
**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, 2016**
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)

**280 PARK AVENUE, 38 TH FLOOR,
NEW YORK, NEW YORK**
(Address of principal executive offices)

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

10017
(Zip code)

(212) 277-7100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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, 2016, there were 33,472,670 shares of the registrant's common stock outstanding, par value \$0.001 per share.

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PART 1. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

| | March 31, 2016 | December 31, 2015 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------|
| | (Unaudited) | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 95,774 | \$ 205,323 |
| Short-term investments | 97,079 | 13,676 |
| Restricted cash | 2,722 | 1,872 |
| Accounts receivable, net | 107,601 | 92,650 |
| Prepaid expenses | 8,426 | 8,027 |
| Advance income tax, net | 6,406 | 2,432 |
| Other current assets | 19,746 | 15,219 |
| Total current assets | 337,754 | 339,199 |
| Fixed assets, net | 47,540 | 47,991 |
| Restricted cash | 3,380 | 3,319 |
| Deferred tax assets, net | 9,711 | 13,749 |
| Intangible assets, net | 50,013 | 52,733 |
| Goodwill | 171,498 | 171,535 |
| Other assets | 22,384 | 22,257 |
| Total assets | \$ 642,280 | \$ 650,783 |
| Liabilities and Equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,146 | \$ 6,401 |
| Short-term borrowings | 10,000 | 10,000 |
| Deferred revenue | 13,667 | 11,518 |
| Accrued employee cost | 24,644 | 44,526 |
| Accrued expenses and other current liabilities | 37,901 | 34,250 |
| Current portion of capital lease obligations | 286 | 384 |
| Total current liabilities | 89,644 | 107,079 |
| Long term borrowings | 55,000 | 60,000 |
| Capital lease obligations, less current portion | 278 | 278 |
| Non-current liabilities | 13,565 | 17,655 |
| Total liabilities | 158,487 | 185,012 |
| Commitments and contingencies (See Note 16) | | |
| Preferred stock, \$0.001 par value; 15,000,000 shares authorized, none issued | | |
| — | | |
| ExlService Holdings, Inc. stockholders' equity: | | |
| Common stock, \$0.001 par value; 100,000,000 shares authorized, 35,252,413 shares issued and 33,409,249 shares outstanding as of March 31, 2016 and 34,781,201 shares issued and 33,091,223 shares outstanding as of December 31, 2015 | 35 | 35 |
| Additional paid-in-capital | 261,871 | 254,052 |
| Retained earnings | 334,809 | 320,989 |
| Accumulated other comprehensive loss | (64,087) | (67,325) |
| Total including shares held in treasury | 532,628 | 507,751 |
| Less: 1,843,164 shares as of March 31, 2016 and 1,689,978 shares as of December 31, 2015, held in treasury, at cost | (49,014) | (42,159) |
| ExlService Holdings, Inc. stockholders' equity | \$ 483,614 | \$ 465,592 |
| Non-controlling interest | 179 | 179 |
| Total equity | \$ 483,793 | \$ 465,771 |
| Total liabilities and equity | \$ 642,280 | \$ 650,783 |

See accompanying notes to consolidated financial statements.

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

| | Three months ended March 31, | |
|-------------------------------------------------------------------------|------------------------------|------------|
| | 2016 | 2015 |
| Revenues, net | \$ 167,036 | \$ 143,510 |
| Cost of revenues (exclusive of depreciation and amortization) | 108,379 | 93,125 |
| Gross profit | 58,657 | 50,385 |
| Operating expenses: | | |
| General and administrative expenses | 20,618 | 18,621 |
| Selling and marketing expenses | 13,454 | 11,243 |
| Depreciation and amortization | 8,133 | 7,053 |
| Total operating expenses | 42,205 | 36,917 |
| Income from operations | 16,452 | 13,468 |
| Foreign exchange gain | 469 | 1,134 |
| Other income, net | 2,794 | 1,178 |
| Income before income taxes | 19,715 | 15,780 |
| Income tax expense | 5,895 | 6,213 |
| Net income | \$ 13,820 | \$ 9,567 |
| Earnings per share: | | |
| Basic | \$ 0.41 | \$ 0.29 |
| Diluted | \$ 0.40 | \$ 0.28 |
| Weighted-average number of shares used in computing earnings per share: | | |
| Basic | 33,380,028 | 33,236,259 |
| Diluted | 34,351,657 | 34,051,971 |

See accompanying notes to consolidated financial statements.

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

| | Three months ended March 31, | |
|------------------------------------------------------------------------------------------------------|------------------------------|-----------|
| | 2016 | 2015 |
| Net income | \$ 13,820 | \$ 9,567 |
| Other comprehensive income/(loss): | | |
| Unrealized gain on effective cash flow hedges, net of taxes \$403 and \$453, respectively | 2,034 | 1,806 |
| Foreign currency translation adjustment | 1,033 | 302 |
| Retirement benefits, net of taxes \$5 and \$6, respectively | 182 | 151 |
| Reclassification adjustments | | |
| Realized (gain)/loss on cash flow hedges, net of taxes (\$25) and \$126, respectively ⁽¹⁾ | (32) | 183 |
| Retirement benefits, net of taxes \$1 and \$3, respectively ⁽²⁾ | 21 | 52 |
| Total other comprehensive income | \$ 3,238 | \$ 2,494 |
| Total comprehensive income | \$ 17,058 | \$ 12,061 |

(1) These are reclassified to net income and are included in the foreign exchange gain/(loss) in the unaudited consolidated statements of income. See Note 7 to the consolidated financial statements.

(2) These are reclassified to net income and are included in the computation of net periodic pension costs in the unaudited consolidated statements of income. See Note 11 to the consolidated financial statements.

See accompanying notes to consolidated financial statements.

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

| | Three months ended March 31, | |
|------------------------------------------------------------------------------------------|------------------------------|-------------------|
| | 2016 | 2015 |
| Cash flows from operating activities: | | |
| Net income | \$ 13,820 | \$ 9,567 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 8,133 | 7,053 |
| Stock-based compensation expense | 5,809 | 4,255 |
| Unrealized gain on short term investments | (1,525) | (42) |
| Change in fair value of earn-out consideration | (250) | — |
| Unrealized foreign exchange (gain)/loss | (1,061) | 284 |
| Deferred income taxes | 3,646 | 2,804 |
| Others, net | (12) | 29 |
| Change in operating assets and liabilities (net of effect of acquisitions): | | |
| Restricted cash | (919) | (1,477) |
| Accounts receivable | (14,490) | (5,779) |
| Prepaid expenses and other current assets | (3,641) | (2,799) |
| Accounts payable | (2,584) | (984) |
| Deferred revenue | 2,334 | 3,834 |
| Accrued employee costs | (19,567) | (16,398) |
| Accrued expenses and other liabilities | 4,147 | (497) |
| Advance income tax, net | (4,429) | 544 |
| Other assets | 148 | (257) |
| Net cash (used for) / provided by operating activities | (10,441) | 137 |
| Cash flows from investing activities: | | |
| Purchase of fixed assets | (8,457) | (8,845) |
| Business acquisition (net of cash acquired) | — | (44,419) |
| Purchase of short-term investments | (101,327) | (5,995) |
| Proceeds from redemption of short-term investments | 20,004 | 3,079 |
| Net cash used for investing activities | (89,780) | (56,180) |
| Cash flows from financing activities: | | |
| Principal payments on capital lease obligations | (123) | (223) |
| Proceeds from borrowings | — | 30,000 |
| Repayments of borrowings | (5,000) | — |
| Payment of debt issuance costs | — | (50) |
| Acquisition of treasury stock | (6,855) | (397) |
| Proceeds from exercise of stock options | 2,010 | 1,883 |
| Net cash (used for)/provided by financing activities | (9,968) | 31,213 |
| Effect of exchange rate changes on cash and cash equivalents | 640 | (350) |
| Net decrease in cash and cash equivalents | (109,549) | (25,180) |
| Cash and cash equivalents, beginning of year | 205,323 | 176,499 |
| Cash and cash equivalents, end of year | \$ 95,774 | \$ 151,319 |

See accompanying notes to consolidated financial statements.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016

(In thousands, except share and per share amounts)

1. Organization and Basis of Presentation

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 (collectively, the “Company”), is a leading Operations Management and Analytics company that helps businesses enhance growth and profitability. Using its proprietary platforms, methodologies and tools the Company looks deeper to help companies improve global operations, enhance data-driven insights, increase customer satisfaction, and manage risk and compliance. The Company’s clients are located principally in the U.S. and the U.K.

Basis of Presentation

The unaudited interim consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“US 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 US 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, 2015.

The unaudited interim 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.

Effective for the quarter and year ended December 31, 2015, the Company merged two of its operating segments (Operations Consulting and Finance Transformation, previously part of the Analytics and Business Transformation reportable segment) into the Consulting operating segment to reflect recent organizational changes. The Company has also revised its reportable segments to reflect management’s focus on the Analytics operating segment. All other operating segments have been aggregated into the Operations Management reportable segment.

The Company’s reportable segments are as follows:

- Operations Management, and
- Analytics.

The segment information for all prior periods presented herein has been restated to conform to the current presentation. This change in segment presentation does not affect the Company’s consolidated statements of income, balance sheets or statements of cash flows.

2. Summary of Significant Accounting Policies

(a) Principles of Consolidation

The accompanying unaudited consolidated financial statements include the financial statements of ExlService Holdings and all of its subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

The non-controlling interest at March 31, 2016 represents the minority partner’s interest in the operations of ExlService Colombia S.A.S. (“Exl Colombia”) and the profits associated with the minority partner’s interest in those operations, in the consolidated balance sheets and consolidated statements of income, respectively. The non-controlling interest in such operations for the three months ended March 31, 2016 was insignificant and is included under general and administrative expenses in the unaudited consolidated statements of income.

(b) Use of Estimates

The preparation of the unaudited consolidated financial statements in conformity with US 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,

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

actual results may be different from those estimates. The significant estimates and assumptions that affect the financial statements include, but are not limited to, allowance for doubtful receivables, service tax receivables, 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 compensation expense, depreciation and amortization periods, purchase price allocation, recoverability of long-term assets including goodwill and intangibles, and estimates to complete the fixed price contracts.

