WNS (HOLDINGS) LTD
Form 6-K
November 15, 2006

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the Securities Exchange Act of 1934
For the quarter ended September 30, 2006
Commission File Number 001 32945

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

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

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

Form 20-F þ Form 40-F o

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

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

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

Yes o No þ

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

TABLE OF CONTENTS

Table of Contents

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

Conventions used in this Report

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

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

Special note regarding forward looking statements

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

- 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 attract and retain clients;
- 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;
- regulatory, legislative and judicial developments;
- increasing competition in the business process outsourcing industry;

Table of Contents

- political or economic instability in India, Sri Lanka and Jersey;
- worldwide economic and business conditions; and
- our ability to successfully consummate strategic acquisitions.

These and other factors are more fully discussed in our other filings with the Securities and Exchange Commission, or the SEC, including in Risk Factors, Management s Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in our registration statement on Form F-1, as amended (Registration No. 333-135590). 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.

2

Table of Contents

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

	September 30, 2006 (Unaudited)	March 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	$ 92,238	$ 18,549
Accounts receivable, net of allowance of $431 and $373, respectively	37,501	28,081
Funds held for clients	5,455	3,047
Deferred tax assets		353
Prepaid expenses	3,500	1,225
Other current assets	6,322	6,140
Total current assets	145,016	57,395
Goodwill	36,253	33,774
Intangible assets, net	7,938	8,713
Property and equipment, net	39,183	30,623
Deposits	2,450	2,990
Deferred tax assets	2,682	1,308
TOTAL ASSETS	**$ 233,522**	**$ 134,803**
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Accounts payable	$ 22,201	$ 23,074
Accrued employee costs	12,085	11,336
Deferred revenue	8,502	8,994
Income taxes payable	517	726
Obligations under capital leases current	47	184
Deferred tax liabilities	1,143	368
Other current liabilities	14,210	8,781
Total current liabilities	58,705	53,463
Obligation under capital leases non current	17	2
Deferred rent	917	824
Deferred tax liabilities non current	1,634	2,350
Shareholders equity:		
Preference shares, $0.15 (10 pence) par value Authorized: 1,000,000 shares and none, respectively, Issued and outstanding none		

Ordinary shares, $0.15 (10 pence) par value Authorized: 50,000,000 shares and 40,000,000 shares, respectively		
Issued and outstanding: 39,918,332 and 35,321,511 shares, respectively	6,144	5,290
Additional paid-in-capital	141,814	62,228
Ordinary shares subscribed, 163,511 and 4,346 shares, respectively	421	10
Retained earnings	14,721	4,104
Deferred share-based compensation	(180)	(582)
Accumulated other comprehensive income	9,329	7,114
Total shareholders equity	172,249	78,164
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	**$ 233,522**	**$ 134,803**

See accompanying notes.

3

Table of Contents

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

	Three months ended September 30, 2006	Three months ended September 30, 2005	Six months ended September 30, 2006	Six months ended September 30, 2005
Revenue				
Third parties	$ 84,856	$ 44,679	$ 133,905	$ 91,436
Related parties	1,734	4,268	5,711	8,693
	86,590	48,947	139,616	100,129
Cost of revenue	67,337	35,584	104,767	74,320
Gross profit	19,253	13,363	34,849	25,809
Operating expenses				
Selling, general and administrative expenses	12,076	8,241	22,207	15,310
Amortization of intangible assets	480	51	951	119
Operating income	6,697	5,071	11,691	10,380
Other (expense) income, net	(48)	(2)	(81)	66
Interest expense	(68)	(124)	(101)	(261)
Income before income taxes	6,581	4,945	11,509	10,185
Provision for income taxes	(557)	(539)	(892)	(1,403)
Net income	$ 6,024	$ 4,406	$ 10,617	$ 8,782
Basic income per share	$ 0.16	$ 0.14	$ 0.29	$ 0.28
Diluted income per share	$ 0.15	$ 0.13	$ 0.27	$ 0.26

See accompanying notes.

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

	Six months ended September 30, 2006	Six months ended September 30, 2005
Cash flows from operating activities		
Net cash provided by operating activities	$ 7,862	$ 10,795
Cash flows from investing activities		
Acquisitions	(795)	
Purchase of property and equipment	(16,414)	(4,185)
Proceeds from sale of property and equipment	42	
Net cash used in investing activities	(17,167)	(4,185)
Cash flows from financing activities		
Proceeds from initial public offering (IPO), net of expenses	80,697	
Excess tax benefits from share-based compensation	814	
Proceeds from exercise of stock options	726	803
Principal payments under capital leases	(123)	(189)
Net cash provided by financing activities	82,114	614
Effect of exchange rate changes on cash and cash equivalents	880	(290)
Net change in cash and cash equivalents	73,689	6,934
Cash and cash equivalents at beginning of period	18,549	9,099
Cash and cash equivalents at end of period	$ 92,238	$ 16,033

See accompanying notes.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005
(Amounts in thousands, except share and per share data)

1. Basis of presentation

The accompanying unaudited condensed consolidated financial statements of WNS (Holdings) Limited (the Company) have been prepared in accordance with United States generally accepted accounting principles for interim financial information and the instructions in Article 10 of Regulation S-X. Accordingly, they do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month periods ended September 30, 2006 are not necessarily indicative of the results that may be expected for the year ending March 31, 2007.

