

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2023
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____
COMMISSION FILE NUMBER 001-33089

EXLSERVICE HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

320 Park Avenue, 29th Floor,
New York, New York
(Address of principal executive offices)

82-0572194
(I.R.S. Employer
Identification No.)

10022
(Zip code)

(212) 277-7100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:		
Title of Each Class:	Trading symbol(s)	Name of Each Exchange on Which Registered:
Common Stock, par value \$0.001 per share	EXLS	NASDAQ

Securities registered pursuant to Section 12(g) of the Act:
None

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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 25, 2023, there were 33,246,709 shares of the registrant's common stock outstanding, par value \$0.001 per share.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

EXLSERVICE HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands, except per share amount and share count)

	As of	
	March 31, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 87,298	\$ 118,669
Short-term investments	116,479	179,027
Restricted cash	5,598	4,897
Accounts receivable, net	290,512	259,222
Other current assets	66,340	50,979
Total current assets	566,227	612,794
Property and equipment, net	86,652	82,828
Operating lease right-of-use assets	52,782	55,347
Restricted cash	2,069	2,055
Deferred tax assets, net	62,252	55,791
Intangible assets, net	60,681	64,819
Goodwill	405,824	405,637
Long-term investments	35,559	34,779
Other assets	36,525	32,069
Total assets	\$ 1,308,571	\$ 1,346,119
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 3,384	\$ 7,789
Current portion of long-term borrowings	40,000	30,000
Deferred revenue	21,525	18,782
Accrued employee costs	49,955	108,100
Accrued expenses and other current liabilities	133,400	95,352
Current portion of operating lease liabilities	14,095	14,978
Income taxes payable, net	18,545	2,945
Total current liabilities	280,904	277,946
Long-term borrowings, less current portion	160,000	220,000
Operating lease liabilities, less current portion	45,655	48,155
Deferred tax liabilities, net	493	547
Other non-current liabilities	26,297	41,292
Total liabilities	513,349	587,940
Commitments and contingencies (Refer to Note 25)		
ExlService Holdings, Inc. Stockholders' equity:		
Preferred stock, \$0.001 par value; 15,000,000 shares authorized, none issued	—	—
Common stock, \$0.001 par value; 100,000,000 shares authorized, 40,334,368 shares issued and 33,321,455 shares outstanding as of March 31, 2023 and 39,987,976 shares issued and 33,234,444 shares outstanding as of December 31, 2022	40	40
Additional paid-in capital	460,527	445,108
Retained earnings	950,436	899,105
Accumulated other comprehensive loss	(131,487)	(144,143)
Total including shares held in treasury	1,279,516	1,200,110

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Less: 7,012,913 shares as of March 31, 2023 and 6,753,532 shares as of December 31, 2022, held in treasury, at cost	(484,294)	(441,931)
Total stockholders' equity	795,222	758,179
Total liabilities and stockholders' equity	\$ 1,308,571	\$ 1,346,119

See accompanying notes to unaudited consolidated financial statements.

EXLSERVICE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In thousands, except per share amount and share count)

	Three months ended March 31,	
	2023	2022
Revenues, net	\$ 400,643	\$ 329,208
Cost of revenues ⁽¹⁾	251,469	207,516
Gross profit ⁽¹⁾	149,174	121,692
Operating expenses:		
General and administrative expenses	46,746	39,945
Selling and marketing expenses	29,493	24,170
Depreciation and amortization expense	13,487	13,602
Total operating expenses	89,726	77,717
Income from operations	59,448	43,975
Foreign exchange gain, net	105	1,756
Interest expense	(3,385)	(876)
Other income, net	3,155	2,411
Income before income tax expense and earnings from equity affiliates	59,323	47,266
Income tax expense	8,058	11,202
Income before earnings from equity affiliates	51,265	36,064
Gain from equity-method investment	66	114
Net income attributable to ExlService Holdings, Inc. stockholders	\$ 51,331	\$ 36,178
Earnings per share attributable to ExlService Holdings, Inc. stockholders:		
Basic	\$ 1.54	\$ 1.08
Diluted	\$ 1.51	\$ 1.07
Weighted average number of shares used in computing earnings per share attributable to ExlService Holdings, Inc. stockholders:		
Basic	33,439,564	33,442,038
Diluted	33,931,480	33,894,868

(1) Exclusive of depreciation and amortization expense.

See accompanying notes to unaudited consolidated financial statements.

EXLSERVICE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(In thousands)

	Three months ended March 31,	
	2023	2022
Net income	\$ 51,331	\$ 36,178
Other comprehensive income/(loss):		
Unrealized gain/(loss) on cash flow hedges	7,294	(517)
Foreign currency translation gain/(loss)	5,313	(7,445)
Reclassification adjustments:		
(Gain)/loss on cash flow hedges ⁽¹⁾	3,065	(1,989)
Retirement benefits ⁽²⁾	(25)	155
Income tax effects relating to above⁽³⁾	(2,991)	964
Total other comprehensive income/(loss)	\$ 12,656	\$ (8,832)
Total comprehensive income	\$ 63,987	\$ 27,346

- (1) These are reclassified to net income and are included in cost of revenues, operating expenses and interest expense, as applicable in the unaudited consolidated statements of income. Refer to Note 17 - Derivatives and Hedge Accounting to the unaudited consolidated financial statements.
- (2) These are reclassified to net income and are included in other income, net in the unaudited consolidated statements of income. Refer to Note 20 - Employee Benefit Plans to the unaudited consolidated financial statements.
- (3) These are income tax effects recognized on cash flow hedges, retirement benefits and foreign currency translation gain/(loss). Refer to Note 22 - Income Taxes to the unaudited consolidated financial statements.

See accompanying notes to unaudited consolidated financial statements.

EXLSERVICE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
For the three months ended March 31, 2023 and 2022
(In thousands, except share count)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income/(loss)	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance as of January 1, 2023	39,987,976	\$ 40	\$ 445,108	\$ 899,105	\$ (144,143)	(6,753,532)	\$ (441,931)	\$ 758,179
Stock issued against stock-based compensation plans	346,392	—	1,012	—	—	—	—	1,012
Stock-based compensation	—	—	14,407	—	—	—	—	14,407
Acquisition of treasury stock	—	—	—	—	—	(259,381)	(42,363)	(42,363)
Other comprehensive income	—	—	—	—	12,656	—	—	12,656
Net income	—	—	—	51,331	—	—	—	51,331
Balance as of March 31, 2023	40,334,368	\$ 40	\$ 460,527	\$ 950,436	\$ (131,487)	(7,012,913)	\$ (484,294)	\$ 795,222

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance as of January 1, 2022	39,508,340	\$ 40	\$ 395,742	\$ 756,137	\$ (89,474)	(6,216,858)	\$ (369,289)	\$ 693,156
Stock issued against stock-based compensation plans	285,814	—	—	—	—	—	—	—
Stock-based compensation	—	—	11,224	—	—	—	—	11,224
Acquisition of treasury stock	—	—	—	—	—	(248,552)	(31,385)	(31,385)
Other comprehensive loss	—	—	—	—	(8,832)	—	—	(8,832)
Net income	—	—	—	36,178	—	—	—	36,178
Balance as of March 31, 2022	39,794,154	\$ 40	\$ 406,966	\$ 792,315	\$ (98,306)	(6,465,410)	\$ (400,674)	\$ 700,341

See accompanying notes to unaudited consolidated financial statements.

EXLSERVICE HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	Three months ended March 31,	
	2023	2022
Cash flows from operating activities:		
Net income	\$ 51,331	\$ 36,178
Adjustments to reconcile net income to net cash provided by/(used for) operating activities:		
Depreciation and amortization expense	13,408	13,669
Stock-based compensation expense	14,407	11,224
Amortization of operating lease right-of-use assets	4,883	6,043
Unrealized loss/(gain) on investments	8,186	(384)
Unrealized foreign currency exchange loss/(gain), net	2,814	(3,165)
Deferred income tax benefit	(9,444)	(193)
Allowance for expected credit losses	342	34
Others, net	1,160	705
Change in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	(30,896)	(45,659)
Other current assets	(6,046)	(1,116)
Income taxes payable, net	7,883	6,185
Other assets	(4,172)	(2,924)
Accounts payable	(4,445)	(808)
Deferred revenue	2,451	3,707
Accrued employee costs	(57,315)	(60,008)
Accrued expenses and other liabilities	26,931	15,647
Operating lease liabilities	(5,453)	(6,005)
Net cash provided by/(used for) operating activities	16,025	(26,870)
Cash flows from investing activities:		
Purchases of property and equipment	(12,479)	(16,101)
Proceeds from sale of property and equipment	565	63
Business acquisition (net of cash and cash equivalents acquired)	—	(1,367)
Purchases of investments	(51,495)	(36,804)
Proceeds from redemption of investments	106,750	49,515
Net cash provided by/(used for) investing activities	43,341	(4,694)
Cash flows from financing activities:		
Principal payments of finance lease liabilities	(43)	(39)
Proceeds from borrowings	50,000	35,000
Repayments of borrowings	(100,000)	—
Acquisition of treasury stock	(42,363)	(31,385)
Proceeds from ESPP contribution	1,102	—
Net cash (used for)/provided by financing activities	(91,304)	3,576
Effect of exchange rate changes on cash, cash equivalents and restricted cash	1,282	(753)
Net decrease in cash, cash equivalents and restricted cash	(30,656)	(28,741)
Cash, cash equivalents and restricted cash at the beginning of the period	125,621	143,810
Cash, cash equivalents and restricted cash at the end of the period	\$ 94,965	\$ 115,069
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	\$ 3,325	\$ 1,277
Income taxes, net of refunds	\$ 6,525	\$ 5,404
Supplemental disclosure of non-cash investing and financing activities:		
Assets acquired under finance lease	\$ 99	\$ 50

See accompanying notes to unaudited consolidated financial statements.

EXLSERVICE HOLDINGS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2023
(In thousands, except per share amount and share count)

1. Organization

ExlService Holdings, Inc. (“ExlService Holdings”) is organized as a corporation under the laws of the state of Delaware. ExlService Holdings, together with its subsidiaries and affiliates (collectively, the “Company”), is a leading data analytics and digital operations and solutions company that partners with clients to improve business outcomes and unlock growth. By bringing together deep domain expertise with robust data, powerful analytics, cloud, artificial intelligence and machine learning, the Company creates agile, scalable solutions and executes complex operations for the world’s leading corporations in industries including insurance, healthcare, banking and financial services, media, and retail, among others. The Company’s data-led value creation framework enables better and faster decision making, leveraging its end-to-end data and analytics capabilities to drive improved business outcomes, and re-designing of operating models to integrate advanced technology into operational workflows. The Company embeds digital operations and solutions into clients’ businesses and introduces its data led approach to transform operations.

The Company’s clients are located principally in the United States of America (“U.S.”) and the United Kingdom (“U.K.”).

2. Summary of Significant Accounting Policies

(a) Basis of Preparation and Principles of Consolidation

The unaudited consolidated financial statements have been prepared in conformity with United States generally accepted accounting principles (“U.S. GAAP”) for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

The unaudited consolidated financial statements reflect all adjustments (of a normal and recurring nature) that management considers necessary for a fair presentation of such statements for the interim periods presented. The unaudited consolidated statements of income for the interim periods presented are not necessarily indicative of the results for the full year or for any subsequent period.

The accompanying unaudited consolidated financial statements include the financial statements of ExlService Holdings and all of its subsidiaries. The standalone financial statements of subsidiaries are fully consolidated on a line-by-line basis. Intra-group balances and transactions, and gains and losses arising from intra-group transactions, are eliminated while preparing consolidated financial statements.

The Company’s investments in equity affiliates are initially recorded at cost and any excess purchase consideration paid over proportionate share of the fair value of the net assets of the investee at the acquisition date is recognized as goodwill. The proportionate share of net income or loss of the investee after its acquisition is recognized in the unaudited consolidated statements of income.

Accounting policies of the respective individual subsidiaries and equity affiliates are aligned wherever necessary, so as to ensure consistency with the accounting policies that are adopted by the Company under U.S. GAAP.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

(b) Use of Estimates

The preparation of the unaudited consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited consolidated financial statements and the unaudited consolidated statements of income during the reporting period. Although these estimates are based on management's best assessment of the current business environment, actual results may be different from those estimates. The significant estimates and assumptions that affect the unaudited consolidated financial statements include, but are not limited to, estimates of the fair value of the identifiable intangible assets and contingent consideration, purchase price allocation, including revenue projections and the discount rate applied within the discounted cash flow model for business acquisitions, credit risk of customers, the nature and timing of the satisfaction of performance obligations, the standalone selling price of performance obligations, and variable consideration in a customer contract, expected recoverability from customers with contingent fee arrangements, estimated costs to complete fixed price contracts, recoverability of dues from statutory authorities, assets and obligations related to employee benefit plans, deferred tax valuation allowances, income-tax uncertainties and other contingencies, valuation of derivative financial instruments, stock-based awards, and debt instruments, assumptions used to calculate stock-based compensation expense, assumptions used to determine the incremental borrowing rate to calculate lease liabilities and right-of-use ("ROU") assets, lease term to calculate amortization of ROU, depreciation and amortization periods, and recoverability of long-lived assets, goodwill and intangibles.

(c) Recent Accounting Pronouncements

In March 2023, the Financial Accounting Standard Board ("FASB") issued Accounting Standard Update ("ASU") No. 2023-01, *Leases ("ASC Topic 842"): Common Control Arrangements*. This ASU provides guidance in ASC Topic 842 that leasehold improvements associated with common control leases should be (i) amortized by the lessee over the useful life of the leasehold improvements to the common control group, regardless of the lease term, as long as the lessee controls the use of the underlying asset through a lease, and (ii) accounted for as a transfer between entities under common control through an adjustment to equity if and when the lessee no longer controls the use of the underlying asset. The ASU is effective for fiscal years beginning after December 15, 2023. Early adoption is permitted for both interim and annual financial statements that have not yet been issued. When adopted in an interim period, it must be adopted from the beginning of the year that includes that interim period. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

(d) Recently adopted Accounting Pronouncements

In October 2021, FASB issued ASU No. 2021-08, *Business Combinations ("ASC Topic 805"): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. This ASU provides guidance in ASC Topic 805 to require the acquirer entity to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASC Topic 606, *Revenue from Contract with Customers*, as if it had originated the contracts. Generally, this should result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree's financial statements, if the acquiree prepared financial statements in accordance with U.S. GAAP. The ASU is effective for fiscal years beginning after December 15, 2022. An entity may early adopt the ASU including adoption in an interim period, with retrospective application to all business combinations within the fiscal year that includes such interim period. The adoption of this ASU is applicable for future business combinations.

3. Segment and Geographical Information

The Company is a provider of data analytics and digital operations and solutions.

The Company manages and reports financial information through its four reportable segments: Insurance, Healthcare, Analytics and Emerging Business, which reflects how management reviews financial information and makes operating decisions. These business units develop client-specific solutions, build capabilities, maintain a unified go-to-market approach and are integrally responsible for service delivery, customer satisfaction, growth and profitability.

The chief operating decision maker ("CODM") generally reviews financial information such as revenues, cost of revenues and gross profit, disaggregated by the operating segments to allocate an overall budget among the operating segments.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

The Company does not allocate, and therefore the CODM does not evaluate, certain operating expenses, interest expense or income taxes by segment. Many of the Company's assets are shared by multiple operating segments. The Company manages these assets on a total Company basis, not by operating segment, and therefore asset information and capital expenditures by operating segment are not presented.

Revenues and cost of revenues for the three months ended March 31, 2023 and 2022, respectively, for each of the reportable segments, are as follows:

	Three months ended March 31, 2023				
	Insurance	Healthcare	Emerging Business	Analytics	Total
Revenues, net	\$ 125,937	\$ 26,703	\$ 66,161	\$ 181,842	\$ 400,643
Cost of revenues ⁽¹⁾	82,324	18,809	35,970	114,366	251,469
Gross profit ⁽¹⁾	<u>\$ 43,613</u>	<u>\$ 7,894</u>	<u>\$ 30,191</u>	<u>\$ 67,476</u>	<u>\$ 149,174</u>
Operating expenses					89,726
Foreign exchange gain, net, interest expense and other income, net					(125)
Income tax expense					8,058
Gain from equity-method investment					66
Net income					<u>\$ 51,331</u>

⁽¹⁾ Exclusive of depreciation and amortization expense.

	Three months ended March 31, 2022				
	Insurance	Healthcare	Emerging Business	Analytics	Total
Revenues, net	\$ 103,266	\$ 26,156	\$ 50,747	\$ 149,039	\$ 329,2
Cost of revenues ⁽¹⁾	65,082	17,651	29,213	95,570	207,5
Gross profit ⁽¹⁾	<u>\$ 38,184</u>	<u>\$ 8,505</u>	<u>\$ 21,534</u>	<u>\$ 53,469</u>	<u>\$ 121,6</u>
Operating expenses					77,7
Foreign exchange gain, net, interest expense and other income, net					3,2
Income tax expense					11,2
Gain from equity-method investment					1
Net income					<u>\$ 36,1</u>

⁽¹⁾ Exclusive of depreciation and amortization expense.

Revenues, net by service type, were as follows:

	Three months ended March 31,	
	2023	2022
Digital operations and solutions ⁽¹⁾	\$ 218,801	\$ 180,169
Analytics services	181,842	149,039
Revenues, net	<u>\$ 400,643</u>	<u>\$ 329,208</u>

⁽¹⁾ Digital operations and solutions include revenues of the Company's Insurance, Healthcare and Emerging Business reportable segments. Refer to the reportable segment disclosure above.

The Company attributes the revenues to regions based upon the location of its customers.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

	Three months ended March 31,	
	2023	2022
Revenues, net		
United States	\$ 339,073	\$ 282,379
Non-United States		
United Kingdom	41,574	32,773
Rest of World	19,996	14,056
Total Non-United States	61,570	46,829
Revenues, net	\$ 400,643	\$ 329,208

Long-lived assets by geographic area, which consist of property and equipment, net and operating lease right-of-use assets were as follows:

	As of	
	March 31, 2023	December 31, 2022
Long-lived assets		
United States	\$ 61,183	\$ 60,709
India	46,732	50,118
Philippines	17,686	18,406
Rest of World	13,833	8,942
Long-lived assets	\$ 139,434	\$ 138,175

4. Revenues, net

Refer to Note 3 - Segment and Geographical Information to the unaudited consolidated financial statements for revenues disaggregated by reportable segments and geography.

Contract balances

The following table provides information about accounts receivable, contract assets and contract liabilities from contracts with customers:

	As of	
	March 31, 2023	December 31, 2022
Accounts receivable, net	\$ 290,512	\$ 259,222
Contract assets	\$ 2,628	\$ 2,768
Contract liabilities:		
Deferred revenue (consideration received in advance)	\$ 19,685	\$ 17,079
Consideration received for process transition activities	\$ 5,295	\$ 5,423

Accounts receivable includes \$155,992 and \$126,027 as of March 31, 2023 and December 31, 2022, respectively, representing unbilled receivables. The Company has accrued the unbilled receivables for work performed in accordance with the terms of contracts with customers and considers no significant performance risk associated with its unbilled receivables.

Contract assets represent upfront payments such as deal signing discounts or deal signing bonuses made to customers. These costs are amortized over the expected period of the benefit and are recorded as an adjustment to transaction price and

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

reduced from revenues. The Company's assessment did not indicate any impairment losses on its contract assets for the periods presented.

Contract liabilities represent that portion of deferred revenue for which payments have been received in advance from customers. The Company also defers revenues attributable to certain process transition activities for which costs have been capitalized by the Company as contract fulfillment costs. Consideration received from customers, if any, relating to such transition activities are classified under contract liabilities and are included within "Deferred revenues" and "Other non-current liabilities" in the consolidated balance sheets. The revenues are recognized as (or when) the performance obligation is fulfilled under the contract with customer.

Revenue recognized during the three months ended March 31, 2023 and 2022, which was included in the contract liabilities balance at the beginning of the respective periods:

	Three months ended March 31,	
	2023	2022
Deferred revenue (consideration received in advance)	\$ 13,002	\$ 9,564
Consideration received for process transition activities	\$ 703	\$ 366

Contract acquisition and fulfillment costs

The following table provides details of the Company's contract acquisition and fulfillment costs:

	Contract Acquisition Costs			Contract Fulfillment Costs		
	Three months ended		Year ended	Three months ended		Year ended
	March 31, 2023	March 31, 2022	December 31, 2022	March 31, 2023	March 31, 2022	December 31, 2022
Opening Balance	\$ 1,095	\$ 511	\$ 511	\$ 13,871	\$ 5,795	\$ 5,795
Additions	1,079	547	1,014	4,618	2,177	15,509
Amortization	(180)	(131)	(430)	(616)	(537)	(7,433)
Closing Balance	<u>\$ 1,994</u>	<u>\$ 927</u>	<u>\$ 1,095</u>	<u>\$ 17,873</u>	<u>\$ 7,435</u>	<u>\$ 13,871</u>

There was no impairment for contract acquisition and contract fulfillment costs as of March 31, 2023 and December 31, 2022. The capitalized costs are amortized over the expected period of benefit of the contract.

Allowance for expected credit losses

The Company evaluates the credit risk of its customers based on a combination of various financial and qualitative factors that may affect the ability of each customer to pay. The Company considered current and anticipated future economic conditions relating to the industries of the Company's customers and the countries where it operates. In calculating expected credit loss, the Company also considered past payment trends, credit rating and other related credit information for its significant customers to estimate the probability of default in the future.

	As of	
	March 31, 2023	December 31, 2022
Accounts receivable, including unbilled receivables	\$ 292,183	\$ 260,554
Less: Allowance for expected credit losses	(1,671)	(1,332)
Accounts receivable, net	<u>\$ 290,512</u>	<u>\$ 259,222</u>

The movement in "Allowance for expected credit losses" on customer balances was as follows:

EXLSERVICE HOLDINGS, INC.

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March 31, 2023

(In thousands, except per share amount and share count)

	Three months ended March 31,		Year ended
	2023	2022	December 31, 2022
Opening Balance	\$ 1,332	\$ 573	\$ 573
Additions	451	172	815
Reductions due to write-off of Accounts Receivables	(112)	(158)	(60)
Currency translation adjustments	—	1	4
Closing Balance	\$ 1,671	\$ 588	\$ 1,332

Concentration of credit risk

To reduce credit risk, the Company conducts ongoing credit evaluations of its customers. No customer accounted for more than 10% of accounts receivable, net, as of March 31, 2023 and December 31, 2022.

5. Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding, adjusted for outstanding shares that are subject to repurchase during each period. Diluted earnings per share is computed using the weighted average number of common shares plus the potentially dilutive effect of common stock equivalents (outstanding stock options, restricted stock, restricted stock units and employee stock purchase plans) issued and outstanding at the reporting date, using the treasury stock method. Common stock equivalents that are anti-dilutive are excluded from the computation of weighted average shares outstanding.

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

	Three months ended March 31,	
	2023	2022
Numerators:		
Net income	\$ 51,331	\$ 36,178
Denominators:		
Basic weighted average common shares outstanding	33,439,564	33,442,038
Dilutive effect of share-based awards	491,916	452,830
Diluted weighted average common shares outstanding	33,931,480	33,894,868
Earnings per share attributable to ExlService Holdings, Inc. stockholders:		
Basic	\$ 1.54	\$ 1.08
Diluted	\$ 1.51	\$ 1.07
Weighted average potentially dilutive shares considered anti-dilutive and not included in computing diluted earnings per share	109,269	1,082

6. Other Income, net

Other income, net consists of the following:

	Three months ended March 31,	
	2023	2022
Gain on sale and mark-to-market on investments	\$ 1,644	\$ 1,236
Interest and dividend income	1,721	1,370
Others, net	(210)	(195)
Other income, net	\$ 3,155	\$ 2,411

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

7. Cash, Cash Equivalents and Restricted Cash

For the purposes of unaudited statements of cash flows, cash, cash equivalents and restricted cash consist of the following:

	As of		
	March 31, 2023	March 31, 2022	December 31, 2022
Cash and cash equivalents	\$ 87,298	\$ 106,540	\$ 118,669
Restricted cash (current)	5,598	6,274	4,897
Restricted cash (non-current)	2,069	2,255	2,055
Cash, cash equivalents and restricted cash	<u>\$ 94,965</u>	<u>\$ 115,069</u>	<u>\$ 125,621</u>

Restricted cash (current) primarily represents funds held on behalf of clients in dedicated bank accounts. The corresponding liability against the same is included under “Accrued Expenses and other current liabilities.” Restricted cash (non-current) represents amounts on deposit with banks against bank guarantees issued through banks in favor of relevant statutory authorities for equipment imports, deposits for obtaining indirect tax registrations and for demands against pending income tax assessments. These deposits with banks will mature one year after the balance sheet date.

8. Investments

Investments consist of the following:

	As of	
	March 31, 2023	December 31, 2022
Short-term investments		
Mutual funds	\$ 64,253	\$ 110,964
Term deposits	52,226	68,063
Total Short-term investments	<u>\$ 116,479</u>	<u>\$ 179,027</u>
Long-term investments		
Term deposits	\$ 32,055	\$ 31,341
Investment in equity affiliate	3,504	3,438
Total Long-term investments	<u>\$ 35,559</u>	<u>\$ 34,779</u>

Refer to Note 16 - Fair Value Measurements to the unaudited consolidated financial statements for further details.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

9. Property and Equipment, net

Property and equipment, net consists of the following:

	Estimated useful lives (Years)	As of	
		March 31, 2023	December 31, 2022
Owned Assets:			
Network equipment and computers	3-5	\$ 136,289	\$ 130,218
Software	2-5	98,410	88,487
Leasehold improvements	3-8	41,040	42,890
Office furniture and equipment	3-8	19,936	20,211
Motor vehicles	2-5	683	605
Buildings	30	968	961
Land	—	633	629
Capital work in progress	—	9,750	14,459
		307,709	298,460
Less: Accumulated depreciation and amortization		(221,621)	(216,132)
		\$ 86,088	\$ 82,328
Right-of-use assets under finance leases*:			
Network equipment and computers		58	82
Leasehold improvements		611	1,013
Office furniture and equipment		437	662
Motor vehicles		816	742
		1,922	2,499
Less: Accumulated depreciation and amortization		(1,358)	(1,999)
		\$ 564	\$ 500
Property and equipment, net		\$ 86,652	\$ 82,828

*Depreciation on assets held under finance leases are computed using the straight-line method over the shorter of the assets estimated useful lives or the lease term.

Capital work in progress represents advances paid towards acquisition of property and equipment and costs incurred on internally developed software not yet ready to be placed in service.

During the three months ended March 31, 2023, there were no changes in estimated useful lives of property and equipment during the ordinary course of operations.

The depreciation and amortization expense, excluding amortization of acquisition-related intangibles, recognized in the unaudited consolidated statements of income was as follows:

	Three months ended March 31,	
	2023	2022
Depreciation and amortization expense	\$ 9,338	\$ 9,116

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

The effect of foreign exchange gain/(loss) upon settlement of cash flow hedges recorded under depreciation and amortization expense, was as follows:

	Three months ended March 31,	
	2023	2022
Effect of foreign exchange gain/(loss)	\$ (79)	\$ 67

Internally developed software costs, included under Software, was as follows:

	As of	
	March 31, 2023	December 31, 2022
Cost	\$ 40,944	\$ 31,544
Less : Accumulated amortization	(18,114)	(16,134)
Internally developed software, net	\$ 22,830	\$ 15,410

The amortization expense on internally developed software recognized in the unaudited consolidated statements of income was as follows:

	Three months ended March 31,	
	2023	2022
Amortization expense	\$ 1,975	\$ 1,033

As of March 31, 2023 and December 31, 2022, the Company believes no impairment exists because the long-lived asset's future undiscounted net cash flows expected to be generated exceeds its carrying value; however, there can be no assurance that long-lived assets will not be impaired in future periods. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which undiscounted cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, the asset's residual value, if any. It is reasonably possible that the judgments and estimates described above could change in future periods.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

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10. Goodwill and Other Intangible Assets
Goodwill

The following table sets forth details of changes in goodwill by reportable segment of the Company:

	Insurance	Healthcare	Emerging Business	Analytics	Total
Balance as of January 1, 2023	\$ 49,929	\$ 21,875	\$ 47,101	\$ 286,732	\$ 405,637
Currency translation adjustments	68	4	115	—	187
Balance as of March 31, 2023	<u>\$ 49,997</u>	<u>\$ 21,879</u>	<u>\$ 47,216</u>	<u>\$ 286,732</u>	<u>\$ 405,824</u>

As of March 31, 2023, the Company performed an assessment to determine whether events or circumstances exist that may lead to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. The Company considered current and forecasted economic and market conditions and qualitative factors, such as the Company's performance during the first quarter of the current fiscal year, business forecasts for the remainder of the year, stock price movements, generation and availability of cash and expansion plans. The Company reviewed key assumptions, including revisions of projected future revenues for reporting units against the results of the annual impairment test performed during the fourth quarter of 2022. The Company did not identify any triggers or indications of potential impairment for its reporting units as of March 31, 2023.

The recoverability of goodwill is dependent upon the continued growth of cash flows from the Company's business activities. This growth is based on business forecasts and improvement in profitability of its reporting units. The Company continues to maintain its focus on cultivating long-term client relationships as well as attracting new clients.