(c) Other current assets

Other current assets consists of the following:

| | March 31, 2016 | December 31, 2015 |
|----------------------------------------|------------------|-------------------|
| Derivative instruments | \$ 3,831 | \$ 3,009 |
| Advances to suppliers | 1,534 | 1,545 |
| Receivables from statutory authorities | 9,372 | 8,676 |
| Others | 5,009 | 1,989 |
| Other current assets | <u>\$ 19,746</u> | <u>\$ 15,219</u> |

(d) Accrued expenses and other current liabilities

Accrued expenses and other current liabilities consists of the following:

| | March 31, 2016 | December 31, 2015 |
|------------------------------------------------|------------------|-------------------|
| Accrued expenses | \$ 25,264 | \$ 26,238 |
| Derivative instruments | 413 | 1,226 |
| Client liability account | 2,972 | 2,217 |
| Other current liabilities | 9,252 | 4,569 |
| Accrued expenses and other current liabilities | <u>\$ 37,901</u> | <u>\$ 34,250</u> |

(e) Non-current liabilities

Non-current liabilities consists of the following:

| | March 31, 2016 | December 31, 2015 |
|-------------------------------|------------------|-------------------|
| Derivative instruments | \$ 568 | \$ 1,132 |
| Unrecognized tax benefits | 3,112 | 3,066 |
| Deferred rent | 6,864 | 6,515 |
| Retirement benefits | 1,472 | 1,441 |
| Other non-current liabilities | 1,549 | 5,501 |
| Non-current liabilities | <u>\$ 13,565</u> | <u>\$ 17,655</u> |

(f) Accumulated Other Comprehensive Loss

For the Company, accumulated other comprehensive loss consists of amortization of actuarial gain/(loss) on retirement benefits and changes in the cumulative foreign currency translation adjustments. In addition, the Company enters into foreign currency exchange contracts, which are designated as cash flow hedges in accordance with ASC topic 815, "Derivatives and Hedging" ("ASC 815"). Changes in the fair values of contracts that are deemed effective are recorded as a component of accumulated other comprehensive loss until the settlement of those contracts. The balances as of March 31, 2016 and December 31, 2015 are as follows:

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

| | December 31, 2015 | December 31, 2015 |
|------------------------------------------------------------------------|--------------------|--------------------|
| Cumulative currency translation adjustments | \$ (67,030) | \$ (68,063) |
| Unrealized gain on cash flow hedges, net of taxes of \$1,035 and \$657 | 2,826 | 824 |
| Retirement benefits, net of taxes of (\$194) and (\$201) | 117 | (86) |
| Accumulated other comprehensive loss | <u>\$ (64,087)</u> | <u>\$ (67,325)</u> |

(g) Other Income, net

Other income, net consists of the following:

| | Three months ended March 31, | |
|--------------------------------------------------|------------------------------|-----------------|
| | 2016 | 2015 |
| Interest and dividend income* | \$ 2,222 | \$ 1,402 |
| Interest expense | (385) | (283) |
| Change in fair value of earn-out consideration** | 250 | — |
| Other, net | 707 | 59 |
| Other income, net | <u>\$ 2,794</u> | <u>\$ 1,178</u> |

* Includes unrealized gain of \$1,525 and \$42 on investments carried under ASC topic 825, "Financial Instruments" ("ASC 825"), fair value option for the three months ended March 31, 2016 and 2015 respectively.

** Reduction in the Company's liability of earn-out consideration related to its acquisition of RPM Direct, LLC and RPM Data Solutions, LLC (the "RPM Acquisition") from \$4,060 as of December 31, 2015 to \$3,810 as of March 31, 2016 recognized as other income.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers". The new standard is effective for reporting periods beginning after December 15, 2017 and early adoption is not permitted. The comprehensive new standard will supersede existing revenue recognition guidance and require revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. ASU No. 2014-09 is effective for the Company in the first quarter of fiscal 2018 using either one of two methods: (i) retrospectively to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU No. 2014-09; or (ii) retrospectively with the cumulative effect of initially applying ASU No. 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined per ASU No. 2014-09. The Company is currently evaluating the impact of adoption and the implementation approach to be used.

In January 2016, FASB issued ASU No. 2016-01, "Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities". This guidance makes targeted improvements to existing US GAAP for financial instruments, including requiring equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; requiring entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; requiring separate presentation of financial assets and financial liabilities by measurement category and form of financial asset and requiring entities to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk (also referred to as "own credit") when the organization has elected to measure the liability at fair value in accordance with the fair value option. The new guidance is effective for public companies for fiscal years beginning after December 15, 2017. Early adoption of the own credit provision is permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). ASU No. 2016-02 requires the identification of arrangements that should be accounted for as leases by lessees. In general, for lease arrangements exceeding a twelve month term, these arrangements must now be recognized as assets and liabilities on the balance sheet of the lessee. Under ASU No. 2016-02, a right-of-use asset and lease obligation will be recorded for all leases, whether operating or financing, while the income statement will reflect lease expense for operating leases and amortization/interest expense for financing leases. The balance sheet amount recorded for existing leases at the date of adoption of ASU No. 2016-02 must be calculated using the applicable incremental borrowing rate at the date of adoption. In addition, ASU No. 2016-02 requires the use of the modified retrospective method, which will require adjustment to all comparative periods presented in the consolidated financial statements. The new guidance is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements and the implementation approach to be used.

In March 2016, FASB issued ASU No. 2016-05, Derivatives and Hedging: Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships, which clarifies that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument does not, in and of itself, require de-designation of that hedging relationship provided that all other hedge accounting criteria continue to be met. The new guidance is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years. An entity has the option to apply ASU No. 2016-05 on either a prospective basis or a modified retrospective basis. Early adoption is permitted. The adoption of ASU No. 2016-05 is not expected to have a material effect on the Company's consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-07, "Investments – Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting." Among other things, the amendments in ASU No. 2016-07 eliminate the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments require that the equity method investor add the cost of acquiring the additional interest in the investee to the current basis of the investor's previously held interest and adopt the equity method of accounting as of the date the investment becomes qualified for equity method accounting. Therefore, upon qualifying for the equity method of accounting, no retroactive adjustment of the investment is required. The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. The amendments should be applied prospectively upon their effective date to increases in the level of ownership interest or degree of influence that result in the adoption of the equity method. Early adoption is permitted. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net). ASU No. 2016-08 clarifies the implementation guidance on principal versus agent considerations. The guidance includes indicators to assist an entity in determining whether it controls a specified good or service before it is transferred to the customers. The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, Compensation – Stock Compensation (Topic 718). ASU No. 2016-09 identifies areas for simplification involving several aspects of accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, an option to recognize gross stock compensation expense with actual forfeitures recognized as they occur, as well as certain classifications on the statement of cash flows. The amendments are effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2016. Early adoption is permitted but all of the guidance must be adopted in the same period. The Company is currently evaluating the impact that the adoption of this guidance will have on its consolidated financial statements.

3. Earnings Per Share

Basic earnings per share is computed by dividing net income to common stockholders by the weighted average number of common shares outstanding 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 issued and outstanding at the reporting date, using

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

the treasury stock method. Stock options, restricted stock and restricted stock units 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, | |
|-------------------------------------------------------------------------------------------------|------------------------------|------------|
| | 2016 | 2015 |
| Numerators: | | |
| Net income | \$ 13,820 | \$ 9,567 |
| Denominators: | | |
| Basic weighted average common shares outstanding | 33,380,028 | 33,236,259 |
| Dilutive effect of share based awards | 971,629 | 815,712 |
| Diluted weighted average common shares outstanding | 34,351,657 | 34,051,971 |
| Earnings per share: | | |
| Basic | \$ 0.41 | \$ 0.29 |
| Diluted | \$ 0.40 | \$ 0.28 |
| Weighted average common shares considered anti-dilutive in computing diluted earnings per share | 200,752 | 188,044 |

4. Segment Information

The Company's operating segments are significant strategic business units that align its products and services with how it manages its business, approach the key markets and interacts with its clients. Effective for the quarter and year ended December 31, 2015, the Company merged two of its operating segments (Operations Consulting and Finance Transformation, previously part of the Analytics and Business Transformation reportable segment) into the Consulting operating segment to reflect recent organizational changes. The Company has also revised its reportable segments to reflect management's focus on the Analytics operating segment. All the other operating segments have been aggregated into the Operations Management reportable segment.

The new reportable segments are as follows:

- Operations Management
- Analytics

The Company has restated the segment information for the all prior periods presented herein to conform to the current presentation. This change in segment presentation does not affect the Company's consolidated statements of income, balance sheets or statements of cash flows.

The chief operating decision maker ("CODM") generally reviews operating segment revenues and cost of revenues. The Company does not allocate and therefore the CODM does not evaluate operating expenses, interest expense and income taxes by segment. The Company's operating assets are shared by multiple segments. The Company manages 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, 2016 and 2015 for Operations Management and Analytics segments, respectively, are as follows:

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

| | Three Months Ended March 31, 2016 | | | Three Months Ended March 31, 2015 | | |
|------------------------------------------------------------------|--------------------------------------|-----------|------------|--------------------------------------|-----------|------------|
| | Operations Management | Analytics | Total | Operations Management | Analytics | Total |
| Revenues, net | \$ 128,070 | \$ 38,966 | \$ 167,036 | \$ 123,853 | \$ 19,657 | \$ 143,510 |
| Cost of revenues (exclusive of depreciation and amortization) | 83,608 | 24,771 | 108,379 | 79,729 | 13,396 | 93,125 |
| Gross profit | \$ 44,462 | \$ 14,195 | \$ 58,657 | \$ 44,124 | \$ 6,261 | \$ 50,385 |
| Operating expenses | | | 42,205 | | | 36,917 |
| Foreign exchange gain and other income, net | | | 3,263 | | | 2,312 |
| Income tax expense | | | 5,895 | | | 6,213 |
| Net income | | | \$ 13,820 | | | \$ 9,567 |

5. Goodwill and Intangible Assets**Goodwill**

The following table sets forth details of the Company's goodwill balance as of March 31, 2016:

| | Operations Management | Analytics | Total |
|---------------------------------------|-----------------------|-----------|------------|
| Balance at January 1, 2015 | \$ 122,814 | \$ 16,785 | \$ 139,599 |
| Goodwill arising from RPM acquisition | — | 33,155 | 33,155 |
| Currency translation adjustments | (1,219) | — | (1,219) |
| Balance at December 31, 2015 | \$ 121,595 | \$ 49,940 | \$ 171,535 |
| Currency translation adjustments | (37) | — | (37) |
| Balance at March 31, 2016 | \$ 121,558 | \$ 49,940 | \$ 171,498 |

Intangible Assets

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

| | As of March 31, 2016 | | |
|----------------------------|--------------------------|-----------------------------|------------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Customer relationships | \$ 64,815 | \$ (26,193) | \$ 38,622 |
| Developed technology | 12,234 | (4,866) | 7,368 |
| Trade names and trademarks | 5,670 | (2,828) | 2,842 |
| Leasehold benefits | 2,785 | (2,157) | 628 |
| Non-compete agreements | 2,045 | (1,492) | 553 |
| | \$ 87,549 | \$ (37,536) | \$ 50,013 |

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

| | As of December 31, 2015 | | |
|----------------------------|-------------------------|--------------------------|---------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Customer relationships | \$ 64,816 | \$ (24,215) | \$ 40,601 |
| Developed technology | 12,234 | (4,363) | 7,871 |
| Trade names and trademarks | 5,670 | (2,683) | 2,987 |
| Leasehold benefits | 2,789 | (2,109) | 680 |
| Non-compete agreements | 2,045 | (1,451) | 594 |
| | <u>\$ 87,554</u> | <u>\$ (34,821)</u> | <u>\$ 52,733</u> |

Amortization expense for the three months ended March 31, 2016 and 2015 was \$2,715 and \$2,059, respectively. The remaining weighted average life of intangible assets was 6.2 years for customer relationships, 3.2 years for leasehold benefits, 4.5 years for developed technology, 3.3 years for non-compete agreements and 6.0 years for trade names and trademarks excluding indefinite life trade names and trademarks. The Company has \$900 of indefinite lived trade names and trademarks as of March 31, 2016 and December 31, 2015.