The balance sheet at March 31, 2006, has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by United States generally accepted accounting principles for complete financial statements. For further information, refer to the audited consolidated financial statements and footnotes thereto of WNS (Holdings) Limited for the year ended March 31, 2006, except for the adoption of Statement of Financial Accounting Standard (SFAS) No. 123(R), *Share-Based Payment* , as discussed in Note 2.

2. Share-based compensation

Adoption of SFAS 123(R)

Prior to April 1, 2006, the Company accounted for its employee share-based compensation plan using the intrinsic value method of accounting prescribed by the Accounting Principles Board (APB) Opinion No. 25, *Accounting for Stock Issued to Employees* and related Interpretations, as permitted by FASB Statement No. 123, *Accounting for Stock-Based Compensation* . Effective April 1, 2006, the Company adopted SFAS No. 123(R), using the prospective transition method. Under that transition method, non public entities that used the minimum-value method for pro forma disclosure purposes would continue to account for non vested equity awards outstanding at the date of adoption of SFAS No. 123(R) in the same manner as they had been accounted for prior to adoption.

In accordance with SFAS No. 123 (R) share-based compensation for all awards granted, modified or settled on or after April 1, 2006 that the Company expect to vest is recognized on a straight line basis over the vesting period of the award.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005 (continued)
(Amounts in thousands, except share and per share data)

Share-based compensation during the three and six month periods ended September 30, 2006 and 2005 are as follows:

	Three months ended September 30,		Six months ended September 30,	
	2006	2005	2006	2005
Share-based compensation recorded in				
Cost of revenue	$ 153	$	$ 153	$
Selling, general and administrative expenses	757	47	969	337
Total share-based compensation	910	47	1,122	337
Estimated income tax benefit included in provision for income taxes	(163)		(163)	
Share-based compensation, net of estimated taxes	747	47	959	337

If the Company had continued to account for share-based compensation in accordance with APB Opinion No. 25, income before income taxes and net income for the three and six month periods ended September 30, 2006 would have been higher by $0.2 million and the basic and diluted earnings per share for the three and six month periods ended September 30, 2006, would remain unchanged.

Stock Incentive Plans

The Company adopted the 2002 Stock Incentive Plan on July 1, 2002 and the 2006 Incentive Award Plan on June 1, 2006, collectively referred to as the Plans . Options are generally granted for a term of ten years and vests over a period of upto three years. The Company settles employee share-based option exercises with newly issued ordinary shares.

As of September 30, 2006, the Company had 2,251,623 ordinary shares available for future grants.

The following table summarizes the stock options activity for the six month period ended September 30, 2006:

	Number of options	Weighted average exercise price	Weighted average remaining contract term (in years)	Aggregate intrinsic value (in millions)
Outstanding at April 1, 2006	3,938,404	$ 4.39		
Granted	624,000	20.64		
Forfeited	(68,425)	3.50		
Exercise of options	(282,302)	2.30		
Outstanding at September 30, 2006	4,211,677	6.95	8.21	$ 91.0
Options vested and exercisable	1,988,086	$ 2.86	7.20	$ 51.1
Options expected to vest	2,223,591	$ 10.61	9.11	$ 39.9

7

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005 (continued)
(Amounts in thousands, except share and per share data)

The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the closing stock price of $28.55 of the Company s American Depositary Shares (one ADS is equivalent to one ordinary share) on September 30, 2006.

As of September 30, 2006, there was $6.6 million of unrecognized compensation cost related to outstanding share options. This amount is expected to be recognized over a weighted average period of 2.8 years. Total cash received as a result of option exercises was approximately $0.6 million and $0.7 million for the three and six month periods ended September 30, 2006, respectively. The aggregate intrinsic value of all options exercised during the three and six month periods ended September 30, 2006 was $6.0 million and $6.1 million, respectively. In connection with these exercises, the tax benefits realized by the company for the six month period ended September 30, 2006 was $1.02 million. The adoption of SFAS No. 123(R) requires cash flow classification of certain tax benefits received from share option exercises beginning April 1, 2006. Of the total tax benefits received, the Company classified excess tax benefits from share-based compensation of $0.81 million as cash flows from financing activities rather than cash flows from operating activities for the six month period ended September 30, 2006.

Valuation of options granted

The fair value of options granted during the six month period ended September 30, 2006 was estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions:

Expected life	6 years
Risk free interest rates	5.02%
Volatility	49%
Dividend yield	0%

The expected life is based on the midpoint of the vesting and the contracted term of the option, the risk free interest rate is based on United States Treasury instruments. Volatility was calculated based on the historical volatility of similar public companies. The Company will assess expected volatility by reference to the Company s historical stock price volatility when such data provides a meaningful benchmark to make such assessment. The Company does not currently pay cash dividends on its ordinary share and does not anticipate doing so in the foreseeable future. Accordingly, the expected dividend yield is zero. The weighted average grant date fair value of options granted during the six month period ended September 30, 2006 was $11.02.

