WNS (HOLDINGS) LTD
Form F-1/A
July 25, 2006

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As filed with the Securities and Exchange Commission on July 25, 2006

Registration No. 333-135590

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

AMENDMENT NO. 2
FORM F-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

WNS (Holdings) Limited
(Exact name of Registrant as specified in its charter)
Not Applicable
(Translation of Registrant s name into English)

Jersey, Channel Islands	**7389**	**33 0996780**
(State or Other Jurisdiction of Incorporation or Organization)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

Gate 4, Godrej & Boyce Complex
Pirojshanagar, Vikhroli(W)
Mumbai 400 079, India
(91-22) 6797-6100
(Address, including ZIP code, and telephone number, including area code, of registrant s principal executive offices)
WNS North America Inc.
420 Lexington Avenue
Suite 2515, New York
NY 10170, USA
(212) 599-6960
(Name, address, including Zip Code, and telephone number, including area code, of agent for service)
Copies to:

Michael W. Sturrock, Esq.	**David W. Hirsch, Esq.**
Latham & Watkins LLP	**Cleary Gottlieb Steen & Hamilton LLP**
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Singapore 048624	**Hong Kong**
(65) 6536-1161	**(852) 2521-4122**

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee(4)
Ordinary shares, par value 10 pence per share, each represented by one American Depositary Share(3)	12,763,708	$20.00	$255,274,160	$27,314

(1) Includes (i) ordinary shares represented by American Depositary Shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the securities are first bona fide offered to the public and (ii) additional ordinary shares represented by American Depositary Shares which may be purchased by the underwriters at their option to cover over-allotments, if any. The ordinary shares are not being registered for the purpose of sales outside the United States.

(2) Estimated solely for the purpose of computing the amount of the registration fee in accordance with Rule 457(o).

(3) American Depositary Shares evidenced by American Depositary Receipts issuable upon deposit of the ordinary shares registered hereby are being registered pursuant to a separate Registration Statement on Form F-6 (333-135859).

(4) Registrant previously paid a registration fee of $25,658 in connection with the registration statement on Form F-1 (333-135590) filed with the Commission on July 3, 2006.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. Neither we nor the selling shareholders may sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and is not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION, DATED JULY 25, 2006

11,202,708 AMERICAN DEPOSITARY SHARES

WNS (Holdings) Limited

(organized under the laws of Jersey, Channel Islands)

Representing 11,202,708 ordinary shares

This is the initial public offering of our ordinary shares in the form of American Depositary Shares, or ADSs. Each ADS represents the right to receive one of our ordinary shares. The ADSs are evidenced by American Depositary Receipts, or ADRs. See Description of Share Capital and Description of American Depositary Shares. We are offering 4,473,684 newly issued ordinary shares in the form of ADSs. The selling shareholders identified in this prospectus are offering an additional 6,729,024 ordinary shares in the form of ADSs. We will not receive any of the proceeds from the sale of ADSs by the selling shareholders. We anticipate that the initial public offering price will be between $18.00 and $20.00 per ADS.

Prior to this offering, there has been no public market for our ordinary shares and ADSs. We have applied for our ADSs to be listed on the New York Stock Exchange under the symbol WNS.

Investing in our ADSs involves risks. See Risk Factors beginning on page 9 to read about factors you should consider before buying our ADSs.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per ADS	Total
Initial public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds before expenses to WNS (Holdings) Limited	$	$
Proceeds before expenses to selling shareholders	$	$

Certain of the selling shareholders have granted to the underwriters an option to purchase up to an additional 1,561,000 ADSs to cover over-allotments at the initial public offering price less underwriting discounts and commissions.

The underwriters expect to deliver the ADSs to purchasers on , 2006.

Morgan Stanley **Deutsche Bank Securities** **Merrill Lynch & Co.**

Citigroup **UBS Investment Bank**

The date of this prospectus is , 2006

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You should rely only on the information contained in this prospectus. We and the selling shareholders have not authorized anyone to provide you with information that is different. We, the selling shareholders and the underwriters are not making an offer of our ADSs in any jurisdiction or state where the offer is not permitted. The information in this prospectus may only be accurate as of the date of this prospectus.

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all of the information that you should consider before investing in our American Depositary Shares, or ADSs. You should read this entire prospectus, including Risk Factors and the financial statements and related notes, before making an investment decision. This prospectus includes forward-looking statements that involve risks and uncertainties. See Special Note Regarding Forward-Looking Statements.