Estimated amortization of intangible assets during the year ending March 31,

| | |
|------|-----------|
| 2017 | \$ 10,866 |
| 2018 | \$ 10,731 |
| 2019 | \$ 10,416 |
| 2020 | \$ 8,354 |
| 2021 | \$ 8,746 |

6. Fair Value Measurements*Assets and Liabilities Measured at Fair Value*

The following table sets forth the Company's assets and liabilities that were accounted for at fair value as of March 31, 2016 and December 31, 2015. The table excludes accounts receivable, accounts payable and accrued expenses for which fair values approximate their carrying amounts.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

| As of March 31, 2016 | Level 1 | Level 2 | Level 3 | Total |
|--------------------------------------|------------|----------|----------|------------|
| Assets | | | | |
| Money market and mutual funds* | \$ 102,686 | \$ — | \$ — | \$ 102,686 |
| Derivative financial instruments | — | 5,003 | — | 5,003 |
| Total | \$ 102,686 | \$ 5,003 | \$ — | \$ 107,689 |
| Liabilities | | | | |
| Derivative financial instruments | \$ — | \$ 981 | \$ — | \$ 981 |
| Fair value of earn-out consideration | — | — | 3,810 | 3,810 |
| Total | \$ — | \$ 981 | \$ 3,810 | \$ 4,791 |
| As of December 31, 2015 | | | | |
| Assets | | | | |
| Money market and mutual funds | \$ 118,478 | \$ — | \$ — | \$ 118,478 |
| Derivative financial instruments | — | 4,184 | — | 4,184 |
| Total | \$ 118,478 | \$ 4,184 | \$ — | \$ 122,662 |
| Liabilities | | | | |
| Derivative financial instruments | \$ — | \$ 2,358 | \$ — | \$ 2,358 |
| Fair value of earn-out consideration | — | — | 4,060 | 4,060 |
| Total | \$ — | \$ 2,358 | \$ 4,060 | \$ 6,418 |

* Includes short-term investments carried on fair value option under ASC 825 of \$82,536 as of March 31, 2016.

Derivative Financial Instruments: The Company's derivative financial instruments consist of foreign currency forward exchange contracts. Fair values for derivative financial instruments are based on independent sources including highly rated financial institutions and are classified as Level 2. See Note 7 to our unaudited consolidated financial statements contained herein for further details on Derivatives and Hedge Accounting.

Fair value of earn-out consideration: The fair value measurement of earn-out consideration is determined using Level 3 inputs. The Company's earn-out consideration represents a component of the total purchase consideration for its March 2015 acquisition of RPM Direct, LLC and RPM Data Solutions, LLC (together "RPM"). The measurement is calculated using unobservable inputs based on the Company's own assessment of achievement of certain performance goals by RPM during the 2015 and 2016 calendar years. As of March 31, 2016 and December 31, 2015, the Company estimated the fair value of the earn out consideration to be \$3,810 and \$4,060, respectively, utilizing a Monte Carlo simulation. The Monte-Carlo simulation model simulates a range of possible performance levels and estimates the probabilities of the potential payouts. This model also incorporates a range of assumptions like discount rate, risk-free rate, assumed cost of debt, etc.

7. Derivatives and Hedge Accounting

The Company uses derivative instruments and hedging transactions to mitigate exposure to foreign currency fluctuation risks associated with forecasted transactions denominated in certain foreign currencies and to minimize earnings and cash flow volatility associated with changes in foreign currency exchange rates. The Company's derivative financial instruments are largely forward foreign exchange contracts that are designated effective and that qualify as cash flow hedges under ASC 815. The Company had outstanding cash flow hedges totaling \$218,365 as of March 31, 2016 and \$230,894 as of December 31, 2015. The fair value of these cash flow hedges is included in the other comprehensive loss on the Company's unaudited consolidated balance sheet.

The Company also enters into foreign currency forward contracts to economically hedge its intercompany balances and other monetary assets and liabilities denominated in currencies other than functional currencies. These derivatives do not qualify as fair value hedges under ASC No. 815. Changes in the fair value of these derivatives are recognized in the consolidated statements

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

of income and are included in foreign exchange gain/loss. The Company's primary exchange rate exposure is with the Indian Rupee, the U.K. pound sterling and the Philippine peso. The Company also has exposure to Colombian pesos, Czech Koruna, Euro, South African ZAR and other local currencies in which it operates. Outstanding foreign currency forward contracts amounted to \$59,290 and GBP 14,147 as of March 31, 2016 and amounted to \$61,641 and GBP 13,256 as of December 31, 2015.

The Company estimates that approximately \$3,257 of net derivative gains included in accumulated other comprehensive loss ("AOCI") could be reclassified into earnings within the next twelve months based on exchange rates prevailing as of March 31, 2016. At March 31, 2016, the maximum outstanding term of the cash flow hedges was forty-five months.

The Company evaluates hedge effectiveness at the time a contract is entered into as well as on an ongoing basis. If during this time, a contract is deemed ineffective, the change in the fair value is recorded in the consolidated statements of income and is included in foreign exchange gain/(loss). For hedging positions that are discontinued because the forecasted transaction is not expected to occur by the end of the originally specified period, any related derivative amounts recorded in equity are reclassified to earnings. There were no such significant amounts of gains or losses that were reclassified from AOCI into earnings during the three months ended March 31, 2016 and 2015.

The following tables set forth the fair value of the foreign currency exchange contracts and their location on the unaudited consolidated financial statements:

Derivatives designated as hedging instruments:

| | March 31, 2016 | December 31, 2015 |
|--------------------------------------------------------|----------------|-------------------|
| Other current assets: | | |
| Foreign currency exchange contracts | \$ 3,670 | \$ 2,664 |
| Other assets: | | |
| Foreign currency exchange contracts | \$ 1,172 | \$ 1,175 |
| Accrued expenses and other current liabilities: | | |
| Foreign currency exchange contracts | \$ 413 | \$ 1,226 |
| Other non current liabilities: | | |
| Foreign currency exchange contracts | \$ 568 | \$ 1,132 |

Derivatives not designated as hedging instruments:

| | March 31, 2016 | December 31, 2015 |
|-------------------------------------|----------------|-------------------|
| Other current assets: | | |
| Foreign currency exchange contracts | \$ 161 | \$ 345 |

The following tables set forth the effect of foreign currency exchange contracts on the unaudited consolidated statements of income for the three months ended March 31, 2016 and 2015:

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

| Derivatives in Cash Flow Hedging Relationships | Amount of Gain/(Loss) Recognized in AOCI on Derivative (Effective Portion) | | Location of Gain/(Loss) Reclassified from AOCI into Income (Effective Portion) | Amount of Gain/(Loss) Reclassified from AOCI into Income (Effective Portion) | | Location of Gain/(Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) | Amount of Gain/(Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing) | |
|---------------------------------------------------|----------------------------------------------------------------------------|----------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------|----------|---------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------|
| | 2016 | 2015 | | 2016 | 2015 | | 2016 | 2015 |
| Foreign exchange contracts | \$ 2,437 | \$ 2,259 | Foreign exchange gain/(loss) | \$ 57 | \$ (309) | Foreign exchange gain/(loss) | \$ — | \$ — |
| Derivatives not designated as Hedging Instruments | Location of Gain or (Loss) Recognized in Income on Derivatives | | | | | Amount of Gain/(Loss) Recognized in Income on Derivatives | | |
| Foreign exchange contracts | Foreign exchange gain/(loss) | | | | | 2016 | 2015 | |
| | | | | | | \$ 1,729 | \$ 2,096 | |

8. Fixed Assets

Fixed assets consist of the following:

| | March 31, 2016 | December 31, 2015 |
|-------------------------------------------------|----------------|-------------------|
| Owned Assets: | | |
| Network equipment, computers and software | \$ 98,600 | \$ 95,245 |
| Leasehold improvements | 29,037 | 28,603 |
| Office furniture and equipment | 14,283 | 14,000 |
| Capital work in progress | 4,166 | 3,140 |
| Buildings | 1,200 | 1,202 |
| Land | 786 | 787 |
| Motor vehicles | 567 | 540 |
| | 148,639 | 143,517 |
| Less: Accumulated depreciation and amortization | (101,583) | (96,079) |
| | \$ 47,056 | \$ 47,438 |
| Assets under capital leases: | | |
| Leasehold improvements | \$ 874 | \$ 877 |
| Office furniture and equipment | 134 | 136 |
| Motor vehicles | 813 | 806 |
| | 1,821 | 1,819 |
| Less: Accumulated depreciation and amortization | (1,337) | (1,266) |
| | \$ 484 | \$ 553 |
| Fixed assets, net | \$ 47,540 | \$ 47,991 |

Depreciation and amortization expense excluding amortization of acquisition-related intangibles for the three months ended March 31, 2016 and 2015 was \$5,418, and \$4,994, respectively.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

Capital work in progress represents advances paid towards acquisition of fixed assets and cost of fixed assets and internally generated software costs not yet ready to be placed in service.

9. Capital Structure**Common Stock**

The Company has one class of common stock outstanding.

During the three months ended March 31, 2016 and 2015, the Company acquired 14,548 and 12,866 shares of common stock, respectively from employees in connection with withholding tax payments related to the vesting of restricted stock for a total consideration of \$652 and \$397, respectively. The weighted average purchase price of \$44.83 and \$30.83, respectively, was the average of the high and low price of a share of the Company's common stock on the Nasdaq Global Select Market on the trading day prior to the vesting date of the shares of restricted stock.

On December 30, 2014, the Company's Board of Directors authorized up to an annual \$20,000 common stock repurchase program (the "2014 Repurchase Program"), under which shares may be purchased by the Company from time to time from the open market and through private transactions during each of the fiscal years 2015 to 2017.

During the three months ended March 31, 2016, the Company purchased 138,638 shares of its common stock for an aggregate purchase price of approximately \$6,202 including commissions, representing an average purchase price per share of \$44.74 under the 2014 Repurchase program. There were no such shares of common stock purchased during the three months ended March 31, 2015.

Repurchased shares have been recorded as treasury shares and will be held until the Board of Directors designates that these shares be retired or used for other purposes.

10. Borrowings

On October 24, 2014, the Company entered into a credit agreement (as amended, the "Credit Agreement") with certain lenders and JPMorgan Chase Bank, N.A., as Administrative Agent. The Credit Agreement provided for a \$50,000 revolving credit facility (the "Credit Facility"), including a letter of credit sub-facility, for a period of five years. The Company had an option to increase the commitments under the Credit Facility by up to an additional \$50,000, subject to certain approvals and conditions as set forth in the Credit Agreement. On February 23, 2015, via an amendment to the Credit Agreement, the Company exercised its option to increase credit commitments by another \$50,000 upon the same terms and conditions which were available in the Credit Agreement. The Credit Facility has a maturity date of October 24, 2019 and is voluntarily pre-payable from time to time without premium or penalty. The Company entered into a second amendment to the Credit Agreement effective as of September 28, 2015 to address a minor clarification to the definition of change of control.