Restricted Shares Units (RSU)

The Company granted 243,500 RSU s during the six month period ended September 30, 2006. Each RSU represents the right to receive one ordinary share and vests in three equal annual installments. The RSU s were valued at the grant date fair value of the Company s ordinary shares and weighted average grant date fair value of the RSU s granted was $20.57 per share. All the RSU s were outstanding as of September 30, 2006 and the unrecognized share-based compensation expense related to unvested RSU s was $4.7 million as of September 30, 2006. Such unrecognized share-based compensation expense is expected to be recognized over a period of 2.8 years.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005 (continued)
(Amounts in thousands, except share and per share data)

3. Derivative instruments

SFAS No. 133, Accounting *for Derivative Instruments and Hedging Activities* , requires companies to recognize all of its derivative instruments as either assets or liabilities in the statement of financial position at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, a company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation.

For derivative instruments that are designated and qualify as a fair value hedge (i.e., hedging the exposure to changes in the fair value of an asset or a liability or an identified portion thereof that is attributable to a particular risk), the gain or loss on the derivative instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in the same line item associated with the hedged item in current earnings during the period of the change in fair values. For derivative instruments that are designated and qualify as a cash flow hedge (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same line item associated with the forecasted transaction in the same period or periods during which the hedged transaction affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, if any, is recognized in other income/expense in current earnings during the period of change. For derivative instruments that are designated and qualify as a hedge of a net investment in a foreign currency, the gain or loss is reported in other comprehensive income as part of the cumulative translation adjustment to the extent it is effective. Any ineffective portions of net investment hedges are recognized in other income/expense in current earnings during the period of change. For derivative instruments not designated as hedging instruments, the gain or loss is recognized in other income/expense in current earnings during the period of change.

To protect against exchange gains (losses) on forecasted inter-company revenue, the Company has instituted a foreign currency cash flow hedging program. The operating entity in India hedges a part of its forecasted inter company revenue denominated in foreign currencies with forward contracts and options. When the functional currency of the operating entity strengthens significantly against a currency other than the operating entity s functional currency, the decline in value of future foreign currency revenue is offset by gains in the value of the forward contracts designated as hedges. Conversely, when the functional currency of the operating entity weakens, the increase in the value of future foreign currency cash flows is offset by losses in the value of the forward contracts. The fair value of both the foreign currency forward contracts and options are reflected in other assets or other liabilities as appropriate.

At September 30, 2006, the Company expects to reclassify the currently unrealized $0.2 million of profits on derivative instruments included in other comprehensive income to earnings during the next six months. The forecasted inter-company revenue discussed above relates to cost of revenue of certain non-Indian subsidiaries and is recorded by those subsidiaries in their functional currency at the time services are provided. The resulting difference upon the elimination of

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005 (continued)
(Amounts in thousands, except share and per share data)

inter-company revenue with the related cost of revenue is recorded in other (expense) income and amounted to a net loss of $0.9 million and $1.5 million for the three and six month periods ended September 30, 2006, respectively.

4. Comprehensive income

Components of comprehensive income for the three and six month periods ended September 30, 2006 and 2005 are as follows:

	Three months ended September 30		Six months ended September 30	
	2006	2005	2006	2005
Net income	$ 6,024	$ 4,406	$ 10,617	$ 8,782
Foreign currency translation	1,754	(1,103)	1,990	(1,844)
Change in fair value of cash flow hedges	784		225	
Comprehensive income	$ 8,562	$ 3,303	$ 12,832	$ 6,938

5. Capital structure

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

	Three months ended September 30		Six months ended September 30	
	2006	2005	2006	2005
Shares outstanding at the beginning of the period	35,328,173	31,218,290	35,321,511	31,194,553
Shares issued in initial public offering	4,473,684		4,473,684	
Shares issued upon exercise of options	116,475	440,204	123,137	463,941
Shares outstanding at the end of the period	39,918,332	31,658,494	39,918,332	31,658,494

On July 31, 2006, the Company completed its IPO of American Depositary Shares (ADSs), priced at US$20 per ADS (one ADS is equivalent to one ordinary share). 12,763,708 ADSs were issued of which 4,473,684 related to new ordinary shares and 8,290,024 related to shares sold by selling shareholders. The Company received gross proceeds of $89.5 million from the IPO and incurred $10.8 million towards underwriting discounts and commissions and offering expenses.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005 (continued)
(Amounts in thousands, except share and per share data)

6. Earnings per share

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

	Three months ended September 30, 2006	Three months ended September 30, 2005	Six months ended September 30, 2006	Six months ended September 30, 2005
Numerator:				
Net income	$ 6,024	$ 4,406	$ 10,617	$ 8,782
Denominator:				
Basic weighted average ordinary shares outstanding	38,372,397	31,439,757	36,805,243	31,325,046
Dilutive impact of share options	2,720,649	2,190,654	2,715,801	2,318,573
Diluted weighted average ordinary shares outstanding	41,093,046	33,630,411	39,521,044	33,643,619

7. Retirement benefits

Defined Contribution Plan

	Three months ended September 30, 2006	Three months ended September 30, 2005	Six months ended September 30, 2006	Six months ended September 30, 2005
Provident fund India	$ 741	$435	$1,423	$ 824
Pension scheme UK	151	92	274	198
401(k) plan US	115	59	226	114
	$1,007	$586	$1,923	$1,136