Our Business

We are a leading provider of offshore business process outsourcing, or BPO, services. We provide comprehensive data, voice and analytical services that are underpinned by our expertise in our target industry sectors. We transfer the execution of the business processes of our clients, which are typically companies located in Europe and North America, to our delivery centers located primarily in India. We provide high quality execution of client processes, monitor these processes against multiple performance metrics, and seek to improve them on an ongoing basis.

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. According to the National Association of Software and Service Companies, or NASSCOM, an industry association in India, we were among the top two India-based offshore business process outsourcing companies in terms of revenue in 2004, 2005 and 2006. As of March 31, 2006, we had 10,433 employees, of whom approximately 9,700 were executing over 400 distinct business processes on behalf of over 125 significant clients. Our largest clients in terms of revenue contribution include leading global corporations such as Air Canada, AVIVA, British Airways, First Magnus Financial Corporation, GfK, IndyMac Bank, Marsh, SITA, Tesco, Travelocity and Virgin Atlantic Airways. See Business Clients. In fiscal 2006, our top five clients represented 41.0% of our revenue, our top 20 clients represented 73.0% of our revenue and one of our clients represented more than 10% of our revenue for this period.

We offer our services through industry-focused business units. First, we serve clients in the travel industry including airlines, travel intermediaries and other related service providers, for whom we perform services such as customer service and revenue accounting. Second, we serve clients in the banking, financial services and insurance industry for whom we perform services such as loan processing and insurance claims management. Third, we serve clients in several other industries including manufacturing, retail, logistics, utilities and professional services, which we refer to as emerging businesses. In addition to industry-specific services, we offer a range of services across multiple industries, in areas such as finance and accounting, human resources and supply chain management, which we collectively refer to as enterprise services, and in the areas of market, business and financial research and analytical services, which we refer to as knowledge services. Our industry focus allows us to target and outsource business processes that are core to our clients businesses, and to recruit and retain a highly capable employee base by offering them an industry-focused career path within our organization. The following graphic illustrates our organizational approach to the market:

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Between fiscal 2003 and fiscal 2006, our revenue grew at a compound annual growth rate of 54.9%, faster than the projected 42.1% compound annual growth rate of the overall Indian offshore business process outsourcing industry for the comparable period, as estimated by a joint report published by NASSCOM and McKinsey, or the NASSCOM-McKinsey report, in December 2005 and NASSCOM s Handbook for ITES-BPO Industry-2005. During this period, we grew primarily through organic means supplemented by selective acquisitions. We believe that we have achieved rapid growth and industry leadership through our understanding of the industries in which our clients operate, our focus on operational excellence, and our senior management team with significant experience in the global outsourcing industry.

We believe that our track record of operational excellence has been instrumental in expanding our existing client relationships and winning new clients. Our program management methodologies have enabled us to successfully transfer over 400 distinct business processes from our clients facilities to our delivery centers. Once we transfer these processes from our clients facilities to our own, we execute them effectively to deliver high quality services as measured against the relevant performance metrics. In addition, we have industry-recognized recruiting and human capital development capabilities that we believe are critical in attracting, developing and managing outstanding talent. In 2005, neoIT, an industry consultant, ranked us number one in human capital development among global business process outsourcing companies.

We have an experienced senior management team, the majority of whom have been with us since we became a focused third party service provider in May 2002. This team has managed our rapid growth while increasing client satisfaction, as measured by our in-house customer feedback surveys over the last three years. Moreover, during this period, our team has been successful in targeting, acquiring and integrating three businesses that have provided us with essential capabilities for entry into new industry sectors.

Our revenue is generated primarily from providing business process outsourcing services. A portion of our revenue includes amounts that we invoice to our clients for payments made by us to third party automobile repair centers, or repair centers. We evaluate our business performance based on revenue net of these payments, or what we call revenue less repair payments, which is not a measure prepared under generally accepted accounting principles. We believe that revenue less repair payments reflects more accurately the value of the business process outsourcing services we directly provide to our clients. For fiscal 2006, fiscal 2005 and fiscal 2004, our revenue was $202.8 million, $162.2 million and $104.1 million, respectively, and our revenue less repair payments was $147.9 million, $99.0 million and $49.9 million, respectively. During fiscal 2006, our net income was $18.3 million and our operating income was $19.9 million. During fiscal 2005 and fiscal 2004, our net loss was $5.8 million and $6.7 million, respectively and our operating loss was $4.4 million and $7.0 million, respectively.