Other Intangible Assets

Information regarding the Company's intangible assets is set forth below:

	As of March 31, 2023		
	Gross Carrying Amount	Accumulated Amortization	Net Carryin Amount
Finite-lived intangible assets:			
Customer relationships	\$ 99,146	\$ (42,642)	\$ 56,504
Developed technology	24,912	(22,185)	2,727
Trade names and trademarks	1,700	(1,375)	325
Non-compete agreements	336	(111)	225
	<u>126,094</u>	<u>(66,313)</u>	<u>59,781</u>
Indefinite-lived intangible assets:			
Trade names and trademarks	900	—	900
Total intangible assets	<u>\$ 126,994</u>	<u>\$ (66,313)</u>	<u>\$ 60,681</u>

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

	As of December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Customer relationships	\$ 99,146	\$ (39,848)	\$ 59,298
Developed technology	24,878	(20,902)	3,976
Trade names and trademarks	1,700	(1,303)	397
Non-compete agreements	336	(88)	248
	<u>126,060</u>	<u>(62,141)</u>	<u>63,919</u>
Indefinite-lived intangible assets:			
Trade names and trademarks	900	—	900
Total intangible assets	<u>\$ 126,960</u>	<u>\$ (62,141)</u>	<u>\$ 64,819</u>

The amortization expense recognized in the unaudited consolidated statements of income was as follows:

	Three months ended March 31,	
	2023	2022
Amortization expense	\$ 4,149	\$ 4,486

The remaining weighted average life of intangible assets is as follows:

	(in years)
Customer relationships	5.3
Developed technology	1.4
Trade names and trademarks (finite lived)	1.3
Non-compete agreements	2.6

Estimated future amortization expense related to finite-lived intangible assets as of March 31, 2023 was as follows:

2023 (April 1 - December 31)	\$ 10,503
2024	12,137
2025	10,702
2026	10,364
2027	9,364
2028 and thereafter	6,711
Total	<u>\$ 59,781</u>

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

11. Other Current Assets

Other current assets consist of the following:

	As of	
	March 31, 2023	December 31, 2022
Prepaid expenses	\$ 23,256	\$ 18,132
Receivables from statutory authorities	15,609	15,724
Advance income tax, net	13,568	5,716
Derivative instruments	2,949	1,526
Advances to suppliers	2,047	1,944
Deferred contract fulfillment costs	1,934	1,178
Contract assets	826	904
Others	6,151	5,855
Other current assets	\$ 66,340	\$ 50,979

12. Other Assets

Other assets consist of the following:

	As of	
	March 31, 2023	December 31, 2022
Deferred contract fulfillment costs	\$ 15,939	\$ 12,693
Lease deposits	6,514	6,621
Deposits with statutory authorities	6,310	6,276
Contract assets	1,802	1,864
Derivative instruments	1,483	820
Others	4,477	3,795
Other assets	\$ 36,525	\$ 32,069

13. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	As of	
	March 31, 2023	December 31, 2022
Accrued expenses	\$ 53,061	\$ 47,854
Payable to statutory authorities	40,235	20,430
Contingent consideration	18,100	5,000
Client liabilities	5,609	5,110
Derivative instruments	5,140	10,059
Accrued capital expenditures	4,619	4,032
Other current liabilities	6,636	2,867
Accrued expenses and other current liabilities	\$ 133,400	\$ 95,352

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

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14. Other Non-Current Liabilities

Other non-current liabilities consist of the following:

	As of	
	March 31, 2023	December 31, 2022
Retirement benefits	\$ 14,220	\$ 12,982
Deferred transition revenue	4,223	4,408
Derivative instruments	3,209	6,218
Unrecognized tax benefits	2,329	2,329
Contingent consideration	589	13,689
Others	1,727	1,666
Other non-current liabilities	\$ 26,297	\$ 41,292

15. Accumulated Other Comprehensive Income/(Loss)

Accumulated other comprehensive income/(loss) (“AOCI”) consists of actuarial gain/(loss) on retirement benefits and foreign currency translation adjustments. In addition, the Company enters into foreign currency forward contracts and interest rate swaps, which are designated as cash flow hedges and net investment hedges, as applicable, in accordance with ASC Topic 815, *Derivatives and Hedging*. Cumulative changes in the fair values of cash flow hedges are recognized in AOCI on the Company’s consolidated balance sheets. The fair value changes are reclassified from AOCI to unaudited consolidated statements of income upon settlement of foreign currency forward contracts designated as cash flow hedges of a forecast transaction, whereas such changes for interest rate swaps are reclassified over the term of the contract. Fair value changes related to net investment hedges are included in AOCI and are reclassified to unaudited consolidated statements of income when a foreign operation is disposed or partially disposed. The following table sets forth the changes in AOCI during the three months ended March 31, 2023 and 2022:

	Accumulated Other Comprehensive Income/(Loss)			
	Foreign currency translation gain/(loss)	Unrealized gain/(loss) on cash flow hedges	Retirement benefits	Total
Balance as of January 1, 2023	\$ (133,139)	\$ (11,303)	\$ 299	\$ (144,143)
Gains recognized during the period	5,313	7,294	—	12,607
Reclassification to net income	—	3,065	(25)	3,040
Income tax effects ⁽²⁾	(1,138)	(1,834)	(19)	(2,991)
Accumulated other comprehensive income/(loss) as of March 31, 2023	\$ (128,964)	\$ (2,778)	\$ 255	\$ (131,487)
Balance as of January 1, 2022	\$ (95,437)	\$ 8,420	\$ (2,457)	\$ (89,474)
Losses recognized during the period	(7,445)	(517)	—	(7,962)
Reclassification to net income ⁽¹⁾	—	(1,989)	155	(1,834)
Income tax effects ⁽²⁾	499	512	(47)	964
Accumulated other comprehensive income/(loss) as of March 31, 2022	\$ (102,383)	\$ 6,426	\$ (2,349)	\$ (98,306)

1. Refer to Note 17 - Derivatives and Hedge Accounting and Note 20 - Employee Benefit Plans to the unaudited consolidated financial statements for reclassification to net income.
2. These are income tax effects recognized on cash flow hedges, retirement benefits and foreign currency translation gain/(loss). Refer to Note 22 - Income Taxes to the unaudited consolidated financial statements.

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

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16. Fair Value Measurements

Assets and Liabilities Measured at Fair Value

The following table sets forth the Company's assets and liabilities that were recognized at fair value:

As of March 31, 2023	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Other Unobservable Inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
Assets				
Cash equivalents - Money market funds*	\$ 789	\$ —	\$ —	\$ 789
Mutual funds**	64,253	—	—	64,253
Derivative financial instruments	—	4,432	—	4,432
Total	\$ 65,042	\$ 4,432	\$ —	\$ 69,474
Liabilities				
Derivative financial instruments	\$ —	\$ 8,349	\$ —	\$ 8,349
Contingent consideration***	—	—	18,689	18,689
Total	\$ —	\$ 8,349	\$ 18,689	\$ 27,038
As of December 31, 2022	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Other Unobservable Inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
Assets				
Cash equivalents - Money market funds*	\$ 1,137	\$ —	\$ —	\$ 1,137
Mutual funds**	110,964	—	—	110,964
Derivative financial instruments	—	2,346	—	2,346
Total	\$ 112,101	\$ 2,346	\$ —	\$ 114,447
Liabilities				
Derivative financial instruments	\$ —	\$ 16,277	\$ —	\$ 16,277
Contingent consideration***	—	—	18,689	18,689
Total	\$ —	\$ 16,277	\$ 18,689	\$ 34,966

* Represents money market funds which are carried at the fair value option under ASC Topic 825 "Financial Instruments".

** Represents those short-term investments which are carried at the fair value option under ASC Topic 825 "Financial Instruments".

*** Contingent consideration is presented under "Accrued Expenses and Other Current Liabilities" and "Other Non-Current Liabilities," as applicable, in the consolidated balance sheets.

Derivative Financial Instruments:

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The Company's derivative financial instruments consist of foreign currency forward contracts and interest rate swaps. Fair values for derivative financial instruments are based on independent sources including highly rated financial institutions and are classified as Level 2. Refer to Note 17 - Derivatives and Hedge Accounting to the unaudited consolidated financial statements for further details.

Fair Value of Contingent Consideration:

The fair value measurement of contingent consideration is determined using Level 3 inputs. The Company's contingent consideration represents a component of the total purchase consideration for business acquisitions. The measurement is calculated using unobservable inputs based on the Company's own assessment of achievement of certain performance goals. The Company estimated the fair value of the contingent consideration based on the Monte Carlo simulation model and scenario-based method.

The following table summarizes the changes in the fair value of contingent consideration:

	Three months ended March 31,	
	2023	2022
Opening balance	\$ 18,689	\$ 9,000
Acquisitions	—	—
Fair value changes	—	—
Closing balance	<u>\$ 18,689</u>	<u>\$ 9,000</u>

During the three months ended March 31, 2023 and 2022, there were no transfers among Level 1, Level 2 and Level 3.

Financial Instruments Not Carried at Fair Value:

The Company's other financial instruments not carried at fair value consist primarily of cash and cash equivalents (except investments in money market funds, as disclosed above), short-term investments (except investments in mutual funds, as disclosed above), restricted cash, accounts receivable, net, long-term investments, accrued capital expenditures, accrued expenses, client liabilities and interest payable on borrowings for which fair values approximate their carrying amounts. The carrying value of the Company's outstanding revolving credit facility approximates its fair value because the Company's interest rate yield is near current market rates for comparable debt instruments.

17. Derivatives and Hedge Accounting

The Company uses derivative instruments to mitigate cash flow volatility from risk of fluctuations in foreign currency exchange rates and interest rates. The Company enters into foreign currency forward contracts to hedge cash flow risks from forecasted transactions denominated in certain foreign currencies, and interest rate swaps to hedge cash flow risks from its revolving credit facility having variable interest rate obligations. These contracts qualify as cash flow hedges under ASC Topic 815, *Derivatives and Hedging*, and are with counterparties that are highly rated financial institutions. For derivatives in cash flow hedging relationships as of March 31, 2023 and December 31, 2022, the Company had outstanding foreign currency forward contracts totaling \$877,820 and \$841,620, respectively and interest rate swaps totaling \$75,000, each.

The Company estimates that approximately \$2,086 of derivative losses, net, excluding tax effects, included in AOCI, representing changes in the value of cash flow hedges based on exchange rates prevailing as of March 31, 2023, could be reclassified into earnings within the next twelve months. As of March 31, 2023, the maximum outstanding term of the cash flow hedges was approximately 42 months.

The Company also enters into foreign currency forward contracts to hedge its intercompany balances and other monetary assets and liabilities denominated in currencies other than functional currencies, against the risk of fluctuations in foreign currency exchange rates associated with remeasurement of such assets and liabilities to functional currency. These foreign currency forward contracts do not qualify as fair value hedges under ASC Topic 815, *Derivatives and Hedging*. Changes in the fair value of these financial instruments are recognized in the unaudited consolidated statements of income and are included in the foreign exchange gain/(loss) line item. The Company's primary exchange rate exposure is with the Indian rupee, the

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Philippine peso and the U.K. pound sterling (GBP). The Company also has exposure to Colombian pesos (COP), Czech koruna, the Euro (EUR), South African ZAR, the Australian dollar (AUD), the Canadian dollar (CAD) and other local currencies in which it operates.

The following table sets forth the aggregate notional principal amounts of outstanding foreign currency forward contracts for derivatives not designated as hedging instruments:

Foreign currency forward contracts denominated in:	As of	
	March 31, 2023	December 31, 2022
U. S. dollar (USD)	170,630	163,990
U.K. pound sterling (GBP)	11,798	8,351
Euro (EUR)	2,647	1,956
Australian dollar (AUD)	2,090	1,951
South African ZAR	34,704	—
Colombian peso (COP)	1,970,314	—

The following table sets forth the fair value of the foreign currency forward contracts and interest rate swaps and their location on the consolidated balance sheets:

	Derivatives in cash flow hedging relationships		Derivatives not designated as hedging instruments	
	As of		As of	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Assets:				
Other current assets	\$ 2,866	\$ 1,271	\$ 83	\$ 255
Other assets	\$ 1,483	\$ 820	\$ —	\$ —
Liabilities:				
Accrued expenses and other current liabilities	\$ 4,952	\$ 10,044	\$ 188	\$ 15
Other non-current liabilities	\$ 3,209	\$ 6,218	\$ —	\$ —

The following tables set forth the effect of foreign currency forward contracts and interest rate swaps on AOCI and the unaudited consolidated statements of income:

Derivative financial instruments:	Three months ended March 31,	
	2023	2022
Unrealized gain/(loss) recognized in AOCI		
Derivatives in cash flow hedging relationships	\$ 7,294	\$ (517)
Gain/(loss) recognized in unaudited consolidated statements of income		
Derivatives not designated as hedging instruments	\$ 2,528	\$ (899)

Location and amount of gain/(loss) recognized in unaudited consolidated statements of income for derivatives in cash flow hedging relationships and derivatives not designated as hedging instruments:

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	Three months ended March 31,			
	2023		2022	
	As per unaudited consolidated statements of income	Gain/(loss) on derivative financial instruments	As per unaudited consolidated statements of income	Gain/(loss) on derivative financial instruments
Cash flow hedging relationships				
Location in unaudited consolidated statements of income where gain/(loss) was reclassified from AOCI				
Cost of revenues	\$ 251,469	\$ (2,755)	\$ 207,516	\$ 1,583
General and administrative expenses	\$ 46,746	(242)	\$ 39,945	294
Selling and marketing expenses	\$ 29,493	(19)	\$ 24,170	14
Depreciation and amortization expense	\$ 13,487	(123)	\$ 13,602	98
Interest expense	\$ 3,385	74	\$ 876	—
Total before tax		(3,065)		1,989
Income tax effects on above		534		(515)
Net of tax		<u>\$ (2,531)</u>		<u>\$ 1,474</u>
Derivatives not designated as hedging instruments				
Location in unaudited consolidated statements of income where gain/(loss) was recognized				
Foreign exchange gain/(loss), net	\$ 105	\$ 2,528	\$ 1,756	\$ (899)
	<u>\$ 105</u>	<u>\$ 2,528</u>	<u>\$ 1,756</u>	<u>\$ (899)</u>

18. Borrowings

The following tables summarizes the Company's debt position:

	As of	
	March 31, 2023	December 31, 2022
	Revolving credit facility	
Current portion of long-term borrowings	\$ 40,000	\$ 30,000
Long-term borrowings	160,000	220,000
Total borrowings	<u>\$ 200,000</u>	<u>\$ 250,000</u>

Unamortized debt issuance costs for the Company's revolving credit facility of \$1,109 and \$1,177 as of March 31, 2023 and December 31, 2022, respectively, are presented under "Other current assets" and "Other assets," as applicable in the consolidated balance sheets.

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Credit Agreement

The Company held a \$300,000 revolving credit facility pursuant to its credit agreement (the “Credit Agreement”), dated as of November 21, 2017 with certain lenders and Citibank N.A. as Administrative Agent. The revolving credit facility originally had a maturity date of November 21, 2022 and was voluntarily pre-payable from time to time without premium or penalty.

On April 18, 2022, the Company and each of the Company’s wholly owned material domestic subsidiaries entered into an Amendment and Restatement Agreement with Citibank, N.A. as Administrative Agent and certain lenders (the “2022 Credit Agreement”), pursuant to which the parties thereto amended and restated the Credit Agreement. Among other things, the 2022 Credit Agreement (a) provides for the issuance of new revolving credit commitments such that the aggregate amount of revolving credit commitments available to the Company is equal to \$400,000; (b) extends the maturity date of the revolving credit facility from November 21, 2022 to April 18, 2027; and (c) replaces LIBOR with Secured Overnight Financing Rate (“SOFR”) as the reference rate for the U.S. dollar borrowings.

The 2022 Credit Agreement provides an option to increase the commitments by up to \$200,000, subject to certain approvals and conditions. The 2022 Credit Agreement includes a letter of credit sub facility and is voluntarily pre-payable from time to time without premium or penalty. Borrowings under the 2022 Credit Agreement can be used for working capital and general corporate purposes, including permitted acquisitions.

Obligations under the 2022 Credit Agreement are guaranteed by the Company’s material domestic subsidiaries and are secured by all or substantially all of the Company’s and its material domestic subsidiaries’ assets. The 2022 Credit Agreement contains customary affirmative and negative covenants, including, but not limited to, restrictions on the ability to incur indebtedness, create liens, make certain investments, make certain dividends and related distributions, enter into, or undertake, certain liquidations, mergers, consolidations or acquisitions and dispose of certain assets or subsidiaries.

The revolving credit facility carried an effective interest rate as shown below:

	Three months ended March 31,	
	2023	2022
Effective Interest Rate	5.9 %	1.3 %

As of March 31, 2023 and December 31, 2022, the Company was in compliance with all financial and non-financial covenants listed under the revolving credit facility.

Expected payments for all of the Company’s borrowings as of March 31, 2023 were as follows:

	Revolving credit facility	
	Principal Payments	Interest Payments*
2023 (April 1 - December 31)	\$ 40,000	\$ 8,048
2024	—	9,364
2025	—	9,364
2026	—	9,364
2027	160,000	3,512
Total	\$ 200,000	\$ 39,652

* Interest payments are based on effective interest rate as of March 31, 2023.

Letters of Credit

In the ordinary course of business, the Company provides standby letters of credit to third parties primarily for facility leases. As of each of March 31, 2023 and December 31, 2022, the Company had outstanding letters of credit of \$461, that were not recognized in the consolidated balance sheets.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

19. Capital Structure**Common Stock**

The Company has one class of common stock outstanding.

The Company purchased shares of its common stock from employees in connection with withholding tax payments related to the vesting of restricted stock units and performance-based restricted stock units, as below:

	Shares repurchased	Total consideration	Weighted average purchase price per share
Three months ended March 31, 2023	38,356	\$ 6,529	\$ 170.22
Three months ended March 31, 2022	27,219	\$ 3,191	\$ 117.23

⁽¹⁾ The weighted average purchase price per share is based on the closing price of the Company's common stock on the Nasdaq Global Select Market on the trading day prior to the applicable vesting date of the shares of restricted stock.

On October 5, 2021, the Company's board of directors authorized a \$300,000 common stock repurchase program beginning January 1, 2022 (the "2022 Repurchase Program").

Under the 2022 Repurchase Program, shares may be purchased by the Company from time to time from the open market and through private transactions, or otherwise, as determined by the Company's management as market conditions warrant. Repurchases may be discontinued at any time by the management.

The Company purchased shares of its common stock, for a total consideration including commissions, under the 2022 Repurchase Program, as below:

	Shares repurchased	Total consideration	Weighted average purchase price per share
Three months ended March 31, 2023	221,025	\$ 35,834	\$ 162.13
Three months ended March 31, 2022	221,333	\$ 28,194	\$ 127.38

Repurchased shares have been recorded as treasury shares and will be held until the Company's board of directors designates that these shares be retired or used for other purposes.

20. Employee Benefit Plans

The Company's Gratuity Plan in India (the "India Plan") provides for a lump sum payment to vested employees on retirement or upon termination of employment in an amount based on the respective employee's salary and years of employment with the Company. In addition, the Company's subsidiary operating in the Philippines conforms to the minimum regulatory benefit, which provide for lump sum payment to vested employees on retirement from employment in an amount based on the respective employee's salary and years of employment with the Company (the "Philippines Plan"). Liabilities with regard to the India Plan and the Philippines Plan are determined by actuarial valuation using the projected unit credit method. Current service costs for these plans are accrued in the year to which they relate. Actuarial gains or losses or prior service costs, if any, resulting from amendments to the plans are recognized and amortized over the remaining period of service of the employees.

The India Plan is partially funded whereas the Philippines Plan is unfunded. The Company makes annual contributions to the India Plan established with insurance companies. Fund managers manage these funds and calculate the annual contribution required to be made by the Company and manage the India Plan, including any required payouts. These funds are managed on a cash accumulation basis and interest is declared retrospectively on March 31 of each year. The Company expects to earn a return of approximately 7.2% per annum on the India Plan for the year ending on December 31, 2023.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

Change in Plan Assets	
Plan assets as of January 1, 2023	\$ 14,449
Actual return	257
Employer contribution	—
Benefits paid	(302)
Effect of exchange rate changes	98
Plan assets as of March 31, 2023	<u>\$ 14,502</u>

Components of net periodic benefit costs recognized in unaudited consolidated statements of income and actuarial (gain)/loss reclassified from AOCI, were as follows:

	Three months ended March 31,	
	2023	2022
Service cost	\$ 956	\$ 990
Interest cost	395	323
Expected return on plan assets	(263)	(228)
Amortization of actuarial (gain)/loss, gross of tax	(25)	155
Net gratuity cost	<u>\$ 1,063</u>	<u>\$ 1,240</u>
Amortization of actuarial (gain)/loss, gross of tax	\$ (25)	\$ 155
Income tax effects on above	(19)	(47)
Amortization of actuarial (gain)/loss, net of tax	<u>\$ (44)</u>	<u>\$ 108</u>

The Company maintains several 401(k) plans (the “401(k) Plans”) under Section 401(k) of the Internal Revenue Code of 1986, as amended (the “Code”), covering all eligible employees, as defined in the Code as a defined social security contribution plan. The Company may make discretionary contributions of up to a maximum of 3.0% of employee compensation within certain limits.

The Company’s accrual for contributions to the 401(k) Plans were as follows:

	Three months ended March 31,	
	2023	2022
Contribution to the 401(k) Plans	\$ 2,386	\$ 2,017

The Company’s contribution for various defined social security contribution plans on behalf of employees in foreign subsidiaries of the Company were as follows:

	Three months ended March 31,	
	2023	2022
Contributions to the defined social security contribution plans	\$ 5,392	\$ 4,213

21. Leases

The Company conducts its operations using facilities leased under operating lease agreements that expire at various dates. The Company finances its use of certain motor vehicles and other equipment under various lease arrangements provided by financial institutions. The lease agreements do not contain any covenants to impose any restrictions except for market-standard practice for similar lease arrangements.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

The Company had performed an evaluation of its contracts with suppliers in accordance with ASC Topic 842, *Leases*, and had determined that, except for leases for office facilities, motor vehicles and other equipment as described above, none of the Company's contracts contain a lease. As part of the Company's efforts to optimize its existing network of operations centers, the Company continued to evaluate its office facilities to determine where it can exit or consolidate its use of office space.

Supplemental balance sheet information

	As of	
	March 31, 2023	December 31, 2022
Operating Lease		
Operating lease right-of-use assets	\$ 52,782	\$ 55,347
Operating lease liabilities - Current	\$ 14,095	\$ 14,978
Operating lease liabilities - Non-current	45,655	48,155
Total operating lease liabilities	\$ 59,750	\$ 63,133
Finance Lease		
Property and equipment, gross	\$ 1,922	\$ 2,499
Accumulated depreciation	(1,358)	(1,999)
Property and equipment, net	\$ 564	\$ 500
Finance lease liabilities - Current	\$ 176	\$ 164
Finance lease liabilities - Non-current	407	355
Total finance lease liabilities	\$ 583	\$ 519

Finance lease liabilities are presented as a part of "Accrued expenses and other current liabilities" and "Other non-current liabilities," as applicable, in the Company's consolidated balance sheets.

The components of lease cost, which are included in the Company's unaudited consolidated statements of income, are as follows:

<i>Lease cost</i>	Three months ended March 31,	
	2023	2022
Finance lease:		
Amortization of right-of-use assets	\$ 38	\$ 38
Interest on lease liabilities	20	14
	58	52
Operating lease^(a)	4,883	6,043
Variable lease costs	1,007	1,121
Total lease cost	\$ 5,948	\$ 7,216

(a) Includes short-term leases, which are immaterial.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

Supplemental cash flow and other information related to leases are as follows:

	Three months ended March 31,	
	2023	2022
Cash payments for amounts included in the measurement of lease liabilities :		
Operating cash outflows for operating leases	\$ 5,453	\$ 6,005
Operating cash outflows for finance leases	\$ 20	\$ 14
Financing cash outflows for finance leases	\$ 43	\$ 39
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 1,213	\$ 3,834
Right-of-use assets obtained in exchange for new finance lease liabilities	\$ 99	\$ 50
Weighted average remaining lease term (in years)		
Finance lease	2.9 years	2.1 years
Operating lease	5.8 years	5.6 years
Weighted average discount rate		
Finance lease	14.0%	14.6%
Operating lease	7.0%	7.0%

The Company modified certain of its operating leases, resulting in a decrease of its lease liabilities by \$3,094 and an increase of its lease liabilities by \$367, during the three months ended March 31, 2023 and 2022, respectively, with a corresponding adjustment to ROU assets.

As of March 31, 2023 and December 31, 2022, the Company did not have any significant leases that have not yet commenced but that create significant rights and obligations for the Company.

Maturities of lease liabilities as of March 31, 2023 were as follows:

	Operating Leases	Finance Leases
2023 (April 1 - December 31)	\$ 13,501	\$ 190
2024	15,228	191
2025	10,387	142
2026	9,295	115
2027	6,765	104
2028 and thereafter	19,429	14
Total lease payments	74,605	756
Less: Imputed interest	14,855	173
Present value of lease liabilities	\$ 59,750	\$ 583

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

Maturities of lease liabilities as of December 31, 2022 were as follows:

	Operating Leases	Finance Leases
2023	\$ 18,711	\$ 228
2024	14,846	162
2025	10,037	114
2026	8,941	88
2027	6,474	79
2028 and thereafter	19,624	—
Total lease payments	78,633	671
Less: Imputed interest	15,500	152
Present value of lease liabilities	\$ 63,133	\$ 519

22. Income Taxes

The Company determines the tax provision for interim periods using an estimate of its annual effective tax rate. Each quarter, the Company updates its estimate of annual effective tax rate, and if its estimated tax rate changes, the Company makes a cumulative adjustment.

The effective tax rate decreased from 23.7% during the three months ended March 31, 2022 to 13.6% during the three months ended March 31, 2023. The Company recorded income tax expense of \$8,058 and \$11,202 for the three months ended March 31, 2023 and 2022, respectively. The decrease in income tax expense was primarily as a result of higher excess tax benefits related to stock-based compensation during the three months ended March 31, 2023, compared to the three months ended March 31, 2022, partially offset by an increase in income tax expense on higher profit and an increase in non-deductible expenses during the three months ended March 31, 2023.

During the three months ended March 31, 2023, the Company's subsidiaries in India, U.K. and Australia repatriated \$76,000 (net of \$4,015 withholding taxes), \$15,598 and \$9,081, respectively, to the United States. These distributions do not constitute a change in the Company's permanent reinvestment assertion.

Deferred income taxes recognized in AOCI were as follows:

	Three months ended March 31,	
	2023	2022
Deferred taxes benefit / (expense) recognized on:		
Unrealized gain/(loss) on cash flow hedges	\$ (1,300)	\$ (3)
Reclassification adjustment for cash flow hedges	(534)	515
Reclassification adjustment for retirement benefits	(19)	(47)
Foreign currency translation gain/(loss)	(1,138)	499
Total	\$ (2,991)	\$ 964

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

23. Stock Based Compensation

Stock-based compensation expense by nature of function, as below, are included in the unaudited consolidated statements of income:

	Three months ended March 31,	
	2023	2022
Cost of revenues	\$ 3,566	\$ 2,641
General and administrative expenses	5,825	4,395
Selling and marketing expenses	5,016	4,188
Total	\$ 14,407	\$ 11,224
Income tax benefit related to share-based compensation ⁽¹⁾	\$ 9,830	\$ 2,806

(1) Includes \$12,520 and \$3,610 during the three months ended March 31, 2023 and 2022 respectively, related to discrete benefits recognized in income tax expense in accordance with ASU No. 2016-09, Compensation - Stock Compensation.

As of March 31, 2023 and December 31, 2022, the Company had 952,074 and 1,324,755 shares, respectively, available for grant under the 2018 Omnibus Incentive Plan.

Stock Options

During the three months ended March 31, 2023 and 2022, there was no stock option activity under the Company's stock-based compensation plans. The number of stock options that were vested and exercisable as of each of March 31, 2023 and December 31, 2022 were 3,093 units.

Share Matching Program

Under the Company's 2018 Omnibus Incentive Plan (the "2018 Plan"), the Company established a share matching program ("SMP") for executive officers and other specified employees. Under the SMP, the Company agreed to issue a number of restricted stock units equal to the number of newly acquired shares of the Company's common stock.

During the three months ended March 31, 2023 and 2022, nil and 52,636, respectively, restricted stock units were issued under the Company's SMP. As of each of March 31, 2023 and December 31, 2022, the number of unvested restricted stock units was 47,623 units.

Restricted Stock Units

Restricted stock unit activity under the Company's stock-based compensation plans is shown below:

	Restricted Stock Units	
	Number	Weighted Average Fair Value
Outstanding as of December 31, 2022*	923,126	\$ 98.71
Granted	217,194	172.80
Vested	(284,174)	87.52
Forfeited	(8,513)	99.41
Outstanding as of March 31, 2023*	847,633	\$ 121.44

* As of March 31, 2023 and December 31, 2022 restricted stock units vested for which the underlying common stock is yet to be issued are 119,908 and 174,490 respectively.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

As of March 31, 2023, unrecognized compensation cost of \$86,957 is expected to be expensed over a weighted average period of 2.9 years.

Performance Based Stock Awards

Under the 2018 Plan, the Company grants performance-based restricted stock units (“RSUs”) to executive officers and other specified employees. During the three months ended March 31, 2023, the Company granted 40% of each award recipient’s equity grants in the form of RSUs that cliff vest at the end of a three-year period based on an aggregated revenue target for a three-year period (“PU”). The remaining 60% of each award recipient’s equity grants are RSUs that are based on market conditions, contingent on the Company’s meeting a total shareholder return relative to a group of peer companies specified under the 2018 Plan, and are measured over a three-year performance period (“MU”).

RSU activity under the Company’s stock plans is shown below:

	Revenue Based RSUs		Market Condition Based RSUs	
	Number	Weighted Average Fair Value	Number	Weighted Average Fair Value
Outstanding as of December 31, 2022	49,591	\$ 119.99	178,712	\$ 134.72
Granted	43,868	172.82	65,729	223.61
Rescinded	—	—	—	—
Forfeited	(130)	119.98	(194)	155.67
Outstanding as of March 31, 2023	93,329	\$ 144.82	244,247	\$ 158.62

As of March 31, 2023, unrecognized compensation cost of \$43,169 is expected to be expensed over a weighted average period of 2.3 years.

Employee Stock Purchase Plan

On June 21, 2022, at the annual meeting of stockholders of the Company, the Company’s stockholders approved the ExlService Holdings, Inc. 2022 Employee Stock Purchase Plan (the “2022 ESPP”).

The 2022 ESPP allows eligible employees to purchase the Company’s shares of common stock through payroll deductions at a pre-specified discount to the lower of closing price of the Company’s common shares on the date of offering or the last business day of each purchase interval. The dollar amount of shares of common stock that can be purchased under the 2022 ESPP must not exceed 15% of the participating employee’s compensation during the offering period, subject to a cap of \$25 per employee per calendar year. The Company has registered 800,000 shares of common stock to be reserved for issuance over the term of the 2022 ESPP.

The second offering period under the 2022 ESPP commenced on January 1, 2023 with a term of six months.

During the three months ended March 31, 2023, 7,636 common shares were issued under the 2022 ESPP for purchases of common stock made during the first offering period that completed on December 31, 2022. As of March 31, 2023 and December 31, 2022, 792,364 and 800,000 shares, respectively, remain available for future issuance under the 2022 ESPP.

24. Related Party Disclosures

In April 2022, the Company entered into a service contract for providing analytics services to The Vanguard Group Inc., which beneficially owns more than 10% of the Company’s common stock as of March 31, 2023. During the three months ended March 31, 2023, the Company recognized revenues, net of \$951 related to this service contract. The Company had outstanding accounts receivable of \$1,217 and \$856, related to this service contract as of March 31, 2023 and December 31, 2022, respectively.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

25. Commitments and Contingencies**Capital Commitments**

As of March 31, 2023, the Company had committed to spend approximately \$7,500 under agreements to purchase property and equipment. This amount is net of capital advances paid which are recognized in unaudited consolidated balance sheets as “Capital work in progress” under “Property and equipment, net.”

Other Commitments

Certain units of the Company’s Indian subsidiaries were established as 100% Export-Oriented units or under the Software Technology Parks of India or Special Economic Zone scheme promulgated by the Government of India. These units are exempt from customs, central excise duties, and levies on imported and indigenous capital goods, stores, and spares. The Company has undertaken to pay custom duties, service taxes, levies, and liquidated damages payable, if any, in respect of imported and indigenous capital goods, stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. The Company believes, however, that these units have in the past satisfied, and will continue to satisfy, the required conditions.

The Company’s operations centers in the Philippines are registered as qualified Philippines Economic Zone Authority units, which provides the Company fiscal incentives on the import of capital goods and local purchase of services and materials. The Company is required to meet certain requirements to retain the incentives. The Company has complied, and intends to continue compliance, with the requirements to avail itself of the incentives.

Contingencies

The transfer pricing regulations in the countries in which the Company operates require that controlled intercompany transactions be at arm’s-length. Accordingly, the Company determines and documents pricing for controlled intercompany transactions based on an economic analysis as prescribed in the respective regulations. The tax authorities have jurisdiction to review the Company’s transfer pricing. If the Company’s transfer pricing is challenged by the authorities, they could assess additional tax, interest and penalties, thereby impacting the Company’s profitability and cash flows.