Defined benefit plan gratuity

	Three months ended September 30, 2006	Three months ended September 30, 2005	Six months ended September 30, 2006	Six months ended September 30, 2005
Net periodic gratuity cost				
Service cost	$84	$54	$189	$108
Interest cost	13	9	26	17
Expected return on plan asset	(9)	(7)	(17)	(13)
Recognized net actuarial loss	9	2	17	5
Net periodic gratuity cost for the period	$97	$58	$215	$117

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005 (continued)
(Amounts in thousands, except share and per share data)

8. Segments

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

Segmental information for the three and six month periods ended September 30, 2006 and 2005 are as follows:

	Three months ended September 30, 2006			
	WNS Global BPO	WNS Auto Claims BPO	Inter Segments	Total
Revenue from external customers	$ 46,107	$40,483		$ 86,590
Segmental revenue	46,511	40,483	(404)	86,590
Payments to repair centers		33,626		33,626
Revenue less repair payments	46,511	6,857	(404)	52,964
Depreciation	2,890	597		3,487
Other costs	36,582	5,212	(404)	41,390
Segment operating income	7,039	1,048		8,087
Unallocated share-based compensation expense				(910)
Amortization of intangible assets				(480)
Other expense, net				(48)
Interest expense				(68)
Income before income taxes				6,581
Provision for income taxes				(557)
Net income				$ 6,024
Capital expenditure	$ 7,035	$ 365		$ 7,400
Segment assets, net of eliminations as at September 30, 2006	$176,449	$57,073		$233,522

12

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005 (continued)
(Amounts in thousands, except share and per share data)

	Three months ended September 30, 2005			
	WNS Global BPO	WNS Auto Claims BPO	Inter Segments	Total
Revenue from external customers	$28,539	$20,408		$48,947
Segmental revenue	29,131	20,408	(592)	48,947
Payments to repair centers		14,109		14,109
Revenue less repair payments	29,131	6,299	(592)	34,838
Depreciation	1,839	450		2,289
Other costs	23,335	4,637	(592)	27,380
Segment operating income	3,957	1,212		5,169
Unallocated share-based compensation expense				(47)
Amortization of intangible assets				(51)
Other expense, net				(2)
Interest expense				(124)
Income before income taxes				4,945
Provision for income taxes				(539)
Net income				$ 4,406
Capital expenditure	$ 2,277	$ 329		$ 2,606
Segment assets, net of eliminations as at September 30, 2005	$54,767	$43,312		$98,079

13

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005 (continued)
(Amounts in thousands, except share and per share data)

	Six months ended September 30, 2006			
	WNS Global BPO	WNS Auto Claims BPO	Inter Segments	Total
Revenue from external customers	$ 86,288	$53,328		$139,616
Segmental revenue	87,120	53,328	(832)	139,616
Payments to repair centers		41,143		41,143
Revenue less repair payments	87,120	12,185	(832)	98,473
Depreciation	5,640	1,090		6,730
Other costs	69,445	9,366	(832)	77,979
Segment operating income	12,035	1,729		13,764
Unallocated share-based compensation expense				(1,122)
Amortization of intangible assets				(951)
Other expense, net				(81)
Interest expense				(101)
Income before income taxes				11,509
Provision for income taxes				(892)
Net income				$ 10,617
Capital expenditure	$ 14,324	$ 2,090		$ 16,414
Segment assets, net of eliminations as at September 30, 2006	$176,449	$57,073		$233,522

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005 (continued)
(Amounts in thousands, except share and per share data)

	Six months ended September 30, 2005			
	WNS Global BPO	WNS Auto Claims BPO	Inter Segments	Total
Revenue from external customers	$54,578	$45,551		$100,129
Segmental revenue	55,744	45,551	(1,166)	100,129
Payments to repair centers		32,103		32,103
Revenue less repair payments	55,744	13,448	(1,166)	68,026
Depreciation	3,996	888		4,884
Other costs	43,969	9,503	(1,166)	52,306
Segment operating income	7,779	3,057		10,836
Unallocated share-based compensation expense				(337)
Amortization of intangible assets				(119)
Other income, net				66
Interest expense				(261)
Income before income taxes				10,185
Provision for income taxes				(1,403)
Net income				$ 8,782
Capital expenditure	$ 2,881	$ 1,304		$ 4,185
Segment assets, net of eliminations as at September 30, 2005	$54,767	$43,312		$ 98,079

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005 (continued)
(Amounts in thousands, except share and per share data)

9. Other (expense) income, net

Components of other (expense) income for the three and six month periods ended September 30, 2006 and 2005 are as follows:

	Three months ended September 30,		Six months ended September 30,	
	2006	2005	2006	2005
Interest income	$ 820	$ 39	$ 909	$ 108
Foreign exchange loss, net	(964)	(112)	(1,139)	(165)
Other income	96	71	149	123
	(48)	(2)	(81)	66

10. Recent accounting pronouncement

In September 2006, the Financial Accounting Standard Board (FASB) issued SFAS No. 157, *Fair Value Measurements* . SFAS No. 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS No. 157 provides guidance on determination of fair value, and establishes a fair value hierarchy for assessing the sources of information used in fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of this pronouncement on its financial statements.

