less repair payments in fiscal 2012, and 7.5% of our revenue and 1.9% of our revenue less repair payments in fiscal 2011, has terminated our contract with effect from April 2012.

Revenue by Industry

For financial statement reporting purposes, we aggregate several of our operating segments, except for the WNS Auto Claims BPO (which we market under the WNS Assistance brand) as it does not meet the aggregation criteria under IFRS. See Results by Reportable Segment.

We organize our company into the following industry-focused business units to provide more specialized focus on each of these industries: insurance; travel and leisure; manufacturing, retail, consumer products, media and entertainment, telecom and diversified businesses; consulting and professional services; utilities; healthcare; banking and financial services; shipping and logistics and the public sector.

For fiscal 2013, 2012 and 2011, our revenue and revenue less repair payments were diversified across our industry-focused business units in the proportions set forth in the following table:

Business Unit	As a percentage of revenue Year ended March 31, 2013	2012	2011	As a percentage of revenue less repair payments Year ended March 31, 2013	2012	2011
Insurance	35.5%	44.7%	60.1%	31.9%	33.6%	33.4%
Travel and leisure	20.5%	18.8%	13.6%	21.5%	22.6%	22.7%
Manufacturing, retail, consumer products, media and entertainment, telecom and diversified businesses	15.5%	12.2%	8.9%	16.3%	14.6%	14.8%
Consulting and professional services	6.9%	6.3%	4.2%	7.3%	7.5%	7.1%
Utilities	6.6%	4.5%	3.2%	7.0%	5.4%	5.3%
Healthcare	6.5%	6.1%	4.2%	6.9%	7.4%	7.0%
Banking and financial services	5.5%	5.2%	4.3%	5.9%	6.2%	7.1%
Shipping and logistics	2.6%	2.2%	1.5%	2.8%	2.6%	2.6%
Public sector(1)	0.4%	0.0%		0.4%	0.1%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

(1) This vertical unit was established in the fourth quarter of fiscal 2012.

Certain services that we provide to our clients are subject to the seasonality of our clients business. Accordingly, we see an increase in transaction related services within the travel and leisure industry during holiday seasons, such as during the US summer holidays (our fiscal second quarter); an increase in business in the insurance industry during the beginning and end of the fiscal year (our fiscal first and last quarters) and during the US peak winter season (our fiscal third quarter); and an increase in business in the consumer product industry during the US festive season towards the end of the calendar year when new product launches and campaigns typically happen (our fiscal third quarter).

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Revenue by Service Type

For fiscal 2013, 2012 and 2011, our revenue and revenue less repair payments were diversified across service types in the proportions set forth in the following table:

	As a percentage of revenue Year ended March 31,			As a percentage of revenue less repair payments Year ended March 31,		
Service Type	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
Industry-specific	32.1%	30.3%	21.9%	33.8%	36.3%	36.4%
Contact center	23.9%	17.4%	13.4%	25.2%	20.9%	22.4%
Finance and accounting	17.6%	15.5%	9.7%	18.6%	18.6%	16.2%
Autoclaim	12.0%	23.8%	46.2%	7.1%	8.6%	10.2%
Research and analytics	11.3%	9.9%	6.6%	11.9%	11.9%	11.0%
Technology services	2.2%	2.4%	1.7%	2.3%	2.9%	2.9%
Legal services	0.7%	0.7%	0.5%	0.8%	0.8%	0.9%
Human resources outsourcing (1)	0.2%			0.3%		
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note:

(1) This horizontal unit was established in the first quarter of fiscal 2013.

Revenue by Geography

For fiscal 2013, 2012 and 2011, our revenue and revenue less repair payments were derived from the following geographies (based on the location of our clients) in the proportions set forth below in the following table:

	As a percentage of revenue Year ended March 31,			As a percentage of revenue less repair payments Year ended March 31,		
Geography	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
UK	53.3%	61.2%	60.9%	50.7%	53.4%	54.0%
North America (primarily the US)	30.5%	30.5%	22.2%	32.2%	36.6%	37.0%
Europe (excluding the UK)	5.9%	5.6%	15.9%	6.3%	6.7%	7.2%
Rest of world	10.3%	2.7%	1.0%	10.8%	3.3%	1.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Revenue by Location of Delivery Centers

For fiscal 2013, 2012 and 2011, our revenue and revenue less repair payments were derived from the following geographies (based on the location of our delivery centers) in the proportions set forth in the following table:

	As a percentage of revenue Year ended March 31,			As a percentage of revenue less repair payments Year ended March 31,		
Location of Delivery Center	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
India	68.4%	65.1%	47.5%	72.3%	78.1%	79.4%
UK	12.5%	24.7%	46.9%	7.7%	9.7%	11.4%
Philippines	5.7%	4.3%	2.9%	6.0%	5.2%	4.8%
Romania	2.4%	2.3%	1.1%	2.5%	2.7%	1.8%
Sri Lanka	2.3%	1.6%	1.1%	2.4%	1.9%	1.9%
Costa Rica	1.3%	0.9%	0.2%	1.4%	1.1%	0.3%
United States	1.5%	0.9%	0.3%	1.6%	1.1%	0.4%
South Africa(1)	5.2%	0.2%		5.4%	0.2%	
Poland(2)	0.4%			0.4%		
China(3)	0.3%			0.3%		
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:

(1) This includes revenue from Fusion which we acquired on June 21, 2012. For the period prior to June 21, 2012, this includes revenue from services provided through Fusion under a subcontract arrangement.

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(2) The facility became operational in October 2012.

(3) Revenue from services provided through our subcontractor s delivery center in China, which services commenced during the third quarter of fiscal 2013.

Our Contracts

We provide our services under contracts with our clients, the majority of which have terms ranging between three and eight years, with some being rolling contracts with no end dates. Typically, these contracts can be terminated by our clients with or without cause and with short notice periods. However, we tend to have long-term relationships with our clients given the complex and comprehensive nature of the business processes executed by us, coupled with the switching costs and risks associated with relocating these processes in-house or to other service providers.

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

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

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

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

2) per transaction arrangements, which typically involve billings based on the number of transactions processed (such as the number of e-mail responses, or airline coupons or insurance claims processed);

3) fixed-price arrangements, which typically involve billings based on achievements of pre-defined deliverables or milestones;

4) outcome-based arrangements, which typically involve billings based on the business result achieved by our clients through our service efforts (such as measured based on a reduction in days sales outstanding, an improvement in working capital, an increase in collections or a reduction in operating expenses); or

5) other pricing arrangements, including cost-plus arrangements, which typically involve billing the contractually agreed direct and indirect costs and a fee based on the number of employees deployed under the arrangement.

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

Outcome-based arrangements are examples of non-linear pricing models where revenues from platforms and solutions and the services we provide are linked to usage or savings by clients rather than the efforts deployed to provide these services. We intend to focus on increasing our service offerings that are based on non-linear pricing models that allow us to price our services based on the value we deliver to our clients rather than the headcount deployed to deliver the services to them. We believe that non-linear pricing models help us to grow our revenue without increasing our headcount. Accordingly, we expect increased use of non-linear pricing models to result in higher revenue per employee and improved margins. Non-linear revenues may be subject to short term pressure on margins, however, as initiatives in developing the products and services take time to deliver. Moreover, in outcome-based arrangements, we bear the risk of failure to achieve clients business objectives in connection with these projects. For more information, see Part I Item 3. Key Information D. Risk Factors If our pricing structures do not accurately anticipate the cost and complexity of performing our work, our profitability may be negatively affected.