Borrowings under the Credit Facility may be used for working capital, general corporate purposes and for acquisitions. The Company has an outstanding debt of \$65,000 and \$70,000 as of March 31, 2016 and December 31, 2015, respectively, of which \$10,000 is expected to be repaid within next twelve months and is included under "short-term borrowings" in the unaudited consolidated balance sheets. The Credit Facility carried an effective interest rate of 1.90% per annum and 1.56% per annum, respectively during the three months ended March 31, 2016 and 2015.

In connection with the financing, the Company incurred certain debt issuance costs, which are deferred and amortized as an adjustment to interest expense over the term of the Credit Facility. The unamortized debt issuance costs as of March 31, 2016 and December 31, 2015 was \$344 and \$368, respectively and is included under "other current assets" and "other assets" in the unaudited consolidated balance sheets.

The obligations under the Credit Agreement are secured by all or substantially all of the assets of the Company and its material domestic subsidiaries. The Credit Agreement contains certain covenants including a restriction on indebtedness of the Company. As of March 31, 2016, the Company was in compliance with all covenants.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

11. Employee Benefit Plans

The Company's Gratuity Plans in India and the Philippines ("Gratuity Plan") provide for 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. Liabilities with regard to the Gratuity Plans are determined by actuarial valuation using the projected unit credit method. Current service costs for the Gratuity Plan 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.

Net gratuity cost includes the following components:

| | Three months ended March 31, | |
|--------------------------------|------------------------------|--------|
| | 2016 | 2015 |
| Service cost | \$ 400 | \$ 423 |
| Interest cost | 149 | 142 |
| Expected return on plan assets | (104) | (100) |
| Actuarial loss | 22 | 55 |
| Net gratuity cost | \$ 467 | \$ 520 |

The Gratuity Plan in India is partially funded. The Company makes annual contributions to the employees' gratuity fund established with Life Insurance Corporation of India and HDFC Standard Life Insurance Company. They calculate the annual contribution required to be made by the Company and manage the Gratuity Plans, including any required payouts. Fund managers manage these funds on a cash accumulation basis and declare interest retrospectively on March 31 of each year. The Company earned a return of approximately 9.0% on these Gratuity Plans for the year ended March 31, 2016.

Change in Plan Assets

| | |
|---------------------------------|----------|
| Plan assets at January 1, 2016 | \$ 4,923 |
| Actual return | 109 |
| Benefits paid | (253) |
| Effect of exchange rate changes | (10) |
| Plan assets at March 31, 2016 | \$ 4,769 |

The Company maintains the Exl Service 401(k) Plan (the "401(k) Plan") under Section 401(k) of the Internal Revenue Code of 1986 (the "Code"), covering all eligible employees, as defined. The Company may make discretionary contributions of up to a maximum of 3% of employee compensation within certain limits. The Company has made provisions for contributions to the 401(k) Plan amounting to \$932 and \$768 during the three months ended March 31, 2016 and 2015, respectively.

During the three months ended March 31, 2016 and 2015, the Company contributed \$1,466 and \$1,465, respectively for various defined contribution plans on behalf of its employees in India, the Philippines, Romania, Bulgaria, Colombia and the Czech Republic.

12. Leases

The Company finances its use of certain leasehold improvements, furniture, fixtures, office equipment and motor vehicles under various lease arrangements provided by financial institutions. Future minimum lease payments under these capital leases as of March 31, 2016 are as follows:

| Year ending March 31, | |
|-----------------------------------------|--------|
| 2017 | \$ 358 |
| 2018 | 168 |
| 2019 | 83 |
| 2020 | 41 |
| Total minimum lease payments | 650 |
| Less: amount representing interest | 86 |
| Present value of minimum lease payments | 564 |
| Less: current portion | 286 |
| Long term capital lease obligation | \$ 278 |

The Company conducts its operations using facilities leased under non-cancelable operating lease agreements that expire at various dates. Future minimum lease payments under non-cancelable agreements expiring after March 31, 2016 are set forth below:

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

| | |
|-----------------------|------------------|
| Year ending March 31, | |
| 2017 | \$ 7,729 |
| 2018 | 5,642 |
| 2019 | 4,506 |
| 2020 | 3,303 |
| 2021 | 1,986 |
| 2022 and thereafter | 1,101 |
| | <u>\$ 24,267</u> |

The operating leases are subject to renewal periodically and have scheduled rent increases. The Company recognizes rent on such leases on a straight line basis over the non-cancelable lease period determined under ASC topic 840, "Leases". Rent expense under both cancelable and non-cancelable operating leases was \$5,148 and \$4,985 for the three months ended March 31, 2016 and 2015, respectively. Deferred rent as of March 31, 2016 and December 31, 2015 was \$7,419 and \$7,066, respectively, and is included under "Accrued expenses and other current liabilities" and "Non-current liabilities" in the consolidated balance sheets.

13. Income Taxes

The Company determines the tax provision for interim periods using an estimate of its annual effective tax rate adjusted for discrete items, if any, that are taken into account in the relevant period. 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 Company recorded income tax expense of \$5,895 and \$6,213 for the three months ended March 31, 2016 and 2015, respectively. The effective tax rate decreased from 39.4% during the three months ended March 31, 2015 to 29.9% during the three months ended March 31, 2016. The decrease was the result of a higher income tax expense during the three months ended March 31, 2015, primarily due to income tax expense of \$1,818 related to immaterial errors for prior years. This decrease is partially offset by lower tax holiday benefits and an increase in the corporate tax rate applicable to certain foreign subsidiaries of the Company during the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

The following table summarizes the activity related to the gross unrecognized tax benefits from January 1, 2016 through March 31, 2016:

| | |
|-------------------------------------------------|-----------------|
| Balance as of January 1, 2016 | \$ 2,797 |
| Increases related to prior year tax positions | — |
| Decreases related to prior year tax positions | — |
| Increases related to current year tax positions | — |
| Decreases related to current year tax positions | — |
| Effect of exchange rate changes | (4) |
| Balance as of March 31, 2016 | <u>\$ 2,793</u> |

The unrecognized tax benefits as of March 31, 2016 of \$2,793, if recognized, would impact the effective tax rate.

During the three months ended March 31, 2016 and 2015, the Company has recognized interest of \$50 and \$99, respectively, which are included in the income tax expense in the unaudited consolidated statements of income. As of March 31, 2016 and December 31, 2015, the Company has accrued approximately \$1,319 and \$1,269, respectively in interest relating to unrecognized tax benefits.

14. Stock Based Compensation

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

(In thousands, except share and per share amounts)

The following costs related to the Company's stock-based compensation plan are included in the unaudited consolidated statements of income:

| | Three months ended March 31, | |
|-------------------------------------|------------------------------|----------|
| | 2016 | 2015 |
| Cost of revenue | \$ 1,265 | \$ 1,103 |
| General and administrative expenses | 2,372 | 1,483 |
| Selling and marketing expenses | 2,172 | 1,669 |
| Total | \$ 5,809 | \$ 4,255 |

As of March 31, 2016, the Company had 1,968,977 shares available for grant under the 2015 Amendment and Restatement of the 2006 Omnibus Award Plan.

Stock Options

Stock option activity under the Company's stock plans is shown below:

| | Number of Options | Weighted-Average Exercise Price | Aggregate Intrinsic Value | Weighted-Average Remaining Contractual Life (Years) |
|------------------------------------------|-------------------|---------------------------------|---------------------------|-----------------------------------------------------|
| Outstanding at December 31, 2015 | 1,210,141 | \$ 16.31 | 34,638 | 3.50 |
| Granted | — | — | — | — |
| Exercised | (163,788) | 12.27 | — | — |
| Forfeited | — | — | — | — |
| Outstanding at March 31, 2016 | 1,046,353 | \$ 16.94 | 36,477 | 3.68 |
| Vested and exercisable at March 31, 2016 | 1,046,353 | \$ 16.94 | 36,477 | 3.68 |

The unrecognized compensation cost for unvested options as of March 31, 2016 is nil. The Company did not grant any options during the three months ended March 31, 2016 and 2015. The total grant date fair value of options vested during the three months ended March 31, 2016 and 2015 was \$706 and \$1,126, respectively.

Restricted Stock and Restricted Stock Units

Restricted stock and restricted stock unit activity under the Company's stock plans is shown below:

| | Restricted Stock | | Restricted Stock Units | |
|-----------------------------------|------------------|----------------------------------|------------------------|----------------------------------|
| | Number | Weighted-Average Intrinsic Value | Number | Weighted-Average Intrinsic Value |
| Outstanding at December 31, 2015* | 129,638 | \$ 35.53 | 1,228,287 | \$ 30.06 |
| Granted | — | — | 377,294 | 48.54 |
| Vested | (12,212) | 35.91 | (300,821) | 28.31 |
| Forfeited | — | — | (28,344) | 27.61 |
| Outstanding at March 31, 2016* | 117,426 | \$ 35.49 | 1,276,416 | \$ 35.98 |

* As of March 31, 2016 and December 31, 2015 restricted stock units vested for which the underlying common stock is yet to be issued are 154,973 and 149,364, respectively.

As of March 31, 2016, unrecognized compensation cost of \$43,496 is expected to be expensed over a weighted average period of 3.01 years.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

March 31, 2016

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Performance Based Stock Awards

Performance restricted stock unit (the "PRSU's") activity under the Company's stock plans is shown below:

| | Revenue Based PRSUs | | Market Condition Based PRSUs | |
|----------------------------------|---------------------|-------------------------|------------------------------|-------------------------|
| | Number | Weighted Avg Fair Value | Number | Weighted Avg Fair Value |
| Outstanding at December 31, 2015 | 107,213 | \$ 30.88 | 207,212 | \$ 38.80 |
| Granted | 59,861 | 48.57 | 59,859 | 67.94 |
| Vested | — | — | — | — |
| Forfeited | (3,750) | 34.75 | (3,750) | 54.63 |
| Outstanding at March 31, 2016 | 163,324 | \$ 37.28 | 263,321 | \$ 45.20 |

As of March 31, 2016, unrecognized compensation cost of \$13,326 is expected to be expensed over a weighted average period of 2.18 years.

15. Geographical Information

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

| | Three months ended March 31, | |
|--------------------------|------------------------------|--------------------------|
| | 2016 | 2015 |
| Revenues, net | | |
| United States | \$ 134,074 | \$ 111,865 |
| United Kingdom | 27,428 | 25,835 |
| Rest of World | 5,534 | 5,810 |
| | <u>\$ 167,036</u> | <u>\$ 143,510</u> |
| | | |
| | March 31, 2016 | December 31, 2015 |
| Fixed assets, net | | |
| India | \$ 23,511 | \$ 23,415 |
| United States | 9,806 | 10,680 |
| Philippines | 11,461 | 11,285 |
| Rest of World | 2,762 | 2,611 |
| | <u>\$ 47,540</u> | <u>\$ 47,991</u> |

16. Commitments and Contingencies**Fixed Asset Commitments**

At March 31, 2016, the Company has committed to spend approximately \$6,510 under agreements to purchase fixed assets. This amount is net of capital advances paid in respect of these purchases.