In 2006, the FASB issued SFAS No. 158 *Employer s accounting for Defined Benefit Pension and Other Postretirement Plans* , an amendment of SFAS Nos. 87, 88, 106, and 132(R). SFAS No. 158 requires a public company to recognize, on the balance sheet, the funded status of pension and other postretirement benefit plans as of the end of fiscal years ending after December 15, 2005 (as of March 31, 2007 for the Company) and recognize actuarial gains and losses, prior service cost, and any remaining transition amounts from the initial application of SFAS Nos. 87 and 106 when recognizing a plan s funded status, with the offset to accumulated other comprehensive income. SFAS No. 158 will also require fiscal-year-end measurements of plan assets and benefit obligations. The new Statement amends SFAS Nos. 87, 88, 106, and 132R, but retains most of their measurement and disclosure guidance and will not change the amounts recognized in the income statement as net periodic benefit cost. The Company does not believe that the adoption of SFAS No. 158 will have a material impact on its financial statements.

Table of Contents

WNS (HOLDINGS) LIMITED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
SEPTEMBER 30, 2006 AND 2005 (continued)
(Amounts in thousands, except share and per share data)

In June 2006, the FASB issued Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, an interpretation of SFAS No. 109, *Accounting for Income Taxes* , to create a single model to address accounting for uncertainty in tax positions. FIN 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on de-recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company will adopt FIN 48 as of April 1, 2007, as required. The Company has not determined the effect, if any, the adoption of FIN 48 will have on the Company s financial position and results of operations.

Table of Contents

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in this report. We urge you to carefully review and consider the various disclosures made by us in this report and in our other SEC filings, including our registration statement on Form F-1, as amended (Registration No. 333-135590). Some of the statements in the following discussion are forward-looking statements. See Special Note Regarding Forward-Looking Statements.

Overview

We are a leading provider of offshore business process outsourcing, or BPO, services. We provide comprehensive data, voice and analytical services to our clients, which are typically companies located in Europe and North America. Although we usually enter into long-term contractual arrangements with our clients, these contracts can usually be terminated with or without cause by our clients and often with short notice periods. Nevertheless, our client relationships tend to be long-term in nature given the scale and complexity of the services we provide coupled with risks and costs associated with switching processes in-house or to other service providers. We structure each contract to meet our clients specific business requirements and our target rate of return over the life of the contract. In addition, since the sales cycle for offshore business process outsourcing is long and complex, it is often difficult to predict the timing of new client engagements. As a result, we may experience fluctuations in growth rates and profitability from quarter to quarter, depending on the timing and nature of new contracts. Our focus, however, is on deepening our client relationships and maximizing shareholder value over the life of a clients relationship with us.

Our revenue is generated primarily from providing business process outsourcing services. We have two reportable segments for financial statement reporting purposes WNS Global BPO and WNS Auto Claims BPO. In our WNS Auto Claims BPO segment we provide claims handling and accident management services, where we arrange for automobile repairs through a network of third party repair centers. In our accident management services, we act as the principal in our dealings with the third party repair centers and our clients. The amounts we invoice to our clients for payments made by us to third party repair centers is reported as revenue. Since we wholly subcontract the repairs to the repair centers, we evaluate our financial performance based on revenue less repair payments to third party repair centers which is a non-GAAP measure. We believe that revenue less repair payments reflects more accurately the value addition of the business process outsourcing services that we directly provide to our clients. The presentation of this non-GAAP information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with US GAAP. Our revenue less repair payments may not be comparable to similarly titled measures reported by other companies due to potential differences in the method of calculation.

The following table reconciles our revenue (a GAAP measure) to revenue less repair payments (a non-GAAP measure):

	Three months ended September 30,		Six months ended September 30,	
	2006	2005	2006	2005
	(US dollars in millions)			
Revenue	$ 86.6	$ 48.9	$ 139.6	$ 100.1
Less: Payments to repair centers	33.6	14.1	41.1	32.1
Revenue less repair payments	53.0	34.8	98.5	68.0

Table of Contents

Revenue

We generate revenue by providing business process outsourcing services to our clients. For the three months ended September 30, 2006, our revenue was $86.6 million as compared to $48.9 million for the three months ended September 30, 2005, representing an increase of 76.9%. Our revenue less repair payments was $53.0 million for the three months ended September 30, 2006 as compared to $34.8 million for the three months ended September 30, 2005, representing an increase of 52.0%.

For the six months ended September 30, 2006, our revenue was $139.6 million as compared to $100.1 million for the six months ended September 30, 2005, representing an increase of 39.4%. Our revenue less repair payments was $98.5 million for the six months ended September 30, 2006 as compared to $68.0 million for the six months ended September 30, 2005, representing an increase of 44.8%. We have been successful in adding new clients who are diversified across industries and geographies to our existing large client base.

Our Contracts

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

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

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

- per full-time equivalent arrangements typically involve billings based on the number of full-time employees (or equivalent) deployed on the execution of the business process outsourced;
- per transaction arrangements typically involve billings based on the number of transactions processed (such as the number of e-mail responses, or airline coupons or insurance claims processed); and
- cost-plus arrangements typically involve billing the contractually agreed direct and indirect costs and a fee based on the number of employees deployed under the arrangement.