The Company is currently involved in transfer pricing and related income tax disputes with Indian tax authorities. The aggregate amount demanded by Indian tax authorities (net of advance payments) as of March 31, 2023 and December 31, 2022 is \$37,072 and \$37,088, respectively. The Company has made payments and/or provided bank guarantees against these demands in the amounts of \$7,316 and \$7,532, as of March 31, 2023 and December 31, 2022, respectively. The Company believes that its positions will more likely than not be sustained upon final examination by the tax authorities, and accordingly has not accrued any liabilities with respect to these matters in its consolidated financial statements.

India’s Value Added Tax (“VAT”) regime ended in June 2017 and was replaced by the current Goods and Service Tax (“GST”) regime. Pursuant to reviewing the Company’s annual VAT filings, the Indian tax authorities raised aggregate VAT tax demands for tax years 2015 and 2017, in the amounts of \$5,563 and \$5,526, as of March 31, 2023 and December 31, 2022, respectively. The GST authorities rejected the Company’s refunds claims in the amounts of \$3,892 and \$3,866 as of March 31, 2023 and December 31, 2022, respectively. The Company has filed appeals against these matters and believes that it is more likely than not that upon final examination its position will be sustained based on its technical merits. Accordingly, no provision was recognized as of March 31, 2023 and December 31, 2022, respectively.

One of the Company’s subsidiaries in India has undergone an assessment with the statutory authority with respect to defined social security contribution plan. Except for some components of the assessment for which the Company has recognized a provision in the financial statements, the Company believes that the amount demanded by such authority is not a meaningful indicator of the potential liabilities of the Company, and that the matter is without merit. The Company is defending against the assessment order and has accordingly instituted an appeal against the order before the relevant tribunal while also making a payment under protest of the amount demanded, being a prerequisite for the appeal to be admitted. As of the reporting date, the Company’s management does not believe that the ultimate assessment will have a material adverse effect on the Company’s consolidated financial condition, results of operations or cash flows. The Company will continue to monitor and evaluate its position based on future events and developments in this matter.

In August 2019 and September 2020, the Indian Parliament passed various consolidating labor codes, including the Code on Social Security, 2020 (the “Indian Social Security Code”) which aims to rationalize labor laws. The Indian Social Security

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2023

(In thousands, except per share amount and share count)

Code has implications on defined social security contribution plans, provision of certain benefits or facilities to employees at employer's costs and post-retirement benefits. Most specifically, it broadens the definition of an employee and wages and liberalizes the definition of "continuous period" for the purpose of determining employee benefits, among others. However, the rules for the Indian Social Security Code are yet to be published and the effective date from which these changes are applicable is yet to be notified. The Company will complete its evaluation once the subject rules are notified and will give appropriate impact in the financial statements in the period in which, the Indian Social Security Code becomes effective and the related rules to determine the financial impact are published.

From time to time, the Company, its subsidiaries, and/or their present officers or directors, may be or have been, named as a defendant in litigation matters, including employment-related claims. The plaintiffs in those cases seek damages, including, where applicable, compensatory damages, punitive damages and attorney's fees. With respect to pending litigation matters as of the reporting date, the Company believes that the damages claimed are without merit, and the Company intends to vigorously defend them. The Company will continuously monitor developments on these matters to assess potential impacts to the financial statements.

The outcomes of legal actions are unpredictable and subject to significant uncertainties, and thus it is inherently difficult to determine the likelihood of the Company incurring a material loss or quantification of any such loss. With respect to pending litigation matters as of the reporting date, based on information currently available, including the Company's assessment of the facts underlying each matter and advice of counsel, the amount or range of reasonably possible losses, if any, cannot be reasonably estimated. Based on the Company's assessment, including the availability of insurance recoveries, the Company's management does not believe that currently pending litigation, individually or in aggregate, will have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows. The Company will continuously monitor these matters to assess potential impacts to the financial statements.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in connection with our unaudited consolidated financial statements and the related notes included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. Some of the statements in the following discussion are forward looking statements.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. You should not place undue reliance on these statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These statements often include words such as “may,” “will,” “should,” “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate” or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this Quarterly Report on Form 10-Q, you should understand that these statements are not guarantees of performance or results. They involve known and unknown risks, uncertainties and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. These factors include but are not limited to:

- our ability to maintain and grow client demand for our services and solutions, including anticipating and incorporating the latest technology into our offerings;
- impact on client demand by the selling cycle and terms of our client contracts;
- fluctuations in our earnings;
- our ability to hire and retain enough sufficiently trained employees to support our operations or any changes in the senior management team;
- our ability to accurately estimate and/or manage costs;
- our ability to adjust our pricing terms or effectively manage our asset utilization levels to meet the changing demands of our clients and potential clients;
- cyber security incidents, data breaches, or other unauthorized disclosure of sensitive or confidential client and employee data;
- reliance on third parties to deliver services and infrastructure for client critical services;
- employee wage increases;
- failure to protect our intellectual property;
- our dependence on a limited number of clients in a limited number of industries and our ability to withstand the loss of a significant client;
- our ability to grow our business or effectively manage growth and international operations;
- our ability to successfully consummate or integrate strategic acquisitions including the impact from the impairment of goodwill and other intangible assets, if any;
- our ability to adhere to regulations or accreditation or licensing standards that govern our business;
- increasing competition in our industry;
- telecommunications or technology disruptions or breaches, natural or other disasters, medical epidemics or pandemics, such as COVID-19, or acts of violence or war;
- operational and information security failures arising as a result of remote work solutions adopted due to COVID-19;
- legal liability arising out of customer and third party contracts;

- adverse outcome of our disputes with the tax authorities in the geographies where we operate;
- the introduction of new or unfavorable tax legislation;
- changes in tax laws or decisions regarding repatriation of funds held abroad;
- exposure to currency exchange rate fluctuations in the various currencies in which we do business including the potential effects of Russian-Ukraine conflict, rising inflation, high interest rates and economic recessionary trends on currency exchange rates;
- restrictions on immigration;
- ability to service debt or obtain additional financing on favorable terms. Inception of interest rate swaps to hedge interest rate risk;
- negative public reaction in the U.S. or elsewhere to offshore outsourcing;
- effects of political and economic conditions globally, particularly in the geographies where we operate;
- ability to make accurate estimates and assumptions in connection with the preparation of our consolidated financial statements;
- regulatory, legislative and judicial developments, including changes to or the withdrawal of governmental fiscal incentives;
- credit risk fluctuations in the market values of our investment and derivatives portfolios; and
- our ability to meet our environmental, social and governance-related goals and targets;

These and other factors are more fully discussed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. These and other risks could cause actual results to differ materially from those implied by forward-looking statements in this Quarterly Report on Form 10-Q.

The forward-looking statements made by us in this Quarterly Report on Form 10-Q, or elsewhere, speak only as of the date on which they were made. New risks and uncertainties may occur from time to time, and it is impossible for us to predict those events or how they may affect us. We have no obligation to update any forward-looking statements in this Quarterly Report on Form 10-Q after the date of this Quarterly Report on Form 10-Q, except as required by federal securities laws.

Executive Overview

We are a leading data analytics and digital operations and solutions company that partners with clients to improve business outcomes and unlock growth. By bringing together deep domain expertise with robust data, powerful analytics, cloud, AI and ML, we create agile, scalable solutions and execute complex operations for the world's leading corporations in industries including insurance, healthcare, banking and financial services, media, and retail, among others.

We deliver data analytics and digital operations and solutions to our clients, driving enterprise-scale business transformation initiatives that leverage our deep expertise in advanced analytics, AI, ML and cloud. We manage and report financial information through our four strategic business units: Insurance, Healthcare, Analytics and Emerging Business, which reflects how management reviews financial information and makes operating decisions.

Our reportable segments are as follows:

- Insurance,
- Healthcare,
- Analytics, and
- Emerging Business

Our global delivery network, which includes highly trained industry and process specialists across the United States, Latin America, South Africa, Europe and Asia (primarily India and the Philippines), is a key asset. We have operations centers in India, the United States, the United Kingdom, the Republic of Ireland, the Philippines, Bulgaria, Colombia, South Africa, Romania and the Czech Republic.

Revenues

For the three months ended March 31, 2023, we generated revenues of \$400.6 million compared to revenues of \$329.2 million for the three months ended March 31, 2022, an increase of \$71.4 million, or 21.7%.

We serve clients mainly in the United States and the United Kingdom, with these two regions generating 84.6% and 10.4%, respectively, of our total revenues for the three months ended March 31, 2023 and 85.8% and 10.0%, respectively, of our revenues for the three months ended March 31, 2022.

For the three months ended March 31, 2023 and 2022, our total revenues from our top ten clients accounted for 34.8% and 36.2% of our total revenues, respectively. Although we continue to develop relationships with new clients to diversify our client base, we believe that the loss of any of our top ten clients could have a material adverse effect on our financial performance.

Our Business

We provide data analytics and digital operations and solutions to our clients. We market our services to our existing and prospective clients through our sales and client management teams, which are aligned by key industry verticals and cross-industry domains such as finance and accounting. Our sales and client management teams operate primarily from the United States, Europe and Australia.

Digital Operations and Solutions: We provide our clients with a range of digital operations and solutions from our Insurance, Healthcare and Emerging Business strategic business units, which are focused on solving complex industry challenges such as the insurance claims life cycle, financial transactions processing and provider and member experiences. This typically involves the use of agile delivery models to implement digital technologies and interventions like hyper-automation, customer experience transformation, advanced automation, robotics, enterprise architecture, end-to-end business function management and transformations. We either administer and manage these functions on an ongoing basis via longer-term arrangements or project work. For a portion of our digital operations and solutions, we hire and train employees to work at our operations centers on the relevant business operations, implement a process migration to these operations centers and then provide services either to the client or directly to the client's customers. Each client contract has different terms based on the scope, deliverables and complexity of the engagement. We also provide consulting services related to digital operations and solutions that include industry-specific digital transformational services as well as cross-industry finance and accounting services as part of the Emerging Business strategic business unit.

We provide our services under contracts with our clients, which typically have terms of three or more years, with some being contracts with no end dates. These contracts provide us with a relatively predictable revenue base for a substantial portion of our digital operations and solutions business. However, our clients can typically terminate these contracts with or without cause and with short notice periods. We have a long selling cycle for our services and the budget and approval processes of prospective clients make it difficult to predict the timing of entering into definitive agreements with new clients. Similarly, new license sales and implementation projects for our technology service platforms and other software-based services have a long selling cycle, however ongoing annual maintenance and support contracts for existing arrangements provide us with a relatively predictable revenue base.

We charge for our services using various pricing models like time-and-material pricing, full-time-equivalent pricing, transaction-based pricing, outcome-based pricing, subscription-based pricing and other alternative pricing models. Outcome-based pricing arrangements are examples of non-linear pricing models where clients link revenues from platforms and solutions and the services we provide to usage or savings rather than the efforts deployed to provide these services. We continue to observe a shift in the industry pricing models toward transaction-based pricing, outcome-based pricing and other alternative pricing models. We believe this trend will continue and we use such alternative pricing models with some of our current clients and are seeking to move certain other clients from a full-time-equivalent pricing model to a transaction-based or other alternative pricing model. These alternative pricing models place the focus on operating efficiency in order to maintain or improve our gross margins.

We have also observed that prospective larger clients are entering into multi-vendor relationships with regard to their digital operations and solutions needs to seek more favorable contract terms and diversification of the risk of concentration on a few vendors. We believe that the trend toward multi-vendor relationships will continue. A multi-vendor relationship allows a client to seek more favorable pricing and other contract terms from each vendor, which can result in significantly reduced gross margins from the provision of services to such client for each vendor. To the extent our large clients expand their use of multi-vendor relationships and are able to extract more favorable contract terms from other vendors, our gross margins and revenues may be reduced with regard to such clients if we are required to modify the terms of our relationships with such clients to meet competition.

Analytics: Our analytics services aim to drive better business outcomes for our clients by unlocking deep insights from data and creating data-led solutions across all parts of our clients' business. We provide care optimization and reimbursement optimization services, for our clients through our healthcare analytics solutions and services. We also offer integrated solutions to help our clients in cost containment by leveraging technology platforms, customizable and configurable analytics and expertise in healthcare reimbursements to help clients enhance their claim payment accuracy. Our Analytics teams deliver predictive and prescriptive analytics in the areas of customer acquisition and life cycle management, risk underwriting and pricing, operational effectiveness, credit and operational risk monitoring and governance, regulatory reporting and data management. We enhance, modernize and enrich structured and unstructured data and use a spectrum of advanced analytical tools and techniques, including our in-house AI and ML capabilities and proprietary solutions to create insights, improve decision making for our clients and address a range of complex industry-wide priorities. Our acquisition of Clairvoyant AI, Inc. in December 2021 strengthened our data analytics capabilities with additional expertise in data and product engineering, cloud enablement and managed services, further supporting our clients in the insurance, healthcare, banking and financial services and retail industries. We actively cross-sell and, where appropriate, integrate our analytics services with other digital operations and solutions as part of a comprehensive offering for our clients. Our projects-based analytics services are cyclical and can be significantly affected by variations in business cycles. In addition, our projects-based analytics services are documented in contracts with terms generally not exceeding one year and may not produce ongoing or recurring business for us once the project is completed. These contracts also usually contain provisions permitting termination of the contract after a short notice period. The short-term nature and specificity of these projects could lead to fluctuations and uncertainties in the revenues generated from providing analytics services.

We anticipate that revenues from our analytics services will grow as we expand our service offerings and client base, both organically and through acquisitions.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates during the three months ended March 31, 2023, as compared to the critical accounting policies and estimates referred in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under "Critical Accounting Policies and Estimates" and Note 2 - Summary of Significant Accounting Policies to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Results of Operations

The following table summarizes our results of operations:

	Three months ended March 31,	
	2023	2022
	(dollars in millions)	
Revenues, net	\$ 400.6	\$ 329.2
Cost of revenues ⁽¹⁾	251.5	207.5
Gross profit⁽¹⁾	149.1	121.7
Operating expenses:		
General and administrative expenses	46.7	39.9
Selling and marketing expenses	29.5	24.2
Depreciation and amortization expense	13.5	13.6
Total operating expenses	89.7	77.7
Income from operations	59.4	44.0
Foreign exchange gain, net	0.1	1.8
Interest expense	(3.4)	(0.9)
Other income, net	3.2	2.4
Income before income tax expense and earnings from equity affiliates	59.3	47.3
Income tax expense	8.1	11.2
Income before earnings from equity affiliates	51.2	36.1
Gain from equity-method investment	0.1	0.1
Net income attributable to ExlService Holdings, Inc. stockholders	\$ 51.3	\$ 36.2

(1) Exclusive of depreciation and amortization expense.

Due to rounding, the numbers presented in the tables included in this Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations" may not add up precisely to the totals provided.

Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022**Revenues.**

The following table summarizes our revenues by reportable segments:

	Three months ended March 31,		Change	Percentage change
	2023	2022		
	(dollars in millions)			
Insurance	\$ 125.9	\$ 103.3	\$ 22.6	22.0 %
Healthcare	26.7	26.2	0.5	2.1 %
Emerging Business	66.2	50.7	15.5	30.4 %
Analytics	181.8	149.0	32.8	22.0 %
Total revenues, net	\$ 400.6	\$ 329.2	\$ 71.4	21.7 %

Revenues for the three months ended March 31, 2023 were \$400.6 million, up \$71.4 million, or 21.7%, compared to the three months ended March 31, 2022, driven primarily by revenue growth from our new and existing clients in the Analytics, Emerging Business and Insurance reportable segments.

Revenue growth in Insurance of \$22.6 million was primarily driven by expansion of business from our new and existing clients of \$24.0 million. This was partially offset by a loss of \$1.4 million mainly attributable to the depreciation of the Australian dollar, the Indian rupee and the U.K. pound sterling against the U.S. dollar during the three months ended March 31, 2023, compared to the three months ended March 31, 2022. Insurance revenues were 31.4% of our total revenues during each of the three months ended March 31, 2023 and 2022.

Revenue growth in Healthcare of \$0.5 million was primarily driven by expansion of business from our existing clients, partially offset by the ramp-downs during the three months ended March 31, 2023. Healthcare revenues were 6.7% and 7.9% of our total revenues during the three months ended March 31, 2023 and 2022, respectively.

Revenue growth in Emerging Business of \$15.5 million was primarily driven by expansion of business from our new clients and existing clients of \$17.3 million. This was partially offset by a loss of \$1.8 million mainly attributable to the depreciation of the U.K. pound sterling and the Indian rupee against the U.S. dollar during the three months ended March 31, 2023, compared to the three months ended March 31, 2022. Emerging Business revenues were 16.5% and 15.4% of our total revenues during the three months ended March 31, 2023 and 2022, respectively.

Revenue growth in Analytics of \$32.8 million was primarily driven by higher volumes in our annuity and project based engagements from our new and existing clients of \$33.8 million. This was partially offset by a loss of \$1.0 million mainly attributable to the depreciation of the U.K. pound sterling against the U.S. dollar during the three months ended March 31, 2023, compared to the three months ended March 31, 2022. Analytics revenues were 45.4% and 45.3% of our total revenues during the three months ended March 31, 2023 and 2022, respectively.

Cost of Revenues and Gross Margin: The following table sets forth cost of revenues and gross margin of our reportable segments.

	Cost of Revenues				Gross Margin		
	Three months ended March 31,		Change	Percentage change	Three months ended March 31,		Change
	2023	2022			2023	2022	
	(dollars in millions)						
Insurance	\$ 82.3	\$ 65.1	\$ 17.2	26.5 %	34.6 %	37.0 %	(2.4)%
Healthcare	18.8	17.6	1.2	6.6 %	29.6 %	32.5 %	(2.9)%
Emerging Business	36.0	29.2	6.8	23.1 %	45.6 %	42.4 %	3.2 %
Analytics	114.4	95.6	18.8	19.7 %	37.1 %	35.9 %	1.2 %
Total	\$ 251.5	\$ 207.5	\$ 44.0	21.2 %	37.2 %	37.0 %	0.2 %

For the three months ended March 31, 2023, cost of revenues was \$251.5 million compared to \$207.5 million for the three months ended March 31, 2022, an increase of \$44.0 million, or 21.2%. Our gross margin for the three months ended March 31, 2023 was 37.2% compared to 37.0% for the three months ended March 31, 2022, an increase of 20 basis points (“bps”) primarily driven by higher revenues and expansion in margin in certain existing clients during the three months ended March 31, 2023, compared to the three months ended March 31, 2022.

The increase in cost of revenues in Insurance of \$17.2 million for the three months ended March 31, 2023 was primarily due to increases in employee-related costs of \$16.9 million on account of higher headcount and wage inflation, and higher technology costs of \$2.9 million on account of increased use of the hybrid and remote working models, partially offset by foreign exchange gain, net of hedging of \$2.6 million. Gross margin in Insurance decreased by 240 bps during the three months ended March 31, 2023, compared to the three months ended March 31, 2022, primarily due to lower margins associated with higher costs during ramp-ups in certain existing and new clients during the three months ended March 31, 2023, compared to the three months ended March 31, 2022.

The increase in cost of revenues in Healthcare of \$1.2 million for the three months ended March 31, 2023 was primarily due to increases in employee-related costs of \$1.8 million on account of higher headcount and wage inflation, partially offset by foreign exchange gain, net of hedging of \$0.6 million. Gross margin in Healthcare decreased by 290 bps during the three months ended March 31, 2023, compared to the three months ended March 31, 2022, primarily due to lower revenues associated with the ramp-down of certain existing clients and higher other operating costs, partially offset by foreign exchange gain, net of hedging during the three months ended March 31, 2023, compared to the three months ended March 31, 2022.

The increase in cost of revenues in Emerging Business of \$6.8 million for the three months ended March 31, 2023 was primarily due to increases in employee-related costs of \$7.2 million on account of higher headcount and wage inflation, higher technology costs of \$0.8 million on account of increased use of the hybrid and remote working models and higher other operating costs of \$0.5 million, partially offset by foreign exchange gain, net of hedging of \$1.7 million. Gross margin in Emerging Business increased by 320 bps during the three months ended March 31, 2023, compared to the three months ended March 31, 2022, primarily due to higher revenues and operational efficiencies during the three months ended March 31, 2023, compared to the three months ended March 31, 2022.

The increase in cost of revenues in Analytics of \$18.8 million for the three months ended March 31, 2023 was primarily due to increases in employee-related costs of \$20.9 million on account of higher headcount and wage inflation and higher other operating costs of \$0.9 million, partially offset by foreign exchange gain, net of hedging of \$3.0 million. Gross margin in Analytics increased by 120 bps during the three months ended March 31, 2023, compared to the three months ended March 31, 2022, primarily due to higher revenues during the three months ended March 31, 2023, compared to the three months ended March 31, 2022.

Selling, General and Administrative (“SG&A”) Expenses.

	Three months ended March 31,		Change	Percentage change
	2023	2022		
	(dollars in millions)			
General and administrative expenses	\$ 46.7	\$ 39.9	\$ 6.8	17.0 %
Selling and marketing expenses	29.5	24.2	5.3	22.0 %
Selling, general and administrative expenses	<u>\$ 76.2</u>	<u>\$ 64.1</u>	<u>\$ 12.1</u>	<u>18.9 %</u>
As a percentage of revenues	19.0 %	19.5 %		

The increase in SG&A expenses of \$12.1 million was primarily due to higher employee-related costs of \$11.1 million on account of higher headcount and wage inflation, increase in travel costs of \$1.2 million and higher other operating costs of \$1.2 million. This was partially offset by foreign exchange gain, net of hedging of \$1.4 million, during the three months ended March 31, 2023, compared to the three months ended March 31, 2022.

Depreciation and Amortization.

	Three months ended March 31,		Change	Percentage change
	2023	2022		
	(dollars in millions)			
Depreciation expense	\$ 9.3	\$ 9.1	\$ 0.2	2.4 %
Intangible amortization expense	4.2	4.5	(0.3)	(7.5)%
Depreciation and amortization expense	<u>\$ 13.5</u>	<u>\$ 13.6</u>	<u>\$ (0.1)</u>	<u>(0.8)%</u>
As a percentage of revenues	3.4 %	4.1 %		

The increase in depreciation expense of \$0.2 million was primarily due to depreciation of \$0.6 million related to our investments in digital capabilities, computers and networking equipment, partially offset by foreign exchange gain, net of hedging of \$0.4 million during the three months ended March 31, 2023, compared to the three months ended March 31, 2022. The decrease in intangibles amortization expense of \$0.3 million during the three months ended March 31, 2023, compared to the three months ended March 31, 2022, was primarily due to end of useful lives for certain intangible assets.

Income from Operations. Income from operations increased by \$15.4 million, or 35.2%, from \$44.0 million for the three months ended March 31, 2022 to \$59.4 million for the three months ended March 31, 2023, primarily due to higher revenues, partially offset by higher cost of revenues and higher SG&A expenses during the three months ended March 31, 2023. As a percentage of revenues, income from operations increased from 13.4% for the three months ended March 31, 2022 to 14.8% for the three months ended March 31, 2023.

Foreign Exchange Gain, net. Foreign exchange gains and losses are primarily attributable to the movement of the U.S. dollar against the Indian rupee, the Philippine peso, the U.K. pound sterling and the South African ZAR during the three months ended March 31, 2023, compared to the three months ended March 31, 2022. The average exchange rate of the U.S. dollar against the Indian rupee increased from 75.25 during the three months ended March 31, 2022 to 82.25 during the three months ended March 31, 2023. The average exchange rate of the U.S. dollar against the Philippine peso increased from 51.32 during the three months ended March 31, 2022 to 54.78 during the three months ended March 31, 2023. The average exchange rate of the U.K. pound sterling against the U.S. dollar decreased from 1.33 during the three months ended March 31, 2022 to 1.23 during the three months ended March 31, 2023. The average exchange rate of the U.S. dollar against the South African ZAR increased from 15.15 during the three months ended March 31, 2022 to 17.90 during the three months ended March 31, 2023.

We recorded a foreign exchange gain, net of \$0.1 million for the three months ended March 31, 2023 compared to a foreign exchange gain, net of \$1.8 million for the three months ended March 31, 2022.

Interest expense. Interest expense increased from \$0.9 million for the three months ended March 31, 2022 to \$3.4 million for the three months ended March 31, 2023, primarily due to a higher effective interest rate of 5.9% during the three months ended March 31, 2023, compared to 1.3% during the three months ended March 31, 2022, partially offset by a lower average outstanding balance under our revolving credit facility during the three months ended March 31, 2023, compared to the three months ended March 31, 2022.

Other Income, net.

	Three months ended March 31,		Change	Percentage change
	2023	2022		
	(dollars in millions)			
Gain on sale and mark-to-market on investments	\$ 1.7	\$ 1.2	\$ 0.5	33.0 %
Interest and dividend income	1.7	1.4	0.3	25.6 %
Others, net	(0.2)	(0.2)	—	— %
Other income, net	<u>\$ 3.2</u>	<u>\$ 2.4</u>	<u>\$ 0.8</u>	<u>30.9 %</u>

Other income, net increased by \$0.8 million, from \$2.4 million for the three months ended March 31, 2022 to \$3.2 million for the three months ended March 31, 2023. The increase is primarily due to higher return on mutual fund investments of \$0.5 million and higher interest income on our short-term and long-term investments of \$0.9 million during the three months ended March 31, 2023, compared to the three months ended March 31, 2022. This was partially offset by interest on income tax refunds of \$0.7 million received during the three months ended March 31, 2022.

Income Tax Expense. The effective tax rate decreased from 23.7% during the three months ended March 31, 2022 to 13.6% during the three months ended March 31, 2023. We recorded income tax expense of \$8.1 million and \$11.2 million for the three months ended March 31, 2023 and 2022, respectively. The decrease in income tax expense was primarily as a result of higher excess tax benefits related to stock-based compensation during the three months ended March 31, 2023, compared to the three months ended March 31, 2022, partially offset by an increase in income tax expense on higher profit and an increase in non-deductible expense during the three months ended March 31, 2023.

Net Income. Net income increased from \$36.2 million for the three months ended March 31, 2022 to \$51.3 million for the three months ended March 31, 2023, primarily due to an increase in income from operations of \$15.4 million, lower income tax expense of \$3.1 million and higher other income, net of \$0.8 million, partially offset by higher interest expense of \$2.5 million and lower foreign exchange gain, net of \$1.7 million. As a percentage of revenues, net income increased from 11.0% during the three months ended March 31, 2022 to 12.8% during the three months ended March 31, 2023.

Liquidity and Capital Resources

	Three months ended March 31,	
	2023	2022
	(dollars in millions)	
Opening cash, cash equivalents and restricted cash	\$ 125.6	\$ 143.8
Net cash provided by/(used for) operating activities	16.0	(26.9)
Net cash provided by/(used for) investing activities	43.3	(4.7)
Net cash (used for)/provided by financing activities	(91.3)	3.6
Effect of exchange rate changes	1.4	(0.8)
Closing cash, cash equivalents and restricted cash	\$ 95.0	\$ 115.0

As of March 31, 2023 and 2022, we had \$203.8 million and \$269.9 million, respectively, in cash, cash equivalents and short-term investments, of which \$177.5 million and \$233.3 million, respectively, is located in foreign jurisdictions that upon distribution may be subject to withholding and other taxes. We periodically evaluate opportunities to distribute cash among our group entities to fund our operations, expand our business and make strategic acquisitions in the United States and other geographies, and as and when we decide to distribute, we may have to accrue additional taxes in accordance with local tax laws, rules and regulations in the relevant foreign jurisdictions. During the three months ended March 31, 2023, our subsidiaries in India, U.K. and Australia repatriated \$76.0 million (net of \$4.0 million withholding taxes), \$15.6 million and \$9.1 million, respectively, to the United States. These distributions do not constitute a change in our permanent reinvestment assertion.

Operating Activities:

Net cash provided by operating activities was \$16.0 million during the three months ended March 31, 2023 compared to net cash used for operating activities of \$26.9 million during the three months ended March 31, 2022, reflecting higher cash earnings and efficiencies in management of working capital. The major drivers contributing to the increase of \$42.9 million year-over-year included the following:

- Increase in cash earnings including adjustments for non-cash and other items contributed higher cash flow of \$22.8 million during the three months ended March 31, 2023 compared to the three months ended March 31, 2022. These adjustments comprise of deferred tax effects, depreciation and amortization of long-lived assets and intangibles acquired in business combinations, share-based employee compensation, unrealized foreign currency exchange gain/(loss), unrealized gain/(loss) on investments, among others.
- Changes in accounts receivable, including unbilled receivable and deferred revenue, contributed to a higher cash flow of \$13.5 million during the three months ended March 31, 2023 compared to the three months ended March 31, 2022. Changes in accounts receivable was driven by revenue growth. Days sales outstanding was 65 days as of March 31, 2023 compared to 64 days as of March 31, 2022.
- Decrease in employee-related and other payments, partially offset by increase in other current assets contributed to a higher cash flow of \$6.4 million during the three months ended March 31, 2023 compared to the three months ended March 31, 2022.

Investing Activities: Cash provided by investing activities were \$43.3 million for the three months ended March 31, 2023 as compared to cash used for investing activities of \$4.7 million for the three months ended March 31, 2022. The increase of \$48.0 million was primarily due to higher net redemption of investments of \$55.3 million during the three months ended March 31, 2023 as compared to net redemption of investments of \$12.7 million during the three months ended March 31, 2022, lower cash paid for purchase of long-lived assets, including investments in infrastructure, technology assets, software and product developments of \$4.1 million during the three months ended March 31, 2023 compared to the three months ended March 31, 2022, and payment of a portion of purchase consideration for our business acquisition of \$1.4 million, during the three months ended March 31, 2022.

Financing Activities: Cash used for financing activities were \$91.3 million during the three months ended March 31, 2023 as compared to cash provided by financing activities of \$3.6 million during the three months ended March 31, 2022. The decrease of \$94.9 million was primarily due to net repayment of \$50.0 million under our revolving credit facility during the three months ended March 31, 2023 as compared to net proceeds of \$35.0 million during the three months ended March 31, 2022 and higher purchases of treasury stock of \$11.0 million under our share repurchase program during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022.

We expect to use cash from operating activities to maintain and expand our business by making investments, primarily related to building new digital capabilities and purchase telecommunications equipment and computer hardware and software in connection with managing client operations.

We incurred \$12.5 million of capital expenditures during the three months ended March 31, 2023. We expect to incur total capital expenditures of between \$47.0 million to \$52.0 million in 2023, primarily to meet our growth requirements, including additions to our facilities as well as investments in technology applications, product development, digital technology, advanced automation, robotics and infrastructure.

In connection with any tax assessment orders that have been issued, or may be issued against us or our subsidiaries, we may be required to deposit additional amounts with the relevant authorities with respect to such assessment orders (see Note 25 - Commitments and Contingencies to our unaudited consolidated financial statements herein for further details).

We believe that our existing cash, cash equivalents and short-term investments and sources of liquidity will be sufficient to satisfy our cash requirements over the next 12 months. Our future cash requirements will depend on many factors, including our rate of revenue growth, our investments in strategic initiatives, applications or technologies, operation centers and acquisition of complementary businesses, continued purchases under our board-authorized stock repurchase program, which may require the use of significant cash resources and/or additional financing. We anticipate that we will continue to rely upon cash from operating activities to finance most of our above mentioned requirements, although if we have significant growth through acquisitions, we may need to obtain additional financing.