Market Opportunity

Businesses globally are outsourcing a growing proportion of their business processes to streamline their organizations, focus on their core operations, benefit from best-in-class process execution and increase shareholder returns. More significantly, many of these businesses are outsourcing to offshore locations such as India to access a high quality and cost effective workforce. As a pioneer in the offshore business process outsourcing industry, we are well positioned to benefit from the combination of the outsourcing and offshoring trends.

The NASSCOM-McKinsey report estimates that the offshore business process outsourcing industry will grow at a 37.0% compound annual growth rate, from $11.4 billion in fiscal 2005 to $55.0 billion in fiscal 2010. The NASSCOM-McKinsey report estimates that India-based players accounted for 46% of offshore business process outsourcing revenue in fiscal 2005 and India will retain its dominant position as the most favored offshore business process outsourcing destination for the foreseeable future. It forecasts that the Indian offshore business process outsourcing market will grow from $5.2 billion in revenue in fiscal 2005 to $25.0 billion in fiscal 2010, representing a compound annual growth rate of 36.9%. Additionally, it identifies retail banking, insurance, travel and hospitality and automobile manufacturing as the industries with the greatest potential for offshore outsourcing. We provide industry-focused business process outsourcing services to the majority of these industries. However, we cannot assure you that we will continue to benefit from the

opportunity presented by the Indian offshore business process outsourcing market. See Risk Factors Risks Related to our Business.

Our Competitive Strengths

Our principal competitive strengths include:

- Offshore business process outsourcing market leadership;
- Deep industry expertise;
- Experience in transferring operations offshore and running them efficiently;
- Diversified client base across multiple industries and geographic locations;
- Leadership in human capital development, as recognized by recent awards from neoIT and India s National Institute of Personnel Managers;
- Ability to manage the rapid growth of our organization; and
- Experienced management team.

Our Business Strategy

Our goal is to strengthen our leadership position in the offshore business process outsourcing industry. We intend to achieve this through our strategies to:

- Drive rapid growth through penetration of our existing client base;
- Enhance awareness of the WNS brand name;
- Reinforce leadership in existing industries and penetrate new industry sectors; and
- Broaden industry expertise and enhance growth through selective acquisitions.

Our Corporate Information

WNS (Holdings) Limited was incorporated on February 18, 2002 under the laws of Jersey, Channel Islands and maintains a registered office in Jersey at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands. 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) 6797-6100. Our website address is www.wnsgs.com. Information contained on our website is not a part of this prospectus.

Conventions used in this Prospectus

In this prospectus, 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 U 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. Names of our clients are listed in alphabetical order in this prospectus, unless otherwise stated.

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We also refer in various places within this prospectus 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.

We also refer to information regarding the business process outsourcing 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.

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THE OFFERING

ADSs that we are offering	4,473,684 ADSs.
ADSs that selling shareholders are offering	6,729,024 ADSs.
ADSs to be outstanding immediately after this offering	11,202,708 ADSs.
Number of shares per ADS	One ordinary share.
Ordinary shares to be outstanding immediately after this offering	39,801,857 ordinary shares.
The ADSs	Each ADS represents the right to receive one ordinary share. The ADSs will be evidenced by American Depositary Receipts, or ADRs, executed and delivered by Deutsche Bank Trust Company Americas, as Depositary. The Depositary will be the holder of the ordinary shares underlying your ADSs and you will have rights as provided in the deposit agreement and the ADRs. Subject to compliance with the relevant requirements set out herein, you may turn in your ADSs to the Depositary in exchange for ordinary shares underlying your ADSs. The Depositary will charge you fees for exchanges. You should carefully read Description of American Depositary Shares to better understand the terms of the ADSs. You should also read the deposit agreement and the form of the ADRs, which are exhibits to the registration statement that includes this prospectus.
Offering price	We currently anticipate that the initial public offering price will be between $18.00 and $20.00 per ADS.
Selling shareholders	See Principal and Selling Shareholders for information on the selling shareholders in this offering.
Over-allotment option	Certain of the selling shareholders have granted to the underwriters an option to purchase up to an additional 1,561,000 ADSs from us and them to cover over-allotments at the initial public offering price less underwriting discounts and commissions.
Use of proceeds	Our net proceeds from the sale of 4,473,684 ADSs in this offering will total approximately $73.9 million after deducting underwriting discounts and commissions and estimated offering expenses which are payable by us. We intend to use the net proceeds from this offering for general corporate purposes, including capital expenditures and working capital, and for possible acquisitions of businesses

and delivery platforms.

The proceeds from the sale of 6,729,024 ADSs in this offering to be sold by the selling shareholders will be paid to those shareholders. We will not receive any of the proceeds from the sale of those ADSs. See Use of Proceeds.