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 ("STPI") 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

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NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS—(continued)

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goods, stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. The Company's management 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 with the Philippine Economic Zone Authority ("PEZA"). The registration provides the Company with certain fiscal incentives on the import of capital goods and requires ExlService Philippines, Inc. to meet certain performance and investment criteria. The Company's management believes that these centers have in the past satisfied and will continue to satisfy the required criteria.

Contingencies

U.S. and Indian transfer pricing regulations require that any international transaction involving associated enterprises be at an arm's-length price. Accordingly, the Company determines the appropriate pricing for the international transactions among its associated enterprises on the basis of a detailed functional and economic analysis involving benchmarking against transactions among entities that are not under common control. The tax authorities have jurisdiction to review this arrangement and in the event that they determine that the transfer price applied was not appropriate, the Company may incur increased tax liability, including accrued interest and penalties. The Company is currently involved in disputes with the Indian tax authorities over the application of some of its transfer pricing policies for some of its subsidiaries. Further, the Company and a U.S. subsidiary are engaged in tax litigation with the income-tax authorities in India on the issue of permanent establishment.

The aggregate disputed amount demanded by Indian tax authorities from the Company related to its transfer pricing issues for years ranging from tax years 2003 to 2013 and its permanent establishment issues ranging from tax years 2003 to 2007 as of March 31, 2016 and December 31, 2015 is \$20,835 and \$21,360, respectively, of which the Company has made payments or provided bank guarantee to the extent \$14,342 and \$14,668, respectively. Amounts paid as deposits in respect of such assessments aggregating to \$12,342 and \$12,665 as of March 31, 2016 and December 31, 2015, respectively, are included in "Other assets" and amounts deposited for bank guarantees aggregating to \$2,000 and \$2,003 as of March 31, 2016 and December 31, 2015, respectively, are included in "Restricted cash" in the non-current assets section of the Company's consolidated balance sheets as of March 31, 2016 and December 31, 2015.

Based on advice from its Indian tax advisors, the facts underlying the Company's position and its experience with these types of assessments, the Company believes that the probability that it will ultimately be found liable for these assessments is remote and accordingly has not accrued any amount with respect to these matters in its consolidated financial statements. The Company does not expect any impact from these assessments on its future income tax expense. It is possible that the Company might receive similar orders or assessments from tax authorities for subsequent years. Accordingly even if these disputes are resolved, the Indian tax authorities may still serve additional orders or assessments.

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, 2015. Some of the statements in the following discussion are forward looking statements. See "Forward Looking Statements." Dollar amounts within Item 2 are presented as actual, approximated, dollar amounts.

Cautionary Note Regarding Forward Looking Statements

This Quarterly Report on Form 10-Q contains forward looking statements. 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 dependence on a limited number of clients in a limited number of industries;
- worldwide political, economic or business conditions;
- negative public reaction in the U.S. or elsewhere to offshore outsourcing;
- fluctuations in our earnings;
- our ability to attract and retain clients;
- our ability to successfully consummate or integrate strategic acquisitions;
- restrictions on immigration;
- our ability to hire and retain enough sufficiently trained employees to support our operations;
- our ability to grow our business or effectively manage growth and international operations;
- increasing competition in our industry;
- telecommunications or technology disruptions;
- our ability to withstand the loss of a significant customer ;
- regulatory, legislative and judicial developments, including changes to or the withdrawal of governmental fiscal incentives;
- technological innovation;
- political or economic instability in the geographies in which we operate;
- unauthorized disclosure of sensitive or confidential client and customer data; and
- adverse outcome of our disputes with the Indian tax authorities.

These and other factors are more fully discussed elsewhere in this Quarterly Report on Form 10-Q. 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 come up 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 Operations Management and Analytics company that helps businesses enhance growth and profitability. Using our proprietary platforms, methodologies and tools we look deeper to help companies improve global operations, enhance data-driven insights, increase customer satisfaction, and manage risk and compliance. We serve the insurance, healthcare, banking and financial services, utilities, travel, transportation and logistics industries, among others.

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Our operating segments are significant strategic business units that align our products and services with how we manage our business, approach our key markets and interact with our clients. Effective for the quarter and year ended December 31, 2015, we merged two of our operating segments (Operations Consulting and Finance Transformation, previously part of the Analytics and Business Transformation reportable segment) into the Consulting operating segment to reflect recent organizational changes. We have also revised our reportable segments to reflect management's focus on the Analytics operating segment. All our other operating segments have been aggregated into the Operations Management reportable segment.

Our new reportable segments are as follows:

- Operations Management, and
- Analytics.

We have restated the segment information for all prior periods presented herein to conform to the current presentation. This change in segment presentation does not affect our consolidated statements of income, balance sheets or statements of cash flows. For further descriptions of our operating segments, see Note 4 to the unaudited consolidated financial statements contained herein.

Our global delivery network, which include 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 U.S., the Philippines, Bulgaria, Colombia, South Africa, Romania and the Czech Republic.

Revenues

For the three months ended March 31, 2016, we had revenues of \$167.0 million compared to revenues of \$143.5 million for the three months ended March 31, 2015, an increase of \$23.5 million, or 16.4%. Revenues from operations management services were \$128.1 million for the three months ended March 31, 2016 compared to \$123.9 million for the three months ended March 31, 2015. Revenues from analytics services were \$39.0 million for the three months ended March 31, 2016 compared to \$19.7 million for the three months ended March 31, 2015.

We serve clients mainly in the U.S. and the U.K., with these two regions generating approximately 80.3% and 16.4%, respectively, of our total revenues for the three months ended March 31, 2016 and approximately 78.0% and 18.0%, respectively, of our revenues for the three months ended March 31, 2015.

For the three months ended March 31, 2016 and 2015, our total revenues from our top ten clients accounted for 40.5% and 43.9% of our total revenues, respectively. None of our clients accounted for more than 10% of our total revenues during the three months ended March 31, 2016 and 2015. Although we are continually increasing and diversifying our customer base, we expect in the near future that a significant portion of our revenue will continue to be contributed by a limited number of large clients.

Our Business

Our business is divided into two reporting segments: Operations Management and Analytics. 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 from the U.S., Europe and Australia.

Operations Management: We provide our clients with a range of operations management solutions principally in the insurance, healthcare, utilities, banking and financial services, and travel, transportation and logistics sectors, among others, as well as cross-industry operations management solutions, such as finance and accounting services.

Our Operations Management solutions typically involve the transfer to the Company of select business operations of a client such as claims processing, clinical operations, or financial transaction processing, after which we administer and manage the operations for our client on an ongoing basis. As part of this transfer, 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 have been observing a shift in industry pricing models toward transaction-based pricing, outcome-based pricing and other pricing models. We believe this trend will continue and we have begun to use transaction-based, outcome-based and other pricing models with some of our current clients and are seeking to move certain other clients from a billing rate model

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to a transaction-based or other pricing model. These transaction-based pricing models place the focus on operating efficiency in order to maintain our operating margins. In addition, we have also observed that prospective larger clients are entering into multi-vendor relationships with regard to their outsourcing needs. 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 operating 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 operating 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.

As we increase our capabilities utilizing technology service platforms and other software-based services, we expect that revenues from such services will continue to grow in proportion to our total revenues. Revenues from annual maintenance and support contracts for our software platforms provide us with a relatively predictable revenue base and are generally recognized ratably over the terms of the contracts. New license sales and implementation projects have a long selling cycle and it is difficult to predict the timing of when such new contracts will be signed, which may lead to fluctuations in our revenues over the short term.

Analytics: Our Analytics services focus on driving improved business outcomes for our customers by generating data-driven insights across all parts of our customers' business. Our teams deliver predictive and prescriptive analytics in the areas of customer acquisition and lifecycle management, risk underwriting and pricing, operational effectiveness, credit and operational risk monitoring and governance, regulatory reporting, and data management. We actively cross-sell and, where appropriate, integrate our Analytics services with Operations Management as part of a comprehensive solution for our clients.

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

For a description of our critical accounting policies and estimates, refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates" and Note 1 to the Consolidated Financial Statements included in our 2015 Annual Report on Form 10-K for the year ended December 31, 2015.

Results of Operations

The following table summarizes our results of operations for the three months ended March 31, 2016 and 2015:

| | Three months ended March 31, | |
|---------------------------------------------------------------|------------------------------|----------|
| | 2016 | 2015 |
| | (dollars in millions) | |
| Revenues, net | \$ 167.0 | \$ 143.5 |
| Cost of revenues (exclusive of depreciation and amortization) | 108.3 | 93.1 |
| Gross profit | 58.7 | 50.4 |
| Operating expenses: | | |
| General and administrative expenses | 20.6 | 18.6 |
| Selling and marketing expenses | 13.5 | 11.2 |
| Depreciation and amortization | 8.1 | 7.1 |
| Total operating expenses | 42.2 | 36.9 |
| Income from operations | 16.5 | 13.5 |
| Foreign exchange gain | 0.4 | 1.1 |
| Other income, net | 2.8 | 1.2 |
| Income before income taxes | 19.7 | 15.8 |
| Income tax expense | 5.9 | 6.2 |
| Net income | \$ 13.8 | \$ 9.6 |

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

Revenues.

| | Three months ended March 31, | | Change | Percentage change |
|-----------------------|------------------------------|----------|---------|-------------------|
| | 2016 | 2015 | | |
| | (dollars in millions) | | | |
| Operations Management | \$ 128.1 | \$ 123.9 | \$ 4.2 | 3.4% |
| Analytics | 38.9 | 19.6 | 19.3 | 98.2% |
| Total revenues, net | \$ 167.0 | \$ 143.5 | \$ 23.5 | 16.4% |

Revenues for the three months ended March 31, 2016 were \$167.0 million, up \$23.5 million or 16.4% compared to the three months ended March 31, 2015.

Revenue growth in Operations Management of \$4.2 million was driven by net volume increases from our new and existing clients of \$6.9 million. This increase in revenues was offset by a \$2.7 million impact due to the depreciation of the Indian rupee, the U.K. pound sterling and the Philippine peso against the U.S. dollar during the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Revenue growth in Analytics of \$19.3 million was driven by an incremental revenue of \$11.9 million from our RPM acquisition and net volume increases in our recurring and project based engagements from our existing clients of \$7.2 million and new client wins of \$0.5 million. The increase was offset by a decrease of \$0.3 million due to the depreciation of the U.K. pound sterling against the U.S. dollar during the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Cost of Revenues.

| | Three months ended March 31, | | Change | Percentage change |
|-----------------------------|------------------------------|----------|---------|-------------------|
| | 2016 | 2015 | | |
| | (dollars in millions) | | | |
| Revenues, net | \$ 167.0 | \$ 143.5 | \$ 23.5 | 16.4% |
| Cost of revenues | 108.3 | 93.1 | 15.2 | 16.3% |
| Gross profit | \$ 58.7 | \$ 50.4 | \$ 8.3 | 16.4% |
| As a percentage of revenues | 35.1% | 35.1% | | |

The increase in cost of revenues was primarily due to an increase in employee-related costs of \$11.2 million (including \$1.3 million of incremental employee-related costs related to our RPM acquisition). The remaining increase of \$9.9 million in employee-related cost was primarily due to annual wage increases and an increase in our average headcount of personnel directly involved in providing services to our clients. We also experienced an increase in facilities, technology and other operating expenses of \$7.8 million (including incremental cost of revenues of \$6.5 million related to our RPM acquisition) and in reimbursable expenses of \$0.8 million, resulting in a corresponding increase in revenues. These increases were partially offset by a decrease of \$4.6 million due to the impact of depreciation of the Indian rupee, the U.K. pound sterling and the Philippine peso against the U.S. dollar during the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Gross Profit. Gross profit increased by \$8.3 million, or 16.4%, from \$50.4 million for the three months ended March 31, 2015 to \$58.7 million for the three months ended March 31, 2016. The increase was primarily due to higher revenues in our Analytics services and depreciation of the Indian rupee, the Philippine peso and the U.K. pound sterling against the U.S. dollar.