In our WNS Auto Claims BPO segment, we earn revenue from claims handling and repair management services. For claims handling, we charge on a per claim basis or a fixed fee per vehicle over a contract period. For automobile repair management services, where we arrange for the repairs through a network of repair centers that we have established, we invoice the client for the amount of the repair. When we direct a vehicle to a specific repair center, we receive a referral fee from that repair center. We also provide a consolidated suite of services towards accident management including credit hire and credit repair for non fault repairs business.

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Revenue by Contract Type

For fiscal 2013, 2012 and 2011, our revenue and revenue less repair payments were diversified by contract type in the proportions set forth in the following table:

	As a percentage of revenue Year ended March 31,			As a percentage of revenue less repair payments Year ended March 31,		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**
Full-time-equivalent	59.6%	51.2%	35.7%	62.8%	61.4%	59.5%
Transaction	29.7%	38.5%	57.2%	25.8%	26.2%	28.7%
Fixed price	6.0%	5.4%	4.1%	6.4%	6.4%	6.8%
Outcome-based	1.1%	1.4%	0.5%	1.2%	1.7%	0.8%
Others	3.6%	3.5%	2.5%	3.8%	4.3%	4.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

In July 2008, we entered into a transaction with Aviva consisting of a share sale and purchase agreement with Aviva and a master services agreement with Aviva MS. Pursuant to the share sale and purchase agreement with Aviva, we acquired all the shares of Aviva Global in July 2008.

Pursuant to the Aviva master services agreement (as amended by a variation deed), we are providing BPO services to Aviva s UK business and Aviva s Irish subsidiary, Hibernian Aviva Direct Limited, and certain of its affiliates, for a term of eight years and four months. In addition, we have the exclusive right to provide certain services such as finance and accounting, insurance back-office, customer interaction and analytics services for the first five years, subject to the rights and obligations of the Aviva group under their existing contracts with other providers. See Part I Item 10. Additional Information C. Material Contracts.

Our clients customarily provide one to three month rolling forecasts of their service requirements. Our contracts with our clients do not generally provide for a committed minimum volume of business or committed amounts of revenue, except for the Aviva master services agreement that we entered into in July 2008 as described above. Aviva MS has agreed to provide a minimum volume of business, or minimum volume commitment, to us during the term of the contract. The minimum volume commitment is calculated as 3,000 billable full-time employees, where one billable full time employee is the equivalent of a production employee engaged by us to perform our obligations under the contract for one working day of at least nine hours for 250 days a year. In the event the mean average monthly volume of business in any rolling three-month period does not reach the minimum volume commitment, Aviva MS has agreed to pay us a minimum commitment fee as liquidated damages. Notwithstanding the minimum volume commitment, there are termination at will provisions which permit Aviva MS to terminate the Aviva master services agreement without cause, with six months notice upon payment of a termination fee. The annual minimum volume commitment under this contract was met in fiscal 2013. Based on Aviva MS s latest forecast of its service requirements for fiscal 2014 provided to us, we expect them to meet their annual minimum volume commitment under this contract in fiscal 2014.

Under the terms of an agreement with one of our top five clients negotiated in December 2009, we are the exclusive provider of certain key services from delivery locations outside of the US, including customer service and ticketing support for the client. This agreement became effective on April 1, 2010 and will expire in December 2015. Under our earlier agreement with this client, we were entitled to charge premium pricing because we had absorbed the initial transition cost in 2004. That premium pricing is no longer available in the new contract with this client. The early termination of the old agreement entitled us to a payment by the client of a termination fee of $5.4 million which was received on April 1, 2010. As the termination fee was related to a renewal of our agreement with the client, we have determined that the recognition of the termination fee as revenue will be deferred over the term of the new agreement (i.e., over the period from April 1, 2010 to December 31, 2015).

Expenses

The majority of our expenses consist of cost of revenue and operating expenses. The key components of our cost of revenue are employee costs, facilities costs, payments to repair centers, depreciation, travel expenses, and legal and professional costs. Our operating expenses include selling and marketing expenses, general and administrative expenses, foreign exchange gains and losses and amortization of intangible assets. Our non-operating expenses include finance expenses as well as other expenses recorded under other income, net.

Cost of Revenue

Employee costs represent the largest component of cost of revenue. In addition to employee salaries, employee costs include costs related to recruitment, training and retention. Historically, our employee costs have increased primarily due to increases in number of employees to support our growth and, to a lesser extent, to recruit, train and retain employees. Salary levels in India and our ability to efficiently manage and retain our employees significantly influence our cost of revenue. See Part I Item 4. Information on the Company B. Business Overview Human Capital. We expect our employee costs to increase as we expect to increase our headcount to service additional business and as wages continue to increase globally. See Part I Item. 3. Key Information. D. Risk Factors Risks Related to Our Business Wage increases may prevent us from sustaining our competitive advantage and may reduce our profit margin. We seek to mitigate these cost increases through improvements in employee productivity, employee retention and asset utilization.

Our WNS Auto Claims BPO segment includes repair management services, where we arrange for automobile repairs through a network of third party repair centers. This cost is primarily driven by the volume of accidents and the amount of the repair costs related to such accidents.

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

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

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

Selling and Marketing Expenses

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

Selling and marketing expenses as a proportion of revenue were 6.6% in fiscal 2013 as compared with 5.6% and 3.8% for fiscal 2012 and 2011, respectively. Selling and marketing expenses as a proportion of revenue less repair payments were 6.9% in fiscal 2013 as compared with 6.7% and 6.3% for fiscal 2012 and 2011, respectively. We expect our selling and marketing expenses to increase in fiscal 2014 but at a lower rate than the increase in our revenue less repair payments.

We expect the employee costs associated with sales and marketing and related travel costs to increase in fiscal 2014. See Part I Item 4. Information on the Company B. Business Overview Business Strategy Enhance awareness of the WNS brand name. Our sales team is compensated based on achievement of business targets set at the beginning of each fiscal year. Accordingly, we expect this variable component of the sales team costs to increase in line with overall business growth.

General and Administrative Expenses

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

General and administrative expenses as a proportion of revenue were 12.4% in fiscal 2013 as compared with 10.8% and 9.1% for fiscal 2012 and 2011, respectively. General and administrative expenses as a proportion of revenue less repair payments were 13.1% in fiscal 2013 as compared with 13.0% and 15.3% for fiscal 2012 and 2011, respectively. We expect general and administrative expenses to increase in fiscal 2014 but at a lower rate than the increase in our revenue less repair payments.

We also expect our corporate employee costs for general and administrative and other support personnel to increase in fiscal 2014 but at a lower rate than the increase in our revenue less repair payments.

Foreign Exchange Loss / (Gain), Net

Foreign exchange gains or losses, net include:

- marked to market gains or losses on derivative instruments that do not qualify for hedge accounting and are deemed ineffective;
- realized foreign currency exchange gains or losses on settlement of transactions in foreign currency and derivative instruments; and
- unrealized foreign currency exchange gains or losses on revaluation of other assets and liabilities.

Amortization of Intangible Assets

Amortization of intangible assets is associated with our acquisitions of Marketics in May 2007, Flovate in June 2007, AHA (formerly known as Call 24-7) in April 2008, BizAps in June 2008, Aviva Global in July 2008 and Fusion in June 2012.

Other Income, Net

Other income, net comprise interest income and income or loss from sale of property and equipment and other miscellaneous expenses.

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Finance Expense

Finance expense primarily relates to interest charges payable on our term loan and short-term borrowings. We expect our finance expense to decline in fiscal 2014 based on reducing debt levels.