We maintain deposits in federally insured financial institutions in excess of federally insured limits, however these deposits are diversified with no significant concentration with a particular financial institution. While we have not experienced any losses while operating with such financial institutions, the recent failure of Silicon Valley Bank and Signature Bank may expose us in general to credit risk in the event of any potential default by the financial institutions holding our cash and cash equivalents to the extent recorded in the unaudited consolidated balance sheets.

In the ordinary course of business, we enter into contracts and commitments that obligate us to make payments in the future. These obligations include borrowings, including interest obligations, purchase commitments, operating and finance lease commitments, employee benefit payments under gratuity plans and uncertain tax positions. See Note 18- Borrowings, Note 21- Leases and Note 25- Commitments and Contingencies to our unaudited consolidated financial statements herein for further information on material cash requirements from known contractual and other obligations.

In the ordinary course of business, we provide standby letters of credit to third parties primarily for facility leases. As of March 31, 2023 and December 31, 2022, we had outstanding letters of credit of \$0.5 million, each, that were not recognized in our consolidated balance sheets. These are unlikely to have, a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. We had no other off-balance sheet arrangements or obligations.

Financing Arrangements (Debt Facility)

The following table summarizes our debt position:

	As of March 31, 2023	As of December 31, 2022
	(dollars in millions)	
	Revolving credit facility	
Current portion of long-term borrowings	\$ 40.0	\$ 30.0
Long-term borrowings	160.0	220.0
Total borrowings	\$ 200.0	\$ 250.0

Unamortized debt issuance costs for our revolving credit facility of \$1.1 million and \$1.2 million as of March 31, 2023 and December 31, 2022, respectively, are presented under "Other current assets" and "Other assets," as applicable in our consolidated balance sheets.

See Note 18 - Borrowings to our unaudited consolidated financial statements herein for further details.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, see Note 2 - Summary of Significant Accounting Policies - Recent Accounting Pronouncements to our unaudited consolidated financial statements contained herein.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

During the three months ended March 31, 2023, there were no material changes in our market risk exposure. For a discussion of our market risk associated with exchange rate risk and interest rate risk, see Part II, Item 7A “Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports the Company files or submits under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), to allow timely decisions regarding required disclosure. In connection with the preparation of this Quarterly Report on Form 10-Q, the Company’s management carried out an evaluation, under the supervision and with the participation of the CEO and CFO, of the effectiveness and operation of the Company’s disclosure controls and procedures as of March 31, 2023. Based upon that evaluation, the CEO and CFO have concluded that the Company’s disclosure controls and procedures, as of March 31, 2023, were effective.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2023, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

In the course of our normal business activities, various lawsuits, claims and proceedings may be instituted or asserted against us. Although there can be no assurance, we believe that the disposition of matters currently instituted or asserted will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. See Note 25 - Commitments and Contingencies to our unaudited consolidated financial statements contained herein for details regarding our tax proceedings.

ITEM 1A. Risk Factors

We have disclosed under the heading “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, a number of risks which may materially affect our business, financial condition or results of operations. You should carefully consider those risk factors and the other information set forth elsewhere in this Quarterly Report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk facing our Company. Additional risks and uncertainties not currently known to us may also materially adversely affect our business, financial condition and/or results of operations.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales of Equity Securities

None.

Use of Proceeds

None.

Purchases of Equity Securities by the Issuer

During the three months ended March 31, 2023, purchases of common stock were as follows:

Period	Total Number of Shares Purchased⁽¹⁾	Average Price Paid per share⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
January 1, 2023 through January 31, 2023	72,440	\$ 170.20	50,056	\$ 222,955,003
February 1, 2023 through February 28, 2023	53,099	170.75	37,941	\$ 216,479,165
March 1, 2023 through March 31, 2023	133,842	156.65	133,028	\$ 195,645,267
Total	259,381	\$ 163.32	221,025	—

(1) Includes 38,356 shares of our common stock acquired by us at the price of \$170.23 in connection with satisfaction of tax withholding obligations on vested restricted stock. The price paid per share for the restricted stock was the closing price of common stock on the trading day prior to the vesting date of the restricted stock units.

On October 5, 2021, our board of directors authorized a \$300 million common stock repurchase program beginning January 1, 2022 (the “2022 Repurchase Program”).

Under the 2022 Repurchase Program, shares may be purchased by us from time to time from the open market and through private transactions, or otherwise, as determined by our management as market conditions warrant. We have structured open market purchases under the 2022 Repurchase Program to comply with Rule 10b-18 under the Exchange Act. Repurchases may be discontinued at any time by management.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

INDEX TO EXHIBITS

Item 6. Exhibits

The following exhibits are being filed as part of this report or incorporated by reference as indicated therein:

3.1	Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 1-33089) filed on October 25, 2006).
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Annex A to the Company's Definitive Proxy Statement on Schedule 14A (File No. 1-33089) filed on April 26, 2019).
3.3	Fifth Amended and Restated By-laws of the Company (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8 (File No. 1-33089) filed on June 19, 2019).
10.1+	Amendment No. 2 to Second Amended and Restated Employment and Non-Competition Agreement, effective February 16, 2023, between the Company and Rohit Kapoor.
10.2+	Form of Restricted Stock Unit Agreement (applicable to U.S. Executive Officers) under the 2018 Omnibus Incentive Plan.
10.3+	Form of Restricted Stock Unit Agreement (applicable to International Executive Officers) under the 2018 Omnibus Incentive Plan.
10.4+	Form of ExlService Holdings, Inc. Employment Agreement (applicable to Executive Officers).
10.5+	Employment Agreement, effective as of April 18, 2022, between exl Service (India) Private Limited and Vikas Bhalla.
31.1	Certification of the Chief Executive Officer of ExlService Holdings, pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer of ExlService Holdings, pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(b) of the Exchange Act and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document*
101.SCH	Inline XBRL Taxonomy Extension Schema*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase*
101.PRE	Inline XBRL Extension Presentation Linkbase*
<u>104</u>	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

*This exhibit will not be deemed "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. Such exhibit will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

+Indicates management contract or compensatory plan required to be filed as an Exhibit.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 27, 2023

EXLSERVICE HOLDINGS, INC.

By: /S/ MAURIZIO NICOLELLI
MAURIZIO NICOLELLI
Chief Financial Officer
(Duly Authorized Signatory, Principal Financial and Accounting Officer)

AMENDMENT NO. 2 TO SECOND AMENDED AND RESTATED EMPLOYMENT AND NON-COMPETITION AGREEMENT

The Companies and Executive are currently parties to the Second Amended and Restated Employment and Non-Competition Agreement dated as of August 3, 2020, as amended (the “Agreement”; capitalized terms used and not defined herein have the meaning ascribed to them in the Agreement), and wish to enter into this Amendment No. 2 to the Agreement (this “Amendment”).

WHEREAS, Section 6(b) to the Agreement (Tax Planning Assistance) provides the Company shall reimburse Employee for up to \$12,000 per annum for expenses incurred in connection with personal tax and estate planning services;

WHEREAS, Company and Executive wish to amend Section 6(b) to the Agreement so as to increase the annual reimbursement amount; and

WHEREAS, pursuant to Section 12(c) of the Employment Agreement, any modification of the Agreement must be agreed to in a writing signed by Executive and an officer of the Company (other than Executive);

Accordingly, in consideration of the premises and the respective covenants and agreements of the parties set forth below, and intending to be legally bound hereby, the parties agree as follows:

Section 1. Tax Planning Assistance. Section 6(b) to the Agreement is amended and restated in its entirety as follows:

“The Company shall reimburse Executive up to \$30,000 per annum for expenses incurred during the Employment Term in connection with personal tax and estate planning.”

Section 2. No Other Changes. Except as amended by this Amendment, all other terms of the Agreement shall continue to be in full force and effect and are hereby ratified and confirmed.

[Remainder of Page Left Blank Intentionally; Signature Page Follows]

IN WITNESS WHEREOF, the parties to this Amendment have executed this Amendment as of February 16, 2023.
EXLSERVICE HOLDINGS, INC.

By: /s/ Ajay Ayyappan
Name: Ajay Ayyappan
Title: Corporate Secretary

ROHIT KAPOOR

By: /s/ Rohit Kapoor
Name: Rohit Kapoor

EXLSERVICE HOLDINGS, INC.

2018 OMNIBUS INCENTIVE PLAN

[FORM OF] RESTRICTED STOCK UNIT AGREEMENT (U.S.)

THIS RESTRICTED STOCK UNIT AGREEMENT (the “Agreement”), is made, effective as of the [INSERT DATE OF GRANT](hereinafter the “Date of Grant”) by and between ExlService Holdings, Inc. a Delaware corporation (the “Company”), and _____[INSERT PARTICIPANT NAME] _____ (the “Participant”).

WHEREAS, the Company has adopted the ExlService Holdings, Inc. 2018 Omnibus Incentive Plan (the “Plan”), pursuant to which awards of Restricted Stock Units may be granted; and

WHEREAS, the Compensation and Talent Management Committee of the Board of Directors of the Company (the “Committee”) has determined that it is in the best interests of the Company and its stockholders to grant to the Participant an award of Restricted Stock Units as provided herein and subject to the terms set forth herein.

NOW THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Restricted Stock Units. The Company hereby grants on the Date of Grant, to the Participant a total of [●] Restricted Stock Units (the “Award”) on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. Such Restricted Stock Units shall be credited to a separate account maintained for the Participant on the books of the Company (the “Account”). On any given date, the value of each Restricted Stock Unit comprising the Award shall equal the Fair Market Value of one share of Common Stock. The Award shall vest in accordance with Section 3 hereof and settle in accordance with Section 4 hereof.

2. Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and his legal representative in respect of any questions arising under the Plan or this Agreement.

3. Vesting. Except as otherwise provided herein, [●] percent of the Award shall vest based on continued employment with the Company (or its Affiliates) (the “Time-Based RSUs”) and [●] percent of the Award shall vest based on continued employment with the Company and the achievement of specified performance criteria described herein (the “Performance-Based”).

RSUs”). Each day on which a portion of the Award vests in accordance with this Agreement is referred to as a “Vesting Date”.

(a) Time-Based RSUs.

(i) Generally. Subject to the Participant’s continued employment with the Company through each applicable Vesting Date listed in the chart below (the “Vesting Chart”), the Time-Based RSUs shall become vested as follows:

Percent of Time-Based RSUs Vesting	Vesting Date
[●]	[1 st] Grant Anniversary
[●]	[2 nd] Grant Anniversary
[●]	[3 rd] Grant Anniversary
[●]	[4 th] Grant Anniversary

(ii) Change in Control. (A) Notwithstanding the foregoing, in the event that a “Change in Control” (which for purposes of this Agreement shall have the meaning set forth in the Plan as modified by the language at the end of this Section 3) occurs at a time when any portion of the Time-Based RSUs remain unvested, then effective upon the consummation of the Change in Control, the vesting of the portion of the Time-Based RSUs which is not then fully vested shall accelerate such that any portion of the Time-Based RSUs which would have become vested during the one-year period following the Change in Control shall become vested effective as of the consummation of the Change in Control.

(B) In addition: (1) in the event that Participant’s employment by the Company is terminated by the Company without Cause (as defined in the Plan) (x) at any time following a Change in Control or (y) in specific contemplation of a Change in Control or (2) in the event Participant resigns with “Good Reason” (as defined below) at any time following a Change in Control, Participant shall, upon and subject to the execution within sixty (60) days following termination of employment (and non- revocation during any applicable revocation period) of a standard release of all employment-related claims against the Company and its Affiliates and each of their employees, officers and directors, be entitled to immediate vesting as of the termination date of any portion of the Time-Based RSUs which is unvested as of the termination date.

(C) The term “Good Reason” shall have the meaning set forth in any employment, consulting or other agreement between the Company or an Affiliate and the Participant in effect on the date hereof, or, in the absence of such definition therein, the occurrence, without Participant’s prior written consent, of any of the following events:

(1) a substantial reduction of Participant’s duties or responsibilities, or Participant being required to report to any person other than the Board or the Company’s Chief Executive Officer or President; provided that, if there is a Change in Control and Participant retains a similar title and similar duties with the Company or any entity that acquires the Company (or any affiliate or subsidiary of such entity) following such Change in Control, any change in Participant’s title shall not constitute a significant reduction of Participant’s duties and authorities hereunder;

(2) Participant's job title is adversely changed, provided that if there is a Change in Control and Participant retains a similar title and similar duties with the Company or any entity that acquires the Company (or any affiliate or subsidiary of such entity) following such Change in Control, any change in Participant's title shall not constitute a significant reduction of Participant's duties and authorities hereunder;

(3) following a Change in Control, a change in the office or location where Participant is based of more than thirty (30) miles, which new location is more than thirty (30) miles from Participant's primary residence; or

(4) following a Change in Control, a breach by the Company of any material term of any employment, consulting, or similar agreement between the Company and Participant;

provided that, a termination by Participant with Good Reason shall be effective only if, within thirty (30) days following Participant's first becoming aware of the circumstances giving rise to Good Reason, Participant delivers a "notice of termination" for Good Reason to the Company, and the Company within fifteen (15) days following its receipt of such notification has failed to cure the circumstances giving rise to Good Reason.

(iii) Death. Notwithstanding the foregoing, in the event that Participant's employment with the Company is terminated due to Participant's death at a time when any portion of the Time-Based RSUs remain unvested, the portion of the Time-Based RSUs which is unvested shall become immediately vested effective as of the date of Participant's death.

(iv) Retirement. Notwithstanding the foregoing, and assuming that such Time-Based RSUs have been outstanding for at least six (6) months from the Grant Date, in the event that Participant's employment with the Company is terminated, other than by Company for Cause (as defined in the Plan),

(1) after having attained age sixty (60) with at least ten (10) years of service with the Company (or its Affiliates) at a time when any portion of the Time-Based RSUs remain unvested, then one-hundred percent (100%) of that portion of the Participant's Time-Based RSUs (and only that portion) that is scheduled to vest within the next twelve (12) months shall become immediately vested as of the date the Participant terminates employment, and any remaining unvested Time-Based RSUs shall be immediately forfeited; and

(2) after having attained age sixty (60) with at least five (5) years and less than ten (10) years of service with the Company (or its Affiliates) at a time when any portion of the Time-Based RSUs remain unvested, then the applicable percentage of the Participant's Time-Based RSUs (and only that portion) that is scheduled to vest within the next twelve (12) months, as described below (the "Prorated Percentage"), shall become immediately vested as of the date the Participant terminates employment, and any remaining unvested Time-Based RSUs shall be immediately forfeited.

Completed Years of Service: At least	Prorated Percentage
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Five (5) years	50%
Six (6) years	60%
Seven (7) years	70%
Eight (8) years	80%
Nine (9) years	90%

For purposes of this Section 3(a)(iv), years of service with the Company (or its Affiliates) does not include tenure at any organization acquired by the Company (or its Affiliates) prior to the closing date of such acquisition.

Any Time-Based RSUs shall be settled in accordance with Section 4 of this Agreement.

(b) Performance-Based RSUs.

(i) Generally. Except as otherwise provided herein, [●] percent of the Performance-Based RSUs shall cliff vest on [●], based on continuous service with the Company through such Vesting Date and the achievement of Company revenues against the aggregate revenue target as set forth on Exhibit A (the “Revenue-Based RSUs”); and [●] of the Performance-Based RSUs shall cliff vest on [●], based on continuous service with the Company through such Vesting Date and the achievement of relative total stockholder return (“TSR”) performance of the Company against the Peer Group (as defined on Exhibit B) over the period from [●] through [●] (the “TSR Performance Period”) as set forth on Exhibit B (the “TSR-Based RSUs”).

(ii) Change in Control. Notwithstanding the foregoing:

(A) Revenue-Based RSUs. In the event that a Change in Control occurs before [●], one hundred percent (100%) of the Revenue-Based RSUs will be deemed earned as of the date of the Change in Control. For the avoidance of doubt, in such event, the Participant will be unable to earn any additional Revenue-Based RSUs.

(B) TSR-Based RSUs. In the event that a Change in Control occurs on or before the first anniversary of the Date of Grant, one hundred percent (100%) of the TSR-Based RSUs will be deemed earned as of the date of the Change in Control. For the avoidance of doubt, in such event, the Participant will be unable to earn any additional TSR-Based RSUs. In the event that a Change in Control occurs after the first anniversary of the Date of Grant, then (i) the TSR Performance Period shall be deemed to end on the date of the Change in Control, and the Committee shall determine the TSR of the Company and the Peer Group (as defined in Exhibit B) as of such date, and shall determine the number of TSR-Based RSUs earned by the Participant; and (ii) for purposes of determination of the Company’s TSR for the TSR Performance Period, the Company’s stock price shall be equal to the consideration paid per share of the Company’s common stock in the Change in Control transaction, as determined by the Committee (and shall not be equal to the 30-day average of the Company’s stock price on the last day of the TSR Performance Period, as set forth in Exhibit B).

(C) The Performance-Based RSUs deemed earned in accordance with the foregoing provisions of this Section 3(b)(ii) will be treated as immediately vested in accordance with the schedule set forth in the special Change in Control vesting chart below (the “Special CIC Vesting Chart”) as well as additional vesting based on the methodology set forth in Section 3(a)(ii), subject to the Participant’s continuous employment with the Company or an Affiliate through the consummation of the Change in Control, assuming for such purpose that such deemed earned Performance-Based RSUs had originally been subject only to time-based vesting, as set forth in the Special CIC Vesting Chart.

Vested Percent of Deemed Earned Performance-Based RSUs	Vesting Date
[33.33%]	[●]
[66.67%]	[●]
[100%]	[●]

Accordingly, for example, the Special CIC Vesting Chart and the methodology of Section 3(a)(ii) shall be applied effective as of the consummation of the Change in Control so that: (x) to the extent that any of the Vesting Dates set forth in the Special CIC Vesting Chart occurred prior to the date of the occurrence of the Change in Control, then a portion (as set forth in such chart) of such deemed earned Performance-Based RSUs shall be immediately vested effective upon the consummation of the Change in Control; and (y) after taking into account any accelerated vesting pursuant to the immediately preceding clause (x), effective upon the consummation of the Change in Control, the vesting of the portion of such deemed earned Performance-Based RSUs that are not then fully vested shall accelerate such that any portion of those deemed earned Performance-Based RSUs which would have become vested during the one-year period following the Change in Control (based on the application of the Special CIC Vesting Chart to such Performance-Based RSUs), shall become vested effective as of the consummation of the Change in Control. The remaining portion of the deemed earned Performance-Based RSUs shall cliff vest on [●], subject to the Participant’s continuous employment with the Company or an Affiliate through such date; provided that (1) in the event that Participant’s employment by the Company is terminated by the Company without Cause (x) at any time following a Change in Control or (y) in specific contemplation of a Change in Control or (2) in the event Participant resigns with Good Reason at any time following a Change in Control, Participant shall, upon and subject to the execution within sixty (60) days following termination of employment (and non- revocation during any applicable revocation period) of a standard release of all employment-related claims against the Company and its Affiliates and each of their employees, officers and directors, be entitled to immediate vesting as of the termination date of the remaining portion of the deemed earned Performance-Based RSUs which is unvested as of the termination date.

(iii) Death. Notwithstanding the foregoing:

(A) Prior to a Change in Control. In the event that no Change in Control has occurred and Participant’s employment with the Company is terminated due to Participant’s death prior to [●], Participant shall become immediately vested in a number of Performance-Based RSUs equal to (x) the number of completed full months from [●] to the date of Participant’s death divided by (y) [●] multiplied by (z) 100% of the Performance-Based RSUs, effective as of the date of Participant’s death.

(B) After a Change in Control. In the event that Participant's employment with the Company is terminated due to Participant's death prior to [●] but after a Change in Control has occurred, Participant shall become immediately vested in 100% of the Performance-Based RSUs that were deemed earned as a result of the Change in Control pursuant to Section 3(b)(ii) above, effective as of the date of Participant's death.

(iv) Retirement. Notwithstanding the foregoing, and assuming that such Performance-Based RSUs have been outstanding for at least six (6) months from the Grant Date, in the event that Participant's employment with the Company is terminated, other than by Company for Cause,

(A) after having attained age sixty (60) with at least ten (10) years of service with the Company (or its Affiliates) prior to [●], the Vesting Date for the Performance-Based RSUs, Participant shall earn a pro rata portion of the Performance-Based RSUs based on actual Company performance (with respect to the Revenue and TSR performance goals) at the end of the performance period, as determined by the Committee.

Such proration shall be determined as follows: the number of Performance-Based RSUs (rounded to the nearest whole number) that have been deemed earned by the Committee shall vest based on the product of the total number of Performance-Based RSUs granted on the Grant Date multiplied by the quotient of (x) divided by (y), where (x) equals the total number of years of service completed by Participant from the Grant Date (rounding up the number of years of service) and (y) equals three (3);

(B) after having attained age sixty (60) with at least five (5) years and less than ten (10) years of service with the Company (or its Affiliates) prior to [●], the Vesting Date for the Performance-Based RSUs, the Participant shall earn a pro rata portion of the Performance-Based RSUs calculated in accordance with the methodology outlined in subsection 3(b)(iv)(1) immediately above, provided that such amount shall be reduced by the applicable percentage set forth below (the "Reduction Percentage").

Completed Years of Service: At least	Reduction Percentage
Five (5) years	50%
Six (6) years	40%
Seven (7) years	30%
Eight (8) years	20%
Nine (9) years	10%

For purposes of this Section 3(b)(iv), years of service with the Company (or its Affiliates) does not include tenure at any organization acquired by the Company (or its Affiliates) prior to the closing date of such acquisition.

Any Performance-Based RSUs shall be settled in accordance with Section 4 of this Agreement after the end of the performance period. The determination of any prorated Performance-Based RSU shall be made by the Committee in its sole discretion.

(c) Special 409A Rule. Notwithstanding anything to the contrary in this Section 3, to the extent necessary to comply with Section 409A of the Code, a Change in Control hereunder shall not give rise to any acceleration of the vesting of any portion of an Award hereunder unless such event satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder.

4. Terms.

(a) Settlement. As soon as practicable following each applicable Vesting Date (including as applicable the date of consummation of a Change in Control and certain terminations of employment upon or following a Change in Control, as applicable), the Company shall settle the portion of the Award that is vested on such date and shall therefore (i) issue and deliver to the Participant one share of Common Stock for each Restricted Stock Unit subject to the Award that has vested (the "RSU Shares"), with any fractional shares paid out in cash (and, upon such settlement, the Restricted Stock Units shall cease to be credited to the Account) and (ii) enter the Participant's name as a stockholder of record with respect to the RSU Shares on the books of the Company. The Committee shall make all determinations with respect to the Performance-Based RSUs as soon as administratively practicable after [●] (or as of the Change in Control, as applicable) such that settlement of the earned and vested Performance-Based RSUs shall be made within the applicable short-term deferral period for purposes of Section 409A of the Code.

(b) Dividend Equivalents. If on any date that Restricted Stock Units remain credited to the Account, dividends are paid by the Company on outstanding shares of its Common Stock ("Shares") (each, a "Dividend Payment Date"), then the Participant's Account shall, as of each such Dividend Payment Date, be credited with an amount (each such amount, a "Dividend Equivalent Amount") equal to the product of (i) the number of Restricted Stock Units in the Account as of the Dividend Payment Date and (ii) the per Share cash amount of such dividend (or, in the case of a dividend payable in Shares or other property, the per Share equivalent cash value of such dividend as determined in good faith by the Committee). On each applicable Vesting Date, in connection with the settlement and delivery of RSU Shares as contemplated by Section 4(a), the Participant shall be entitled to receive a payment, without interest, of an amount in cash equal to the accumulated Dividend Equivalent Amounts in respect of the RSU Shares so delivered.

(c) Taxes and Withholding. Upon the settlement of the Award in accordance with Section 4(a) hereof, the Participant shall recognize taxable income in respect of the Award, and the Company shall report such taxable income to the appropriate taxing authorities in respect of the Award as it determines to be necessary and appropriate. Upon the settlement of the Award in RSU Shares, the Participant shall be required as a condition of such settlement to pay to the Company by check or wire transfer the amount of any income, payroll, or social tax withholding that the Company determines is required; provided that the Participant may elect to satisfy such tax withholding obligation by having the Company withhold from the settlement that number of RSU Shares having a Fair Market Value equal to the amount of such withholding; provided, further, that the number of RSU Shares that may be so withheld by the Company shall be limited to that number of RSU Shares having an aggregate Fair Market Value on the date of such

withholding equal to the aggregate amount of the Participant's income, payroll and social tax liabilities based upon the applicable minimum withholding rates.

(d) Forfeiture. Except as otherwise provided in the Plan, or as set forth in any employment, consulting or other agreement between the Company or an Affiliate and the Participant in effect on the date hereof, if the Participant's employment with the Company terminates prior to any Vesting Date for any reason, all remaining Restricted Stock Units credited to the Account shall be forfeited without further consideration to the Participant. In addition, the Award or any RSU Shares shall be subject to cancellation, forfeiture or recoupment as determined by the Committee upon the occurrence of a violation of material Company policies, misstatement of financial or other material information about the Company, fraud, misconduct, breach of noncompetition, confidentiality, nonsolicitation, noninterference, corporate property protection, or other agreements that may apply to the Participant, or other conduct by the Participant that the Committee determines is detrimental to the business or reputation of the Company and its Affiliates, including facts and circumstances discovered after termination of service.

(e) Restrictions. The Award granted hereunder may not be sold, pledged or otherwise transferred (other than by will or the laws of descent and distribution) and may not be subject to lien, garnishment, attachment or other legal process. The Participant acknowledges and agrees that, with respect to each Restricted Stock Unit credited to his Account, he has no voting rights with respect to the Company unless and until each such Restricted Stock Unit is settled in RSU Shares pursuant to Section 4(a) hereof.

(f) Rights as a Stockholder. Upon and following each Vesting Date, the Participant shall be the record owner of the RSU Shares settled upon such applicable date unless and until such RSU Shares are sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common stockholder of the Company, including, without limitation, voting rights, if any, with respect to the RSU Shares. Prior to the first Vesting Date, the Participant shall not be deemed for any purpose to be the owner of shares of Common Stock underlying the Restricted Stock Units.

5. Miscellaneous.

(a) General Assets. All amounts credited to the Account under this Agreement shall continue for all purposes to be part of the general assets of the Company. The Participant's interest in the Account shall make the Participant only a general, unsecured creditor of the Company.

(b) Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, telecopier, courier service or personal delivery:

if to the Company:

ExlService Holdings, Inc.
320 Park Avenue, 29th Floor
New York, NY 10022

Attention: General Counsel

if to the Participant, at the Participant's last known address on file with the Company.

All such notices, demands and other communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; five business days after being deposited in the mail, postage prepaid, if mailed; and when receipt is mechanically acknowledged, if telecopied.

6. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

7. No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant or director of the Company (or its Affiliates) or shall interfere with or restrict in any way the right of the Company (or its Affiliates), which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever.

8. Beneficiary. The Participant may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. If no designated beneficiary survives the Participant, the Participant's estate shall be deemed to be the Participant's beneficiary.

9. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and to the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

10. Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. Except as set forth in Section 16(b) of the Plan, no change, modification or waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

11. Bound by Plan. By signing this Agreement, the Participant acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

12. Governing Law. Except for the Arbitration Agreement attached hereto as Exhibit C, which is expressly governed by the Federal Arbitration Act (FAA), this Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware. Should the FAA not govern the Arbitration Agreement for any reason, then that portion of this agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law of that or any other jurisdiction.

13. Binding Agreement to Arbitrate. This Agreement is subject to the Arbitration Agreement attached hereto as Exhibit C, which is incorporated by reference herein. Except as otherwise

provided in Exhibit C, the Arbitration Agreement establishes an exclusive forum for the resolution of all disputes covered by the Arbitration Agreement that otherwise could be resolved in court. BY ENTERING INTO THIS AGREEMENT, THE PARTICIPANT AND THE COMPANY ACKNOWLEDGE AND AGREE THAT, TO THE FULLEST EXTENT PERMITTED BY LAW, THE PARTICIPANT AND THE COMPANY ARE GIVING UP ANY RIGHTS THEY MAY HAVE TO A COURT OR JURY TRIAL OF ALL SUCH DISPUTES, which are not limited to only those arising under this agreement.

14. Electronic Delivery and Acceptance. The Company has decided to deliver documents related to current or future participation in the Plan by electronic means and to request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through the current plan administrator's on-line system, or any other on-line system or electronic means that the Company may decide, in its sole discretion, to use in the future.

15. Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

16. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. **PLEASE NOTE:** Participant's designation/election via the current plan administrator's website that Participant has read and accepted the terms of this Agreement and the terms and conditions of the Plan is considered Participant's electronic signature and Participant's express consent to this Agreement and the terms and conditions set forth in the Plan.

[Remainder of page intentionally left blank; signature page to follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

ExlService Holdings, Inc.

By:

Title:

Participant

Exhibit A: Revenue-Based RSUs

Except as may otherwise be provided herein, the Revenue-Based RSUs shall vest based on the achievement of Company revenues against the aggregate revenue target for the period beginning on [●] and ending on [●], as set forth herein. For purposes of this Exhibit A, “revenue” shall have the meaning given such term in the Board-approved budget for the fiscal year in which the Award is granted.

The Company aggregate revenue target for the [YEAR] Revenue-Based PRSUs for the period beginning on [●] and ending on [●] is \$[●], and the sliding scale used to determine payout achievement is as set forth in the table below:

[YEAR] PRSU Plan – 3 Year Aggregate Revenue Target Sliding Scale:

Achievement on Revenue Target	Funding
[110%]	[200%]
[100%]	[100%]
[90%]	[25%]

To the extent the Company’s revenue falls in between [90% and 100%], the percentage of Revenue-Based RSUs earned will be determined based on [straight line interpolation] calculated using a revenue target range between [90% and 100%] and a funding range between [25% and 100%]. For example, if [95%] of the revenue target is achieved, [62.5%] of the Revenue-Based RSUs will be earned. To the extent the Company’s revenue falls in between [100% and 110%], the percentage of Revenue-Based RSUs earned will be determined based on [straight line interpolation] calculated using a revenue target range between [100%] and [110%] and a funding range between [100% and 200%]. For example, if [105%] of the revenue target is achieved, [150%] of the Revenue-Based RSUs will be earned.