In July 2006, we entered into a definitive contract with a large client, British Airways, which extended the expiration of the term of our original contract from March 2007 to May 2012. Under the new contract, the parties have agreed to change the basis of pricing for a portion of the contracted services from a per full-time equivalent basis to a per unit transaction basis. This change could have the effect of reducing the amount of revenue that we receive under this contract for the same level of services. The change to a per unit transaction pricing basis could also allow us to share benefits from increases in efficiency in performing services under this contract. In our initial public offering, British Airways, one of the company s selling shareholders, sold 5,160,000 ordinary shares in the form of ADSs, reducing its ownership in WNS (Holdings) Limited to zero from 14.6%. For fiscal 2006, British Airways accounted for 7.2% of our revenue and 9.9% of our revenue less repair payments.

Table of Contents

In July 2006, we also entered into a definitive amendment to the contract with another large client, AVIVA, that continues the relationship between the two companies. Under the contract, the date on which AVIVA could require us to transfer relevant projects and operations back to AVIVA has been extended to on or after June 30, 2007 for the facility in Sri Lanka and on or after December 31, 2007 for a larger facility in Pune. For fiscal 2006, AVIVA accounted for 9.8% of our revenue and 13.4% of our revenue less repair payments.

Expenses

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

Cost of Revenue

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

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

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

SG&A Expenses

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

Amortization of Intangible Assets

Amortization of intangible assets is associated with our acquisitions of Town & Country Assistance Limited in July 2002, Greensnow Inc. s health claims management business in September 2003, Trinity Partners Inc., or Trinity Partners, in November 2005.

Non-Operating (Expense) Income, Net

Non-operating (expense) income, net is comprised of interest income, interest expense, foreign exchange gains (losses) and other income (expense). Interest expense primarily relates to interest charges arising from short-term note payable and line of credit.

Operating data (unaudited)

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

	September 30, 2006	**June 30, 2006**	**March 31, 2006**	**September 30, 2005**
Total head count	13,064	11,970	10,433	8,491
Built up seats	7,787	7,539	6,534	5,059
Used seats	6,102	5,686	5,004	4,226

Table of Contents

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 and billed to clients. The balance would be termed vacant seats. The vacant seats would get converted into used seats when we acquire a new client or increase head count.

Results of Operations

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

	Revenue		Revenue less repair payments		Revenue		Revenue less repair payments	
	Three months ended September 30,		Three months ended September 30,		Six months ended September 30,		Six months ended September 30,	
	2006	2005	2006	2005	2006	2005	2006	2005
Cost of revenue	77.8%	72.7%	63.6%	61.6%	75.0%	74.2%	64.6%	62.1%
Gross profit	22.2%	27.3%	36.4%	38.4%	25.0%	25.8%	35.4%	37.9%
Operating expenses								
SG&A	13.9%	16.8%	22.8%	23.7%	15.9%	15.3%	22.6%	22.5%
Amortization of intangible assets	0.6%	0.1%	0.9%	0.1%	0.7%	0.1%	1.0%	0.2%
Operating income	7.7%	10.4%	12.6%	14.6%	8.4%	10.4%	11.9%	15.3%
Non-operating expense	(0.1)%	(0.3)%	(0.2)%	(0.4)%	(0.1)%	(0.2)%	(0.2)%	(0.3)%
Provision for income taxes	(0.6)%	(1.1)%	(1.1)%	(1.5)%	(0.6)%	(1.4)%	(0.9)%	(2.1)%
Net income	7.0%	9.0%	11.4%	12.6%	7.6%	8.8%	10.8%	12.9%

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

	Three months ended September 30,				Six months ended September 30,			
	2006	2005	2006	2005	2006	2005	2006	2005
	(US dollars in millions)				(US dollars in millions)			
Revenue	$86.6	$48.9	100%	100%	$139.6	$100.1	100%	100%
Less: Payments to repair centers	33.6	14.1	39%	29%	41.1	32.1	29%	32%
Revenue less repair payments	53.0	34.8	61%	71%	98.5	68.0	71%	68%

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

	Three months ended,		Six months ended,	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
	(US dollars in millions)			
Revenue	$86.6	$ 48.9	$139.6	$ 100.1
Cost of revenue *(note 1)*	67.3	35.6	104.8	74.3
Gross profit	19.3	13.4	34.8	25.8
Operating expenses				
SG&A *(note 2)*	12.1	8.2	22.2	15.3
Amortization of intangible assets	0.5	0.1	1.0	0.1
Operating income	6.7	5.1	11.7	10.4
Non-operating expense	(0.1)	(0.1)	(0.2)	(0.2)
Provision for income taxes	(0.6)	(0.5)	(0.9)	(1.4)
Net income	6.0	4.4	10.6	8.8

Note 1: Includes share-based compensation expense of $0.1 million for the three months and six months ended September 30, 2006 and $0.0 million for the three months and six months ended September 30, 2005.

Note 2: Includes share-based compensation expense of $0.8 million for the three months ended September 30, 2006 and $1.0 million for the six months ended September 30, 2006 and $0.0 million for the three months ended September 30, 2005 and $0.3 million for the six months ended September 30, 2005.

Results for Three months ended September 30, 2006 Compared to Three months ended September 30, 2005

Revenue

Revenue for the three months ended September 30, 2006 was $86.6 million as compared with $48.9 million for the three months ended September 30, 2005, representing an increase of $37.7 million or 76.9%.

WNS Global BPO s revenue for the three months ended September 30, 2006 was $46.1 million as compared with $28.5 million for the three months ended September 30, 2005, representing an increase of $17.6 million or 61.6%. Of this increase, $12.8 million was from new clients added since October 2005 and the balance was from existing clients.