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

| | Three months ended March 31, | | Change | Percentage change |
|----------------------------------------------|------------------------------|---------|--------|-------------------|
| | 2016 | 2015 | | |
| | (dollars in millions) | | | |
| General and administrative expenses | \$ 20.6 | \$ 18.6 | \$ 2.0 | 10.7% |
| Selling and marketing expenses | 13.5 | 11.2 | 2.3 | 19.7% |
| Selling, general and administrative expenses | \$ 34.1 | \$ 29.8 | \$ 4.3 | 14.1% |
| As a percentage of revenues | 20.4% | 20.8% | | |

The increase in SG&A expenses was primarily due to an increase in employee-related costs of \$5.0 million (including \$2.1 million of incremental employee-related costs related to our RPM acquisition). The remaining increase of \$2.9 million in employee-related cost was primarily due to annual wage increments and an increase in our average headcount to support the increased business volumes. This increase was partially offset by a decrease of \$0.7 million due to the impact of depreciation of the Indian rupee, the U.K. pound sterling and the Philippine peso against the U.S. dollar during the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Depreciation and Amortization.

| | Three months ended March 31, | | Change | Percentage change |
|---------------------------------------|------------------------------|--------|--------|-------------------|
| | 2016 | 2015 | | |
| | (dollars in millions) | | | |
| Depreciation expense | \$ 5.4 | \$ 5.0 | \$ 0.4 | 8.0% |
| Intangible amortization expense | 2.7 | 2.1 | 0.6 | 28.6% |
| Depreciation and amortization expense | \$ 8.1 | \$ 7.1 | \$ 1.0 | 15.3% |
| As a percentage of revenues | 4.9% | 4.9% | | |

Depreciation and amortization expense increased by \$1.0 million, or 15.3%, from \$7.1 million for the three months ended March 31, 2015 to \$8.1 million for the three months ended March 31, 2016. The increase in amortization of intangibles of \$0.6 million was primarily due to amortization of intangibles associated with our RPM acquisition. Further, there was an increase in our depreciation expense of \$0.7 million, due to depreciation related to our new capital investments in India, South Africa and the Philippines to support the business growth. These increases were partially offset by a decrease of \$0.3 million due to depreciation of Indian rupee and the Philippine peso against the U.S. dollar during the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Income from Operations. Income from operations increased \$3.0 million, or 22.1%, from \$13.5 million for the three months ended March 31, 2015 to \$16.5 million for the three months ended March 31, 2016. As a percentage of revenues, income from operations increased from 9.4% for the three months ended March 31, 2015 to 9.8% for the three months ended March 31, 2016.

Foreign Exchange Gain /(Loss). Net foreign exchange gains and losses are primarily attributable to movement of the U.S. dollar against the Indian rupee, the U.K. pound sterling and the Philippine peso during the three months ended March 31, 2016. The average exchange rate of the Indian rupee against the U.S. dollar increased from 62.06 during the three months ended March 31, 2015 to 67.51 during the three months ended March 31, 2016. The average exchange rate of the U.K. pound sterling against the U.S. dollar increased from 0.66 during the three months ended March 31, 2015 to 0.71 during the three months ended March 31, 2016. The average exchange rate of the Philippine peso against the U.S. dollar increased from 44.29 during the three months ended March 31, 2015 to 47.09 during the three months ended March 31, 2016.

We recorded a net foreign exchange gain of \$0.4 million for the three months ended March 31, 2016 compared to \$1.1 million for the three months ended March 31, 2015.

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Interest and Other Income, net

| | Three months ended March 31, | | Change | Percentage change |
|------------------------------------------------|------------------------------|--------|--------|-------------------|
| | 2016 | 2015 | | |
| | (dollars in millions) | | | |
| Interest and dividend income | \$ 2.2 | \$ 1.4 | \$ 0.8 | 57.1 % |
| Interest expense | (0.4) | (0.3) | (0.1) | (33.3)% |
| Change in fair value of earn-out consideration | 0.3 | — | 0.3 | 100.0 % |
| Other, net | 0.7 | 0.1 | 0.6 | 600.0 % |
| Other income, net | \$ 2.8 | \$ 1.2 | \$ 1.6 | 137.2 % |

Increase in interest and dividend income was primarily due to higher cash balances in our foreign subsidiaries and higher yield on our investments during the three months ended March 31, 2016 compared to the three months ended March 31, 2015. Other income further increased by \$0.7 million due to interest on deposits received from income tax authorities in India on completion of a tax assessment. This increase in interest and other income was partially offset by an increase in interest expense of \$0.1 million related to the Credit Facility and the amortization of related deferred financing cost.

Income Tax Expense. The effective tax rate decreased from 39.4% during the three months ended March 31, 2015 to 29.9% during the three months ended March 31, 2016. The decrease was a result of higher income tax expense during the three months ended March 31, 2015, as a result of income tax expense related to immaterial errors for prior years of \$1.8 million. The decrease is partially offset by lower tax holiday benefits and an increase in the corporate tax rate applicable to certain of our foreign subsidiaries during the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Net Income. Net income increased from \$9.6 million for the three months ended March 31, 2015 to \$13.8 million for the three months ended March 31, 2016, primarily due to higher income from operations of \$3.0 million and increase in other income and foreign exchange gain of \$0.9 million and a lower income tax expense of \$0.3 million. As a percentage of revenues, net income increased from 6.7% for the three months ended March 31, 2015 to 8.3% for the three months ended March 31, 2016.

Liquidity and Capital Resources

| | Three months ended March 31, | |
|--------------------------------------------------------|------------------------------|----------|
| | 2016 | 2015 |
| | (dollars in millions) | |
| Opening cash and cash equivalents | \$ 205.3 | \$ 176.5 |
| Net cash (used for) / provided by operating activities | (10.4) | 0.1 |
| Net cash used for investing activities | (89.8) | (56.2) |
| Net cash (used for) / provided by financing activities | (10.0) | 31.2 |
| Effect of exchange rate changes | 0.7 | (0.3) |
| Closing cash and cash equivalents | \$ 95.8 | \$ 151.3 |

As of March 31, 2016 and December 31, 2015, we had \$192.9 and \$219.0 million, respectively in cash, cash equivalents and short-term investments (including \$134.7 million and \$136.0 million, respectively, held by our foreign subsidiaries). We do not intend to repatriate funds held by our foreign subsidiaries since our future growth partially depends upon continued infrastructure and technology investments, geographical expansions and acquisitions outside of the U.S. Therefore, we anticipate that we will indefinitely reinvest the earnings generated outside of the U.S. If we were to repatriate our overseas funds, we would accrue and pay applicable taxes.

Operating Activities: Cash flows from operating activities decreased by \$10.5 million from \$0.1 million for the three months ended March 31, 2015 to a negative cash flow from operating activities of \$10.4 million for the three months ended March 31, 2016. Generally, factors that affect our earnings—including pricing, volume of services, costs and productivity—affect our cash flows provided from operations in a similar manner. However, while management of working capital, including timing of collections and payments affects operating results only indirectly, the impact on the working capital and cash flows provided by operating activities can be significant.

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The decrease in cash flows from operations for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 was due to an increase in working capital of \$39.0 million during the three months ended March 31, 2016 compared to an increase of \$23.8 million during the three months ended March 31, 2015. The increase in working capital was primarily due to an increase in accounts receivables and a decrease in accrued employee costs. This decrease in cash flows from operations was partially offset by an increase in net income adjusted for non-cash expenses of \$4.6 million, primarily due to an increase in net income by \$4.3 million.

Investing Activities: Cash flows used for investing activities increased by \$33.6 million from \$56.2 million for the three months ended March 31, 2015 to \$89.8 million for the three months ended March 31, 2016. The increase was primarily due to an increase in short-term investments of \$78.4 million (net of redemption) during the three months ended March 31, 2016 compared to the three months ended March 31, 2015, partially offset by cash paid for the RPM acquisition (net of cash acquired) of \$44.5 million during the three months ended March 31, 2015 and further by a decrease in capital expenditures of \$0.4 million.

Financing Activities: Cash flows used for financing activities was \$10.0 million during the three months ended March 31, 2016 compared to cash flow provided by financing activities of \$31.2 million during the three months ended March 31, 2015. The decrease in cash flow from financing activities is primarily due to \$30.0 million of borrowings under the Credit Agreement (as described below in “—Financing Arrangements”) during the three months ended March 31, 2015 and repayment of \$5.0 million during the three months ended March 31, 2016. Cash flows from financing activities further decreased due to higher purchases of treasury stock of \$6.2 million under the 2014 Repurchase Program during the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

We expect to use cash from operating activities to maintain and expand our business. As we have focused on expanding our cash flow from operating activities we continue to make capital investments, primarily related to new facilities and capital expenditures associated with leasehold improvements to build our facilities and the purchase of telecommunications equipment and computer hardware and software in connection with managing client operations. We incurred \$8.5 million of capital expenditures in the three months ended March 31, 2016. We expect to incur capital expenditures of between \$25 million to \$30 million in 2016, primarily to meet our growth requirements, including additions to our facilities as well as investments in technology applications 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 respect to such assessment orders (refer to Note 16 to our unaudited consolidated financial statements for further details). We anticipate that we will continue to rely upon cash from operating activities to finance our smaller acquisitions, capital expenditures and working capital needs. If we have significant growth through acquisitions, we may need to obtain additional financing.

Financing Arrangements (Debt Facility)

On October 24, 2014 we entered into a Credit Agreement that provides for a \$50 million revolving credit facility (“Credit Facility”). We had an option to increase the commitments under the Credit Facility by up to an additional \$50 million, subject to certain approvals and conditions as set forth in the Credit Agreement. On February 23, 2015, pursuant to an amendment to the Credit Agreement we exercised this option to increase credit commitments by another \$50 million upon the same terms and conditions which were available in the Credit Agreement. As of March 31, 2016, we had outstanding indebtedness of \$65.0 million. Borrowings under the Credit Agreement may be used for working capital and general corporate purposes of the Company and its subsidiaries and for acquisitions

Depending on the type of borrowing, loans under the Credit Agreement bear interest at a rate equal to the specified prime rate (alternate base rate) or adjusted LIBO rate, plus, in each case, an applicable margin. The applicable margin is tied to the Company’s leverage ratio and ranges from 0.25% to 0.75% per annum with respect to loans pegged to the specified prime rate, and 1.25% to 1.75% per annum on loans pegged to the adjusted LIBO rate. The revolving credit commitments under the Credit Agreement are subject to a commitment fee. The commitment fee is also tied to the Company’s leverage ratio, and ranges from 0.20% to 0.30% per annum on the average daily amount by which the aggregate revolving commitments exceed the sum of outstanding revolving loans and letter of credit obligations. The credit facility carried an effective interest rate of 1.90% per annum during the three months ended March 31, 2016.