Exhibit B: TSR-Based RSUs

The Committee has designated the following peer group of public companies in the Company’s 8-digit Global Industry Classification Standard sub-industry group (the “Peer Group”):

[

TSR Peer Group			
Affirm Holdings, Inc.	AppTech Payments Corp.	Automatic Data Processing, Inc.	Block, Inc.
Broadridge Financial Solutions, Inc.	Cantaloupe, Inc.	Cass Information Systems, Inc.	Concentrix Corporation
Conduent Incorporated	CSG Systems International, Inc.	DLocal Limited	Euronet Worldwide, Inc.
EVERTEC, Inc.	EVO Payments, Inc.	Exela Technologies, Inc.	Fidelity National Information Services, Inc.
Fiserv, Inc.	FLEETCOR Technologies, Inc.	Flywire Corporation	Genpact Limited
Getnet Adquircencia e Servicos para Meios de Pagamento S.A. - Instituição de Pagamento	Global Blue Group Holding AG	Global Payments Inc.	i3 Verticals, Inc.
IBEX Limited	Innodata Inc.	International Money Express, Inc.	Jack Henry & Associates, Inc.
Marqeta, Inc.	Mastercard Incorporated	Maximus, Inc.	MoneyGram International, Inc.
Nuvei Corporation	PagSeguro Digital Ltd.	Paya Holdings Inc.	Paychex, Inc.
Paymentus Holdings, Inc.	Payoneer Global Inc.	PayPal Holdings, Inc.	Paysafe Limited
PaySign, Inc.	Priority Technology Holdings, Inc.	QIWI plc	Remitly Global, Inc.
Repay Holdings Corporation	Sabre Corporation	Shift4 Payments, Inc.	Startek, Inc.
Steel Connect, Inc.	StoneCo Ltd.	TaskUs, Inc.	TDCX Inc.
TELUS International (Cda) Inc.	The OLB Group, Inc.	The Western Union Company	Toast, Inc.
TTEC Holdings, Inc.	Usio, Inc.	Verra Mobility Corporation	VIQ Solutions Inc.
Visa Inc.	WEX Inc.	WNS (Holdings) Limited	AvidXchange Holdings, Inc.
Lesaka Technologies, Inc.	Ryvyl Inc.	SS&C Technologies Holdings, Inc.	WeTrade Group, Inc.

]

The Company’s TSR for the TSR Performance Period will be computed and then compared to the TSR of the companies in the Peer Group. A participant shall earn [200%, 150%, 100%, 50% or 0%] of the TSR-Based RSUs, as applicable, if the Company’s TSR for the Performance Period equals or exceeds the [80th, 65th, 50th, 35th or 20th] percentile, respectively, of the Peer Group, when ranked by TSR for the TSR Performance Period. The

percentage of TSR-Based RSUs earned will be determined based on [straight-line interpolation] to the extent the Company's TSR falls in between the [20th and 80th] percentiles, as per the chart below:

Target TSR Percentile	Funding
[80.0]	[200%]
[65.0]	[150%]
[50.0]	[100%]
[35.0]	[50%]
[20.0]	[0%]

Notwithstanding the foregoing, if the Company's TSR for the TSR Performance Period is negative, the maximum percentage of TSR-Based RSUs that may be earned is 100% regardless of the Company's actual percentile ranking relative to the peer Group. TSR shall be determined in the customary manner based on the percentage increase in a company's stock price (taking into account assumed immediate reinvestment of dividends) from the first day of the TSR Performance Period to the last day of the TSR Performance Period. For this purpose, a company's stock price on the applicable date will be determined as the 30 calendar day average closing stock price ending on the applicable date (or the immediately preceding trading day if the applicable date is not a trading day), except as provided in Section 3(b) in the event of a Change in Control.

Companies in the Peer Group that are not publicly traded on the last day of the TSR Performance Period shall not be taken into account for TSR purposes (except that any such company that goes bankrupt will be deemed to have a negative 100% TSR).

Exhibit C: Arbitration Agreement

(See attached.)

EXLSERVICE HOLDINGS, INC.

2018 OMNIBUS INCENTIVE PLAN

[FORM OF] RESTRICTED STOCK UNIT AGREEMENT (International)

THIS RESTRICTED STOCK UNIT AGREEMENT (the “Agreement”), is made, effective as of the [INSERT DATE OF GRANT] (hereinafter the “Date of Grant”) by and between ExlService Holdings, Inc. a Delaware corporation (the “Company”), and ___[INSERT PARTICIPANT NAME]___ (the “Participant”).

WHEREAS, the Company has adopted the ExlService Holdings, Inc. 2018 Omnibus Incentive Plan (the “Plan”), pursuant to which awards of Restricted Stock Units may be granted; and

WHEREAS, the Compensation and Talent Management Committee of the Board of Directors of the Company (the “Committee”) has determined that it is in the best interests of the Company and its stockholders to grant to the Participant an award of Restricted Stock Units as provided herein and subject to the terms set forth herein.

NOW THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Restricted Stock Units. The Company hereby grants on the Date of Grant, to the Participant a total of [●] Restricted Stock Units (the “Award”) on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. Such Restricted Stock Units shall be credited to a separate account maintained for the Participant on the books of the Company (the “Account”). On any given date, the value of each Restricted Stock Unit comprising the Award shall equal the Fair Market Value of one share of Common Stock. The Award shall vest in accordance with Section 3 hereof and settle in accordance with Section 4 hereof.

2. Incorporation by Reference, Etc. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Committee shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decision shall be binding and conclusive upon the Participant and his legal representative in respect of any questions arising under the Plan or this Agreement.

3. Vesting. Except as otherwise provided herein, [●] percent of the Award shall vest based on continued employment with the Company (or its Affiliates) (the “Time-Based RSUs”) and [●] percent of the Award shall vest based on continued employment with the Company and the achievement of specified performance criteria described herein (the “Performance-Based

RSUs”). Each day on which a portion of the Award vests in accordance with this Agreement is referred to as a “Vesting Date”.

(a) Time-Based RSUs.

(i) Generally. Subject to the Participant’s continued employment with the Company through each applicable Vesting Date listed in the chart below (the “Vesting Chart”), the Time-Based RSUs shall become vested as follows:

Percent of Time-Based RSUs Vesting	Vesting Date
[●]	[1 st] Grant Anniversary
[●]	[2 nd] Grant Anniversary
[●]	[3 rd] Grant Anniversary
[●]	[4 th] Grant Anniversary

(ii) Change in Control. (A) Notwithstanding the foregoing, in the event that a “Change in Control” (which for purposes of this Agreement shall have the meaning set forth in the Plan as modified by the language at the end of this Section 3) occurs at a time when any portion of the Time-Based RSUs remain unvested, then effective upon the consummation of the Change in Control, the vesting of the portion of the Time-Based RSUs which is not then fully vested shall accelerate such that any portion of the Time-Based RSUs which would have become vested during the one-year period following the Change in Control shall become vested effective as of the consummation of the Change in Control.

(B) In addition: (1) in the event that Participant’s employment by the Company is terminated by the Company without Cause (as defined in the Plan) (x) at any time following a Change in Control or (y) in specific contemplation of a Change in Control or (2) in the event Participant resigns with “Good Reason” (as defined below) at any time following a Change in Control, Participant shall, upon and subject to the execution within sixty (60) days following termination of employment (and non- revocation during any applicable revocation period) of a standard release of all employment-related claims against the Company and its Affiliates and each of their employees, officers and directors, be entitled to immediate vesting as of the termination date of any portion of the Time-Based RSUs which is unvested as of the termination date.

(C) The term “Good Reason” shall have the meaning set forth in any employment, consulting or other agreement between the Company or an Affiliate and the Participant in effect on the date hereof, or, in the absence of such definition therein, the occurrence, without Participant’s prior written consent, of any of the following events:

(1) a substantial reduction of Participant’s duties or responsibilities, or Participant being required to report to any person other than the Board or the Company’s Chief Executive Officer or President; provided that, if there is a Change in Control and Participant retains a similar title and similar duties with the Company or any entity that acquires the Company (or any affiliate or subsidiary of such entity) following such Change in Control, any change in Participant’s title shall not constitute a significant reduction of Participant’s duties and authorities hereunder;

(2) Participant's job title is adversely changed, provided that if there is a Change in Control and Participant retains a similar title and similar duties with the Company or any entity that acquires the Company (or any affiliate or subsidiary of such entity) following such Change in Control, any change in Participant's title shall not constitute a significant reduction of Participant's duties and authorities hereunder;

(3) following a Change in Control, a change in the office or location where Participant is based of more than thirty (30) miles, which new location is more than thirty (30) miles from Participant's primary residence; or

(4) following a Change in Control, a breach by the Company of any material term of any employment, consulting, or similar agreement between the Company and Participant;

provided that, a termination by Participant with Good Reason shall be effective only if, within thirty (30) days following Participant's first becoming aware of the circumstances giving rise to Good Reason, Participant delivers a "notice of termination" for Good Reason to the Company, and the Company within fifteen (15) days following its receipt of such notification has failed to cure the circumstances giving rise to Good Reason.

(iii) Death. Notwithstanding the foregoing, in the event that Participant's employment with the Company is terminated due to Participant's death at a time when any portion of the Time-Based RSUs remain unvested, the portion of the Time-Based RSUs which is unvested shall become immediately vested effective as of the date of Participant's death.

(iv) Retirement. Notwithstanding the foregoing, and assuming that such Time-Based RSUs have been outstanding for at least six (6) months from the Grant Date, in the event that Participant's employment with the Company is terminated, other than by Company for Cause,

(1) after having attained age sixty (60) with at least ten (10) years of service with the Company (or its Affiliates) at a time when any portion of the Time-Based RSUs remain unvested, then one-hundred percent (100%) of that portion of the Participant's Time-Based RSUs (and only that portion) that is scheduled to vest within the next twelve (12) months shall become immediately vested as of the date the Participant terminates employment, and any remaining unvested Time-Based RSUs shall be immediately forfeited; and

(2) after having attained age sixty (60) with at least five (5) years and less than ten (10) years of service with the Company (or its Affiliates), at a time when any portion of the Time-Based RSUs remain unvested, then the applicable percentage of the Participant's Time-Based RSUs (and only that portion) that is scheduled to vest within the next twelve (12) months as described below (the "Prorated Percentage") shall become immediately vested as of the date the Participant terminates employment, and any remaining unvested Time-Based RSUs shall be immediately forfeited.

Completed Years of Service: At least	Prorated Percentage
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Five (5) years	50%
Six (6) years	60%
Seven (7) years	70%
Eight (8) years	80%
Nine (9) years	90%

For purposes of this Section 3(a)(iv), years of service with the Company (or its Affiliates) does not include tenure at any organization acquired by the Company (or its Affiliates) prior to the closing date of such acquisition.

Any Time-Based RSUs shall be settled in accordance with Section 4 of this Agreement.

(b) Performance-Based RSUs.

(i) Generally. Except as otherwise provided herein, [●] percent of the Performance-Based RSUs shall cliff vest on [●], based on continuous service with the Company through such Vesting Date and the achievement of Company revenues against the aggregate revenue target as set forth on Exhibit A (the “Revenue-Based RSUs”); and [●] of the Performance-Based RSUs shall cliff vest on [●], based on continuous service with the Company through such Vesting Date and the achievement of relative total stockholder return (“TSR”) performance of the Company against the Peer Group (as defined on Exhibit B) over the period from [●] through [●] (the “TSR Performance Period”) as set forth on Exhibit B (the “TSR-Based RSUs”).

(ii) Change in Control. Notwithstanding the foregoing:

(A) Revenue-Based RSUs. In the event that a Change in Control occurs before [●], one hundred percent (100%) of the Revenue-Based RSUs will be deemed earned as of the date of the Change in Control. For the avoidance of doubt, in such event, the Participant will be unable to earn any additional Revenue-Based RSUs.

(B) TSR-Based RSUs. In the event that a Change in Control occurs on or before the first anniversary of the Date of Grant, one hundred percent (100%) of the TSR-Based RSUs will be deemed earned as of the date of the Change in Control. For the avoidance of doubt, in such event, the Participant will be unable to earn any additional TSR-Based RSUs. In the event that a Change in Control occurs after the first anniversary of the Date of Grant, then (i) the TSR Performance Period shall be deemed to end on the date of the Change in Control, and the Committee shall determine the TSR of the Company and the Peer Group (as defined in Exhibit B) as of such date, and shall determine the number of TSR-Based RSUs earned by the Participant; and (ii) for purposes of determination of the Company’s TSR for the TSR Performance Period, the Company’s stock price shall be equal to the consideration paid per share of the Company’s common stock in the Change in Control transaction, as determined by the Committee (and shall not be equal to the 30-day average of the Company’s stock price on the last day of the TSR Performance Period, as set forth in Exhibit B).

(C) The Performance-Based RSUs deemed earned in accordance with the foregoing provisions of this Section 3(b)(ii) will be treated as immediately vested in accordance with the schedule set forth in the special Change in Control vesting chart below (the “Special CIC Vesting Chart”) as well as additional vesting based on the methodology set forth in Section 3(a)(ii)(A), subject to the Participant’s continuous employment with the Company or an Affiliate through the consummation of the Change in Control, assuming for such purpose that such deemed earned Performance-Based RSUs had originally been subject only to time-based vesting, as set forth in the Special CIC Vesting Chart.

Vested Percent of Deemed Earned Performance-Based RSUs	Vesting Date
[33.33%]	[●]
[66.67%]	[●]
[100%]	[●]

Accordingly, for example, the Special CIC Vesting Chart and the methodology of Section 3(a)(ii)(A) shall be applied effective as of the consummation of the Change in Control so that: (x) to the extent that any of the Vesting Dates set forth in the Special CIC Vesting Chart occurred prior to the date of the occurrence of the Change in Control, then a portion (as set forth in such chart) of such deemed earned Performance-Based RSUs shall be immediately vested effective upon the consummation of the Change in Control; and (y) after taking into account any accelerated vesting pursuant to the immediately preceding clause (x), effective upon the consummation of the Change in Control, the vesting of the portion of such deemed earned Performance-Based RSUs that are not then fully vested shall accelerate such that any portion of those deemed earned Performance-Based RSUs which would have become vested during the one-year period following the Change in Control (based on the application of the Special CIC Vesting Chart to such Performance-Based RSUs), shall become vested effective as of the consummation of the Change in Control. The remaining portion of the deemed earned Performance-Based RSUs shall cliff vest on [●], subject to the Participant’s continuous employment with the Company or an Affiliate through such date; provided that (1) in the event that Participant’s employment by the Company is terminated by the Company without Cause (x) at any time following a Change in Control or (y) in specific contemplation of a Change in Control or (2) in the event Participant resigns with Good Reason at any time following a Change in Control, Participant shall, upon and subject to the execution within sixty (60) days following termination of employment (and non- revocation during any applicable revocation period) of a standard release of all employment-related claims against the Company and its Affiliates and each of their employees, officers and directors, be entitled to immediate vesting as of the termination date of the remaining portion of the deemed earned Performance-Based RSUs which is unvested as of the termination date.

(iii) Death. Notwithstanding the foregoing:

(A) Prior to a Change in Control. In the event that no Change in Control has occurred and Participant’s employment with the Company is terminated due to Participant’s death prior to [●], Participant shall become immediately vested in a number of Performance-Based RSUs equal to (x) the number of completed full months from [●] to the date

of Participant's death divided by (y) [●] multiplied by (z) 100% of the Performance-Based RSUs, effective as of the date of Participant's death.

(B) After a Change in Control. In the event that Participant's employment with the Company is terminated due to Participant's death prior to [●] but after a Change in Control has occurred, Participant shall become immediately vested in 100% of the Performance-Based RSUs that were deemed earned as a result of the Change in Control pursuant to Section 3(b)(ii) above, effective as of the date of Participant's death.

(iv) Retirement. Notwithstanding the foregoing, and assuming that such Performance-Based RSUs have been outstanding for at least six (6) months from the Grant Date, in the event that Participant's employment with the Company is terminated, other than by Company for Cause,

(A) after having attained age sixty (60) with at least ten (10) years of service with the Company (or its Affiliates) prior to [●], the Vesting Date for the Performance-Based RSUs, Participant shall earn a pro rata portion of the Performance-Based RSUs based on actual Company performance (with respect to the Revenue and TSR performance goals) at the end of the performance period, as determined by the Committee.

Such proration shall be determined as follows: the number of Performance-Based RSUs (rounded to the nearest whole number) that have been deemed earned by the Committee shall vest based on the product of the total number of Performance-Based RSUs granted on the Grant Date multiplied by the quotient of (x) divided by (y), where (x) equals the total number of years of service completed by Participant from the Grant Date (rounding up the number of years of service) and (y) equals three (3);

(B) after having attained age sixty (60) with at least five (5) years and less than ten (10) years of service with the Company (or its Affiliates) prior to [●], the Vesting Date for the Performance-Based RSUs, the Participant shall earn a pro rata portion of the Performance-Based RSUs calculated in accordance with the methodology outlined in subsection 3(b)(iv)(1) immediately above, provided that such amount shall be reduced by the applicable percentage set forth below (the "Reduction Percentage").

Completed Years of Service: At least	Reduction Percentage
Five (5) years	50%
Six (6) years	40%
Seven (7) years	30%
Eight (8) years	20%
Nine (9) years	10%

For purposes of this Section 3(b)(iv), years of service with the Company (or its Affiliates) does not include tenure at any organization acquired by the Company (or its Affiliates) prior to the closing date of such acquisition.

Any Performance-Based RSUs shall be settled in accordance with Section 4 of this Agreement after the end of the performance period. The determination of any prorated Performance-Based RSU shall be made by the Committee in its sole discretion.

(c) Special 409A Rule. Notwithstanding anything to the contrary in this Section 3, to the extent necessary to comply with Section 409A of the Code, a Change in Control hereunder shall not give rise to any acceleration of the vesting of any portion of an Award hereunder unless such event satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder.

4. Terms.

(a) Settlement. As soon as practicable following each applicable Vesting Date (including as applicable the date of consummation of a Change in Control and certain terminations of employment upon or following a Change in Control, as applicable), the Company shall settle the portion of the Award that is vested on such date and shall therefore (i) issue and deliver to the Participant one share of Common Stock for each Restricted Stock Unit subject to the Award that has vested (the "RSU Shares"), with any fractional shares paid out in cash (and, upon such settlement, the Restricted Stock Units shall cease to be credited to the Account) and (ii) enter the Participant's name as a stockholder of record with respect to the RSU Shares on the books of the Company. The Committee shall make all determinations with respect to the Performance-Based RSUs as soon as administratively practicable after [●] (or as of the Change in Control, as applicable) such that settlement of the earned and vested Performance-Based RSUs shall be made within the applicable short-term deferral period for purposes of Section 409A of the Code.

(b) Dividend Equivalents. If on any date that Restricted Stock Units remain credited to the Account, dividends are paid by the Company on outstanding shares of its Common Stock ("Shares") (each, a "Dividend Payment Date"), then the Participant's Account shall, as of each such Dividend Payment Date, be credited with an amount (each such amount, a "Dividend Equivalent Amount") equal to the product of (i) the number of Restricted Stock Units in the Account as of the Dividend Payment Date and (ii) the per Share cash amount of such dividend (or, in the case of a dividend payable in Shares or other property, the per Share equivalent cash value of such dividend as determined in good faith by the Committee). On each applicable Vesting Date, in connection with the settlement and delivery of RSU Shares as contemplated by Section 4(a), the Participant shall be entitled to receive a payment, without interest, of an amount in cash equal to the accumulated Dividend Equivalent Amounts in respect of the RSU Shares so delivered.

(c) Taxes and Withholding. Regardless of any action the Company or the Participant's employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant or deemed by the Company or the Employer to be an appropriate charge to the Participant even if technically due by the Company or the Employer ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant

further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the issuance of RSU Shares upon vesting/settlement of the Restricted Stock Units, the subsequent sale of RSU Shares acquired pursuant to such issuance and the receipt of any dividends and/or any dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Upon the settlement of the Award in accordance with Section 4(a) hereof in RSU Shares, the Participant shall be required, as a condition of such settlement, to pay to the Company by check or wire transfer the amount of any income, payroll, or social tax withholding that the Company determines is required; provided that the Participant may elect to satisfy such tax withholding obligation by having the Company withhold from the settlement that number of RSU Shares having a Fair Market Value equal to the amount of such withholding. To avoid negative accounting treatment, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in RSU Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares subject to the vested Restricted Stock Units, notwithstanding that a number of the RSU Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan.

(d) Forfeiture. Except as otherwise provided in the Plan, or as set forth in any employment, consulting or other agreement between the Company or an Affiliate and the Participant in effect on the date hereof, if the Participant's employment with the Company terminates prior to any Vesting Date for any reason, all remaining Restricted Stock Units credited to the Account shall be forfeited without further consideration to the Participant. In addition, the Award or any RSU Shares shall be subject to cancellation, forfeiture or recoupment as determined by the Committee upon the occurrence of a violation of material Company policies, misstatement of financial or other material information about the Company, fraud, misconduct, breach of noncompetition, confidentiality, nonsolicitation, noninterference, corporate property protection, or other agreements that may apply to the Participant, or other conduct by the Participant that the Committee determines is detrimental to the business or reputation of the Company and its Affiliates, including facts and circumstances discovered after termination of service.

(e) Restrictions. The Award granted hereunder may not be sold, pledged or otherwise transferred (other than by will or the laws of descent and distribution) and may not be subject to lien, garnishment, attachment or other legal process. The Participant acknowledges and agrees that, with respect to each Restricted Stock Unit credited to his Account, he has no voting rights with respect to the Company unless and until each such Restricted Stock Unit is settled in RSU Shares pursuant to Section 4(a) hereof.

(f) Rights as a Stockholder. Upon and following each Vesting Date, the Participant shall be the record owner of the RSU Shares settled upon such applicable date unless and until such RSU Shares are sold or otherwise disposed of, and as record owner shall be entitled to all rights of a common stockholder of the Company, including, without limitation, voting rights, if any, with respect to the RSU Shares. Prior to the first Vesting Date, the Participant shall not be deemed for any purpose to be the owner of shares of Common Stock underlying the Restricted Stock Units.

5. Miscellaneous.

(a) General Assets. All amounts credited to the Account under this Agreement shall continue for all purposes to be part of the general assets of the Company. The Participant's interest in the Account shall make the Participant only a general, unsecured creditor of the Company.

(b) Notices. All notices, demands and other communications provided for or permitted hereunder shall be made in writing and shall be by registered or certified first-class mail, return receipt requested, telecopier, courier service or personal delivery:

if to the Company:

ExlService Holdings, Inc.
320 Park Avenue, 29th Floor
New York, NY 10022
Attention: General Counsel

if to the Participant, at the Participant's last known address on file with the Company.

All such notices, demands and other communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; five business days after being deposited in the mail, postage prepaid, if mailed; and when receipt is mechanically acknowledged, if telecopied.

6. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

7. No Rights to Employment. Nothing contained in this Agreement shall be construed as giving the Participant any right to be retained, in any position, as an employee, consultant or director of the Company (or its Affiliates) or shall interfere with or restrict in any way the right of the Company (or its Affiliates), which are hereby expressly reserved, to remove, terminate or discharge the Participant at any time for any reason whatsoever.

8. Beneficiary. The Participant may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time,

amend or revoke such designation. If no designated beneficiary survives the Participant, the Participant's estate shall be deemed to be the Participant's beneficiary.

9. **Successors.** The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and to the Participant and the beneficiaries, executors, administrators, heirs and successors of the Participant.

10. **Personal Data.** *The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement by and among, as applicable, the Employer, the Company and any Affiliate of the Company for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan.*

The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data"). The Participant understands that Data will be transferred to any third party assisting the Company with the implementation, administration and management of the Plan. The Participant understands that the recipients of the Data may be located in the Participant's country, or elsewhere, and that the recipients' country may have different data privacy laws and protections than the Participant's country.

The Participant understands that the Participant may request a list with the names and addresses of any potential recipients of the Data by contacting the Participant's local human resources representative. The Participant authorizes the Company and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Participant's local human resources representative. The Participant understands, however, that refusal or withdrawal of consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Participant's local human resources representative.

11. **Nature of Grant.** By signing the Agreement, the Participant acknowledges and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature, and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted repeatedly in the past;

(c) all decisions with respect to future grants, if any, will be at the sole discretion of the Company;

(d) the Participant's participation in the Plan is voluntary;

(e) the Participant's participation in the Plan shall not create a right to any employment with the Employer and shall not interfere with the ability of the Employer to terminate the Participant's employment relationship, if any, at any time;

(f) the Restricted Stock Units and the RSU Shares subject to the Restricted Stock Units are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or the Employer, and which is outside the scope of the Participant's employment or service contract, if any;

(g) the Restricted Stock Units and the RSU Shares subject to the Restricted Stock Units are not intended to replace any pension rights or compensation;

(h) the Restricted Stock Units and the RSU Shares subject to the Restricted Stock Units are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company, the Employer or any Affiliate of the Company;

(i) the future value of the RSU Shares is unknown and cannot be predicted with certainty;

(j) in consideration of the grant of the Restricted Stock Units, no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Stock Units resulting from termination of the Participant's employment (for any reason whatsoever and whether or not in breach of local labor laws) and the Participant irrevocably releases the Company and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, the Participant shall be deemed irrevocably to have waived the Participant's right to pursue or seek remedy for any such claim or entitlement;

(k) in the event of termination of the Participant's employment (whether or not in breach of local labor laws), the Participant's right to receive Restricted Stock Units under the Plan and to vest in such Restricted Stock Units, if any, will terminate effective as of the date that the Participant is no longer actively providing services and will not be extended by any notice period mandated under local law (e.g., active service would not include a period of "garden leave" or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when the Participant is no longer actively employed for purposes of the Restricted Stock Units; and

(l) the Restricted Stock Units and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

12. Language. If the Participant has received this Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

13. Bound by Plan. By signing this Agreement, the Participant acknowledges that he has received a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

14. Electronic Delivery and Acceptance. The Company has decided to deliver documents related to current or future participation in the Plan by electronic means and to request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through the current plan administrator's on-line system, or any other on-line system or electronic means that the Company may decide, in its sole discretion, to use in the future.

15. Entire Agreement. This Agreement and the Appendix hereto, and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. Except as otherwise provided in Section 17 (Imposition of Other Requirements) or in Section 16(b) of the Plan, no change, modification or waiver of any provision of this Agreement shall be valid unless the same is in writing and signed by the parties hereto.

16. Appendix. Notwithstanding any provision herein, the Participant's participation in the Plan shall be subject to any special terms and conditions as set forth in the appendix for the Participant's country of residence, if any (the "Appendix"). Moreover, if the Participant relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Agreement.

17. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Stock Units and on any RSU Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

18. Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Restricted Stock Units or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of New York, and agree that such litigation shall be conducted only in the courts of the State of New York, or the federal courts for the United

States for the Southern District of New York, and no other courts, where this grant is made and/or to be performed.

19. **JURY TRIAL WAIVER.** THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL IN THE EVENT ANY ACTION ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT IS LITIGATED OR HEARD IN ANY COURT.

20. **Headings.** The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

21. **Signature in Counterparts.** This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. **PLEASE NOTE: Participant's designation/election via the current plan administrator's website that Participant has read and accepted the terms of this Agreement and the terms and conditions of the Plan is considered Participant's electronic signature and Participant's express consent to this Agreement and the terms and conditions set forth in the Plan.**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

ExlService Holdings, Inc.

By:

Title:

Participant

Exhibit A: Revenue-Based RSUs

Except as may otherwise be provided herein, the Revenue-Based RSUs shall vest based on the achievement of Company revenues against the aggregate revenue target for the period beginning on [●] and ending on [●], as set forth herein. For purposes of this Exhibit A, “revenue” shall have the meaning given such term in the Board-approved budget for the fiscal year in which the Award is granted.

The Company aggregate revenue target for the [YEAR] Revenue-Based PRSUs for the period beginning on [●] and ending on [●] is \$[●], and the sliding scale used to determine payout achievement is as set forth in the table below:

[YEAR] PRSU Plan – 3 Year Aggregate Revenue Target Sliding Scale:

Achievement on Revenue Target	Funding
[110%]	[200%]
[100%]	[100%]
[90%]	[25%]

To the extent the Company’s revenue falls in between [90% and 100%], the percentage of Revenue-Based RSUs earned will be determined based on [straight line interpolation] calculated using a revenue target range between [90% and 100%] and a funding range between [25% and 100%]. For example, if [95%] of the revenue target is achieved, [62.5%] of the Revenue-Based RSUs will be earned. To the extent the Company’s revenue falls in between [100% and 110%], the percentage of Revenue-Based RSUs earned will be determined based on [straight line interpolation] calculated using a revenue target range between [100%] and [110%] and a funding range between [100% and 200%]. For example, if [105%] of the revenue target is achieved, [150%] of the Revenue-Based RSUs will be earned.

Exhibit B: TSR-Based RSUs

The Committee has designated the following peer group of public companies in the Company's 8-digit Global Industry Classification Standard sub-industry group (the "Peer Group"):

[

TSR Peer Group			
Affirm Holdings, Inc.	AppTech Payments Corp.	Automatic Data Processing, Inc.	Block, Inc.
Broadridge Financial Solutions, Inc.	Cantaloupe, Inc.	Cass Information Systems, Inc.	Concentrix Corporation
Conduent Incorporated	CSG Systems International, Inc.	DLocal Limited	Euronet Worldwide, Inc.
EVERTEC, Inc.	EVO Payments, Inc.	Exela Technologies, Inc.	Fidelity National Information Services, Inc.
Fiserv, Inc.	FLEETCOR Technologies, Inc.	Flywire Corporation	Genpact Limited
Getnet Adquircencia e Servicos para Meios de Pagamento S.A. - Instituição de Pagamento	Global Blue Group Holding AG	Global Payments Inc.	i3 Verticals, Inc.
IBEX Limited	Innodata Inc.	International Money Express, Inc.	Jack Henry & Associates, Inc.
Marqeta, Inc.	Mastercard Incorporated	Maximus, Inc.	MoneyGram International, Inc.
Nuvei Corporation	PagSeguro Digital Ltd.	Paya Holdings Inc.	Paychex, Inc.
Paymentus Holdings, Inc.	Payoneer Global Inc.	PayPal Holdings, Inc.	Paysafe Limited
PaySign, Inc.	Priority Technology Holdings, Inc.	QIWI plc	Remitly Global, Inc.
Repay Holdings Corporation	Sabre Corporation	Shift4 Payments, Inc.	Startek, Inc.
Steel Connect, Inc.	StoneCo Ltd.	TaskUs, Inc.	TDCX Inc.
TELUS International (Cda) Inc.	The OLB Group, Inc.	The Western Union Company	Toast, Inc.
TTEC Holdings, Inc.	Usio, Inc.	Verra Mobility Corporation	VIQ Solutions Inc.
Visa Inc.	WEX Inc.	WNS (Holdings) Limited	AvidXchange Holdings, Inc.
Lesaka Technologies, Inc.	Ryvyl Inc.	SS&C Technologies Holdings, Inc.	WeTrade Group, Inc.

]

The Company's TSR for the TSR Performance Period will be computed and then compared to the TSR of the companies in the Peer Group. A participant shall earn [200%, 150%, 100%, 50% or 0%] of the TSR-Based RSUs, as applicable, if the Company's TSR for the Performance Period equals or exceeds the [80th, 65th, 50th, 35th or 20th] percentile, respectively, of the Peer Group, when ranked by TSR for the TSR Performance Period. The percentage of TSR-Based RSUs earned will be determined based on [straight-line interpolation]

to the extent the Company's TSR falls in between the [20th and 80th] percentiles, as per the chart below:

Target TSR Percentile	Funding
[80.0]	[200%]
[65.0]	[150%]
[50.0]	[100%]
[35.0]	[50%]
[20.0]	[0%]

Notwithstanding the foregoing, if the Company's TSR for the TSR Performance Period is negative, the maximum percentage of TSR-Based RSUs that may be earned is 100% regardless of the Company's actual percentile ranking relative to the peer Group. TSR shall be determined in the customary manner based on the percentage increase in a company's stock price (taking into account assumed immediate reinvestment of dividends) from the first day of the TSR Performance Period to the last day of the TSR Performance Period. For this purpose, a company's stock price on the applicable date will be determined as the 30 calendar day average closing stock price ending on the applicable date (or the immediately preceding trading day if the applicable date is not a trading day), except as provided in Section 3(b) in the event of a Change in Control.