Operating Data

Our profit margin is largely a function of our asset utilization and the rates we are able to recover for our services. One of the most significant components of our asset utilization is our seat utilization rate which is the average number of work shifts per day, out of a maximum of three, for which we are able to utilize our seats. Generally, an improvement in seat utilization rate will improve our profitability unless there are other factors which increase our costs such as an increase in lease rentals, large ramp-ups to build new seats, and increases in costs related to repairs and renovations to our existing or used seats. In addition, an increase in seat utilization rate as a result of an increase in the volume of work will generally result in a lower cost per seat and a higher profit margin as the total fixed costs of our built up seats remain the same while each seat is generating more revenue.

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

	As at March 31,		
	2013	**2012**	**2011**
Total headcount	25,520	23,874	21,523
Built up seats(1)	21,975	18,928	16,278
Used seats(1)	15,443	14,082	13,256
Seat utilization rate(2)	1.2	1.3	1.4

Notes:

(1) Built up seats refer to the total number of production seats (excluding support functions like Finance, Human Resource and Administration) that are set up in any premises. Used seats refer to the number of built up seats that are being used by employees. The remainder would be termed vacant seats. The vacant seats would get converted into used seats when we increase headcount.

(2) The seat utilization rate is calculated by dividing the average total headcount by the average number of built up seats to show the rate at which we are able to utilize our built up seats. Average total headcount and average number of built up seats are calculated by dividing the aggregate of the total headcount or number of built up seats, as the case may be, as at the beginning and end of the fiscal year by two.

We expect our total headcount in fiscal 2014 to increase as compared to fiscal 2013 as the impact of our declining attrition rate and an increased flow of business from new and existing clients is expected to increase our hiring requirements in fiscal 2014.

Foreign Exchange

Exchange Rates

We report our financial results in US dollars and our results of operations may be adversely affected if the pound sterling depreciates against the US dollar or the Indian rupee appreciates against the US dollar. Although a substantial portion of our revenue and revenue less repair payments is denominated in pound sterling (52.4% and 49.8%, respectively, in fiscal 2013, 60.7% and 52.9%, respectively, in fiscal 2012, and 73.1% and 55.1%, respectively, in fiscal 2011) and US dollars (35.3% and 37.2%, respectively, in fiscal 2013, 32.6% and 39.2%, respectively, in fiscal 2012, and 23.5% and 39.2%, respectively, in fiscal 2011), most of our expenses (net of payments to repair centers) are incurred and paid in Indian rupees (59.0% in fiscal 2013, 64.8% in fiscal 2012 and 56.4% in fiscal 2011). The exchange rates between the Indian rupee and the US dollar and between the pound sterling and the US dollar have changed substantially in recent years and may fluctuate substantially in the future. The average Indian rupee/US dollar exchange rate was approximately 54.38 per $1.00 in fiscal 2013, which represented a depreciation of the Indian rupee of 13.5% as compared with the average exchange rate of approximately 47.93 per $1.00 in fiscal 2012, which in turn represented a depreciation of the Indian rupee of 5.2% as compared with the average exchange rate of approximately 45.57 per $1.00 in fiscal 2011. The depreciation of the Indian rupee against the US dollar in fiscal 2013 by 13.5% as compared to the average exchange rate in fiscal 2012 has had a significant positive impact on our expenses in fiscal 2013, as a result of which increases in our cost of revenue, and to a lesser extent, our general and administrative expenses and selling and marketing expenses were offset by the impact of the depreciation of Indian rupee. The average pound sterling/US dollar exchange rate was approximately £0.63 per $1.00 in fiscal 2013, which represented a depreciation of the pound sterling of 0.9% as compared with the average exchange rate of approximately £0.63 per $1.00 in fiscal 2012, which in turn represented an appreciation of the pound sterling of 2.5% as compared with the average exchange rate of approximately £0.64 per $1.00 in fiscal 2011. The depreciation of the pound sterling against the US dollar in fiscal 2013 has adversely impacted our results of operations. See Part I Item 11. Quantitative and Qualitative Disclosures About Market Risk B. Risk Management Procedures Components of Market Risk Exchange Rate Risk.

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We have subsidiaries in several countries and hence, the functional currencies of these entities differ from our reporting currency, the US dollar. The financial statements of these entities are translated to the reporting currency as at the balance sheet date. Adjustments resulting from the translation of these financial statements from functional currency to reporting currency are accumulated and reported as other comprehensive income (loss), which is a separate component of equity. Foreign currency transaction gains and losses are recorded as other income or expense.

Currency Regulation

Our Indian subsidiaries are registered as exporters of business process outsourcing services with STPI or SEZ. According to the prevailing foreign exchange regulations in India, an exporter of business process outsourcing services registered with STPI or SEZ is required to receive its export proceeds in India within a period of 12 months from the date of such exports in order to avail itself of the tax and other benefits. In the event that such a registered exporter has received any advance against exports in foreign exchange from its overseas customers, it is required to render the requisite services so that such advances are earned within a period of 12 months from the date of such receipt. If such a registered exporter does not meet these conditions, it will be required to obtain permission from the Reserve Bank of India to receive and realize such foreign currency earnings.

A majority of the payments we receive from our clients are denominated in pound sterling, US dollars and Euros. For most of our clients, our subsidiaries in Mauritius, the Netherlands, the UK and the US enter into contractual agreements directly with our clients for the provision of business process outsourcing services by our Indian subsidiaries, which hold the foreign currency receipts in an export earners foreign currency account. All foreign exchange requirements, such as for the import of capital goods, expenses incurred during overseas travel by employees and discharge of foreign exchange expenses or liabilities, can be met using the foreign currency in the export earners foreign currency account in India. As and when funds are required by us, the funds in the export earners foreign currency account may be transferred to an ordinary rupee-denominated account in India.

There are currently no Jersey, UK or US foreign exchange control restrictions on the payment of dividends on our ordinary shares or on the conduct of our operations.

Income Taxes

We operate in multiple tax jurisdictions including Australia, China, Costa Rica, India, Mauritius, the Netherlands, Romania, the Philippines, Poland, Singapore, South Africa, Sri Lanka, United Arab Emirates, the UK and the US. As a result, our effective tax rate will change from year to year based on recurring factors such as the geographical mix of income before taxes, state and local taxes, the ratio of permanent items to pre-tax book income and the implementation of various global tax strategies, as well as non-recurring events.

In fiscal 2013 and 2012, our tax rate in India and Sri Lanka impacted our effective tax rate. We would have incurred approximately $0.8 million and $1.7 million in additional income tax expense on our operations in Sri Lanka and on our SEZ operations in India for fiscal 2013 and 2012, respectively, if the tax holidays and exemptions as described below had not been available for the respective periods.

In fiscal 2011, our tax rate in India and, to a lesser extent, Sri Lanka, significantly impacted our effective tax rate. We incurred minimal income tax expense on our operations in India and Sri Lanka in fiscal 2011 as a result of the tax holiday enjoyed by our delivery centers registered in the STPI in India and the tax exemption enjoyed in Sri Lanka as described below. We would have incurred approximately $14.0 million in additional income tax expense on our STPI operations in India and our operations in Sri Lanka, if the tax holiday and exemption had not been available for the period. The STPI tax holiday in India expired on April 1, 2011.

We expect our tax rate in India and Sri Lanka and, to a lesser extent, the Philippines to continue to impact our effective tax rate. Our tax rate in India have been impacted by the reduction in the tax exemption enjoyed by our delivery center located in Gurgaon under the SEZ scheme from 100.0% to 50.0% starting from fiscal 2013. However, we expect to expand the operations in our delivery centers located in other SEZs that are still in their initial five years of operations and therefore eligible for 100.0% income tax exemption.

