

WNS (HOLDINGS) LTD
Form 20-F
May 16, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

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

OR

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

For the fiscal year ended March 31, 2018

OR

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

For the transition period from to

OR

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

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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

(Address of principal executive offices)

Gopi Krishnan

General Counsel

Gate 4, Godrej & Boyce Complex

Pirojshanagar, Vikhroli (W)

Mumbai 400 079, India

(91-22) 4095-2100

gopi.krishnan@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 **The New York Stock Exchange**
one Ordinary Share, par value 10 pence per share
Securities registered or to be registered pursuant to Section 12(g) of the Act.

None

(Title of Class)

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, 2018, 50,434,080 ordinary shares (excluding 4,400,000 treasury shares), par value 10 pence per share, were issued and outstanding, of which 50,181,741 ordinary shares were held in the form of American Depositary Shares (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. Yes 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. Yes 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. Yes 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). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or

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revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

U.S. GAAP

International Financial Reporting Standards as issued

Other

by the International Accounting Standards Board

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: Item 17 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). Yes No

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Ex-4.12 Stock Purchase Agreement dated as of January 10, 2017 by and among WNS North America Inc. and the Sellers, the Optionholders and the Sellers Representative (each as defined therein).

Ex-4.13 Stock Purchase Agreement and Plan of Merger dated as at March 15, 2017 by and among WNS Global Services Private Limited, WNS North America Inc., WNS Healthcare North America LLC, HealthHelp Holdings, LLC, MTS HealthHelp Inc., the stockholders of MTS HealthHelp Inc., Cherrill Farnsworth and the Sellers Representative (as defined therein).

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Ex-4.14 Facility Agreement dated January 18, 2017 between WNS North America Inc. and BNP Paribas, Hong Kong.

Ex-4.15 Facility Agreement dated March 10, 2017 among WNS (Mauritius) Limited, HSBC Bank (Mauritius) Limited and Standard Chartered Bank, UK.

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 India LLP, 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 ₹ or rupees or Indian rupees are to the currency of India, references to pound sterling or £ are to the legal currency of the UK, references to pence are to the legal currency of Jersey, Channel Islands, references to Euro are to the legal currency of the European Monetary Union, references to South African rand or R or ZAR are to the legal currency of South Africa, references to A\$ or AUD or Australian dollars are to the legal currency of Australia, references to CHF or Swiss Franc are to the legal currency of Switzerland, references to RMB are to the legal currency of China, references to LKR or Sri Lankan rupees are to the legal currency of Sri Lanka and references to NZD or New Zealand Dollar are to the legal currency of New Zealand. Our financial statements are presented in US dollars. Our financial statements included in this annual report are prepared in accordance with the International Financial Reporting Standards and its interpretations (IFRS), as issued by the International Accounting Standards Board (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 for fault repair cases where we act as the principal in our dealings with the third party repair centers and our clients. This non-GAAP financial information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP.

We refer to information regarding the business process management (BPM) 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. BPM services are also sometimes referred to as business process outsourcing (BPO) services.

This annual report also includes information regarding the BPM market from the Gartner Inc., Forecast: IT Services, Worldwide, 2016-2022, 1Q18 Update report dated April 3, 2018 by Gartner Inc. (which we refer to herein as the Gartner Report). *The Gartner Report described herein contains data, research opinions or viewpoints published, as part of a syndicated subscription service, by Gartner, Inc. (Gartner), and are not representations of fact. The Gartner Report speaks as of its original publication date (and not as of the date of this annual report) and the opinions expressed in the Gartner Report are subject to change without notice.*

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

worldwide economic and business conditions;

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

our dependence on a limited number of clients in a limited number of industries;

regulatory, legislative and judicial developments;

increasing competition in the business process management industry;

technological innovation;

telecommunications or technology disruptions;

our ability to attract and retain clients;

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

negative public reaction in the US or the UK to offshore outsourcing;

our ability to expand our business or effectively manage growth;

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

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

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

future regulatory actions and conditions in our operating areas; and

volatility of our ADS price.

These and other factors are more fully discussed in 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.

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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, 2018, 2017, 2016, 2015 and 2014 have been prepared in conformity with IFRS, as issued by the IASB.

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.