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Off-Balance Sheet Arrangements

As of March 31, 2016 and December 31, 2015, we had no off-balance sheet arrangements or obligations.

Contractual Obligations

The following table sets forth our contractual obligations as of March 31, 2016:

| | Payment Due by Period | | | | |
|---------------------------------------------------|-----------------------|----------------|----------------|------------------|-----------------|
| | Less than 1 year | 1-3 years | 4-5 years | After 5 years | Total |
| | (dollars in millions) | | | | |
| Capital leases | \$ 0.4 | \$ 0.3 | \$ — | \$ — | \$ 0.7 |
| Operating leases | 7.7 | 10.1 | 5.3 | 1.1 | 24.2 |
| Purchase obligations | 6.5 | — | — | — | 6.5 |
| Fair value of earn-out consideration | 3.8 | — | — | — | 3.8 |
| Other obligations ^(a) | 2.1 | 2.9 | 1.7 | 2.0 | 8.7 |
| Borrowings | | | | | |
| Principal payments | 10.0 | — | 55.0 | — | 65.0 |
| Interest Payments ^(b) | 1.4 | 2.4 | 1.8 | — | 5.6 |
| Total contractual cash obligations ^(c) | <u>\$ 31.9</u> | <u>\$ 15.7</u> | <u>\$ 63.8</u> | <u>\$ 3.1</u> | <u>\$ 114.5</u> |

(a) Represents estimated payments under the Gratuity Plan.

(b) Interest on borrowings is calculated based on the interest rate on the outstanding borrowings as of March 31, 2016.

(c) Excludes \$2.8 million related to uncertain tax positions, since the extent of the amount and timing of payment is currently not reliably estimable or determinable.

Certain units of our Indian subsidiaries were established as 100% Export-Oriented units under the “STPI” 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. We have 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. We believe, however, that these units have in the past satisfied and will continue to satisfy the required conditions.

Our operations centers in the Philippines are registered with the “PEZA.” The registration provides us with certain fiscal incentives on the import of capital goods and requires that ExlService Philippines, Inc. meet certain performance and investment criteria. We believe that these centers have in the past satisfied and will continue to satisfy the required criteria.

Recent Accounting Pronouncements

For a description of recent accounting pronouncements, see Note 2—“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, 2016, 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 Item 7A “Quantitative and Qualitative Disclosures about Market Risk” in our Annual Report on Form 10-K for the year ended December 31, 2015.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file 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 our management, including our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), to allow timely decisions regarding required financial disclosure. In connection with the preparation of this Quarterly Report on Form 10-Q, our management carried out an evaluation, under the supervision and with the participation of the CEO and CFO, of the effectiveness and operation of our disclosure controls and procedures as of March 31, 2016. Based upon that evaluation, the CEO and CFO have concluded that, as of March 31, 2016, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2016, there was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is 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. 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. Please see Note 16 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 year ended December 31, 2015 a number of risks which may materially affect our business, financial condition or results of operations. You should carefully consider the “Risk Factors” set forth in our Annual Report on Form 10-K for the year ended December 31, 2015 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.

[Table of Contents](#)**Purchases of Equity Securities by the Issuer**

During the three months ended March 31, 2016, purchases of common stock were as follows:

| Period | Total Number of Shares Purchased | Average Price Paid per share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs⁽¹⁾ | Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs |
|-----------------------------------------------------------|-----------------------------------------|-------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| January 1, 2016 through January 31, 2016 | 58,172 | 42.97 | 58,172 | 17,500,078 |
| February 1, 2016 through February 29, 2016 ⁽²⁾ | 63,484 | 44.58 | 48,936 | 15,322,647 |
| March 1, 2016 through March 31, 2016 | 31,530 | 48.37 | 31,530 | 13,797,601 |
| Total | 153,186 | 44.75 | 138,638 | — |

(1) Consists of shares purchased under the 2014 Repurchase Program. See Note 9 to our unaudited consolidated financial statements for further information.

(2) Includes 14,548 shares of Company's common stock acquired in connection with satisfaction of tax withholding obligations on vested restricted stock acquired at the average of the high and low price of common stock on the trading day prior to the vesting date of the shares of restricted stock (average price paid per share was 44.83).

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

See Exhibit Index immediately following the signature page hereto, which Exhibit Index is incorporated herein by reference.

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 28, 2016

EXLSERVICE HOLDINGS, INC.

By: /s/ VISHAL CHHIBBAR

Vishal Chhibbar
Chief Financial Officer
(Duly Authorized Signatory, Principal Financial and Accounting Officer)

EXHIBITS

The following exhibits are being filed as part of this Quarterly Report on Form 10-Q:

| | |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 10.1 | Employment Agreement, dated as of September 15, 2014, between ExlService Holdings, Inc. and Nalin Kumar Miglani. |
| 10.2 | Employment Agreement, dated as of October 1, 2014 between ExlService Holdings, Inc. and Henry N. Schweppe. |
| 10.3 | Employment Agreement, effective as of January 1, 2016, between ExlService Holdings, Inc. and Vishal Chhibbar. |
| 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 | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Scheme |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | XBRL Extension Presentation Linkbase |

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated as of September 15, 2014 is entered into by and between ExlService Holdings, Inc., a company organized under the laws of Delaware ("Holdings") (together with ExlService.com, Inc. ("ExlService"), the "Company"), and Nalin Kumar Miglani ("Executive" or "You").

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 December 1, 2014 or the 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."

(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(c), 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 his reasonable best efforts to ensure that the business and activities of the Company and its Subsidiaries, that are under his 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 Executive Vice President Global Head of Human Resources, 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 will be available to carry out his duties as Executive Vice President Global Head of Human Resources.

(c) 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 the Agreement); provided that nothing herein shall preclude Executive from engaging in charitable or community affairs and managing his 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.

4. Compensation and Related Matters. (a) Base Compensation. During the Term, for all services rendered under this Agreement, Executive shall receive an aggregate annual base salary ("Base Salary") at a rate of \$400,000 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 an annual target bonus equivalent to 60% of Executive's Base Salary at target, with a maximum payment of no greater than 150% of Executive's Base Salary (the "Annual Bonus"). The actual amount of the Annual Bonus earned by the 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 the Executive shall be paid in March for the 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 his duties in good faith on the date such Annual Bonus is paid.

(c) Joining Bonus. Executive shall be entitled to receive a joining bonus of \$200,000 (the "Joining Bonus"). The Joining Bonus shall be payable in two equal installments. The first \$100,000 shall be due upon joining and will be paid no later than the first bi-monthly payroll cycle following the Effective Date. The second \$100,000 shall be due in March 2015 and will be paid in the first payroll in March 2015. In the event that Executive's employment is terminated within one year following the Effective Date (i) by Executive other than for Good Reason or (ii) by the Company for Cause, Executive shall and hereby does agree to repay the Company in full for the Joining Bonus.

(d) Bonus Performance Targets for 2015 and Beyond. In consideration of the signing bonus offered to the Executive described in Section (c) above, Executive acknowledges he is not entitled to any Annual Bonus for the fiscal year ending December 31, 2014. With respect to fiscal years ending after December 31, 2014, the Compensation Committee shall determine the Company-wide objectives and personal objectives in its sole discretion upon which the Annual Bonus shall be based.

(e) Equity Incentive Awards. Holdings will cause Executive to be granted Restricted Stock Units with respect to 20,000 shares of Holdings' common stock ("RSUs") which grant will be effected within five business days following the Effective Date (the "Initial Equity Grant") and will be governed by the terms and conditions of the ExlService Holdings, Inc. 2006 Omnibus Award Plan (as amended) (the "Plan"). The terms and conditions of the Initial Equity Grant will be determined and approved by the Compensation Committee and shall be evidenced by an RSU award agreement consistent with the terms of the Plan. The Initial Equity Grant shall vest and become exercisable as to 10% of the RSUs on the first anniversary of the date of grant, 20% of the RSUs on the second anniversary of the date of grant, 30% of the RSUs on the third anniversary of the date of grant and 40% of the RSUs on the fourth anniversary of the date of grant. Beginning in 2015 and in years thereafter, 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 equivalent to 90% of Executive's Base Salary. 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 50% of performance based RSUs and 50% of time based vesting RSUs which vest over four years in the manner set forth above. For the avoidance of doubt, the first such annual grant, if any, shall be made in 2015.

(f) 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.

(g) Relocation: Executive will be entitled to receive \$100,000 in connection with his relocation to New York which shall be paid as follows: Actual Relocation Expenses (as defined below) incurred shall be properly documented and submitted for reimbursement in accordance with the Company's Travel and Expense Policy. If the amount of Executive's actual Relocation Expenses incurred and reimbursed is less than \$100,000, Executive shall be entitled to a lump sum payment equal to the difference between \$100,000 and the amount of incurred and reimbursed Relocation Expenses. Any lump sum payment due to Executive shall be paid within 30 days following Executive notifying the Company in writing that he has submitted his final reimbursement request for Relocation Expenses. Relocation Expenses means those expenses actually incurred by You (i) for packing and transporting the furniture and contents of your primary residence to a residence near your principal office location which is in Manhattan, NY, (ii) the monthly rent or lease payment for any temporary housing You may use while searching for a permanent residence, (iii) storage of any furniture or personal belongings while You live in a temporary residence, (iv) air and ground transportation to the New York metropolitan area for You and your immediate family (spouse and children living at

home), and (v) other reasonable relocation expenses consistent with the Company's Travel and Expense Policy. Executive is solely responsible for any individual income or other taxes due or related to the reimbursement of Relocation Expenses.

(h) Visa: The Company will pay the legal fees and costs associated with obtaining an E3 or other suitable work visa for Executive.

(i) 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.

(j) 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.

(k) 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) that 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 (i) alter, reduce, or eliminate any of the Executive's duties, (ii) 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 (iii) 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 he 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 his 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(j) 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: (i) 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 (ii) 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 anniversary of 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.

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

(iii) "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; or (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 Executive's primary residence, or (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.

(iv) 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 his 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 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 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. If Executive disagrees with the Board's decision relating to the consent, then a third-party arbitrator (the "Arbitrator") shall be appointed within five (5) days of the date Executive notifies the Company of Executive's disagreement, and the third party Arbitrator shall be instructed to make a determination with respect to whether Executive's action would constitute a legally valid and enforceable violation of this Agreement within not more than thirty (30) days following his appointment and such determination shall be binding on all of the parties hereto. Such arbitrator is to be selected based on mutual agreement of the Company and Executive. If no mutual agreement is reached, each party shall select one arbitrator and these two arbitrators will in turn select a third arbitrator. The three arbitrators will then make a collective determination in accordance with the terms of this paragraph. The cost of the Arbitrator(s) shall be borne by the Company; provided, however, if the Arbitrators' determination is inconsistent with Executive's position, then the cost of the Arbitrator shall be borne by 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 any (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, 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) 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) Non-Disclosure of Confidential Information and Trade Secrets. 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) Notification of Inquiry Regarding Agreement. 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 notify the Company within twenty-four (24) hours.