In the past, the majority of our Indian operations were eligible to claim tax exemption with respect to profits earned from export revenue from operating units registered under the STPI. The benefit was available for a period of 10 years from the date of commencement of operations, but not beyond March 31, 2011. Effective April 1, 2011, upon the expiration of this tax exemption, income derived from our operations in India became subject to the prevailing annual tax rate, which is currently 32.45%. Further, the Government of India, pursuant to the Finance Bill 2013, has proposed to increase the annual tax rate to 33.99%.

Further, in 2005, the Government of India implemented the SEZ legislation, with the effect that taxable income of new operations established in designated SEZs may be eligible for a 15 year tax holiday scheme consisting of a complete tax holiday for the initial five years and a partial tax holiday for the subsequent ten years, subject to the satisfaction of certain capital investment conditions. Our delivery center located in Gurgaon, India and registered under the SEZ scheme is eligible for a 50.0% income tax exemption from fiscal 2013 until fiscal 2022. During fiscal 2012, we also started operations in delivery centers in Pune, Navi Mumbai and Chennai, India registered under the SEZ scheme, through which we are eligible for a 100.0% income tax exemption until fiscal 2016 and a 50.0% income tax exemption from fiscal 2017 until fiscal 2026.

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The SEZ legislation has been criticized on economic grounds by the International Monetary Fund and the SEZ legislation may be challenged by certain non-governmental organizations. It is possible that, as a result of such political pressures, the procedure for obtaining benefits under the SEZ legislation may become more onerous, the types of land eligible for SEZ status may be further restricted or the SEZ legislation may be amended or repealed. Moreover, there is continuing uncertainty as to the governmental and regulatory approvals required to establish operations in the SEZs or to qualify for the tax benefit. This uncertainty may delay our establishment of additional operations in the SEZs.

In addition to these tax holidays, our Indian subsidiaries are also entitled to certain benefits under relevant state legislation and regulations. These benefits include the preferential allotment of land in industrial areas developed by state agencies, incentives for captive power generation, rebates and waivers in relation to payments for transfer of property and registration (including for purchase or lease of premises) and commercial usage of electricity.

Since the adoption of the Indian Finance Act, 2007, we have become subject to MAT and, since fiscal 2008, we have been required to pay additional taxes. The Government of India, pursuant to the Indian Finance Act, 2011, has also levied MAT on the book profits earned by the SEZ units at the prevailing tax rate, which is currently 20.01%. Further, the Government of India, pursuant to the Finance Bill 2013, has proposed to increase the tax rate to 20.96%. To the extent MAT paid exceeds the actual tax payable on our taxable income; we would be able to offset such MAT credits from tax payable in the succeeding ten years, subject to the satisfaction of certain conditions. During fiscal 2013, we have offset $1.3 million of our MAT payments for earlier years from our increased tax liability based on our taxable income following the expiry of our tax holiday on STPI effective fiscal 2012.

The Government of India may enact new tax legislation that could impact the way we are taxed in the future. For example, the Direct Taxes Code Bill, which was tabled in the Indian Parliament in August 2010, is intended to replace the Indian Income Tax Act, 1961. Under the Direct Taxes Code Bill, a non-Indian company with a place of effective management in India would be treated as a tax resident in India and would be consequently liable to tax in India on its global income. The Direct Taxes Code Bill, if enacted, also proposes to discontinue the existing profit based incentives for SEZ units operational after March 31, 2014 and replace them with investment based incentive for SEZ units operational after that date. The implications of the Direct Taxes Code, if enacted, on our operations are presently still unclear and may result in a material increase in our tax liability.

Further, the Government of India, pursuant to the Indian Finance Act 2012, has clarified that, with retrospective effect from April 1, 1962, any income accruing or arising directly or indirectly through the transfer of capital assets situated in India will be taxable in India. If any of our transactions are deemed to involve the direct or indirect transfer of a capital asset located in India, such transactions could be investigated by the Indian tax authorities, which could lead to the issuance of tax assessment orders and a material increase in our tax liability. For example, in December 2012, we received a request from the relevant income tax authority in India for information relating to our acquisition in July 2008 from Aviva of all the shares of Aviva Global, which owned subsidiaries with assets in India and Sri Lanka. No allegation or demand for payment of additional tax relating to that transaction has been made yet. The Government of India has issued guidelines on the GAAR, which is expected to be effective April 1, 2015, and which is intended to curb sophisticated tax avoidance. Under the GAAR, a business arrangement will be deemed an impermissible avoidance arrangement if the main purpose of the arrangement is to obtain a tax benefits. Although the full implications of the GAAR are presently still unclear, if we are deemed to have violated any of its provisions, we may face an increase to our tax liability.

Our operations in Sri Lanka are also eligible for tax exemptions. One of our Sri Lankan subsidiaries was eligible to claim income tax exemption with respect to profits earned from export revenue by our delivery center registered with the BOI. This tax exemption expired in fiscal 2011, however, effective fiscal 2012, the Government of Sri Lanka has exempted the profits earned from export revenue from tax. This has enabled our Sri Lankan subsidiary to continue to claim tax exemption under the Sri Lanka Inland Revenue Act following the expiry of the tax exemption.

Our subsidiary in the Philippines, WNS Global Services Philippines, Inc. is also eligible to claim income tax exemption with respect to profits earned from export revenue by our delivery centers registered with the Philippines Economic Zone Authority. This tax exemption is available for four years from the date of grant of the tax exemption and will expire in fiscal 2014. During fiscal 2013, we started operations in a new delivery center in the Philippines which is also eligible for a tax exemption that will expire in fiscal 2017. Following the expiry of the tax exemption, income generated by WNS Global Services Philippines, Inc. will be taxed at the prevailing annual tax rate, which is currently 30.0%.

Our subsidiary in Costa Rica is also eligible for a 100.0% income tax exemption from fiscal 2010 until fiscal 2017 and a 50.0% income tax exemption from fiscal 2018 to fiscal 2021.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements included elsewhere in this annual report which have been prepared in accordance IFRS, as issued by the IASB. Note 2 to our consolidated financial statements included elsewhere in this annual report describes our significant accounting policies and is an essential part of our consolidated financial statements.

We believe the following to be critical accounting policies. By critical accounting policies, we mean policies that are both important to the portrayal of our financial condition and financial results and require critical management judgments and estimates. Although we believe that our judgments and estimates are appropriate, actual future results may differ from our estimates.

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Revenue Recognition

We derive revenue from providing BPO services to our clients, which primarily include providing back office administration, data management, contact center management and automobile claims handling services. We recognize revenue when the significant terms of the arrangement are enforceable, services are being delivered and the collectability is reasonably assured. We recognize revenue on an accrual basis when services are performed.

When the terms of the agreement specify service level parameters that must be met, we monitor such service level parameters and determine if there are any service credits or penalties that we need to account for. Revenue is recognized net of any service credits that are due to a client. Generally, our revenue is from large companies, where we do not believe we have a significant credit risk.

We invoice our clients depending on the terms of the arrangement, which include billing based on a per employee basis, a per transaction basis, a fixed price basis, an outcome based basis or other pricing arrangements including cost-plus arrangements. Amounts billed or payments received, where all the conditions for revenue recognition have not been met, are recorded as deferred revenue and are recognized as revenue when all recognition criteria have been met. However, the costs related to the performance of BPO services unrelated to transition services (discussed below) are recognized in the period in which the services are rendered. An upfront payment received towards future services is recognized ratably over the period when such services are provided.