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Risk factors	See Risk Factors and other information included in this prospectus for a discussion of the risks you should carefully consider before deciding to invest in our ADSs.
Payment and settlement	The ADSs are expected to be delivered against payment on , 2006. The ADRs evidencing the ADSs will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company, or DTC, in New York, New York. In general, beneficial interests in the ADSs will be shown on, and transfers of these beneficial interests will be effected only through, records maintained by DTC and its direct and indirect participants.
Listing and trading	We have applied for our ADSs to be listed on the New York Stock Exchange, or NYSE.
Proposed NYSE symbol	WNS.
Depositary	Deutsche Bank Trust Company Americas.
Lock-up	We, the selling shareholders, our continuing directors, executive officers and employee shareholders and certain of our other existing shareholders have agreed with the underwriters not to sell, transfer or dispose of any of our ordinary shares or ADSs for a period of 180 days after the date of this prospectus. See Underwriting.

Unless specifically stated otherwise, the information in this prospectus:

assumes an initial public offering price of $19.00 per ADS, the midpoint of the range described above;

excludes (i) 3,875,655 ordinary shares issuable upon exercise of outstanding options and 90,121 ordinary shares reserved for future issuance under our Stock Incentive Plan as of June 30, 2006; and (ii) 3,000,000 ordinary shares reserved for future issuance under our 2006 Incentive Award Plan (including 537,000 ordinary shares issuable upon the exercise of options to be granted effective upon the pricing of this offering (of which 320,000 are to be issued to certain of our directors and executive officers and 217,000 are to be issued to other employees) and 224,750 restricted share units to be issued effective upon the pricing of this offering (of which 160,000 are to be issued to certain of our directors and executive officers and 64,750 are to be issued to other employees), each under the 2006 Incentive Award Plan). See Management Employee Benefit Plans Stock Incentive Plan and Management Employee Benefit Plans WNS 2006 Incentive Award Plan ; and

assumes no exercise of the underwriters option to purchase up to 1,561,000 additional ADSs to cover over-allotments. If the underwriters exercise this option in full, 12,763,708 ADSs would thereafter be outstanding. See Underwriting.

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SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following summary consolidated statement of operations data for fiscal 2006, 2005 and 2004 and the summary consolidated balance sheet data as of March 31, 2006 and 2005 have been derived from the audited consolidated financial statements appearing elsewhere in this prospectus. The following summary consolidated balance sheet data as of March 31, 2004 have been derived from our audited consolidated financial statements not included in this prospectus. You should read this information together with the consolidated financial statements and related notes and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus. Our audited and unaudited consolidated financial statements are prepared and presented in accordance with US GAAP. Our historical results do not indicate results expected for any future period.

	Year Ended March 31,		
	2006	2005	2004
	(US dollars in millions, except share and per share data)		
Consolidated Statement of Operations Data:			
Revenue	$ 202.8	$ 162.2	$ 104.1
Cost of revenue(1)	145.7	140.3	89.7
Gross profit	57.1	21.9	14.4
Operating expenses:			
Selling, general and administrative expenses(1)	36.3	24.9	18.8
Amortization of intangible assets	0.9	1.4	2.6
Operating income (loss)	19.9	(4.4)	(7.0)
Other income, net	0.5	0.2	0.3
Interest expense	(0.4)	(0.5)	(0.1)
Income (loss) before income taxes	19.9	(4.7)	(6.8)
(Provision) benefit for income taxes	(1.6)	(1.1)	0.0
Net income (loss)	$ 18.3	(5.8)	(6.7)
Income (loss) per share:			
Basic	$ 0.56	$ (0.19)	$ (0.22)
Diluted	$ 0.52	$ (0.19)	$ (0.22)
Weighted-average shares outstanding (basic)	32,874,299	30,969,658	30,795,888
Weighted-average shares outstanding (diluted)	35,029,766	30,969,658	30,795,888

	As of March 31,		
	2006	2005	2004
	(US dollars in millions)		
Consolidated Balance Sheet Data:			
Cash and cash equivalents	$ 18.5	$ 9.1	$ 14.8
Accounts receivable, net	28.1	25.2	18.1

Other current assets	10.8	9.7	9.5
Total current assets	57.4	44.0	42.5
Deposits and deferred tax asset	4.3	2.6	1.3
Goodwill and intangible assets, net	42.5	26.7	27.6
Property and equipment, net	30.6	24.7	15.3
Total assets	134.8	98.0	86.6
Note payable		10.0	
Total current liabilities	53.5	54.8	39.4
Deferred tax liabilities non-current	2.4		
Other non-current liabilities	0.8	0.2	0.5
Total shareholders equity	78.2	43.0	46.7
Total liabilities and shareholders equity	134.8	98.0	86.6