Companies in the Peer Group that are not publicly traded on the last day of the TSR Performance Period shall not be taken into account for TSR purposes (except that any such company that goes bankrupt will be deemed to have a negative 100% TSR).

[Form of] EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the “**Agreement**”), is entered into by and between ExlService Holdings, Inc., a company organized under the laws of Delaware (“**Holdings**”) (together with ExlService.com, LLC (“**ExlService**”), the “**Company**”), and _____ (“**Executive**” or “**You**”) and shall be effective as of the Effective Date as defined below.

WHEREAS, Executive has offered to serve the Company, and the Company desires to employ Executive, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as set forth below:

1. Term; Effectiveness.

(a) The term of Executive’s employment under this Agreement shall commence as of [the later of (i) _____, _____, (ii) the successful completion of background checks and (iii) Executive’s first day of active employment with the Company] (the “**Effective Date**”) and shall continue until Executive’s employment under this Agreement is terminated pursuant to the provisions of Section 5 hereof. The period of time from the Effective Date through the termination of Executive’s employment hereunder is herein referred to as the “**Term**.” [Executive and the Company hereby agree that, as of the Effective Date, any existing employment agreements or arrangements are hereby terminated in their entireties.]

(b) Executive agrees and acknowledges that Executive is an at-will employee and the Company has no obligation to maintain the Term or to continue Executive’s employment hereunder for any specific period of time, and Executive expressly acknowledges that no promises or understandings to the contrary have been made or reached.

(c) This Agreement shall be binding upon the parties upon the execution hereof.

2. Definitions. For purposes of this Agreement, the following terms, as used herein, shall have the definitions set forth below.

(a) “**Affiliate**” means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, provided that, in any event, any business in which the Company has any direct or indirect ownership interest shall be treated as an Affiliate of the Company.

(b) “**Control**” means, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(c) “**Person**” means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, governmental or regulatory body or other entity.

(d) “**Subsidiary**” means, with respect to any Person, (i) any corporation of which at least a majority of the voting power with respect to the capital stock is owned, directly or indirectly, by such Person, any of its other Subsidiaries or any combination thereof or (ii) any Person other than a corporation in which such Person, any of its other Subsidiaries or any combination thereof has, directly or indirectly, at least a majority of the total equity or other ownership interest therein.

3. Duties and Responsibilities.

(a) Executive agrees to be employed by the Company and be actively engaged on a full-time basis in the business and activities of the Company and its Affiliates for the entirety of the Term, and, subject to Section 3(b), to devote substantially all of Executive’s working time and attention to the Company and its Affiliates and the promotion of its business and interests and the performance of Executive’s duties and responsibilities hereunder. During the Term, Executive agrees to use Executive’s reasonable best efforts to ensure that the business and activities of the Company and its Subsidiaries, that are under Executive’s direction, are conducted in accordance with the Company’s practices and/or applicable laws, rules and regulations in all material respects and as such are interpreted by the Company’s law department and compliance professionals. Executive shall be employed hereunder as _____, or such other title as agreed to between Executive and the Chief Executive Officer of Holdings with such duties and responsibilities customary for companies of comparable size to the Company in the Company’s industry and commensurate with Executive’s status and position hereunder and as directed from time to time by the Chief Executive Officer of Holdings. Executive shall report directly to the [Chief Executive Officer] of Holdings.

(b) During the Term, Executive shall use Executive’s reasonable best efforts to faithfully and diligently serve the Company and shall not act in any capacity that is in conflict with Executive’s duties and responsibilities hereunder. For the avoidance of doubt, during the Term, Executive shall not be permitted to become employed by, engaged in or to render services for any Person other than the Company and its Affiliates, shall not be permitted to be a member of the board of directors of any Person (other than charitable or nonprofit organizations), in any case without the consent of the Board of Directors of Holdings (the “**Board**”), and shall not be directly or indirectly materially engaged, or concerned or interested in any business activity, trade or occupation (other than employment with the Company and its Affiliates as contemplated by this Agreement); provided that nothing herein shall preclude Executive from engaging in charitable or community affairs and managing Executive’s personal investments to the extent

that such other activities do not inhibit or, subject to Section 7, conflict in any material way with the performance of Executive's duties hereunder.

(c) Your principal office location is at the Company's offices in [Manhattan, New York, NY], but You will be required to work from or to travel to other Company locations, from time to time, on a temporary basis, to perform Your duties. You shall, at all times, be subject to and bound by the policies, rules and regulations of the Company as may be updated from time to time unilaterally by the Company or as may be brought to Your notice by the Company.

4. Compensation and Related Matters.

(a) Base Compensation. During the Term, for all services rendered under this Agreement, Executive shall receive an aggregate annualized base salary ("**Base Salary**") at a rate of _____ per annum, payable in accordance with the Company's applicable payroll practices. The Base Salary shall be reviewed no less frequently than annually during the Term for increase, if any, in the sole discretion of the Compensation Committee of the Board ("**Compensation Committee**").

(b) Annual Bonus. During the Term, Executive shall have the opportunity to earn a discretionary annual target bonus equivalent to ___% of Executive's Base Salary at target (the "**Annual Bonus**"). The actual amount of the Annual Bonus earned by Executive shall be determined in accordance with the terms of the Company's executive bonus plan which is administered by the Compensation Committee. Any Annual Bonus due to Executive shall be paid in March for Executive's performance during the preceding fiscal year. Subject to the terms of the Company's bonus policy as in effect from time to time, in order to receive an Annual Bonus, Executive must (A) be actively employed by the Company, (B) not be serving any notice period relating to the anticipated termination of the employment relationship, and (C) be performing Executive's duties in good faith on the date such Annual Bonus is paid. The Compensation Committee shall, in its sole discretion, determine the Company-wide objectives upon which the Annual Bonus shall be based and the Chief Executive Officer of the Company shall, in his or her sole discretion, determine the personal objectives upon which the Annual Bonus shall be based.

(c) [Reserved.]

(d) Equity Incentive Awards. Executive will be eligible during the Term, subject to performance and other conditions considered by the Compensation Committee in its sole discretion, to receive an annual target equity award. Annual equity grants may be allocated between performance based RSUs and time based vesting RSUs as determined by the Compensation Committee for each fiscal year. For the current fiscal year annual equity grants for senior management are comprised [__]% of performance based RSUs and [__]% of time based vesting RSUs which vest over [four years] in the manner set forth above.

(e) Change in Control. In the event that a Change in Control (as defined in the 2018 Omnibus Incentive Plan (the “**Plan**”)) occurs at a time when any portion of restricted stock units or a stock option granted to Executive remains unvested, then effective upon the consummation of the Change in Control, the vesting of the portion of the restricted stock units or stock option which is not then fully vested shall accelerate such that any portion of the restricted stock units or stock option which would have become vested during the one-year period following the Change in Control shall become vested effective as of the consummation of the Change in Control. In the event that (i) Executive’s employment with the Company is terminated without Cause (A) at any time following a Change in Control or (B) in specific contemplation of a Change in Control or (ii) Executive resigns with Good Reason at any time following a Change of Control, Executive shall, upon and subject to Executive’s execution of the release referenced in Section 5(c)(ii) below that has become effective in accordance with its terms, be entitled, in addition to the severance specified in Section 5(c)(i), to immediate full vesting as of the termination date of any portion of restricted stock units or a stock option which is unvested as of the termination date.

(f) Benefits and Perquisites. During the Term, Executive shall be entitled to participate in the benefit plans and programs commensurate with Executive’s position that are provided by the Company from time to time for its senior executives generally, subject to the terms and conditions of such plans.

(g) Business Expense Reimbursements. During the Term, the Company shall reimburse Executive for reasonable and properly documented business expenses in accordance with the Company’s then-prevailing policies and procedures for expense reimbursement.

(h) Vacation. During the Term, Executive shall be entitled to annual paid vacation of no less than [four (4) weeks] and to reasonable sick leave in accordance with Company policy.

5. Termination of the Term.

(a) Executive’s employment may be terminated by either party at any time and for any reason; provided, however, that (i) the Company shall be required to give Executive at least 30 days advanced written notice if the termination is without Cause and (ii) Executive shall be required to give the Company at least 90 days advance written notice of any resignation of Executive’s employment hereunder. For the avoidance of doubt, the Company shall not be required to give Executive any notice if the termination is for Cause. The Employment terminates at the end of the applicable notice period, if any. During the notice period, the Company reserves the right, in its sole discretion, to (x) alter, reduce, or eliminate any of the Executive’s duties, (y) require the Executive to remain away from the Company’s premises (and/or restrict the Executive’s access to the Company’s network, computers and email systems), and/or (z) take any such other action as may be necessary to facilitate the transition process associated with the termination of the Executive’s employment. During the notice period, the Executive acknowledges and agrees that Executive will remain employed by the Company and, as a Company employee, shall continue to act in a manner consistent with the Executive’s

contractual, common law and other legal obligations to the Company, including adhering to the Company's policies and, if requested to do so by the Company, shall assist in the transition of Executive's duties as reasonably requested by the Company. Notwithstanding the foregoing, Executive's employment shall automatically terminate upon Executive's death.

(b) Following any termination of Executive's employment, notwithstanding any provision to the contrary in this Agreement, the obligations of the Company to pay or provide Executive with compensation and benefits under Section 4 shall cease, and the Company shall have no further obligations to provide compensation or benefits to Executive hereunder except (i) for payment of any accrued but unpaid Base Salary and vacation time and for payment of any accrued obligations and unreimbursed expenses under Section 4(g) accrued or incurred through the date of termination of employment, (ii) as explicitly set forth in any other benefit plans, programs or arrangements applicable to terminated employees in which Executive participates, other than severance plans or policies and (iii) as otherwise expressly required by applicable statute. For the avoidance of doubt, (x) any unpaid Annual Bonus is forfeited if Executive's employment is terminated for any reason and (y) the date of termination shall mean the last date of actual and active employment, whether such day is selected by mutual agreement with the Executive or unilaterally by the Company and whether with or without advance notice.

(c) (i) If Executive's employment is terminated by the Company without Cause (other than due to death or Disability), or by Executive for Good Reason, Executive shall be entitled to receive severance payments in an aggregate amount equal to [12 months] Base Salary, payable as follows: (A) a lump sum payment equal to [three] months' Base Salary shall be paid in the first payroll that is at least [10] days after the termination date, and (B) a continuing payment (per the Company's payroll policies and practices) of Executive's Base Salary for a consecutive [nine-month] period commencing on the third month following the termination date. The amounts payable under this Section 5(c)(i) are inclusive of any statutory notice, pay in lieu of notice and statutory severance entitlements, if any, and any amounts required to be paid to Executive in the event a court of competent jurisdiction determines Executive has been constructively dismissed from employment.

(ii) Any severance payments or benefits under Section 5(b)(ii) and 5(c)(i) shall be (A) conditioned upon Executive having provided within 30 days following Executive's separation from service an irrevocable waiver and general release of claims in favor of the Company and its respective Affiliates, their respective predecessors and successors, and all of the respective current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing (collectively, the "**Released Parties**"), in a form reasonably satisfactory to the Company, that has become effective in accordance with its terms, (B) subject to Executive's continued compliance with the terms of the restrictive covenants in Sections 7, 8, 9 and 10 of this Agreement and (C) subject to the provisions of Section 19(d) of this Agreement.

(iii) For purposes of this Agreement, "**Cause**" means: (A) a final non-appealable conviction of, or a pleading of no contest to, (x) a crime of moral turpitude which causes serious economic injury or serious injury to the Company's reputation or (y) a felony; (B) fraud,

embezzlement, gross negligence, self-dealing, dishonesty or other gross and willful misconduct which has caused serious and demonstrable injury to the Company; (C) material violation by Executive of any material Company policy applicable to Executive; (D) willful and continuing failure to substantially perform Executive's duties (other than for reason of physical or mental incapacity) which failure to perform continues beyond fifteen (15) days after a written demand for substantial improvement in Executive's performance, identifying specifically and in detail the manner in which improvement is sought, is delivered to Executive by the Company; provided that a failure to achieve performance objectives shall not by itself constitute Cause and no act or failure to act by Executive shall be considered "willful" unless done or failed to be done by Executive in bad faith and without a reasonable belief that Executive's actions or omission was in the best interest of the Company; (E) Executive's failure to reasonably cooperate in an investigation involving the Company by any governmental authority; (F) Executive's material, knowing and intentional failure to comply with applicable laws with respect to the execution of the Company's business operations, including, without limitation, a knowing and intentional failure to comply with the Prevention of Corruption Act of India, 1988, or the United States Foreign Corrupt Practices Act of 1977, as amended; provided, that, if all of the following conditions exist, there will be a presumption that Executive have acted in accordance with such applicable laws: Executive is following, in good faith, the written advice of counsel, such counsel having been approved by the Board as outside counsel to the Company for regulatory and compliance matters, in the form of a legal memorandum or a written legal opinion, and Executive has, in good faith, provided to such counsel all accurate and truthful facts necessary for such counsel to render such legal memorandum or written legal opinion; (G) Executive's failure to follow the lawful directives of Executive's supervisor which is not remedied within fifteen (15) days after Executive's receipt of written notice from the Company specifying such failure; or (H) Executive's use of alcohol or drugs which materially interferes with the performance of Executive's duties.

(iv) "**Good Reason**" shall mean the occurrence, without Executive's prior written consent, of any of the following events: (A) a substantial reduction of Executive's duties or responsibilities or change in reporting relationship to anyone other than the Board or the Chief Executive Officer; (B) Executive's job title and authority as an officer of the Company is adversely changed, provided that if there is a "Change of Control" (as defined in the Plan) and Executive retains similar title and similar authority with the Company or any entity that acquires the Company (or any affiliate or subsidiary of such entity) following such Change of Control, the parties agree that any change in Executive's title shall not constitute a significant reduction of Executive's duties and authorities hereunder; (C) a change in the office or location where Executive is based of more than fifty (50) miles which new location is more than fifty (50) miles from [Manhattan, New York, NY]; (D) a breach by the Company of any material term of this Agreement; provided that, a termination by Executive with Good Reason shall be effective only if, within 30 days following Executive's first becoming aware of the circumstances giving rise to Good Reason, Executive delivers a "Notice of Termination" for Good Reason by Executive to the Company, and the Company within 30 days following its receipt of such notification has failed to cure the circumstances giving rise to Good Reason.

(v) For purposes of this Agreement, “**Disability**” means Executive’s incapacity, due to mental, physical or emotional injury or illness, such that Executive is substantially unable to perform Executive’s duties hereunder for a period of six (6) consecutive months.

(d) Upon termination of Executive’s employment for any reason, and regardless of whether Executive continues as a consultant to the Company, upon the Company’s request Executive agrees to resign, as of the date of such termination of employment or such other date requested, from any applicable board of directors (and any committees thereof) of any Affiliate of the Company to the extent Executive is then serving thereon.

(e) The payment of any amounts accrued under any benefit plan, program or arrangement in which Executive participates shall be subject to the terms of the applicable plan, program or arrangement, and any elections Executive has made thereunder. Subject to Section 19, the Company may offset any amounts due and payable by Executive to the Company or its Subsidiaries against any amounts the Company owes Executive hereunder.

6. Acknowledgments.

(a) Executive acknowledges that the Company has expended and shall continue to expend substantial amounts of time, money and effort to develop business strategies, employee and customer relationships and goodwill and build an effective organization. Executive acknowledges that Executive is and shall become familiar with the Company’s Confidential Information (as defined below), including trade secrets, and that Executive’s services are of special, unique and extraordinary value to the Company, its Subsidiaries and Affiliates. Executive acknowledges that the Company has a legitimate business interest and right in protecting its Confidential Information, business strategies, employee and customer relationships and goodwill, and that the Company would be seriously damaged by the disclosure of Confidential Information and the loss or deterioration of its business strategies, employee and customer relationships and goodwill. Executive acknowledges that Executive’s agreement to enter into this Agreement and be bound by the service commitments set forth herein and the restrictive covenants and agreements set forth in Sections 7, 8, 9 and 10 hereof, is a material inducement to the Company’s willingness to enter into this Agreement, and the Company would not otherwise enter into this Agreement if Executive did not agree to be bound by the commitments set forth herein and the restrictive covenants and agreements set forth in Sections 7, 8, 9 and 10 hereof, and make the commitments to the Company set forth herein.

(b) Executive acknowledges (i) that the business of the Company and its Affiliates is global in scope, without geographical limitation, and capable of being performed from anywhere in the world, and (ii) notwithstanding the jurisdiction of formation or principal office of the Company, or the location of any of their respective executives or employees (including, without limitation, Executive), the Company and its Affiliates have business activities and have valuable business relationships within their respective industries throughout the world.

(c) Executive acknowledges that Executive has carefully read this Agreement and has given careful consideration to the restraints imposed upon Executive by this Agreement, and is in full accord as to the necessity of such restraints for the reasonable and proper protection of the Confidential Information, business strategies, employee and customer relationships and goodwill of the Company and its Affiliates now existing or to be developed in the future. Executive expressly acknowledges and agrees that each and every commitment and restraint imposed by this Agreement is reasonable with respect to subject matter, time period and geographical area, in light of (i) the scope of the business of the Company and its Affiliates, (ii) the importance of Executive to the business of the Company and its Affiliates, (iii) Executive's status as an officer of the Company business, (iv) Executive's knowledge of the business of the Company and its Affiliates and (v) Executive's relationships with the Company's clients or customers. Accordingly, Executive agrees (x) to be bound by the provisions of Sections 7, 8, 9 and 10, it being the intent and spirit that such provisions be valid and enforceable in all respects and (y) acknowledges and agrees that Executive shall not object to the Company, or any of its successors in interest enforcing Sections 7, 8, 9 and 10 of this Agreement. Executive further acknowledges that although Executive's compliance with the covenants contained in Sections 7, 8, 9 and 10 may prevent Executive from earning a livelihood in a business similar to the business of the Company, Executive's experience and capabilities are such that Executive has other opportunities to earn a livelihood and adequate means of support for Executive and Executive's dependents.

7. Noncompetition and Nonsolicitation.

(a) Executive acknowledges that the services Executive are to render to the Company are of a special and unusual character, with a unique value to the Company, the loss of which cannot adequately be compensated by damages or an action at law. In view of the unique value to the Company, its Subsidiaries and Affiliates (collectively, the "**Group**") of the services of Executive for which the Company has contracted hereunder, because of the confidential information to be obtained by, or disclosed to, Executive as herein above set forth, Executive covenants and agrees that during Executive's employment and during the Non-Competition Period (as defined below) Executive shall not, directly or indirectly, enter into the employment of, tender consulting or other services to, acquire any interest in (whether for Executive's own account as an individual proprietor, or as a partner, associate, stockholder, officer, director, trustee or otherwise), or otherwise participate in any business that competes, directly or indirectly, with any member of the Group (i) in the same lines of business in the industry that the members of the Group are engaged in at the time Executive's employment is terminated, or if Executive is an employee of any member of the Group, at the time Executive is accused of being in competition with any of the Group pursuant to this Agreement; (ii) in the provision of the business processes provided by the Group at the time Executive's employment is terminated, or if Executive is an employee of any member of the Group, at the time Executive is accused of being in competition with any member of the Group pursuant to this Agreement; (iii) in the provision of business processes that any of the Group has taken substantial steps to provide to customers at the time Executive's employment is terminated, or if Executive is an employee of any of the Group, at the time Executive is accused of being in competition with any of the Group pursuant to this Agreement; or (iv) in the provision of business processes that any of the Group

are in the process of marketing to existing or potential clients that any of the Group are taking measures to retain as clients of the Group, at the time Executive's employment is terminated, or if Executive are an employee of any of the Group, at the time Executive is accused of being in competition with any of the Group pursuant to this Agreement, during Executive's employment with the Group. Executive and the Company acknowledge that clauses (ii), (iii) and (iv) in the immediately preceding sentence shall not be deemed or interpreted to narrow or otherwise limit the scope of clause (i) of such sentence. For purposes of this Agreement, the "**Non-Competition Period**" shall be the one year period following Executive's termination of employment for any reason.

Notwithstanding the foregoing, nothing in this Agreement shall prevent (A) the purchase or ownership by Executive of up to two percent (2%) in the aggregate of any class of securities of any entity if such securities (i) are listed on a national securities exchange or (ii) are registered under Section 12(g) of the Securities Exchange Act of 1934; or (B) the direct or indirect ownership of securities of a private company; provided that, Executive is only a passive investor in such company (having no role, duty or responsibility whatsoever in the management, operations or direction of such company) and owns no more than five percent (5%) in the aggregate of any securities of such company. If Executive's employment with the Company is terminated for any reason, and after such termination Executive wish to take any action, including without limitation, taking a position with another company, which action could potentially be deemed a violation of this Agreement, Executive shall have the right, after providing the Board with all relevant information, to request a consent to such action from the Board which consent shall not be unreasonably withheld. The Board shall respond to Executive's request by granting or denying such consent within not more than 30 calendar days from the date the Company receives written notice of such request from Executive.

(b) During Executive's employment with the Group and for a period of one year thereafter Executive shall make no unfavorable, disparaging or negative comment, remark or statement, whether written or oral (a "**Disparaging Statement**"), about the Company or any of its affiliates, officers, directors, shareholders, consultants, or employees; provided that, Executive may give truthful testimony before a court, governmental agency, arbitration panel, or similar person or body with apparent jurisdiction and may discuss such matters in confidence with Executive's attorney(s) and other professional advisors. Similarly, during the foregoing period, the Company and its officers and directors (acting in their capacity as officers and directors of the Company) shall make no disparaging statement about Executive; provided that, any officer or director may give truthful testimony before a court, governmental agency, arbitration panel, or similar person or body with apparent jurisdiction and may discuss such matters in confidence with their or the Company's attorney(s) and other professional advisors. On and after the date hereof, during Executive's employment and for one year following termination of Executive's employment, Executive may not directly or indirectly (i) solicit, encourage, or induce or attempt to solicit, encourage, or induce any (A) current employee, marketing agent, or consultant of any of the Group to terminate his or her employment, agency, or consultancy with any member of the Group or (B) prospective employee with whom the Company has had discussions or negotiations within six months prior to Executive's termination of employment not to establish a relationship with any of the Group, (ii) induce or attempt to

induce any current customer to terminate its relationship with any of the Group, or (iii) induce any potential customer with whom the Company has had discussions or negotiations within six months prior to Executive's termination of employment not to establish a relationship with any of the Group.

(c) If a final and non-appealable judicial determination is made by a court of competent jurisdiction that any of the provisions of this Section 7 constitutes an unreasonable or otherwise unenforceable restriction against Executive, the provisions of this Section 7 will not be rendered void but will be deemed to be modified to the minimum extent necessary to remain in force and effect for the longest period and largest geographic area that would not constitute such an unreasonable or unenforceable restriction (and such court shall have the power to reduce the duration or restrict or redefine the geographic scope of such provision and to enforce such provision as so reduced, restricted or redefined).

8. Confidential Information and Trade Secrets.

(a) Access to Confidential Information and Trade Secrets. You understand and acknowledge that as an employee of the Company, You will learn or have access to, or may assist in the development of, highly confidential and sensitive information and trade secrets about the Company, its operations and its clients or prospective clients. "**Confidential Information**" includes without limitation: (i) financial and business information relating to the Company, such as information with respect to costs, commissions, fees, profits, sales, markets, mailing lists, strategies and plans for future business, new business, product or other development, potential acquisitions or divestitures, and new marketing ideas; (ii) product and technical information relating to the Company, such as product and service formulations, new and innovative product and service ideas, methods, procedures, devices, machines, equipment, data processing programs, software, software codes, know-how, computer models, and research and development projects; (iii) client information, such as the identity of the Company's clients, the names of representatives of the Company's clients responsible for entering into contracts with the Company, the amounts paid by such clients to the Company, specific client needs and requirements; (iv) information regarding prospective clients, such as the identity of prospective clients, the names of representatives of the prospective clients responsible for entering into contracts with the Company, the amounts proposed to be paid by such prospective clients to the Company, specific needs and requirements of such prospective clients; (v) details of company policies and personnel information, such as the identity and number of the Company's other employees, their salaries, bonuses, benefits, skills, qualifications, and abilities; (vi) any and all information in whatever form relating to any client or prospective client of the Company, including without limitation its business, employees, operations, systems, assets, liabilities, finances, products, and marketing, selling and operating practices; (vii) any information which You know or should know is subject to a restriction on disclosure or which You know or should know is considered by the Company or the Company's clients or prospective clients to be confidential, sensitive, proprietary, a trade secret or is not readily available to the public; and (viii) intellectual property, including inventions and copyrightable works. You also may have access to "**Trade Secrets**" which are items of Confidential Information which meet the definition of trade secrets under applicable law. Confidential Information and Trade Secrets are

not generally known or available to the general public, but have been developed, compiled or acquired by the Company at its great effort and expense. Confidential Information and Trade Secrets can be in any form: oral, written or machine readable, including electronic files, and stored in any media whatsoever or the unaided human memory.

(b) You acknowledge and agree that the Company is engaged in a highly competitive business and that its competitive position depends upon its ability to maintain the confidentiality of the Confidential Information and Trade Secrets which were developed, compiled and acquired by the Company at its great effort and expense. You further acknowledge and agree that any disclosing, divulging, revealing, or using of any of the Confidential Information and Trade Secrets, other than in connection with the Company's business or as specifically authorized by the Company, will be highly detrimental to the Company and cause it to suffer serious loss of business and pecuniary damage. Accordingly, You agree that during Your employment with the Company and following the termination of such employment for any reason, You shall not directly or indirectly divulge or make use of any Confidential Information outside of Your employment with the Company (so long as the information remains confidential) without the prior written consent of an authorized representative of the Company. You shall not directly or indirectly misappropriate, divulge, or make use of Trade Secrets for an indefinite period of time, so long as the information remains a Trade Secret as defined under any applicable trade secrets or other applicable law. You also agree at all times to exercise discretion in discussing with others the affairs of clients, including avoiding unnecessary identification of names, places, and other specifics, and to take reasonable precautions to make sure that such discussions cannot be overheard and electronic communications cannot be intercepted either by client's employees or outside persons.

(c) You further agree that if You are questioned about information subject to this Agreement by any person or entity not authorized to receive such information, You will, except to the extent prohibited by law, notify the Company within twenty-four (24) hours.

(d) You acknowledge and agree that the Company is a public company and that You may receive or have access to material non-public information that is restricted from use and disclosure by U.S. federal and state and other international statutes and laws. You agree that other than to benefit the Company in compliance with applicable laws, You will not use for any purposes any "insider information" that may come to Your attention in connection with Your employment with the Company and that You will not disclose such information to anyone outside or the inside the Company who is not an authorized recipient with a need to know such information, The term "use" includes, but is not limited to, purchase or sale of securities influenced by such inside information.

9. Return of Confidential Information and Company Property. You agree to return all Confidential Information and/or Trade Secrets immediately upon termination of your employment for any reason and at any time requested by the Company. To the extent that You maintain Confidential Information and/or Trade Secrets in electronic form on any computers or other electronic devices owned by You, You agree to immediately and irretrievably delete all such information, and certify the deletion of such material. You also agree to return all property

in Your possession at the time of the termination of the employment with the Company, including without limitation all documents, records, electronic recordings, and other media of every kind and description relating to the Business of the Company and its Clients or Prospective Clients (as such terms are defined elsewhere in this Agreement), and any copies, in whole or in part, whether or not prepared by You, all of which shall remain the sole and exclusive property of the Company. You further agree upon termination of your employment for any reason to execute and provide the information set forth in the Termination Certification attached hereto as Exhibit A. In addition, upon request of the Company, You shall provide a copy of this Agreement to any subsequent employer.

10. Intellectual Property Rights.

(a) Executive agrees that the results and proceeds of Executive's employment by the Company or its Subsidiaries or Affiliates (including, but not limited to, any trade secrets, products, services, processes, know-how, track record, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic or otherwise creative nature, writings and other works of authorship) resulting from services performed while employed hereunder by the Company and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived or reduced to practice or learned by Executive, either alone or jointly with others (collectively, "**Inventions**"), shall be works-made-for-hire and the Company (or, if applicable or as directed by the Board, any of its Subsidiaries or Affiliates) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, "**Proprietary Rights**") of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Board determines in its sole discretion, without any further payment to Executive whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work made-for-hire and/or there are any Proprietary Rights which do not accrue to the Company (or, as the case may be, any of its Subsidiaries or Affiliates) under the immediately preceding sentence, then Executive hereby irrevocably assigns and agrees to assign any and all of Executive's right, title and interest thereto, including any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company (or, if applicable or as directed by the Board, any of its Subsidiaries or Affiliates), and the Company or such Subsidiaries or Affiliates shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Board or such Subsidiaries or Affiliates without any further payment to Executive whatsoever. As to any Invention that Executive is required to assign, Executive shall promptly and fully disclose to the Company all information known to Executive concerning such Invention.

(b) Executive agrees that, from time to time, as may be requested by the Board and at the Company's sole cost and expense, Executive shall do any and all reasonable and lawful things that the Board may reasonably deem useful or desirable to establish or document the Company's exclusive ownership throughout the United States of America or any

other country of any and all Proprietary Rights in any such Inventions, including the execution of appropriate copyright and/or patent applications or assignments. To the extent Executive has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, Executive unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 10(b) is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company of any Proprietary Rights of ownership to which the Company may be entitled by operation of law by virtue of Executive's employment by the Company. Executive further agrees that, from time to time, as may be requested by the Board and at the Company's sole cost and expense, Executive shall assist the Company in every reasonable, proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, Executive shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, Executive shall execute, verify, and deliver assignments of such Proprietary Rights to the Company or its designees. Executive's obligation to provide reasonable assistance to the Company with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the termination of the Term.

(c) Executive hereby waives and quitclaims to the Company any and all claims, of any nature whatsoever, that Executive now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

11. Notification of Employment or Service Provider Relationship. Executive hereby agrees that as soon as practical, upon Executive's consideration of accepting employment with, or agreeing to provide services to, any other Person during any period which Executive remains subject to any of the covenants set forth in Section 7, Executive shall advise Executive's prospective employer of this Agreement and, to the extent necessary, shall provide such prospective employer with a copy of Section 7 of this Agreement; provided, however, that if and to the extent this Agreement has been publicly filed in connection the Company's filings with the Securities and Exchange Commission or related corporate, public company filings, Executive may provide Executive's prospective employer with a copy of the filed version of this Agreement. Promptly after receiving an offer of employment from any other Person, Executive will provide written notice to the Company of Executive's new employer as soon as possible.

12. Remedies and Injunctive Relief. Executive acknowledges that a violation by Executive of any of the covenants contained in Section 7, 8, 9 or 10 would cause irreparable damage to the Company in an amount that would be material but not readily ascertainable, and that any remedy at law (including the payment of damages) would be inadequate. Accordingly, Executive agrees that, notwithstanding any provision of this Agreement to the contrary, the Company shall be entitled (without the necessity of showing economic loss or other actual damage) to preliminary or interim injunctive relief (including temporary restraining orders and preliminary injunctions) in any Federal court of the Southern District of New York or any state court located in New York County, State of New York, for any actual or threatened breach of any of the covenants set forth in Section 7, 8, 9 or 10 in addition to any other legal or equitable remedies it may have. The preceding sentences shall not be construed as a waiver of the rights

that the Company and/or Employee may have to recover in arbitration pursuant to Section 18 any damages available to it under this Agreement or otherwise, and all of the Company's rights shall be unrestricted.