For certain of our clients, we perform transition activities at the outset of entering into a new contract for the provision of BPO services. We have determined these transition activities do not meet the revenue recognition criteria to be accounted for as a separate unit of accounting with stand-alone value separate from the on-going BPO contract. Accordingly, transition revenue and costs are subsequently recognized ratably over the period in which the BPO services are performed. 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 it was incurred.

In limited instances, we have entered into minimum commitment arrangements that provide for a minimum revenue commitment on an annual basis or a cumulative basis over multiple years, stated in terms of annual minimum amounts. Where a minimum commitment is specific to an annual period, any revenue shortfall is invoiced and recognized at the end of this period. When the shortfall in a particular year can be offset with revenue received in excess of minimum commitments in a subsequent year, we recognize deferred revenue for the shortfall which has been invoiced and received. To the extent we have sufficient experience to conclude that the shortfall will not be satisfied by excess revenue in a subsequent period, the deferred revenue will be recorded as revenue in that period. In order to determine whether we have sufficient experience, we consider several factors which include (i) the historical volume of business done with a client as compared with initial projections of volume as agreed to by the client with us, (ii) the length of time for which we have such historical experience, (iii) future volume expected based on projections received from the client, and (iv) our internal expectations of the ongoing volume with the client. Otherwise, the deferred revenue will remain until such time when we can conclude that we will not receive revenue in excess of the minimum commitment. For certain agreements, we have retroactive discounts related to meeting agreed volumes. In such situations, we record revenue at the discounted rate, although we initially bill at the higher rate, unless we can determine that the agreed volumes will not be met, based on the factors discussed above.

Our revenue is net of value-added taxes and includes reimbursements of out-of-pocket expenses, with the corresponding out-of-pocket expenses included in cost of revenue.

We provide automobile claims handling services, which include claims handling and administration (which we refer to as claims handling), car hire and arranging for repairs with repair centers across the UK and the related payment processing for such repairs (which we refer to as repair management).

We also provide services where motorists involved in accidents were not at fault. Our service offerings include the provision of replacement hire vehicles (which we refer to as credit hire), repair management services and claims handling (which we collectively refer to as accident management).

With respect to claims handling, we enter into contracts with our clients to process all their claims over the contract period, where the fees are determined either on a per claim basis or a fixed payment for the contract period. Where our contracts are on a per claim basis, we invoice the client at the inception of the claim process. We estimate the processing period for the claims and recognize revenue over the estimated processing period. This processing period generally ranges between one to two months. The processing time may be greater for new clients and the estimated service period is adjusted accordingly. The processing period is estimated based on historical experience and other relevant factors, if any. Where the fee is a fixed payment for the contract period, revenue is recognized on a straight line basis over the period of the contract. In certain cases, where the fee is contingent upon the successful recovery of a claim by the client, revenue is not recognized until the contingency is resolved. Revenue in respect of car hire is recognized over the car hire term.

In order to provide repair management services, we arrange for the repair of vehicles involved in an accident 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, we consider the criteria established by IAS 18, *Illustrative example (IE) 21 Determining whether an entity is acting as a principal or as an agent.* When we determine that we are the principal in providing repair 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 we are the principal in the transaction include whether:

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(a) we have the primary responsibility of providing the services,

(b) we negotiate the labor rates with repair centers,

(c) we are responsible for timely and satisfactory completion of repairs, and

(d) we bear the risk that the customer may not pay for the services provided (credit risk).

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

Share-based Compensation

We provide share-based awards such as share options and RSUs to our employees, directors and executive officers through various equity compensation plans. We account for share-based compensation expense relating to share-based payments using a fair-value method in accordance with IFRS 2, *Share-based Payments.* IFRS 2 addresses the accounting for share-based payment transactions in which an enterprise receives employee services in exchange for equity instruments of the enterprise or liabilities that are based on the fair value of the enterprise s equity instruments or that may be settled by the issuance of such equity instruments.

Equity instruments granted is measured by reference to the fair value of the instrument at the date of grant. The grants vest in a graded manner. Under the fair value method, the estimated fair value of awards is charged to income over the requisite service period, which is generally the vesting period of the award, for each separately vesting portion of the award as if the award was, in substance, multiple awards. We include a forfeiture estimate in the amount of compensation expense being recognized based on our estimate of equity instrument that will eventually vest.

IFRS 2 requires the use of a valuation model to calculate the fair value of share-based awards. Based on our judgment, we have elected to use the Black-Scholes-Merton pricing model to determine the fair value of share-based awards on the date of grant. RSUs are measured based on the fair market value of the underlying shares on the date of grant.

We believe the Black-Scholes-Merton model to be the most appropriate model for determination of fair value of the share-based awards. In determining the fair value of share-based awards using the Black-Scholes-Merton option pricing model, we are required to make certain estimates of the key assumptions that include expected term, expected volatility of our shares, dividend yield and risk free interest rate. Estimating these key assumptions involves judgment regarding subjective future expectations of market prices and trends. The assumptions for expected term and expected volatility have the most significant effect on calculating the fair value of our share options. We use the historical volatility of our ADSs in order to estimate future share price trends. In order to determine the estimated period of time that we expect employees to hold their share-based options, we have used historical exercise pattern of employees. The aforementioned inputs entered into the option valuation model that we use to determine the fair value of our share awards are subjective estimates and changes to these estimates will cause the fair value of our share-based awards and related share-based compensation expense we record to vary.

We are required to estimate the share-based awards that we expect to vest and to reduce share-based compensation expense for the effects of estimated forfeitures of awards over the expense recognition period. Although we estimate forfeitures based on historical experience and other factors, actual forfeitures in the future may differ. To the extent our actual forfeitures are different than our estimates, we record a true-up for the difference in the period in which the awards vest, and such true-ups could materially affect our operating results.

We record deferred tax assets for share-based awards based on the future tax deduction which will be based on our ADS price at the reporting date. If the amount of the future tax deduction exceeds the cumulative amount of share-based compensation expense, the excess deferred tax is directly recognized in equity.

Business Combinations, Goodwill and Intangible Assets

Business combinations are accounted for using the acquisition method. As a part of acquisition accounting, we allocate the purchase price of acquired companies to the identified tangible and intangible assets based on the estimated fair values on the date of the acquisition. The purchase price allocation process requires management to make significant estimates and assumptions, especially at acquisition date with respect to intangible assets, income taxes, contingent consideration and estimated restructuring liabilities. Although we believe the assumptions and estimates we have made in the past have been reasonable and appropriate, they are based in part on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. Examples of critical estimates in valuing certain of the intangible assets we have acquired or may acquire in the future include but are not limited to appropriate method of valuation, future cash flow projections, weighted average cost of capital, discount rates, risk-free rates, market rate of return and risk premiums.

Unanticipated events and circumstances may occur which may affect the accuracy or validity of such assumptions, estimates or actual results.

Goodwill is initially measured at cost, being the excess of the cost of the acquisition of the acquiree over our share of the net fair value of the acquiree s identifiable assets, liabilities and contingent liabilities on the date of the acquisition. If the cost of acquisition is less than the fair value of the net assets of the business acquired, the difference is recognized immediately in the income statement. Goodwill is tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount of the cash generating unit is less than its carrying value. The goodwill impairment test is performed at the level of cash-generating unit or groups of cash-generating units which represent the lowest level at which goodwill is monitored for internal management purposes.

We use market related information and estimates (generally risk adjusted discounted cash flows) to determine the fair values. Cash flow projections take into account past experience and represents management s best estimate about future developments. Key assumptions on which management has based its determination of fair value less costs to sell and value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. See also the discussion on impairment testing under Impairment of Goodwill and Intangible Assets below.