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The following tables set forth for the periods indicated selected consolidated financial data:

	For the Year Ended March 31,		
	2006	2005	2004
	(US dollars in millions, except percentages and employee data)		
Other Consolidated Financial Data:			
Revenue	$ 202.8	$ 162.2	$ 104.1
Gross profit as a percentage of revenue	28.1%	13.5%	13.8%
Operating income (loss) as a percentage of revenue	9.8%	(2.7)%	(6.7)%
Other Unaudited Consolidated Financial and Operating Data:			
Revenue less repair payments(2)	$ 147.9	$ 99.0	$ 49.9
Gross profit as a percentage of revenue less repair payments	38.6%	22.1%	28.9%
Operating income (loss) as a percentage of revenue less repair payments	13.4%	(4.4)%	(14.1)%
Number of employees (at period end)	10,433	7,176	4,472

Notes:

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

Cost of revenue	$ 0.1	$ 0.0	$ 0.0
Selling, general and administrative expenses	1.8	0.2	0.2

(2) Revenue less repair payments is a non-GAAP measure. See the explanation below, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations Overview and notes to the consolidated financial statements included in this prospectus. The following table reconciles our revenue (a GAAP measure) to revenue less repair payments (a non-GAAP measure):

	For the Year Ended March 31,		
	2006	2005	2004
	(US dollars in millions)		
Revenue	$ 202.8	$ 162.2	$ 104.1
Less: Payments to repair centers	$ 54.9	$ 63.2	$ 54.2
Revenue less repair payments	$ 147.9	$ 99.0	$ 49.9

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 repair centers. In our accident management services, we act as the principal in our dealings with the repair centers and our clients. The amounts invoiced to our clients for payments made by us to repair centers is reported as revenue. As we wholly subcontract the repairs to the repair centers, we use revenue less repair payments as a primary measure to allocate resources and measure operating performance.

Revenue less repair payments is a non-GAAP measure. We believe that the presentation of this non-GAAP measure in this prospectus provides useful information for investors regarding the financial performance of our business and our two reportable segments. See Management s Discussion and Analysis of Financial Condition and Results of Operations Results by Reportable Segment. 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.

RISK FACTORS

This prospectus 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 prospectus. You should consider the following risk factors carefully in evaluating us and our business before investing in our American Depositary Shares, or ADSs. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading-price of our ADSs could decline and you may lose all or part of your investment.

Risks Related to our Business

We may be unable to effectively manage our rapid 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 rapid growth and significantly expanded our operations. Our revenue has grown at a compound annual growth rate of 54.9% to $202.8 million in fiscal 2006 from $54.6 million in fiscal 2003. Our revenue less repair payments has grown at a compound annual growth rate of 79.4% to $147.9 million in fiscal 2006 from $25.6 million in fiscal 2003. We have established six delivery centers in India, two in the UK and one in Sri Lanka. Our employees have increased to 10,433 on March 31, 2006 from 2,348 on March 31, 2003. In fiscal 2007, we intend to set up new delivery centers in Pune and Mumbai as well as to expand our delivery center at Gurgaon, India. We intend to continue expansion in the foreseeable future to pursue existing and potential market opportunities. This rapid 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.

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. For fiscal 2006 and fiscal 2005, our five largest clients accounted for 41.0% and 40.1% of our revenue and 52.8% and 56.4% of our revenue less repair payments. Our contract with one of our major clients, British Airways, expires in March 2007. In May 2006, we entered into a non-binding letter of intent with British Airways to extend the term of this contract to May 2012, subject to negotiating and entering into a definitive contract. If we fail to enter into a definitive contract or if this contract is terminated for cause or convenience, our client will have no obligation to purchase services from us. For fiscal 2006 and fiscal 2005, British Airways accounted for 7.2% and 10.1% of our revenue and 9.9% and 16.5% of our revenue less repair payments. Our contracts with another major client, AVIVA, provide the client options, exercisable at will after April 28, 2007 and December 30, 2007, to require us to transfer the relevant projects and operations to this client. See We may lose some or all of the revenue generated by one of our major clients. In May 2006, we entered into a non-binding letter of intent with respect to one of the AVIVA contracts to postpone the start of the option exercise period from April 28, 2007 to after June 2007. See We may lose some or all of the revenue generated by one of our major clients.

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 a