WNS Auto Claims BPO s revenue for the three months ended September 30, 2006 was $40.5 million as compared with $20.4 million for the three months ended September 30, 2005, representing an increase of $20.1 million or 98.4%. The increase in revenue for the WNS Auto Claims BPO segment was on account of the addition of a significant new client and the assumption of the role of the principal in dealings with third-party repair centers for accident management services as part of a renegotiated contract for an existing significant client. This increase was partially offset by the loss of clients that contributed to revenue in the quarter ended September 30, 2005.

Revenue Less Repair Payments

Revenue less repair payments for the three months ended September 30, 2006 was $53.0 million as compared with $34.8 million for the three months ended September 30, 2005, representing an increase of $18.2 million or 52.0%.

WNS Global BPO s revenue less repair payments for the three months ended September 30, 2006 was $46.1 million as compared with $28.5 million for the three months ended September 30, 2005, representing an increase of $17.6 of 61.6%. Of this increase, $12.8 million was from new clients added since October 2005 and balance was from existing clients.

Table of Contents

WNS Auto Claims BPO s revenue less repair payments for the three months ended September 30, 2006 was $6.9 million as compared with $6.3 million for the three months ended September 30, 2005, representing an increase of $0.6 million or 8.8%. This increase of $0.6 million was on account of the addition of a significant new client, partially offset by the decline in revenue from the loss of clients that contributed to revenue in the three months ended September 30, 2005.

Cost of Revenue

Cost of revenue for the three months ended September 30, 2006 was 77.8% of revenue as compared to 72.7% of revenue for the three months ended September 30, 2005.

Cost of revenue for the three months ended September 30, 2006 was $67.3 million against $35.6 million for the three months ended September 30, 2005, representing an increase of $31.7 million or 89.2%. This increase was primarily on account of an increase in cost of revenues of $11.4 million in the WNS Global BPO segment and of $20.3 million in the WNS Auto Claims BPO segment.

The increase in the cost of revenue in the WNS Global BPO segment was mainly attributable to increases of approximately $7.6 million in employee costs including share-based compensation expense. It was also attributable to an increase of $3.1 million in infrastructure costs on account of increased capacity and $1.0 million in depreciation expenses partially offset by a reduction in travel expense amounting to $0.3 million.

The increase in cost of revenue in the WNS Auto Claims BPO segment was mainly attributable to higher payments of $19.5 million to repair centers primarily on account of the addition of a significant new client and on account of the assumption of the role of the principal in dealings with third-party repair centers for accident management services as part of a renegotiated contract for an existing significant client, partially offset by reduction in repairs payment cost on account of the loss of certain clients.

Gross Profit

Gross profit for the three months ended September 30, 2006 was $19.3 million, or 22.2% of revenue, as compared to $13.4 million, or 27.3% of revenue, for the three months ended September 30, 2005. The decrease in gross profit as a percentage of revenue was due to higher payments to repair centers on account of the addition of a significant new client and the assumption of the role of the principal in dealings with third-party repair centers for accident management services as part of a renegotiated contract for an existing significant client.

Gross profit as a percentage of revenue less repair payments was 36.4% for the three months ended September 30, 2006 as compared to 38.4% for the three months ended September 30, 2005. The decrease in gross profit percentage to revenue less repair payments was due to higher employee and infrastructure cost.

SG&A Expenses

SG&A expenses for the three months ended September 30, 2006 were $12.1 million, or 13.9% of revenue, as compared to $8.2 million, or 16.8% of revenue, in the three months ended September 30, 2005.

SG&A expenses for the three months ended September 30, 2006 were 12.1 million, or 22.8% of revenue less repair payments, as compared to $8.2 million, or 23.7 % of revenue less repair payments, in the three months ended September 30, 2005.

The increase in SG&A expenses was primarily attributable to the increase of approximately $1.3 million for employee related costs primarily on account of the increase in share-based compensation expense, $1.0 million in administrative expenses, $0.7 million each in travel and legal and professional charges.

Table of Contents

Amortization of Intangible Assets

Amortization of intangible assets was $0.5 million for the three months ended September 30, 2006, as compared to $0.1 million for the three months ended September 30, 2005. The increase in amortization was primarily on account of intangible assets amounting to $9.4 million acquired through our acquisition of Trinity Partners in November 2005.

Operating Income

Income from operations for the three months ended September 30, 2006 was $6.7 million, or 7.7% of revenue, as compared to $5.1 million, or 10.4% of revenue, in the three months ended September 30, 2005.

Income from operations for the three months ended September 30, 2006 was $6.7 million, or 12.6% of revenue less repair payments, as compared to $5.1 million, or 14.6% of revenue less repair payments, in the three months ended September 30, 2005.

Other (Expense) Income, Net

Other expense for the three months ended September 30, 2006 and 2005 was each $0.0.

We recorded a foreign exchange loss of $1.0 million during the three months ended September 30, 2006 compared to foreign exchange loss of $0.1 million during the three months ended September 30, 2005. This loss on foreign exchange was on account of the forward and options derivative contracts entered into by the company during the current fiscal year.

This loss was offset by an increase in interest income earned from the IPO proceeds held in short-term money market accounts. Interest income for the three months ended September 30, 2006 was $0.8 million compared to $0.0 million for the three months ended September 30, 2005.