The following selected consolidated statement of income data for fiscal 2018, 2017 and 2016 and selected consolidated statement of financial position data as at March 31, 2018 and 2017 have been derived from our audited consolidated financial statements included elsewhere in this annual report. The selected consolidated statement of income data for fiscal 2015 and 2014 and selected consolidated statement of financial position data as at March 31, 2016, 2015 and 2014 have been derived from our audited consolidated financial statements which are not included in this annual report.

	For the year ended March 31,				
	2018	2017	2016	2015	2014
	(US dollars in millions, except share and per share data)				
Consolidated statement of income data:					
Revenue	\$ 758.0	\$ 602.5	\$ 562.2	\$ 533.9	\$ 502.6
Cost of revenue ⁽¹⁾	503.1	403.3	365.4	342.7	327.7
Gross profit	254.8	199.2	196.8	191.2	174.9
Operating expenses:					
Selling and marketing expenses ⁽¹⁾	41.8	32.6	30.8	31.1	35.2
General and administrative expenses ⁽¹⁾	117.6	91.7	78.9	70.0	55.4
Foreign exchange loss/(gains), net	(15.0)	(14.5)	(11.0)	(4.6)	11.2
Impairment of goodwill		21.7			
Amortization of intangible assets	15.5	20.5	25.2	24.2	23.8
Operating profit	94.9	47.2	72.9	70.5	49.4
Other income, net	(11.2)	(8.7)	(8.5)	(11.9)	(9.5)

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Finance expense	4.3	0.5	0.3	1.3	2.9
Profit before income taxes	101.8	55.3	81.1	81.0	55.9
Provision for income taxes	15.4	17.5	21.2	22.4	14.3
Profit	\$ 86.4	\$ 37.8	\$ 59.9	\$ 58.6	\$ 41.6
Earnings per share of ordinary share:					
Basic	\$ 1.72	\$ 0.75	\$ 1.17	\$ 1.14	\$ 0.82
Diluted	\$ 1.63	\$ 0.71	\$ 1.12	\$ 1.10	\$ 0.79
Basic weighted average ordinary shares outstanding	50,388,440	50,582,852	51,372,117	51,633,516	50,958,864
Diluted weighted average ordinary shares outstanding	52,915,600	52,940,308	53,639,670	53,428,981	52,689,157

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	As at March 31,				
	2018	2017	2016	2015	2014
	(US dollars in millions)				
Consolidated statement of financial position data:					
<i>Assets</i>					
Cash and cash equivalents	\$ 99.8	\$ 69.8	\$ 41.9	\$ 32.4	\$ 33.7
Investments	121.0	112.0	133.0	133.5	83.8
Trade receivables including unbilled revenue, net	133.1	109.3	99.2	95.5	96.7
Other current assets ⁽²⁾	46.7	71.9	48.4	53.7	39.6
Total current assets	400.6	363.0	322.5	315.1	253.9
Goodwill and intangible assets, net	224.9	230.6	103.4	122.4	152.9
Property and equipment, net	60.6	54.8	50.4	48.2	45.2
Deferred tax assets	27.4	16.7	22.5	21.3	37.1
Investments	0.5	0.4			28.7
Other non-current assets ⁽³⁾	45.6	38.5	26.7	23.3	20.8
Total non-current assets	359.0	341.1	203.0	215.2	284.6
Total assets	759.6	704.1	525.5	530.3	538.4
<i>Liabilities and equity</i>					
Current portion of long term debt	27.7	27.6		12.8	12.6
Trade payables	19.7	14.2	19.9	22.7	29.1
Other current liabilities ⁽⁴⁾	119.9	106.9	83.5	92.5	143.2
Total current liabilities	167.3	148.7	103.4	128.0	184.8
Long term debt	61.4	89.1			13.5
Other non-current liabilities ⁽⁵⁾	35.9	51.2	13.9	13.2	15.1
Total non-current liabilities	97.3	140.3	13.9	13.2	28.6
Share capital (ordinary shares \$0.16 (10 pence) par value, authorized 60,000,000 shares; issued: 54,834,080, 53,312,559, 52,406,304, 51,950,662 and 51,347,538 shares each as at March 31, 2018, 2017, 2016, 2015 and 2014, respectively)	8.5	8.3	8.2	8.1	8.0
Share premium	371.8	338.3	306.9	286.8	276.6
Other shareholders' equity ⁽⁶⁾	248.9	163.2	123.6	94.2	40.3