13. Representations of Executive and Company; Advice of Counsel.

(a) Executive represents, warrants and covenants that as of the date hereof: (i) Executive has the full right, authority and capacity to enter into this Agreement and perform Executive's obligations hereunder, (ii) has disclosed all applicable restrictive covenants or other obligations Executive has with any current or former employer, (iii) Executive is not bound by any agreement that conflicts with or prevents or restricts the full performance of Executive's duties and obligations to the Company hereunder during or after the Term, (iv) the execution and delivery of this Agreement shall not result in any breach or violation of, or a default under, any existing obligation, commitment or agreement to which Executive is subject, and (v) Executive has not engaged and will not engage in the future in any conduct that is in breach of any restrictive covenant to which Executive may be bound or any fiduciary duty that Executive owes to any employer. The Executive understands and acknowledges that Executive is not expected or permitted to possess, use or disclose any confidential information belonging to any current or former employer in the course of performing Executive's duties for the Company.

(b) Prior to execution of this Agreement, Executive was advised by the Company of Executive's right to seek independent advice from an attorney of Executive's own selection regarding this Agreement. Executive acknowledges that Executive has entered into this Agreement knowingly and voluntarily and with full knowledge and understanding of the provisions of this Agreement after being given the opportunity to consult with counsel. Executive further represents that in entering into this Agreement, Executive is not relying on any statements or representations made by any of the Company's directors, officers, employees or agents which are not expressly set forth herein, and that Executive is relying only upon Executive's own judgment and any advice provided by Executive's attorney.

14. Cooperation. Executive agrees that, upon reasonable notice and without the necessity of the Company obtaining a subpoena or court order, Executive shall provide reasonable cooperation in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), or the decision to commence on behalf of the Company any suit, action or proceeding, and any investigation and/or defense of any claims asserted against any of the Company's or its Affiliates' current or former directors officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, which relates to events occurring during Executive's employment hereunder by the Company as to which Executive may have relevant information (including but not limited to furnishing relevant information and materials to the Company or its designee and/or providing testimony at depositions and at trial), provided that with respect to such cooperation occurring following termination of the Term, the Company shall reimburse Executive for expenses reasonably incurred in connection therewith, including reasonable and necessary attorney fees where the attorney is engaged in consultation with the Company, and shall schedule such cooperation to the extent reasonably practicable so as not to unreasonably interfere with Executive's business or personal affairs.

15. Withholding; Taxes. The Company may deduct and withhold from any amounts payable under this Agreement such Federal, state, local, non-U.S. or other taxes as are required or permitted to be withheld pursuant to any applicable law or regulation. Executive shall be responsible for all taxes (including self-employment taxes) in connection with Executive's status as a member of the Company for U.S. federal income tax purposes.

16. Assignment.

(a) This Agreement is personal to Executive and without the prior written consent of the Board shall not be assignable by Executive, and any assignment in violation of this Agreement shall be void.

(b) This Agreement shall be binding on, and shall inure to the benefit of, the parties to it and their respective heirs, legal representatives, successors and permitted assigns (including, without limitation, successors by merger, consolidation, sale or similar transaction and in the event of Executive's death, Executive's estate and heirs in the case of any payments due to Executive hereunder).

(c) Executive acknowledges and agrees that all of Executive's covenants and obligations to the Company, as well as the rights of the Company hereunder, shall run in favor of and shall be enforceable by the Company and any successor or assign to all or substantially all of the Company's business or assets.

17. Governing Law; No Construction Against Drafter. This Agreement shall be deemed to be made in New York, and the validity, interpretation, construction, and performance of this Agreement in all respects (except as provided below) shall be governed by the laws of New York without regard to its principles of conflicts of law. No provision of this Agreement or any related document will be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or drafted such provision.

18. Dispute Resolution and Arbitration. Except as otherwise provided in this Dispute Resolution and Arbitration provision ("Arbitration Agreement"), any dispute, controversy or other claim, past, present, or future, between Executive and the Company that otherwise would be subject to resolution in court by a judge and/or jury shall be resolved solely by final and binding arbitration and not by way of court or jury trial, except for claims for temporary, interim and/or preliminary injunctive relief pursuant to Sections 7, 8, 9, and/or 10 of this Agreement, which may be sought from a court of competent jurisdiction at any time and shall be subject to modification or dissolution as part of the final arbitration award, and/or claims for workers' compensation, state disability, or unemployment insurance benefits. This arbitration commitment extends to, but is not limited to, any and all claims, disputes or controversies (i) arising out of or relating to this Agreement and/or any aspect of Executive's employment with the Company, including those that the Company may assert against Executive and those that Executive may assert against the Company, its clients or related entities, and/or any of its or their

respective members, shareholders, owners, directors, officers, employees, agents and representatives, and (ii) arising out of, relating to, or concerning the validity, enforceability, applicability, scope, or alleged breach of this Arbitration Agreement, including whether or not a dispute must be arbitrated. All such claims, disputes and controversies brought by Executive shall be subject to resolution in arbitration on an individual basis only, and not on a class or collective basis on behalf of, or in concert with, any persons not party to this Agreement. There will be no right or authority for any such claim, dispute or controversy to be brought, heard or arbitrated as a class, collective or multi-plaintiff action, and Executive agrees to not serve as a member in any class or collective action against the Company or any other party to whom Executive's arbitration commitment extends. This arbitration commitment will continue throughout Executive's employment with the Company and after that employment ends, for any reason, however, nothing in this Agreement prevents Executive from making a report to or filing a claim or charge with a government agency, including without limitation, the Equal Employment Opportunity Commission, U.S. Department of Labor, U.S. Securities and Exchange Commission, or the Office of Federal Contract Compliance Programs. This Arbitration Agreement also does not prevent or prohibit Executive in any way from reporting, communicating about, or disclosing claims for discrimination, harassment, retaliation, or sexual abuse. This Arbitration Agreement does not cover disputes that an applicable federal statute expressly states cannot be arbitrated or subject to a pre-dispute arbitration agreement. Arbitration shall be conducted in New York County, New York, before a single arbitrator, who shall be a lawyer admitted to the New York bar and has at least 15 years' experience in employment law or a retired state or federal judge, in accordance with the Employment Arbitration Rules of the American Arbitration Association for disputes arising out of individually-negotiated employment agreements and contracts ("**AAA**"). Unless prohibited by applicable law, all fees and expenses of the AAA and the arbitrator shall be borne equally by the parties. This Arbitration Agreement shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq. ("**FAA**") and, to the extent not preempted by the FAA, the applicable provisions of New York law. In making the decision and award, the arbitrator shall apply applicable substantive law and, on issues of state law, the substantive law of New York, without regard to choice of law rules, shall control. Judgment upon the arbitrator's award may be entered in any court having jurisdiction thereof.

19. Amendment; No Waiver; 409A.

(a) No provisions of this Agreement may be amended, modified, waived or discharged except by a written document signed by Executive and a duly authorized officer of the Company (other than Executive).

(b) The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. No failure or delay by either party in exercising any right or power hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment of any steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

(c) It is the intention of the Company and Executive that this Agreement comply with the requirements of Section 409A, and this Agreement will be interpreted in a manner intended to comply with or be exempt from Section 409A. The Company and Executive agree to negotiate in good faith to make amendments to this Agreement as the parties mutually agree are necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. Notwithstanding the foregoing, Executive shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of Executive in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any Affiliate shall have any obligation to indemnify or otherwise hold Executive (or any beneficiary) harmless from any or all of such taxes or penalties.

(d) Notwithstanding anything in this Agreement to the contrary, in the event that Executive is deemed to be a “specified employee” within the meaning of Section 409A(a)(2)(B)(i), no payments hereunder that are “deferred compensation” subject to Section 409A shall be made to Executive prior to the date that is six (6) months after the date of Executive’s “separation from service” (as defined in Treasury Regulation Section 1.409A-1(h)) or, if earlier, Executive’s date of death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest permissible payment date. For purposes of Section 409A, each of the payments that may be made under this Agreement are designated as separate payments.

(e) For purposes of this Agreement, with respect to payments of any amounts that are considered to be “deferred compensation” subject to Section 409A, references to “termination of employment” (and substantially similar phrases) shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A relating to “separation from service”.

(f) To the extent that any reimbursements pursuant to Section 4(g) or 14 are taxable to Executive, any such reimbursement payment due to Executive shall be paid to Executive as promptly as practicable, and in all events on or before the last day of Executive’s taxable year following the taxable year in which the related expense was incurred. The reimbursements pursuant to Section 4(g) and 14 are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that Executive receives in one taxable year shall not affect the amount of such benefits or reimbursements that Executive receives in any other taxable year.

20. Severability. If any provision or any part thereof of this Agreement, including Sections 7, 8, 9 and 10 hereof, as applied to either party or to any circumstances, shall be adjudged by a court of competent jurisdiction to be invalid or unenforceable, the same shall in no way affect any other provision or remaining part thereof of this Agreement, which shall be given full effect without regard to the invalid or unenforceable provision or part thereof, or the validity or enforceability of this Agreement. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a

mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

21. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Company and Executive with respect to the subject matter hereof and supersedes all prior agreements and understandings (whether written or oral), between Executive and the Company, relating to such subject matter. None of the parties shall be liable or bound to any other party in any manner by any representations and warranties or covenants relating to such subject matter except as specifically set forth herein.

22. Survival. The rights and obligations of the parties under the provisions of this Agreement (including without limitation, Sections 7 through 12 and Sections 14 and 18) shall survive, and remain binding and enforceable, notwithstanding the expiration of the Term, the termination of this Agreement, the termination of Executive's employment hereunder or any settlement of the financial rights and obligations arising from Executive's employment hereunder, to the extent necessary to preserve the intended benefits of such provisions.

23. Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or sent, postage prepaid, by registered, certified or express mail or overnight courier service and shall be deemed given when so delivered by hand or facsimile, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service) to the parties at the following addresses or facsimiles (or at such other address for a party as shall be specified by like notice):

If to the Company:

ExlService Holdings, Inc.
320 Park Avenue, 29th Floor
New York, NY 10022
Attn: [_____]]
Email: [_____]]

With a copy to:

ExlService Holdings, Inc.
320 Park Avenue, 29th Floor
New York, NY 10022
Attn: [_____]]
Fax: [_____]]

If to Executive:

[_____]]
[_____]]

[_____]

Notices delivered by electronic mail shall have the same legal effect as if such notice had been delivered in person.

24. Headings and References. The headings of this Agreement are inserted for convenience only and neither constitute a part of this Agreement nor affect in any way the meaning or interpretation of this Agreement. When a reference in this Agreement is made to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated.

25. Counterparts. This Agreement may be executed simultaneously in two or more counterparts (including via facsimile and electronic image scan (PDF)), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party. Copies and facsimile or scanned copies of this Agreement, and the signatures contained therein, shall be as effective as the original Agreement and signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties as of the date set forth below.

EXLSERVICE HOLDINGS, INC.

By: _____

Name:

Title:

Date:

[NAME OF EMPLOYEE]

Date:

Exhibit A

Termination Certification

This is to certify that I do not have in my possession, nor have I failed to return or securely destroy, any Confidential Information (as defined in my confidentiality or non-disclosure agreement with the Company (the "Agreement") or copies of such information in electronic or any other form, or any other non-confidential documents, materials, equipment or other property belonging to the Company. Upon request, I will make any personal devices used for company correspondence available for inspection to ensure that no company confidential information is retained on such devices. If I have any questions about how to securely destroy electronic data, I will seek advice from the Company's information technology group. I understand that these obligations apply to information and data in any form, regardless of whether the storage device is owned by me or the Company, including without limitation paper, laptops, home computers, personal devices (e.g., smart phones and tablets, such as iphones, ipads and blackberries), cloud storage for personal devices, cloud storage of personal email (e.g., gmail, hotmail or yahoo mail), portable storage devices (e.g., USBs and flash drives), or any similar or new device or storage mechanism.

I further certify that I have complied with and will continue to comply with all of the terms of the Agreement, including the reporting and provision of any information or documentation regarding any Inventions (as defined in the Agreement) conceived or made by me that are covered by the Agreement.

I further agree that, in compliance with the Agreement, I will preserve as confidential and not use any Confidential Information (as defined in the Agreement), Inventions or other information that has or could have commercial value or other utility in the business in which the Company is engaged or in which it contemplates engaging. I will not participate in the unauthorized disclosure or use of information that could be detrimental to the interests of the Company, whether or not such information is identified as Confidential Information by the Company.

[Employee]

Dated: _____

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the “**Agreement**”), is entered into by and between exl Service.com (India) Private Limited, a company registered under the Companies Act, 1956 and having its registered office at 414, 4th Floor, DLF Jasola Tower B, Plot No. 10 & 11 DDA District Centre, Jasola, New Delhi-110044, India (the “**Company**”), and Vikas Bhalla, an Indian citizen, presently residing at [**REDACTED FOR PRIVACY**] (“**Executive**” or “**You**”) and shall be effective as of the Effective Date as defined below.

WHEREAS, Executive has offered to serve the Company, and the Company desires to employ Executive, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, and intending to be legally bound hereby, the parties hereto agree as set forth below:

1. Term; Effectiveness

(a) The term of Executive’s employment under this Agreement shall commence as of November 1, 2021 (the “**Effective Date**”) and shall continue until Executive’s employment under this Agreement is terminated pursuant to the provisions of Section 5 hereof. The period of time from the Effective Date through the termination of Executive’s employment hereunder is herein referred to as the “**Term**.” Executive and the Company hereby agree that, as of the Effective Date, any existing employment agreements or arrangements are hereby terminated in their entireties.

(b) The Company may require the Executive to undergo a medical examination from time to time and submit a medical report certifying the Executive’s fitness in performing his/her duties and obligations under this Agreement.

(c) This Agreement shall be binding upon the parties upon the execution hereof.

2. Definitions. For purposes of this Agreement, the following terms, as used herein, shall have the definitions set forth below.

(a) “**Affiliate**” means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person, provided that, in any event, any business in which the Company has any direct or indirect ownership interest shall be treated as an Affiliate of the Company.

(b) “**Control**” means, the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

(c) “**Person**” means any individual, corporation, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, governmental or regulatory body or other entity.

(d) “**Subsidiary**” means, with respect to any Person, (i) any corporation of which at least a majority of the voting power with respect to the capital stock is owned, directly or indirectly, by

such Person, any of its other Subsidiaries or any combination thereof or (ii) any Person other than a corporation in which such Person, any of its other Subsidiaries or any combination thereof has, directly or indirectly, at least a majority of the total equity or other ownership interest therein.

3. Duties and Responsibilities.

(a) Executive agrees to be employed by the Company and be actively engaged on a full-time basis in the business and activities of the Company and its Affiliates for the entirety of the Term, and, subject to Section 3(b), to devote substantially all of Executive's working time and attention to the Company and its Affiliates and the promotion of its business and interests and the performance of Executive's duties and responsibilities hereunder. During the Term, Executive agrees to use Executive's reasonable best efforts to ensure that the business and activities of the Company and its Subsidiaries, that are under Executive's direction, are conducted in accordance with the Company's practices and/or applicable laws, rules and regulations in all material respects and as such are interpreted by the Company's law department and compliance professionals. The Executive shall not have the right or the authority to make any representation, contract or commitment for or on behalf of the Company without obtaining the prior written permission of the Company in this regard. Except as may be authorized by the Board, the Executive shall have no authority, implied or otherwise, to pledge the credit of the Company. In the event the Company is held liable for any damage, loss, claim or action arising directly or indirectly from any action of the Executive in violation of this Clause, the Executive shall indemnify the Company to the maximum extent permissible under the laws for the time being in force in India. Executive shall be employed hereunder as Executive Vice President, Head of Insurance, or such other title as agreed to between Executive and the Chief Executive Officer of the Company's parent company, ExlService Holdings, Inc. ("**Holdings**") with such duties and responsibilities customary for companies of comparable size to the Company in the Company's industry and commensurate with Executive's status and position hereunder and as directed from time to time by the Chief Executive Officer of Holdings. Executive shall report directly to the Chief Executive Officer of Holdings.

(b) During the Term, Executive shall use Executive's reasonable best efforts to faithfully and diligently serve the Company and shall not act in any capacity that is in conflict with Executive's duties and responsibilities hereunder. For the avoidance of doubt, during the Term, Executive shall not be permitted to become employed by, engaged in or to render services for any Person other than the Company and its Affiliates, shall not be permitted to be a member of the board of directors of any Person (other than charitable or nonprofit organizations), in any case without the consent of the Board of Directors of Holdings (the "**Board**"), and shall not be directly or indirectly materially engaged, or concerned or interested in any business activity, trade or occupation (other than employment with the Company and its Affiliates as contemplated by this Agreement); provided that nothing herein shall preclude Executive from engaging in charitable or community affairs and managing Executive's personal investments to the extent that such other activities do not inhibit or, subject to Section 7, conflict in any material way with the performance of Executive's duties hereunder.

(c) Your principal office location is at the Company's offices in Noida, India, but You will be required to work from or to travel to other locations both within and outside India, from time to time, on a temporary basis, to perform Your duties. You shall, at all times, be subject to and bound by the policies, rules and regulations of the Company as may be updated from time to time unilaterally by the Company or as may be brought to Your notice by the Company.

4. Compensation and Related Matters.

(a) Base Compensation. During the Term, for all services rendered under this Agreement, Executive shall receive an aggregate annualized base salary ("**Base Salary**") at a rate of INR

24,500,000 per annum, payable in accordance with the Company's applicable payroll practices. A detailed break-up of the compensation is more particularly described under Schedule I of this Agreement. This compensation is subject to deductions for tax and other statutory contributions. The Base Salary shall be reviewed no less frequently than annually during the Term for increase, if any, in the sole discretion of the Compensation Committee of the Board ("**Compensation Committee**"). The Company makes no assurances that the Executive's compensation has been structured in the most tax efficient manner or tax treatment applicable to certain emoluments, allowances or benefits will continue for the entire term of employment. The breakdown of the compensation may need to be revised from time to time in keeping with regulatory developments or otherwise, and the Company will not be liable for any additional tax liability the Executive may face due to such revisions.

(b) Annual Bonus. During the Term, Executive shall have the opportunity to earn a discretionary annual target bonus equivalent to 75% of Executive's Base Salary at target (the "**Annual Bonus**"). The actual amount of the Annual Bonus earned by Executive shall be determined in accordance with the terms of the Company's executive bonus plan which is administered by the Compensation Committee. Any Annual Bonus due to Executive shall be paid in March for Executive's performance during the preceding fiscal year. Subject to the terms of the Company's bonus policy as in effect from time to time, in order to receive an Annual Bonus, Executive must (A) be actively employed by the Company, (B) not be serving any notice period relating to the anticipated termination of the employment relationship, and (C) be performing Executive's duties in good faith on the date such Annual Bonus is paid. The Compensation Committee shall, in its sole discretion, determine the Company-wide objectives upon which the Annual Bonus shall be based and the Chief Executive Officer of the Company shall, in his or her sole discretion, determine the personal objectives upon which the Annual Bonus shall be based.

(c) Equity Incentive Awards. Executive will also be eligible during the Term, subject to performance and other conditions considered by the Compensation Committee in its sole discretion, to receive an annual target equity award. Such grants will be governed by the terms and conditions of Holdings' 2018 Omnibus Incentive Plan (as amended) (the "**Plan**") and an RSU award agreement consistent with the terms of the Plan. Annual equity grants may be allocated between performance based restricted stock units of common stock ("**RSUs**") of Holdings and time based vesting RSUs as determined by the Compensation Committee for each fiscal year.

(d) Change in Control. In the event that a Change in Control (as defined in the Plan) occurs at a time when any portion of restricted stock units or a stock option granted to Executive remains unvested, then effective upon the consummation of the Change in Control, the vesting of the portion of the restricted stock units or stock option which is not then fully vested shall accelerate such that any portion of the restricted stock units or stock option which would have become vested during the one-year period following the Change in Control shall become vested effective as of the consummation of the Change in Control. In the event that (i) Executive's employment with the Company is terminated without Cause (A) at any time following a Change in Control or (B) in specific contemplation of a Change in Control or (ii) Executive resigns with Good Reason at any time following a Change of Control, Executive shall, upon and subject to Executive's execution of the release referenced in Section 5(c)(ii) below that has become effective in accordance with its terms, be entitled, in addition to the severance specified in Section 5(c)(i), to immediate full vesting as of the termination date of any portion of restricted stock units or a stock option which is unvested as of the termination date.

(e) Benefits and Perquisites. During the Term, Executive shall be entitled to participate in the benefit plans and programs commensurate with Executive's position that are provided by the Company from time to time for its senior executives generally, subject to the terms and conditions of such plans.

(f) Business Expense Reimbursements. During the Term, the Company shall reimburse Executive for reasonable and properly documented business expenses in accordance with the Company's then-prevailing policies and procedures for expense reimbursement. The Company

shall pay or reimburse such expenses to the extent the Executive submits vouchers or other documentation in accordance with the Company's policy. No personal expenses of the Executive shall be borne or reimbursed by the Company.

(g) Vacation. During the Term, Executive shall be entitled to leaves in accordance with Company policy.

5. Termination of the Term.

(a) Executive's employment may be terminated by either party at any time and for any reason; provided, however, that (i) the Company shall be required to give Executive at least 30 days advanced written notice or payment in lieu thereof if the termination is without Cause and (ii) Executive shall be required to give the Company at least 90 days advance written notice of any resignation of Executive's employment hereunder. The Company may at its sole discretion waive all or part of the notice or allow the Executive to pay in lieu of the notice. Any resignation would have to be accepted by the Company to become effective. Once accepted, the resignation cannot be withdrawn by the Executive without the express consent of the Company. For the avoidance of doubt, the Company shall not be required to give Executive any notice or payment in lieu of such notice if the termination is for Cause. The Employment terminates at the end of the applicable notice period, if any. During the notice period, the Company reserves the right, in its sole discretion, to (x) alter, reduce, or eliminate any of the Executive's duties, (y) require the Executive to remain away from the Company's premises (and/or restrict the Executive's access to the Company's network, computers and email systems), and/or (z) take any such other action as may be necessary to facilitate the transition process associated with the termination of the Executive's employment. During the notice period, the Executive acknowledges and agrees that Executive will remain employed by the Company and, as a Company employee, shall continue to act in a manner consistent with the Executive's contractual, common law and other legal obligations to the Company, including adhering to the Company's policies and, if requested to do so by the Company, shall assist in the transition of Executive's duties as reasonably requested by the Company. Notwithstanding the foregoing, Executive's employment shall automatically terminate upon Executive's death.

(b) Following any termination of Executive's employment, notwithstanding any provision to the contrary in this Agreement, the obligations of the Company to pay or provide Executive with compensation and benefits under Section 4 shall cease, and the Company shall have no further obligations to provide compensation or benefits to Executive hereunder except (i) for payment of any accrued but unpaid Base Salary and vacation time and for payment of any accrued obligations and unreimbursed expenses under Section 4(f) accrued or incurred through the date of termination of employment, (ii) as explicitly set forth in any other benefit plans, programs or arrangements applicable to terminated employees in which Executive participates, other than severance plans or policies and (iii) as otherwise expressly required by applicable statute. For the avoidance of doubt, (x) any unpaid Annual Bonus is forfeited if Executive's employment is terminated for any reason and (y) the date of termination shall mean the last date of actual and active employment, whether such day is selected by mutual agreement with the Executive or unilaterally by the Company and whether with or without advance notice.

(c) (i) If Executive's employment is terminated by the Company without Cause (other than due to death or Disability), or by Executive for Good Reason, Executive shall be entitled to receive severance payments in an aggregate amount equal to 12 months Base Salary, payable as follows: (A) a lump sum payment equal to three months' Base Salary shall be paid in the first payroll that is at least 10 days after the termination date, and (B) a continuing payment (per the Company's payroll policies and practices) of Executive's Base Salary for a consecutive nine-month period commencing on the third month following the termination date. The amounts payable under this Section 5(c)(i) are inclusive of any statutory notice, pay in lieu of notice and statutory severance entitlements, if any, and any

amounts required to be paid to Executive in the event a court of competent jurisdiction determines Executive has been constructively dismissed from employment.

(ii) Any severance payments or benefits under Section 5(b)(ii) and 5(c)(i) shall be (A) conditioned upon Executive having provided within 30 days following Executive's separation from service an irrevocable waiver and general release of claims in favor of the Company and its respective Affiliates, their respective predecessors and successors, and all of the respective current or former directors, officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing (collectively, the "**Released Parties**"), in a form reasonably satisfactory to the Company, that has become effective in accordance with its terms, (B) subject to Executive's continued compliance with the terms of the restrictive covenants in Sections 8, 9, 10 and 11 of this Agreement.

(iii) For purposes of this Agreement, "**Cause**" means: (A) a final non-appealable conviction of, or a pleading of no contest to, (x) a crime of moral turpitude which causes serious economic injury or serious injury to the Company's reputation or (y) a felony; (B) fraud, embezzlement, gross negligence, self-dealing, dishonesty or other gross and willful misconduct which has caused serious and demonstrable injury to the Company; (C) material violation by Executive of any material Company policy applicable to Executive; (D) willful and continuing failure to substantially perform Executive's duties (other than for reason of physical or mental incapacity) which failure to perform continues beyond fifteen (15) days after a written demand for substantial improvement in Executive's performance, identifying specifically and in detail the manner in which improvement is sought, is delivered to Executive by the Company; provided that a failure to achieve performance objectives shall not by itself constitute Cause and no act or failure to act by Executive shall be considered "willful" unless done or failed to be done by Executive in bad faith and without a reasonable belief that Executive's actions or omission was in the best interest of the Company; (E) Executive's failure to reasonably cooperate in an investigation involving the Company by any governmental authority; (F) Executive's material, knowing and intentional failure to comply with applicable laws with respect to the execution of the Company's business operations, including, without limitation, a knowing and intentional failure to comply with the Prevention of Corruption Act of India, 1988, or the United States Foreign Corrupt Practices Act of 1977, as amended; provided, that, if all of the following conditions exist, there will be a presumption that Executive have acted in accordance with such applicable laws: Executive is following, in good faith, the written advice of counsel, such counsel having been approved by the Board as outside counsel to the Company for regulatory and compliance matters, in the form of a legal memorandum or a written legal opinion, and Executive has, in good faith, provided to such counsel all accurate and truthful facts necessary for such counsel to render such legal memorandum or written legal opinion; (G) Executive's failure to follow the lawful directives of Executive's supervisor which is not remedied within fifteen (15) days after Executive's receipt of written notice from the Company specifying such failure; or (H) Executive's use of alcohol or drugs which materially interferes with the performance of Executive's duties; or (I) habitual unauthorized absence or unauthorized absence for a period exceeding eight (8) days; or (J) any form of harassment, including sexual harassment, by the Executive, while being employed in the Company.

(iv) "**Good Reason**" shall mean the occurrence, without Executive's prior written consent, of any of the following events: (A) a substantial reduction of Executive's duties or responsibilities or change in reporting relationship to anyone other than the Board or the Chief Executive Officer; (B) Executive's job title and authority as an officer of the Company is adversely changed, provided that if there is a "Change of Control" (as defined in the Plan) and Executive retains similar title and similar authority with the Company or any entity that acquires the Company (or any affiliate or subsidiary of such entity) following such Change of Control, the parties agree that any change in Executive's title shall not constitute a significant reduction of Executive's duties and authorities hereunder; (C) a change in the office or location where Executive is based of more than one hundred

(100) kilometers from Noida, India; (D) a breach by the Company of any material term of this Agreement; provided that, a termination by Executive with Good Reason shall be effective only if, within 30 days following Executive's first becoming aware of the circumstances giving rise to Good Reason, Executive delivers a "Notice of Termination" for Good Reason by Executive to the Company, and the Company within 30 days following its receipt of such notification has failed to cure the circumstances giving rise to Good Reason.

(v) For purposes of this Agreement, "**Disability**" means Executive's incapacity, due to mental, physical or emotional injury or illness, such that Executive is substantially unable to perform Executive's duties hereunder for a period of six (6) consecutive months.

(d) Upon termination of Executive's employment for any reason, and regardless of whether Executive continues as a consultant to the Company, upon the Company's request Executive agrees to resign, as of the date of such termination of employment or such other date requested, from any applicable board of directors (and any committees thereof) of any Affiliate of the Company to the extent Executive is then serving thereon.

(e) The payment of any amounts accrued under any benefit plan, program or arrangement in which Executive participates shall be subject to the terms of the applicable plan, program or arrangement, and any elections Executive has made thereunder. Subject to Section 19, the Company may offset any amounts due and payable by Executive to the Company or its Subsidiaries against any amounts the Company owes Executive hereunder.

(f) The Company may also terminate the employment contemplated under this Agreement with immediate effect if the Executive ceases to be a director on the Board of the Company for any reason including, without limitation, resignation, removal, disqualification or vacation of office pursuant to any provision of the Companies Act, 2013 or the articles of association of the Company.

(g) Without prejudice to anything contained in this Agreement, the Board, the shareholders or such person duly authorized by them will jointly and severally have the power to terminate the Executive's appointment as Director.

(h) Termination of this Agreement for any reason shall not entitle the Executive to any compensation for loss of office under Section 202 of the Companies Act, 2013 and he shall only be entitled to such dues as may be contractually or statutorily payable in terms of this Agreement.

(i) In addition to the provisions of Section 167(1)(h) of the Companies Act, 2013, since the Executive has been appointed as a Director on the Board by virtue of his employment with the Company under this Agreement, upon cessation of the employment under this Agreement for any reason (either by way of retirement, voluntary resignation by the Executive or termination at the behest of the Company), the Executive shall automatically cease to be a director on the Board of the Company. The termination of this Agreement shall also forthwith terminate any other position which the Executive may have been appointed to, during the term of his employment with the Company.

6. Employee Surveillance

(a) The Executive agrees and understands that the Company may use various modes to ensure that the internet, email facilities and other communication systems provided by the Company are used in an appropriate manner. These may include the scanning, reading, inspection, scrutiny of emails sent and received, and web sites visited or created by the Executive. The Executive acknowledges that he does not have any expectation of privacy when using the Company's resources. For the avoidance of doubt, and for the limited purpose of safeguarding the Company's confidential and proprietary information, the Company shall have the right to monitor any personal e-mail or social media forum that

may be accessible to the Executive from the Company including G-mail, Outlook, Yahoo, Facebook, Instagram, MySpace, Twitter, etc.

(b) The Company also reserves the right to monitor its employees using various security measures including closed circuit television systems. These may be installed on the Company's premises overtly or covertly to ensure that the employees do not participate or propagate any activities which are or could be prejudicial to the Company's business interests or which could bring it into disrepute.