Interest Expense

Interest expense for the three months ended September 30, 2006 and 2005 was each $0.1. The interest expense incurred in the three months ended September 30, 2006 was due to short-term borrowing prior to our initial public offering.

Provision for Income Taxes

Provision for income taxes for the three months ended September 30, 2006 was $0.6 million, an increase of 3.4% from our provision for income taxes of $0.5 million for the three months ended September 30, 2005. The effective tax rate for the three months ended September 30, 2006 was 8.5% as compared to 10.9% in the corresponding three months ended September 30, 2005. This decrease in effective tax rate was primarily due to an increase in the share of profits of our operations arising out of entities falling under the tax holiday period.

Net Income

Net income for the three months ended September 30, 2006 was $6.0 million as compared to $4.4 million for the three months ended September 30, 2005.

Net income as a percentage of revenue was 7.0% for the three months ended September 30, 2006 as compared to 9.0% for the three months ended September 30, 2005.

Net income as a percentage of revenue less repair payments was 11.4% for the three months ended September 30, 2006 as compared to 12.6% for the three months ended September 30, 2005.

The decrease in net income as a percentage of revenue and revenue less repair payments was due to the increase in share-based compensation expense of $0.9 million in the three months ended September 30, 2006 as compared to

Table of Contents

$0.0 million in the three months ended September 30, 2005 as well as the factors noted with respect to the change in gross margin as a percentage of revenue.

Results for Six months ended September 30, 2006 Compared to Six months ended September 30, 2005

Revenue

Revenue for the six months ended September 30, 2006 was $139.6 million as compared with $100.1 million for the six months ended September 30, 2005, representing an increase of $39.5 million or 39.4%.

WNS Global BPO s revenue for the six months ended September 30, 2006 was $86.3 million as compared with $54.6 million for the six months ended September 30, 2005, representing an increase of $31.7 million or 58.1%. Of this increase, approximately $21.5 million was from new clients added since October 2005 and the balance was from existing clients.

WNS Auto Claims BPO s revenue for the six months ended September 30, 2006 was $53.3 million as compared with $45.6 million for the six months ended September 30, 2005, representing an increase of $7.7 million or 17.1%. The increase in WNS Auto Claims BPO segment was due to the addition of a significant new client and on account of the assumption of the role of the principal in dealings with third-party repair centers for accident management services as part of a renegotiated contract for an existing significant client. This was partially offset by the loss of clients that contributed to revenue in the six months ended September 30, 2005.

Revenue Less Repair Payments

Revenue less repair payments for the six months ended September 30, 2006 was $98.5 million as compared with $68.0 million for the six months ended September 30, 2005, representing an increase of $30.5 million or 44.8%.

WNS Global BPO s revenue less repair payments for the six months ended September 30, 2006 was $86.3 million as compared with $54.6 million for the six months ended September 30, 2005, representing an increase of $31.7 million or 58.1%. Of this increase, $21.5 million was from new clients added since October 2005 and balance was from existing clients.

WNS Auto Claims BPO s revenue less repair payments for the six months ended September 30, 2006 was $12.2 million as compared with $13.5 million for the six months ended September 30, 2005, representing a decrease of $1.3 million or 9.4%. This decrease of $1.3 million was on account of the loss of clients. This was partially offset by the addition of a new client during the latter half of the six months ended September 30 2006.

Cost of Revenue

Cost of revenue for the six months ended September 30, 2006 was 75.0% of revenue as compared to 74.2% of revenue for the six months ended September 30, 2005.

Cost of revenue for the six months ended September 30, 2006 was $104.8 million against $74.3 million for the six months ended September 30, 2006, representing an increase of $30.5 million or 41.0%. This increase was primarily on account of an increase in cost of revenue of $21.0 million in the WNS Global BPO segment and of $9.5 million in the WNS Auto Claims BPO segment.

The increase in the cost of revenue in the WNS Global BPO segment was mainly attributable to increases of approximately $14.1 million due to increases in headcount, salaries and benefits and share-based compensation expense. It was also due to the $5.6 million increase in infrastructure costs on account of increased capacity of our delivery centers and $1.5 million in depreciation expenses, partially offset by a reduction in travel expenses of $0.2 million.

The increase in cost of revenue in the WNS Auto Claims BPO segment was mainly attributable to higher payments of $9.0 million to repair centers on account of addition of a significant new client and due to the assumption of the role of the principal in dealings with third-party repair centers for accident management services as part of a renegotiated contract for an existing significant client. This was partially offset by reduction in repairs payment cost on account of loss of clients.

Gross Profit

Gross profit for the six months ended September 30, 2006 was $34.8 million, or 25.0% of revenue, as compared to $25.8 million, or 25.8% of revenue, for the six months ended September 30, 2005. The decrease in gross profit as a percentage of revenue was due to higher payments to repair centers on account of the addition of a significant new client in the WNS Auto Claims BPO segment and the assumption of the role of the principal in dealings with third-party repair centers for accident management services as part of a renegotiated contract for an existing significant client.

Gross profit as a percentage of revenue less repair payments was 35.4% for the six months ended September 30, 2006 as compared to 37.9% for the six months ended September 30, 2005. The decrease in gross profit as a percentage of revenue less repair payments was due to higher employee and infrastructure costs.

SG&A Expenses