Intangible assets are recognized only when it is probable that the expected future economic benefits attributable to the assets will accrue to us and the cost can be reliably measured. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition determined using generally accepted valuation methods appropriate for the type of intangible asset. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Intangible assets with finite lives are amortized over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated and consumed. These estimates are reviewed at least at each financial year end. Intangible assets with indefinite lives are not amortized, but instead are tested for impairment at least annually and written down to the fair value as required. See also the discussion on impairment testing under Impairment of Goodwill and Intangible Assets below.

Impairment of Goodwill and Intangible Assets

Goodwill is not subject to amortization and is instead tested annually for impairment and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the cash generating unit level, which is the lowest level for which there are separately identifiable cash flows. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating units (or group of cash generating units) and then, to reduce the carrying amount of the other assets in the cash generating unit (or group of cash generating units) on a pro rata basis. Intangible assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is recognized for the amount by which an asset s or cash-generating unit s carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each asset or cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. In arriving at our forecasts, we consider past experience, economic trends and inflation as well as industry and market trends. The projections also take into account factors such as the expected impact from new client contracts and expansion of business from existing clients, efficiency initiatives, and the maturity of the markets in which each business operates. The actual results may vary, and may cause significant adjustments to our assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

We cannot predict the occurrence of future events that might adversely affect the reported value of goodwill, intangible assets. Such events include, but are not limited to, strategic decisions made in response to economic and competitive conditions, the impact of the environment on our customer base, and material negative changes in relationships with significant customers.

Income Taxes

Income tax comprises current and deferred tax. Income tax expense is recognized in statements of income except to the extent it relates to items directly recognized in equity, in which case it is recognized in equity.

Current Income Tax

As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. We are subject to tax assessments in each of these jurisdictions. Current income taxes for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable profit for the period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. We offset current tax assets and current tax liabilities, where we have a legally enforceable right to set off the recognized amounts and where we intend either to settle on a net basis, or to realize the asset and liability simultaneously.

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Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. The recognition of taxes that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Though we have considered all these issues in estimating our income taxes, there could be an unfavorable resolution of such issues that may affect results of our operations.

Deferred Income Tax

We recognize deferred income tax using the balance sheet approach. Deferred income tax assets and liabilities are recognized for all deductible temporary differences arising between the tax bases of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of transaction.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax asset in respect of carry forward of unused tax credits and unused tax losses are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

The measurement of deferred tax assets involves judgment regarding the deductibility of costs not yet subject to taxation and estimates regarding sufficient future taxable income to enable utilization of unused tax losses in different tax jurisdictions. We consider the expected reversal of deferred tax assets and projected future taxable income in making this assessment. All deferred tax assets are subject to review of probable utilization. The assessment of the probability of future taxable profit in various years in which deferred tax assets can be utilized is based on the latest approved budget forecast, which is adjusted for significant non-taxable profit and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the various jurisdictions in which we operate are also carefully taken into consideration. If a positive forecast of taxable profit indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax asset is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

We recognize deferred tax liabilities for all taxable temporary differences, except those associated with investments in subsidiaries and associates where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

As part of our accounting for business combinations, some of the purchase price is allocated to goodwill and intangible assets. Impairment charges associated with goodwill are generally not tax deductible and will result in an increased effective income tax rate in the quarter any impairment is recorded. Amortization expenses associated with acquired intangible assets are generally not tax deductible pursuant to our existing tax structure; however, deferred taxes have been recorded for non-deductible amortization expenses as a part of the purchase price allocation process. We have taken into account the allocation of these identified intangibles among different taxing jurisdictions, including those with nominal or zero percent tax rates, in establishing the related deferred tax liabilities. Income tax contingencies existing as of the acquisition dates of the acquired companies are evaluated quarterly and any adjustments are recorded as adjustments to goodwill during the measurement period.

Uncertainties in income taxes are not addressed specifically in IAS12 *Income Taxes* and hence the general measurement principles in IAS12 are applied in measuring the uncertain tax positions. 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. We also include interest related to such uncertain tax positions within our provision for income tax expense.

Evaluation of tax positions and recognition of provisions, as discussed above, involves interpretation of tax laws, estimates of probabilities of tax positions being sustained and the amounts of payments to be made under various scenarios. Although we believe we are adequately reserved for our unresolved disputes with the taxation authorities, no assurance can be given with respect to the final outcome on these matters. To the extent that the final outcome on these matters is different than the amounts recorded, such differences will impact our provision for income taxes in the period in which such a determination is made.

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Derivative Financial Instruments and Hedge Accounting

We are exposed to foreign currency fluctuations on foreign currency assets, liabilities, net investment in foreign operations, forecasted cash flows denominated in foreign currency and fluctuation in interest rates. We limit the effect of foreign exchange rate fluctuation by following established risk management policies including the use of derivatives. We enter into derivative financial instruments where the counter party is a bank. We use derivative financial instruments such as foreign exchange forward, option contracts, currency swaps and interest rate swaps to hedge certain foreign currency and interest rate exposures. Forward and option contracts on various foreign currencies are entered into to manage the foreign currency exchange rate risk on forecasted transactions denominated in foreign currencies and monetary assets and liabilities held in non-functional currencies. Interest rate swaps are entered into to manage interest rate risk associated with floating rate borrowings. Our primary exchange rate exposure is with the US dollars, pound sterling and the Indian rupee.

Cash Flow Hedges

We recognize 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 us 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 that there is a 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. Although our estimates of the forecasted transactions are based on historical experience and we believe that they are reasonable, the final occurrence of such transactions could be different as a result of external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our internal forecasts, which will have a material effect on our earnings.

For derivative instruments where hedge accounting is applied, we record 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 and disclosed as a part of revenue, foreign exchange loss/(gains), net and finance expense, as applicable. 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 statement of income. Cash flows from the derivative instruments are classified within cash flows from operating activities in the statement of cash flows.

Fair Value Measurements

IAS 32 *Financial Instruments: Presentation* defines fair value as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm s length transaction. 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.

IFRS 7 *Financial Instruments: Disclosures* also requires the classification of fair value measurements using fair value hierarchy that reflects the significance of the inputs used in making the measurements as below:

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

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

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

The fair value is estimated using the discounted cash flow approach and market rates of interest. The valuation technique involves assumptions and judgments regarding risk characteristics of the instruments, discount rates, future cash flows and other factors.

Management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm s length transaction at the reporting date.

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Other Estimates

Allowance for Doubtful Accounts

We make estimates of the uncollectability of our accounts receivable based on historical trends and other factors such as ageing and economic trends. Adverse economic conditions or other factors that might cause deterioration of the financial health of customers could change the timing and levels of payments received and necessitate a change in estimated losses.

Accounting for Defined Benefit Plans

In accounting for pension and post-retirement benefits, several statistical and other factors that attempt to anticipate future events are used to calculate plan expenses and liabilities. These factors include expected return on plan assets, discount rate assumptions and rate of future compensation increases. To estimate these factors, actuarial consultants also use estimates such as withdrawal, turnover, and mortality rates which require significant judgment. The actuarial assumptions used by us may differ materially from actual results in future periods due to changing market and economic conditions, regulatory events, judicial rulings, higher or lower withdrawal rates, or longer or shorter participant life spans.