7. Acknowledgments.

(a) Executive acknowledges that the Company has expended and shall continue to expend substantial amounts of time, money and effort to develop business strategies, employee and customer relationships and goodwill and build an effective organization. Executive acknowledges that Executive is and shall become familiar with the Company's Confidential Information (as defined below), including trade secrets, and that Executive's services are of special, unique and extraordinary value to the Company, its Subsidiaries and Affiliates. Executive acknowledges that the Company has a legitimate business interest and right in protecting its Confidential Information, business strategies, employee and customer relationships and goodwill, and that the Company would be seriously damaged by the disclosure of Confidential Information and the loss or deterioration of its business strategies, employee and customer relationships and goodwill. Executive acknowledges that Executive's agreement to enter into this Agreement and be bound by the service commitments set forth herein and the restrictive covenants and agreements set forth in Sections 8, 9, 10 and 11 hereof, is a material inducement to the Company's willingness to enter into this Agreement, and the Company would not otherwise enter into this Agreement if Executive did not agree to be bound by the commitments set forth herein and the restrictive covenants and agreements set forth in Sections 8, 9, 10 and 11 hereof, and make the commitments to the Company set forth herein.

(b) Executive acknowledges (i) that the business of the Company and its Affiliates is global in scope, without geographical limitation, and capable of being performed from anywhere in the world, and (ii) notwithstanding the jurisdiction of formation or principal office of the Company, or the location of any of their respective executives or employees (including, without limitation, Executive), the Company and its Affiliates have business activities and have valuable business relationships within their respective industries throughout the world.

(c) Executive acknowledges that Executive has carefully read this Agreement and has given careful consideration to the restraints imposed upon Executive by this Agreement, and is in full accord as to the necessity of such restraints for the reasonable and proper protection of the Confidential Information, business strategies, employee and customer relationships and goodwill of the Company and its Affiliates now existing or to be developed in the future. Executive expressly acknowledges and agrees that each and every commitment and restraint imposed by this Agreement is reasonable with respect to subject matter, time period and geographical area, in light of (i) the scope of the business of the Company and its Affiliates, (ii) the importance of Executive to the business of the Company and its Affiliates, (iii) Executive's status as an officer of the Company business, (iv) Executive's knowledge of the business of the Company and its Affiliates and (v) Executive's relationships with the Company's clients or customers. Accordingly, Executive agrees (x) to be bound by the provisions of Sections 8, 9, 10 and 11, it being the intent and spirit that such provisions be valid and enforceable in all respects and (y) acknowledges and agrees that Executive shall not object to the Company, or any of its successors in interest enforcing Sections 8, 9, 10 and 11 of this Agreement. Executive further acknowledges that although Executive's compliance with the covenants contained in Sections 8, 9, 10 and 11 may prevent Executive from earning a livelihood in a business similar to the business of the Company, Executive's experience and capabilities are such that Executive has other opportunities to earn a livelihood and adequate means of support for Executive and Executive's dependents.

8. Non-competition and Non-solicitation.

(a) Executive acknowledges that the services Executive are to render to the Company are of a special and unusual character, with a unique value to the Company, the loss of which cannot adequately be compensated by damages or an action at law. In view of the unique value to the Company, its Subsidiaries and Affiliates (collectively, the “**Group**”) of the services of Executive for which the Company has contracted hereunder, because of the confidential information to be obtained by, or disclosed to, Executive as herein above set forth, Executive covenants and agrees that during Executive’s employment and during the Non-Competition Period (as defined below) Executive shall not, directly or indirectly, enter into the employment of, tender consulting or other services to, acquire any interest in (whether for Executive’s own account as an individual proprietor, or as a partner, associate, stockholder, officer, director, trustee or otherwise), or otherwise participate in any business that competes, directly or indirectly, with any member of the Group (i) in the same lines of business in the business process outsourcing industry that the members of the Group are engaged in at the time Executive’s employment is terminated, or if Executive is an employee of any member of the Group, at the time Executive is accused of being in competition with any of the Group pursuant to this Agreement; (ii) in the provision of the business processes provided by the Group at the time Executive’s employment is terminated, or if Executive is an employee of any member of the Group, at the time Executive is accused of being in competition with any member of the Group pursuant to this Agreement; (iii) in the provision of business processes that any of the Group has taken substantial steps to provide to customers at the time Executive’s employment is terminated, or if Executive is an employee of any of the Group, at the time Executive is accused of being in competition with any of the Group pursuant to this Agreement; or (iv) in the provision of business processes that any of the Group are in the process of marketing to existing or potential clients that any of the Group are taking measures to retain as clients of the Group, at the time Executive’s employment is terminated, or if Executive are an employee of any of the Group, at the time Executive is accused of being in competition with any of the Group pursuant to this Agreement, during Executive’s employment with the Group. Executive and the Company acknowledge that clauses (ii), (iii) and (iv) in the immediately preceding sentence shall not be deemed or interpreted to narrow or otherwise limit the scope of clause (i) of such sentence. For purposes of this Agreement, the “**Non-Competition Period**” shall be the one year period following Executive’s termination of employment for any reason.

Notwithstanding the foregoing, nothing in this Agreement shall prevent (A) the purchase or ownership by Executive of up to two percent (2%) in the aggregate of any class of securities of any entity if such securities (i) are listed on a national securities exchange of any country or (ii) are registered under Section 12(g) of the U.S. Securities Exchange Act of 1934; or (B) the direct or indirect ownership of securities of a private company; provided that, Executive is only a passive investor in such company (having no role, duty or responsibility whatsoever in the management, operations or direction of such company) and owns no more than five percent (5%) in the aggregate of any securities of such company. If Executive’s employment with the Company is terminated for any reason, and after such termination Executive wish to take any action, including without limitation, taking a position with another company, which action could potentially be deemed a violation of this Agreement, Executive shall have the right, after providing the Board with all relevant information, to request a consent to such action from the Board which consent shall not be unreasonably withheld. The Board shall respond to Executive’s request by granting or denying such consent within not more than 30 calendar days from the date the Company receives written notice of such request from Executive.

(b) During Executive’s employment with the Group and for a period of one year thereafter Executive shall make no unfavorable, disparaging or negative comment, remark or statement, whether written or oral (a “**Disparaging Statement**”), about the Company or any of its affiliates, officers, directors, shareholders, consultants, or employees; provided that, Executive may give truthful testimony before a court, governmental agency, arbitration panel, or similar person or body with apparent jurisdiction and may discuss such matters in confidence with Executive’s attorney(s) and other

professional advisors. Similarly, during the foregoing period, the Company and its officers and directors (acting in their capacity as officers and directors of the Company) shall make no disparaging statement about Executive; provided that, any officer or director may give truthful testimony before a court, governmental agency, arbitration panel, or similar person or body with apparent jurisdiction and may discuss such matters in confidence with their or the Company's attorney(s) and other professional advisors. On and after the date hereof, during Executive's employment and for one year following termination of Executive's employment, Executive may not directly or indirectly (i) solicit, encourage, or induce or attempt to solicit, encourage, or induce any (A) current employee, marketing agent, or consultant of any of the Group to terminate his or her employment, agency, or consultancy with any member of the Group or (B) prospective employee with whom the Company has had discussions or negotiations within six months prior to Executive's termination of employment not to establish a relationship with any of the Group, (ii) induce or attempt to induce any current customer to terminate its relationship with any of the Group, or (iii) induce any potential customer with whom the Company has had discussions or negotiations within six months prior to Executive's termination of employment not to establish a relationship with any of the Group.

(c) If a final and non-appealable judicial determination is made by a court of competent jurisdiction that any of the provisions of this Section 7 constitutes an unreasonable or otherwise unenforceable restriction against Executive, the provisions of this Section 7 will not be rendered void but will be deemed to be modified to the minimum extent necessary to remain in force and effect for the longest period and largest geographic area that would not constitute such an unreasonable or unenforceable restriction (and such court shall have the power to reduce the duration or restrict or redefine the geographic scope of such provision and to enforce such provision as so reduced, restricted or redefined).

9. Confidential Information and Trade Secrets.

(a) Access to Confidential Information and Trade Secrets. You understand and acknowledge that as an employee of the Company, You will learn or have access to, or may assist in the development of, highly confidential and sensitive information and trade secrets about the Company, its operations and its clients or prospective clients. "**Confidential Information**" includes without limitation: (i) financial and business information relating to the Company, such as information with respect to costs, commissions, fees, profits, sales, markets, mailing lists, strategies and plans for future business, new business, product or other development, potential acquisitions or divestitures, and new marketing ideas; (ii) product and technical information relating to the Company, such as product and service formulations, new and innovative product and service ideas, methods, procedures, devices, machines, equipment, data processing programs, software, software codes, know-how, computer models, and research and development projects; (iii) client information, such as the identity of the Company's clients, the names of representatives of the Company's clients responsible for entering into contracts with the Company, the amounts paid by such clients to the Company, specific client needs and requirements; (iv) information regarding prospective clients, such as the identity of prospective clients, the names of representatives of the prospective clients responsible for entering into contracts with the Company, the amounts proposed to be paid by such prospective clients to the Company, specific needs and requirements of such prospective clients; (v) details of company policies and personnel information, such as the identity and number of the Company's other employees, their salaries, bonuses, benefits, skills, qualifications, and abilities; (vi) any and all information in whatever form relating to any client or prospective client of the Company, including without limitation its business, employees, operations, systems, assets, liabilities, finances, products, and marketing, selling and operating practices; (vii) any information which You know or should know is subject to a restriction on disclosure or which You know or should know is considered by the Company or the Company's clients or prospective clients to be confidential, sensitive, proprietary, a trade secret or is not readily available to the public; and (viii) intellectual property, including inventions and copyrightable works. You also may have access to "**Trade**

Secrets” which are items of Confidential Information which meet the definition of trade secrets under applicable law. Confidential Information and Trade Secrets are not generally known or available to the general public, but have been developed, compiled or acquired by the Company at its great effort and expense. Confidential Information and Trade Secrets can be in any form: oral, written or machine readable, including electronic files, and stored in any media whatsoever or the unaided human memory.

(b) You acknowledge and agree that the Company is engaged in a highly competitive business and that its competitive position depends upon its ability to maintain the confidentiality of the Confidential Information and Trade Secrets which were developed, compiled and acquired by the Company at its great effort and expense. You further acknowledge and agree that any disclosing, divulging, revealing, or using of any of the Confidential Information and Trade Secrets, other than in connection with the Company’s business or as specifically authorized by the Company, will be highly detrimental to the Company and cause it to suffer serious loss of business and pecuniary damage. Accordingly, You agree that during Your employment with the Company and following the termination of such employment for any reason, You shall not directly or indirectly divulge or make use of any Confidential Information outside of Your employment with the Company (so long as the information remains confidential) without the prior written consent of an authorized representative of the Company. You shall not directly or indirectly misappropriate, divulge, or make use of Trade Secrets for an indefinite period of time, so long as the information remains a Trade Secret as defined under any applicable trade secrets or other applicable law. You also agree at all times to exercise discretion in discussing with others the affairs of clients, including avoiding unnecessary identification of names, places, and other specifics, and to take reasonable precautions to make sure that such discussions cannot be overheard and electronic communications cannot be intercepted either by client’s employees or outside persons.

(c) You further agree that if You are questioned about information subject to this Agreement by any person or entity not authorized to receive such information, You will, except to the extent prohibited by law, notify the Company within twenty-four (24) hours.

(d) You acknowledge and agree that Holdings is a public company and that You may receive or have access to material non-public information that is restricted from use and disclosure by U.S. federal and state and other international statutes and laws. You agree that other than to benefit the Company in compliance with applicable laws, You will not use for any purposes any “insider information” that may come to Your attention in connection with Your employment with the Company and that You will not disclose such information to anyone outside or the inside the Company who is not an authorized recipient with a need to know such information, The term “use” includes, but is not limited to, purchase or sale of securities influenced by such inside information.

10. Return of Confidential Information and Company Property. You agree to return all Confidential Information and/or Trade Secrets immediately upon termination of your employment for any reason and at any time requested by the Company. To the extent that You maintain Confidential Information and/or Trade Secrets in electronic form on any computers or other electronic devices owned by You, You agree to immediately and irretrievably delete all such information, and certify the deletion of such material. You also agree to return all property in Your possession at the time of the termination of the employment with the Company, including without limitation all documents, records, electronic recordings, and other media of every kind and description relating to the Business of the Company and its Clients or Prospective Clients (as such terms are defined elsewhere in this Agreement), and any copies, in whole or in part, whether or not prepared by You, all of which shall remain the sole and exclusive property of the Company. You further agree upon termination of your employment for any reason to execute and provide the information reasonably requested by the Company. In addition, upon request of the Company, You shall provide a copy of this Agreement to any subsequent employer.

11. Intellectual Property Rights.

(a) Executive agrees that the results and proceeds of Executive's employment by the Company or its Subsidiaries or Affiliates (including, but not limited to, any trade secrets, products, services, processes, know-how, track record, designs, developments, innovations, analyses, drawings, reports, techniques, formulas, methods, developmental or experimental work, improvements, discoveries, inventions, ideas, source and object codes, programs, matters of a literary, musical, dramatic or otherwise creative nature, writings and other works of authorship) resulting from services performed while employed hereunder by the Company and any works in progress, whether or not patentable or registrable under copyright or similar statutes, that were made, developed, conceived or reduced to practice or learned by Executive, either alone or jointly with others (collectively, "**Inventions**"), shall be works-made-for-hire and the Company (or, if applicable or as directed by the Board, any of its Subsidiaries or Affiliates) shall be deemed the sole owner throughout the universe of any and all trade secret, patent, copyright and other intellectual property rights (collectively, "**Proprietary Rights**") of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, with the right to use the same in perpetuity in any manner the Board determines in its sole discretion, without any further payment to Executive whatsoever. If, for any reason, any of such results and proceeds shall not legally be a work made-for-hire and/or there are any Proprietary Rights which do not accrue to the Company (or, as the case may be, any of its Subsidiaries or Affiliates) under the immediately preceding sentence, then Executive hereby irrevocably, absolutely and perpetually assigns and agrees to assign any and all of Executive's right, title and interest thereto, including any and all Proprietary Rights of whatsoever nature therein, whether or not now or hereafter known, existing, contemplated, recognized or developed, to the Company (or, if applicable or as directed by the Board, any of its Subsidiaries or Affiliates), and the Company or such Subsidiaries or Affiliates shall have the right to use the same in perpetuity throughout the universe in any manner determined by the Board or such Subsidiaries or Affiliates without any further payment to Executive whatsoever. Notwithstanding the provisions of Section 19(4) of the Copyright Act, 1957, such assignment in so far as it relates to copyrightable material shall not lapse nor the rights transferred therein revert to the Employee, even if the Company does not exercise the rights under the assignment within a period of one year from the date of assignment. The Employee further acknowledges and agrees that he/she shall waive any right to and shall not raise any objection or claims to the Copyright Board with respect to the assignment, pursuant to Section 19A of the Copyright Act, 1957. The Employee also agrees to assist and cooperate with the Company in perfecting the Company's rights in the Intellectual Property. As to any Invention that Executive is required to assign, Executive shall promptly and fully disclose to the Company all information known to Executive concerning such Invention.

(b) Executive agrees that, from time to time, as may be requested by the Board and at the Company's sole cost and expense, Executive shall do any and all reasonable and lawful things that the Board may reasonably deem useful or desirable to establish or document the Company's exclusive ownership throughout the United States of America or India or any other country of any and all Proprietary Rights in any such Inventions, including the execution of appropriate copyright and/or patent applications or assignments. To the extent Executive has any Proprietary Rights in the Inventions that cannot be assigned in the manner described above, Executive unconditionally and irrevocably waives the enforcement of such Proprietary Rights. This Section 10(b) is subject to and shall not be deemed to limit, restrict or constitute any waiver by the Company of any Proprietary Rights of ownership to which the Company may be entitled by operation of law by virtue of Executive's employment by the Company. Executive further agrees that, from time to time, as may be requested by the Board and at the Company's sole cost and expense, Executive shall assist the Company in every reasonable, proper and lawful way to obtain and from time to time enforce Proprietary Rights relating to Inventions in any and all countries. To this end, Executive shall execute, verify and deliver such documents and perform such other acts (including appearances as a witness) as the Company may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such Proprietary Rights and the assignment thereof. In addition, Executive shall execute, verify, and deliver assignments of such Proprietary Rights to

the Company or its designees. Executive's obligation to provide reasonable assistance to the Company with respect to Proprietary Rights relating to such Inventions in any and all countries shall continue beyond the termination of the Term.

(c) Executive hereby waives and quit claims to the Company any and all claims, of any nature whatsoever, that Executive now or may hereafter have for infringement of any Proprietary Rights assigned hereunder to the Company.

12. Notification of Employment or Service Provider Relationship. Executive hereby agrees that as soon as practical, upon Executive's consideration of accepting employment with, or agreeing to provide services to, any other Person during any period which Executive remains subject to any of the covenants set forth in Section 7, Executive shall advise Executive's prospective employer of this Agreement and, to the extent necessary, shall provide such prospective employer with a copy of Section 7 of this Agreement. provided, however, that if and to the extent this Agreement has been publicly filed in connection the Company's filings with the Securities and Exchange Commission or related corporate, public company filings, Executive may provide Executive's prospective employer with a copy of the filed version of this Agreement. Promptly after receiving an offer of employment from any other Person, Executive will provide written notice to the Company of Executive's new employer as soon as possible.

13. Data Protection.

(a) The Executive hereby confirms that he has read and understood the Company's data protection policy and that he shall comply with the data protection policy when processing personal data in the course of employment including personal data relating to any employee, personnel, research assistant, customer, client, supplier or agent of the Company or any group entity.

(b) The Executive consents to the Company collecting, processing and handling data, including personal and sensitive personal data, relating to him for legal, personnel, administrative and management purposes. The Executive further agrees that the Company may transfer such data to its affiliates or service providers for legitimate business reasons, including but not limited to payroll processing, insurance benefits, etc.

14. Remedies and Injunctive Relief. Executive acknowledges that a violation by Executive of any of the covenants contained in Section 8, 9, 10 or 11 would cause irreparable damage to the Company in an amount that would be material but not readily ascertainable, and that any remedy at law (including the payment of damages) would be inadequate. Accordingly, Executive agrees that, notwithstanding any provision of this Agreement to the contrary, the Company shall be entitled (without the necessity of showing economic loss or other actual damage) to preliminary or interim injunctive relief (including temporary restraining orders and preliminary injunctions) in courts located in Delhi, India, for any actual or threatened breach of any of the covenants set forth in Section 8, 9, 10 or 11 in addition to any other legal or equitable remedies it may have. The preceding sentences shall not be construed as a waiver of the rights that the Company and/or Employee may have to recover in arbitration pursuant to Section 20 any damages available to it under this Agreement or otherwise, and all of the Company's rights shall be unrestricted.

15. Representations of Executive and Company; Advice of Counsel.

(a) Executive represents, warrants and covenants that as of the date hereof: (i) Executive has the full right, authority and capacity to enter into this Agreement and perform Executive's

obligations hereunder, (ii) has disclosed all applicable restrictive covenants or other obligations Executive has with any current or former employer, (iii) Executive is not bound by any agreement that conflicts with or prevents or restricts the full performance of Executive's duties and obligations to the Company hereunder during or after the Term, (iv) the execution and delivery of this Agreement shall not result in any breach or violation of, or a default under, any existing obligation, commitment or agreement to which Executive is subject. The Executive undertakes to indemnify the Company against any such claims, costs, damages, liabilities or expenses which the Company may incur if the Executive is in breach of any such obligations. (v) all the information submitted by the Executive which forms the basis for this employment is complete and correct. The Executive agrees and acknowledges that if it is found that the information submitted is false or incomplete or that the Executive has concealed certain material information which detrimentally impacts the employment with the Company, the Company may terminate employment without providing any notice or pay in lieu thereof and (vi) Executive has not engaged and will not engage in the future in any conduct that is in breach of any restrictive covenant to which Executive may be bound or any fiduciary duty that Executive owes to any employer. The Executive understands and acknowledges that Executive is not expected or permitted to possess, use or disclose any confidential information belonging to any current or former employer in the course of performing Executive's duties for the Company.

(b) Prior to execution of this Agreement, Executive was advised by the Company of Executive's right to seek independent advice from an attorney of Executive's own selection regarding this Agreement. Executive acknowledges that Executive has entered into this Agreement knowingly and voluntarily and with full knowledge and understanding of the provisions of this Agreement after being given the opportunity to consult with counsel. Executive further represents that in entering into this Agreement, Executive is not relying on any statements or representations made by any of the Company's directors, officers, employees or agents which are not expressly set forth herein, and that Executive is relying only upon Executive's own judgment and any advice provided by Executive's attorney.

16. Cooperation. Executive agrees that, upon reasonable notice and without the necessity of the Company obtaining a court order, Executive shall provide reasonable cooperation in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), or the decision to commence on behalf of the Company any suit, action or proceeding, and any investigation and/or defense of any claims asserted against any of the Company's or its Affiliates' current or former directors officers, employees, shareholders, partners, members, agents or representatives of any of the foregoing, which relates to events occurring during Executive's employment hereunder by the Company as to which Executive may have relevant information (including but not limited to furnishing relevant information and materials to the Company or its designee and/or providing testimony at depositions and at trial), provided that with respect to such cooperation occurring following termination of the Term, the Company shall reimburse Executive for expenses reasonably incurred in connection therewith, including reasonable and necessary attorney fees where the attorney is engaged in consultation with the Company, and shall schedule such cooperation to the extent reasonably practicable so as not to unreasonably interfere with Executive's business or personal affairs.

17. Withholding; Taxes. The Company may deduct and withhold from any amounts payable under this Agreement such taxes as are required or permitted to be withheld pursuant to any applicable law or regulation. The Executive shall be responsible for all taxes (including self-employment taxes) in connection with Executive's status as a member of the Company for income tax purposes under the applicable law in India.

18. Assignment.

(a) This Agreement is personal to Executive and without the prior written consent of the Board shall not be assignable by Executive, and any assignment in violation of this Agreement shall be void.

(b) This Agreement shall be binding on, and shall inure to the benefit of; the parties to it and their respective heirs, legal representatives, successors and permitted assigns (including, without limitation, successors by merger, consolidation, sale or similar transaction and in the event of Executive's death, Executive's estate and heirs in the case of any payments due to Executive hereunder).

(c) Executive acknowledges and agrees that all of Executive's covenants and obligations to the Company, as well as the rights of the Company hereunder, shall run in favor of and shall be enforceable by the Company and any successor or assign to all or substantially all of the Company's business or assets.

19. Governing Law; No Construction Against Drafter. This Agreement shall be deemed to be made in India, and the validity, interpretation, construction, and performance of this Agreement in all respects (except as provided below) shall be governed by the laws of India without regard to its principles of conflicts of law. No provision of this Agreement or any related document will be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or drafted such provision.

20. Dispute Resolution and Arbitration. Except as otherwise provided in this Dispute Resolution and Arbitration provision ("**Arbitration Agreement**"), any dispute, controversy or other claim, past, present, or future, between Executive and the Company that otherwise would be subject to resolution in court by a judge shall be resolved solely by final and binding arbitration and not by way of court, except for claims for temporary, interim and/or preliminary injunctive relief pursuant to Sections 8, 9, 10 and/or 11 of this Agreement, which may be sought from a court of competent jurisdiction at any time and shall be subject to modification or dissolution as part of the final arbitration award, and/or claims for workers' compensation, state disability, or unemployment insurance benefits. This arbitration commitment extends to, but is not limited to, any and all claims, disputes or controversies (i) arising out of or relating to this Agreement and/or any aspect of Executive's employment with the Company, including those that the Company may assert against Executive and those that Executive may assert against the Company, its clients or related entities, and/or any of its or their respective members, shareholders, owners, directors, officers, employees, agents and representatives, and (ii) arising out of, relating to, or concerning the validity, enforceability, applicability, scope, or alleged breach of this Arbitration Agreement, including whether or not a dispute must be arbitrated. All such claims, disputes and controversies brought by Executive shall be subject to resolution in arbitration on an individual basis only, and not on a class or collective basis on behalf of, or in concert with, any persons not party to this Agreement. There will be no right or authority for any such claim, dispute or controversy to be brought, heard or arbitrated as a class, collective or multi-plaintiff action, and Executive agrees to not serve as a member in any class or collective action against the Company or any other party to whom Executive's arbitration commitment extends. This arbitration commitment will continue throughout Executive's employment with the Company and after the employment ends. This Arbitration Agreement does not prevent or prohibit Executive in any way from reporting, communicating about, or disclosing claims for discrimination, harassment, retaliation, or sexual abuse. This Arbitration Agreement does not cover disputes that an applicable statute expressly states cannot be arbitrated or subject to a pre-dispute arbitration agreement. The seat and place arbitration shall be New Delhi and the arbitration proceedings shall be in English language, before a single arbitrator, who shall be a lawyer admitted to the bar and has at least 15 years' experience in employment law or a retired judge. Unless prohibited by applicable law, all fees and expenses of the arbitration process, including the arbitrator shall be borne equally by the

parties. This Arbitration Agreement shall be governed by the Arbitration and Conciliation Act, 1996. In making the decision and award, the arbitrator shall apply applicable substantive law. Judgment upon the arbitrator's award may be entered in any court having jurisdiction thereof.

21. Amendment; No Waiver; 409A.

(a) No provisions of this Agreement may be amended, modified, waived or discharged except by a written document signed by Executive and a duly authorized officer of the Company (other than Executive).

(b) The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement. No failure or delay by either party in exercising any right or power hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment of any steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

(c) To the extent that any reimbursements pursuant to Section 4(f) or Section 14 are taxable to Executive, any such reimbursement payment due to Executive shall be paid to Executive as promptly as practicable, and in all events on or before the last day of Executive's taxable year following the taxable year in which the related expense was incurred. The reimbursements pursuant to Section 4(f) and Section 14 are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that Executive receives in one taxable year shall not affect the amount of such benefits or reimbursements that Executive receives in any other taxable year.

(d) If and to the extent that Section 409A of the U.S. Internal Revenue Code of 1986, as amended ("**Section 409A**"), the following provisions shall apply:

(i) It is the intention of the Company and Executive that this Agreement comply with the requirements of Section 409A, and this Agreement will be interpreted in a manner intended to comply with or be exempt from Section 409A. The Company and Executive agree to negotiate in good faith to make amendments to this Agreement as the parties mutually agree are necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. Notwithstanding the foregoing, Executive shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of Executive in connection with this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any Affiliate shall have any obligation to indemnify or otherwise hold Executive (or any beneficiary) harmless from any or all of such taxes or penalties.

(ii) Notwithstanding anything in this Agreement to the contrary, in the event that Executive is deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i), no payments hereunder that are "deferred compensation" subject to Section 409A shall be made to Executive prior to the date that is six (6) months after the date of Executive's "separation from service" (as defined in Section 1.409A-1(h) of the regulations, including temporary regulations, of the United States Treasury Department pertaining to the income tax, as amended, and any successor provision) or, if earlier, Executive's date of death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest permissible payment date. For purposes of Section 409A, each of the payments that may be made under this Agreement are designated as separate payments.'

(iii) For purposes of this Agreement, with respect to payments of any amounts that are considered to be “deferred compensation” subject to Section 409A, references to “termination of employment” (and substantially similar phrases) shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A relating to “separation from service”.

22. Severability. If any provision or any part thereof of this Agreement, including Sections 8, 9, 10 and 11 hereof, as applied to either party or to any circumstances, shall be adjudged by a court of competent jurisdiction to be invalid or unenforceable, the same shall in no way affect any other provision or remaining part thereof of this Agreement, which shall be given full effect without regard to the invalid or unenforceable provision or part thereof, or the validity or enforceability of this Agreement. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

23. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the Company and Executive with respect to the subject matter hereof and supersedes all prior agreements and understandings (whether written or oral), between Executive and the Company, relating to such subject matter. None of the parties shall be liable or bound to any other party in any manner by any representations and warranties or covenants relating to such subject matter except as specifically set forth herein.

24. Survival. The rights and obligations of the parties under the provisions of this Agreement (including without limitation, Sections 8 through 14 and Sections 16 and 20) shall survive, and remain binding and enforceable, notwithstanding the expiration of the Term, the termination of this Agreement, the termination of Executive’s employment hereunder or any settlement of the financial rights and obligations arising from Executive’s employment hereunder, to the extent necessary to preserve the intended benefits of such provisions.

25. Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or sent, postage prepaid, by registered, certified or express mail or overnight courier service and shall be deemed given when so delivered by hand or facsimile, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service) to the parties at the following addresses or facsimiles (or at such other address for a party as shall be specified by like notice):

If to the Company:

exl Service.com (India) Private Limited
414, 4th Floor,
DLF Jasola Tower B,
Plot No. 10 & 11 DDA District Centre,
Jasola, New Delhi-110044
Attn: VP & Head of India Legal

With copies to:

ExlService Holdings, Inc.

320 Park Avenue, 29th Floor
New York, NY 10022
Attn: Ajay Ayyappan
Email: GeneralCounsel@exlservice.com

ExlService Holdings, Inc.
320 Park Avenue, 29th Floor
New York, NY 10022
Attn: Nalin Kumar Miglani
Fax: (212) 624-5933

If to Executive:

Vikas Bhalla
[**REDACTED FOR PRIVACY**]
Email: vikas.bhalla@exlservice.com

Notices delivered by electronic mail shall have the same legal effect as if such notice had been delivered in person.

26. Headings and References. The headings of this Agreement are inserted for convenience only and neither constitute a part of this Agreement nor affect in any way the meaning or interpretation of this Agreement. When a reference in this Agreement is made to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated.

27. Counterparts. This Agreement may be executed simultaneously in two or more counterparts (including via facsimile and electronic image scan (PDF)), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party. Copies and facsimile or scanned copies of this Agreement, and the signatures contained therein, shall be as effective as the original Agreement and signatures.

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties as of the date set forth below.

Your Truly,

exl Service.com (India) Private Limited
/s/ Nalin Kumar Miglani
Nalin Kumar Miglani
Executive Vice President & Chief Human Resource Officer
Date: 18 April 2022

Vikas Bhalla

/s/ Vikas Bhalla
Date: 18th April, 2022

SCHEDULE I

COMPENSATION STRUCTURE

As of April 1, 2021

Full Name : Vikas Bhalla

Employee ID : 422

Basic	8,575,000
Housing	4,287,500
Leave Travel	714,298
Adhoc Allowance	7,579,744
Business Related Expenses	
Vehicle Running and Maintenance	222,000
Driver Wages Reimbursement	180,000
.	
Company Car	1,500,000
Retirals	
Employer Provident Fund	1,029,000
Gratuity*	412,458
Fixed Compensation	24,500,000

*You shall be provided with benefits of Gratuity in accordance with the applicable Gratuity act 1972.

SECTION 302 CERTIFICATION

I, Rohit Kapoor, certify that:

1. I have reviewed this Quarterly Report of ExlService Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2023

/s/ Rohit Kapoor

Rohit Kapoor

Vice-Chairman and Chief Executive Officer

SECTION 302 CERTIFICATION

I, Maurizio Nicolelli, certify that:

1. I have reviewed this Quarterly Report of ExlService Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2023

/s/ Maurizio Nicolelli

Maurizio Nicolelli
Chief Financial Officer

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ExlService Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Rohit Kapoor, Vice-Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Rohit Kapoor

Rohit Kapoor

Vice-Chairman and Chief Executive Officer

April 27, 2023

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ExlService Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Maurizio Nicolelli, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Maurizio Nicolelli

Maurizio Nicolelli

Chief Financial Officer

April 27, 2023