Results of Operations

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

	As a percentage of					
	Revenue Year ended March 31,			Revenue less repair payments Year ended March 31,		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**
Cost of revenue	67.6%	71.9%	79.5%	65.8%	66.3%	65.8%
Gross profit	32.4%	28.1%	20.5%	34.2%	33.7%	34.2%
Operating expenses:						
Selling and marketing expenses	6.6%	5.6%	3.8%	6.9%	6.7%	6.3%
General and administrative expenses	12.4%	10.8%	9.1%	13.1%	13.0%	15.3%
Foreign exchange loss / (gains), net	1.2%	(0.4)%	(2.5)%	1.3%	(0.5)%	(4.1)%
Amortization of intangible assets	5.7%	6.2%	5.2%	6.0%	7.5%	8.6%
Operating profit	6.5%	5.9%	4.8%	6.9%	7.1%	8.0%
Other (income) / expense, net	(1.0)%	0.0%	(0.2)%	(1.1)%	0.0%	(0.3)%
Finance expense	0.8%	0.8%	1.9%	0.8%	1.0%	3.1%
Provision for income taxes	2.1%	2.4%	0.2%	2.3%	2.9%	0.4%
Profit	4.6%	2.6%	2.9%	4.9%	3.2%	4.8%

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

	Year ended March 31,					
	2013	2012	2011	2013	2012	2011
	(US dollars in millions)					
Revenue	$ 460.3	$ 474.1	$ 616.3	100 .0%	100 .0%	100.0%
Less: Payments to repair centers	24.1	79.1	246.9	5.2%	16.7%	40.1%
Revenue less repair payments	$ 436.1	$ 395.1	$ 369.4	94.8%	83.3%	59.9%

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

	Year ended March 31,		
	2013	2012	2011
	(US dollars in millions)		
Revenue	$ 460.3	$ 474.1	$ 616.3
Cost of revenue(1)	311.0	340.9	490.0
Gross profit	149.3	133.2	126.2
Operating expenses:			
Selling and marketing expenses(2)	30.2	26.3	23.5
General and administrative expenses(3)	57.1	51.3	56.4
Foreign exchange loss / (gains), net	5.5	(1.9)	(15.1)
Amortization of intangible assets	26.4	29.5	31.8
Operating profit	30.1	28.0	29.7
Other income, net	(4.8)	(0.0)	(1.1)
Finance expense	3.6	4.0	11.4
Profit before income taxes	31.3	24.0	19.4
Provision for income taxes	9.9	11.5	1.5
Profit	$ 21.4	$ 12.5	$ 17.9

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Notes:

(1) Includes share-based compensation expense of $1.0 million for fiscal 2013, $1.0 million for fiscal 2012 and $0.7 million for fiscal 2011.

(2) Includes share-based compensation expense of $0.4 million for fiscal 2013, $0.4 million for fiscal 2012 and $0.2 million for fiscal 2011.

(3) Includes share-based compensation expense of $3.9 million for fiscal 2013, $3.9 million for fiscal 2012 and $2.3 million for fiscal 2011.

Fiscal 2013 Compared to Fiscal 2012

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

Revenue

	Year ended March 31, 2013	Year ended March 31, 2012	Change	% Change
	(US dollars in millions)			
Revenue	$ 460.3	$ 474.1	$ (13.9)	(2.9)%

The decrease in revenue of $13.9 million was primarily attributable to a decrease in revenue from existing clients of $38.2 million, partially offset by revenue from new clients of $24.3 million, including revenue contribution of $14.2 million from Fusion, which we acquired in 2012. In addition, we had an increase in hedging loss on our revenue by $1.5 million to $6.5 million in fiscal 2013 from $5.0 million in fiscal 2012. The decrease in revenue from existing clients was primarily attributable to the termination of a contract with a large client in our auto claims business in April 2012 to whom we had provided repair management services. As we acted as principal in our dealings with third party repair centers and this client, we accounted for the amounts received from this client for payments to repair centers as revenue and the payments made to repair centers in connection with our services provided to this client as cost of revenue (see Overview). The termination of this contract resulted in a decrease in revenue, with a corresponding decrease of the same amount in our cost of revenue. In addition, during the first quarter of fiscal 2012, we re-negotiated contracts with certain of our clients and repair centers in the auto claims business, whereby the primary responsibility for providing the services is borne by the repair centers instead of us and the credit risk that the client may not pay for the services is no longer borne by us. As a result of these changes, we are no longer considered to be the principal in providing the services. Accordingly, we no longer account for the amount received from these clients for payments to repair centers as revenue, resulting in lower revenue. These decreases were partially offset by higher volumes from new clients in our retail and CPG, insurance, utilities and travel and leisure verticals.

Revenue by Geography

The following table sets forth the composition of our revenue based on the location of our clients in our key geographies for the periods indicated:

	Revenue		As a percentage of revenue	
	Year ended March 31,			
	2013	2012	2013	2012
	(US dollars in millions)			
UK	$ 245.3	$ 290.1	53.3%	61.2%
North America (primarily the US)	140.2	144.8	30.5%	30.5%
Europe (excluding the UK)	27.3	26.6	5.9%	5.6%
Rest of world	47.5	12.7	10.3%	2.7%
Total	$ 460.3	$ 474.1	100.0%	100.0%

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The decrease in revenue from the UK region was primarily attributable to the termination of a contract with a large client in our auto claims business in April 2012 to whom we had provided repair management services as discussed above. The decrease in revenue in North America (primarily the US) was primarily due to lower volumes in our retail and CPG and banking and financial services verticals, partially offset by higher volumes in our consulting and professional services vertical. The increase in revenue from Rest of world region was primarily due to revenue from new clients in our retail and CPG, and insurance verticals in that region. The increase in revenue from Europe (excluding the UK) region was primarily due to higher volumes in our insurance, consulting and professional services and public sector verticals, partially offset by lower volumes in our shipping and logistics vertical.

Revenue Less Repair Payments

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

	Year ended March 31,			
	2013	2012	Change	% Change
	(US dollars in million)			
Revenue less repair payments	$ 436.1	$ 395.1	$ 41.1	10.4%

The increase in revenue less repair payments of $41.1 million was attributable to an increase in revenue less repair payments from existing clients of $20.0 million, and revenue less repair payments from new clients of $21.1 million, including revenue of $14.2 million from Fusion, which we acquired in June 2012. The increase in revenue less repair payments was primarily due to higher volumes in our retail and CPG, insurance, utilities and travel and leisure verticals partially offset by an increase in hedging loss on our revenue by $1.5 million to $6.5 million in fiscal 2013 from $5.0 million in fiscal 2012.

Revenue Less Repair Payments by Geography

The following table sets forth the composition of our revenue less repair payments based on the location of our clients in our key geographies for the periods indicated:

	Revenue less repair payments		As a percentage of revenue less repair payments	
	Year ended March 31,			
	2013	2012	2013	2012
	(US dollars in millions)			
UK	$ 221.2	$ 211.0	50.7%	53.4%
North America (primarily the US)	140.2	144.8	32.2%	36.6%
Europe (excluding the UK)	27.3	26.6	6.3%	6.7%
Rest of world	47.5	12.7	10.8%	3.3%
Total	$ 436.1	$ 395.1	100.0%	100.0%

The increase in revenue less repair payments from Rest of World region was primarily due to revenue from new clients in our retail and CPG and insurance verticals in that region. The increase in revenue less repair payments from the UK region was primarily due to higher revenue in our utilities vertical and revenue from new clients in our retail and CPG verticals. The increase in revenue less repair payments from Europe (excluding the UK) region was primarily due to higher volumes in our insurance, consulting and professional services and public sector verticals, partially offset by lower volumes in our shipping and logistics vertical. The decrease in revenue in North America (primarily the US) was primarily due to lower volumes in our retail and CPG, and banking and financial services verticals, partially offset by higher volumes in our insurance vertical in that region.

Cost of Revenue

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

	Year ended March 31, 2013	2012	Change
	(US dollars in millions)		
Employee costs	$ 178.2	$ 159.9	$ 18.3
Facilities costs	59.3	53.7	5.6
Repair payments	24.1	79.1	(54.9)
Depreciation	14.2	15.4	(1.2)
Travel costs	9.5	8.4	1.1
Legal and professional costs	8.5	8.0	0.5
Other costs	17.3	16.5	0.7
Total cost of revenue	$ 311.0	$ 340.9	$ (29.9)
As a percentage of revenue	67.6%	71.9%	

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The decrease in cost of revenue was primarily due to a decrease in repair payments by $54.9 million. The decrease in repair payments was primarily attributable to the termination of a contract with a large client in our auto claims business in April 2012 to whom we had provided repair management services as discussed above and also on account of changes to certain client contracts and contracts with repair centers during the first quarter of fiscal 2012, whereby the primary responsibility for providing the services is borne by the repair centers instead of us and the credit risk that the client may not pay for the services is no longer borne by us. As a result of these changes, we are no longer considered to be the principal in providing the services. Accordingly, we no longer account for the payments made to repair centers for cases referred by these clients as cost of revenue, resulting in lower repair payments. The decrease in cost of revenue was partially offset by an increase in employee costs due to higher headcount and wage increments, an increase in facilities costs due to an expansion of facilities in Pune, Chennai and the Philippines and the addition of new facilities in Vizag, the Philippines, Poland, and South Africa, an increase in travel costs associated with transition of client processes to our delivery centers and an increase in other costs due to an increase in costs associated with providing onshore services and subcontract costs. These increases in costs were partially offset by a depreciation of the Indian rupee against the US dollar in fiscal 2013 by 13.5% as compared to the average exchange rate in fiscal 2012, which resulted in an overall decrease of approximately $24 million in the cost of revenue.

Gross Profit

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

	Year ended March 31,		
	2013	2012	Change
	(US dollars in millions)		
Gross profit	$ 149.3	$ 133.2	$ 16.1
As a percentage of revenue	32.4%	28.1%	
As a percentage of revenue less repair payments	34.2%	33.7%	

Gross profit was higher primarily due to lower cost of revenue as discussed above. Gross profit as a percentage of revenue increased primarily due to lower repair payments which resulted in lower cost of revenue, as well as lower revenue, as a result of the termination of a contract with a large client in our auto claims business in April 2012 as discussed above, and also due to changes to certain client contracts and contracts with repair centers as discussed above. We had an increase in hedging loss on our revenue by $1.5 million to $6.5 million in fiscal 2013 from $5.0 million in fiscal 2012, and lower cost of revenue due to depreciation of the Indian rupee against the US dollar in fiscal 2013 by 13.5% as compared to the average exchange rate in fiscal 2012.

During fiscal 2013, our built up seats increased by 16.1% from 18,928 as at the end of fiscal 2012 to 21,975 as at the end of fiscal 2013 when we established additional delivery centers in Vizag, the Philippines, Poland, the US and South Africa and expanded seating capacities in our existing delivery centers in Pune and Chennai in India and the Philippines. This was part of our strategy to expand our delivery capabilities, including in the SEZ in India. Our total headcount increased by 6.9% from 23,874 to 25,520 during the same period, resulting in a decline in our seat utilization rate from 1.3 in fiscal 2012 to 1.2 in fiscal 2013. This 0.1 decline in our seat utilization rate reduced our gross profit as a percentage of revenue by approximately 1.0% and reduced our gross profit as a percentage of revenue less repair payments by approximately 1.1%. This reduction partially offset the increase in gross profit as a percentage of revenue attributable to the changes to certain client contracts and contracts with repair centers as discussed above.

Selling and Marketing Expenses

The following table sets forth the composition of our selling and marketing expenses for the periods indicated:

	Year ended March 31, 2013	2012	Change
	(US dollars in millions)		
Employee costs	$ 22.6	$ 19.8	$ 2.8
Other costs	7.6	6.5	1.1
Total selling and marketing expenses	$ 30.2	$ 26.3	$ 3.9
As a percentage of revenue	6.6%	5.6%	
As a percentage of revenue less repair payments	6.9%	6.7%	

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The increase in selling and marketing expenses was primarily due to an increase in employee costs as a result of the expenses incurred in the expansion of our sales team and our client partner program. The marginal increase in other costs was primarily due to an increase in travel and legal and professional expenses. We expect our selling and marketing expenses to increase in fiscal 2014 but at a lower rate than the increase in our revenue less repair payments.

General and Administrative Expenses

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

	Year ended March 31,		
	2013	2012	Change
	(US dollars in millions)		
Employee costs	$ 38.2	$ 35.4	$ 2.8
Other costs	18.9	16.0	2.9
Total general and administrative expenses	$ 57.1	$ 51.3	$ 5.7
As a percentage of revenue	12.4%	10.8%	
As a percentage of revenue less repair payments	13.1%	13.0%	

The increase in general and administrative expenses was primarily due to an increase in other costs as a result of an increase in facilities costs, higher legal and professional expenses, expenses incurred in the establishment of our Capability Creation Group and the costs associated with acquiring Fusion and integrating Fusion into our company. The increase in employee costs were a result of increase in headcount and wage increments, partially offset by a decrease of approximately $4 million due to depreciation of the Indian rupee against the US dollar in fiscal 2013 by 13.5% as compared to the average exchange rate in fiscal 2012. We expect our general and administrative expenses to increase in fiscal 2014 but at a lower rate than the increase in our revenue less repair payments.

Foreign Exchange Loss / (Gains), Net

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

	Year ended March 31,		
	2013	2012	Change
	(US dollars in millions)		
Foreign exchange loss / (gains), net	$ 5.5	$ (1.9)	$ 7.4

The higher foreign exchange losses were primarily due to a decrease in foreign currency revaluation gains by $5.8 million to $2.5 million in fiscal 2013 from $8.3 million in fiscal 2012 and higher hedging losses of $1.6 million from our rupee -denominated contracts as a result of a depreciation of the Indian rupee against the US dollar.

Amortization of Intangible Assets

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

	Year ended March 31, 2013	2012	Change
	(US dollars in millions)		
Amortization of intangible assets	$ 26.4	$ 29.5	$ (3.1)

The decrease in amortization of intangible assets was primarily attributable to the complete amortization of intangibles acquired in connection with the acquisition of Marketics and Flovate in May 2007 and June 2007, respectively, a part of intangible assets related to leasehold benefits acquired in connection with the acquisition of Aviva Global in July 2008 and depreciation of the Indian rupee against the US dollar in fiscal 2013 by 13.5% as compared to the average exchange rate in fiscal 2012, partially offset by additional cost of amortization of intangible assets acquired in connection with the acquisition of Fusion in June 2012.

Operating Profit

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

	Year ended March 31, 2013	2012	Change
	(US dollars in millions)		
Operating profit	$ 30.1	$ 28.0	$ 2.1
As a percentage of revenue	6.5%	5.9%	
As a percentage of revenue less repair payments	6.9%	7.1%	

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Operating profit as a percentage of revenue is higher due to higher gross profit as discussed above and lower amortization costs, partially offset by higher foreign exchanges losses, higher general and administrative expenses and higher selling and marketing expenses,. Operating profit as a percentage of revenue less repair payments is lower due to higher foreign exchanges losses, higher general and administrative expenses and higher selling and marketing expenses, partially offset by higher gross profit as discussed above and lower amortization costs.

Other income, net

The following table sets forth our other income, net for the periods indicated:

	Year ended March 31,		
	2013	**2012**	**Change**