(d) Material Non-Public Information. 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 federal and state 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 C. 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 his 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 his 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 his 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 injunctive relief (including temporary restraining orders, preliminary injunctions and/or permanent 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 sentence shall not be construed as a waiver of the rights that the Company may have for damages 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 his 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 his 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 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. Any dispute, controversy or other claim, other than claims solely for injunctive relief pursuant to Section 7, 8, 9 or 10, arising out of or relating to (i) this Agreement, or (ii) Executive's employment with the Company shall be resolved by binding confidential arbitration, to be held in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon the award rendered by arbitrator(s) 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(j) 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(j) 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 Section 14) 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.
280 Park Avenue
New York, New York 10017
Attn: Nancy Saltzman, Esq.
Fax: (212) 624-5933

With a copy to:

[INSERT]

If to Executive:

Nalin Kumar Miglani

[]

[]

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 in one 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 parties.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties as of the date first written above.

EXLSERVICE HOLDINGS, INC.

By: /s/ Rohit Kapoor

Name: Rohit Kapoor

Title: Vice Chairman & CEO

NALIN KUMAR MIGLANI

/s/ Nalin Kumarn Miglani

Date: 6/9/2014

THIS EMPLOYMENT AGREEMENT (the "Agreement"), dated as of October 1, 2014 is entered into by and between ExlService Holdings, Inc., a company organized under the laws of Delaware ("Holdings") (together with ExlService.com, Inc. ("ExlService"), the "Company"), and Henry N. Schweppe, III ("Executive").

WHEREAS, Executive has agreed to become employed by the Company, and the Company agrees 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 October 1, 2014 or the 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."

(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 his reasonable best efforts to ensure that the business and activities of the Company and its Subsidiaries, that are under his 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 President, Global Business and Marketing of Holdings, or such other title as agreed to between Executive and the Chief Executive Officer of Holdings ("President,") 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 directed from time to time by the Chief Executive Officer of Holdings as commensurate with Executive's position. Executive shall report directly to the Chief Executive Officer of Holdings. Executive's responsibilities shall include, without limitation, (1) providing executive leadership for (a) certain of the Company's lines of business, (%3) the Company's global marketing strategy, and (%3) front end support for client delivery and (2) providing strategic leadership on corporate strategy and other management matters.

(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 the Agreement); provided that nothing herein shall preclude Executive from engaging in charitable or community affairs and managing his 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) The Company agrees to provide Executive such assistance and work accommodations as are suitable to the character of his position with the Company and adequate for the performance of his duties. The Executive shall be based at the Company's executive offices in Manhattan, New York.

4. Compensation and Related Matters. (a) Base Compensation. During the Term, for all services rendered under this Agreement, Executive shall receive an aggregate annual base salary ("Base Salary") at a rate of \$450,000 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 an annual target bonus equivalent to 75% of Executive's Base Salary at target, with a maximum payment of no greater than 150% of Executive's Base Salary (the "Annual Bonus"). The actual amount of the Annual Bonus earned by the 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 the Executive shall be paid in March for the 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 his duties in good faith on the date such Annual Bonus is paid.

(c) Joining Bonus. Executive shall be entitled to receive a joining bonus of \$350,000 (the "Joining Bonus"). The Joining Bonus shall be payable in two equal installments. The first \$175,000 shall be due upon

joining and will be paid no later than the first bi-monthly payroll cycle following the Effective Date. The second \$175,000 shall be due in March 2015 and will be paid in the first payroll in March 2015. In the event that Executive's employment is terminated within two years of the Effective Date (i) by Executive other than for Good Reason or (ii) by the Company for Cause, Executive shall and hereby does agree to repay the Company in full for the Joining Bonus. For the avoidance of doubt, in the event that Executive's employment is terminated due to death or Disability then the Executive does not have to repay any of the Joining Bonus. Additionally, in the event that Executive's employment is terminated prior to the payment of the second installment of the Joining Bonus for any other reason than Cause or he resigns for Good Reason, the second installment shall be paid to Executive upon termination in a lump sum.

(d) Bonus Performance Targets for 2015 and Beyond. In consideration of the signing bonus offered to the Executive described in Section (c) above, Executive acknowledges he is not entitled to any Annual Bonus for the fiscal year ending December 31, 2014. With respect to fiscal years ending after December 31, 2014, the Compensation Committee shall determine the Company-wide objectives and personal objectives in its sole discretion upon which the Annual Bonus shall be based.

(e) Equity Incentive Awards. Holdings will cause Executive to be granted such number of Restricted Stock Units ("RSUs") equivalent to \$500,000 based upon the closing price of the common stock of Holdings on the grant date (the "Initial Equity Grant"). The Initial Equity Grant will be effected within five business days following the Effective Date and will be governed by the terms and conditions of the ExlService Holdings, Inc. 2006 Omnibus Award Plan (as amended) (the "Plan"). The terms and conditions of the Initial Equity Grant will be determined and approved by the Compensation Committee and shall be evidenced by an RSU award agreement consistent with the terms of the Plan. The Initial Equity Grant shall vest and become exercisable as to 10% of the RSUs on the first anniversary of the date of grant, 20% of the RSUs on the second anniversary of the date of grant, 30% of the RSUs on the third anniversary of the date of grant and 40% of the RSUs on the fourth anniversary of the date of grant. Beginning in 2015 and in years thereafter, 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 equivalent to 100% of Executive's Base Salary. 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 50% of performance based RSUs and 50% of time based vesting RSUs which vest over four years in the manner set forth above. For the avoidance of doubt, the first such annual grant, if any, shall be made in 2015.

(f) 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.

(g) 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.

(h) 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.

(i) 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 Executive shall be required to give the Company at least 90 days advance written notice of any resignation of Executive's employment hereunder. For clarity, the Employment terminates at the end of the 90-day notice period. During the 90-day notice period, the Company reserves the right, in its sole discretion, to (i) alter, reduce, or eliminate any of the Executive's duties, (ii) 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 (iii) 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 90-day notice period, the Executive acknowledges and agrees that he 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 his 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, except as otherwise set forth 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(h) 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 in accordance with the Company's regular payroll practices. The severance payments shall commence 60 days following Executive's "separation from service" (as defined in Treasury Regulations Section 1.409A-1(h)). 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 60 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 form and substance substantially similar to the release annexed hereto subject to changes as necessary to effectuate a valid waiver of claims, 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, (i) a crime of moral turpitude which causes serious economic injury or serious injury to the Company's reputation or (ii) a felony; or (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 of location where Executive is based on the Effective Date of more than fifty (50) miles; or (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 his 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.

5. 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.

6. 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 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 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. To the extent that the Board does not deny such consent within such 30 day period, the consent will be deemed granted. If Executive disagrees with the

Board's decision relating to the consent, then a third-party arbitrator (the "Arbitrator") shall be appointed within five (5) days of the date Executive notifies the Company of Executive's disagreement, and the third party Arbitrator shall be instructed to make a determination with respect to whether Executive's action would constitute a legally valid and enforceable violation of this Agreement within not more than thirty (30) days following his appointment and such determination shall be binding on all of the parties hereto. Such arbitrator is to be selected based on mutual agreement of the Company and Executive. If no mutual agreement is reached, each party shall select one arbitrator and these two arbitrators will in turn select a third arbitrator. The three arbitrators will then make a collective determination in accordance with the terms of this paragraph. The cost of the Arbitrator shall be borne by the Company; provided, however, if the Arbitrator's determination is inconsistent with Executive's position, then the cost of the Arbitrator shall be borne by 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 any (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).

7. Confidential Information and Trade Secrets.

(a) Access to Confidential Information and Trade Secrets. Executive understands and acknowledges that as an employee of the Company, he 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, 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) 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 Executive knows or should know is subject to a restriction on disclosure or which Executive knows 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. Executive 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) Non-Disclosure of Confidential Information and Trade Secrets. Executive acknowledges and agrees 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. Executive further acknowledges and agrees 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, Executive agrees that during his employment with the Company and following the termination of such employment for any reason, he shall not directly or indirectly divulge or make use of any Confidential Information outside of his employment with the Company (so long as the information remains confidential) without the prior written consent of an authorized representative of the Company. He 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. He also agrees 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) Notification of Inquiry Regarding Agreement. Executive further agrees that if he is questioned about Confidential Information by any person or entity not authorized to receive such information, he will notify the Company within twenty-four (24) hours.

(d) Material Non-Public Information. Executive acknowledges and agrees that the Company is a public company and that he may receive or have access to material non-public information that is restricted from use and disclosure by federal and state statutes and laws. He agrees that other than to benefit the Company in compliance with applicable laws, he will not use for any "purposes any "insider information" that may come to his attention in connection with his employment with the Company and that he 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.

8. Return of Confidential Information and Company Property. Executive agrees to return all Confidential Information and/or Trade Secrets immediately upon termination of his employment for any reason and at any time requested by the Company. To the extent that he maintains Confidential Information and/or Trade Secrets in electronic form on any computers or other electronic devices owned by him, he agrees to immediately and irretrievably delete all such information, and certify the deletion of such material. He also agrees to return all property in his 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 set forth in Section 7 (b)), and any copies, in whole or in part, whether or not prepared by him, all of which shall remain the sole and exclusive property of the Company. Executive further agrees upon termination of your employment for any reason to execute and provide the information set forth in the Termination Certification attached hereto as Exhibit C. In addition, upon request of the Company, You shall provide a copy of this Agreement to any subsequent employer.

9. 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.

10. 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 his 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 his 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 his new employer as soon as possible.

11. 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 injunctive relief (including temporary restraining orders, preliminary injunctions and/or permanent 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 sentence shall not be construed as a waiver of the rights that the Company may have for damages under this Agreement or otherwise, and all of the Company's rights shall be unrestricted.

12. 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) the commencement of employment pursuant to 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 (iv) Executive has not engaged and will not engage in the future in any conduct that is in breach of any lawful 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 his duties for the Company.

Executive has advised the Company that he has an agreement that contains some restrictions which may impact his ability to conduct business if he joins the Company and that contains obligations he has undertaken to keep certain information confidential. Executive is hereby advised that the Company has no interest in obtaining any trade secret or other proprietary information Executive may possess belonging to his prior employer (or clients he serviced for the employer). Similarly, Executive is hereby advised that the Company expects that he will abide by any lawful agreement with his prior employers. To that end, Executive hereby represents and warrants that (x) he will abide by the lawful restrictions and obligations contained in his agreement until the agreement expires (or permanently, where there are no such time limitations) if he joins the Company, and (y), Executive will provide notice to his current or former employer of his future employment pursuant to this Agreement and the commencement date of such employment. Executive also understands that it is his responsibility to advise the Company management promptly in the event that he is assigned a task or activity he believes would impair compliance with the continuing lawful restrictions or obligations contained in his agreement.

Executive understands that this Agreement, his employment and his continued employment by the Company is conditioned upon Executive having obtained a satisfactory disposition of any restrictions he may have on his activities with his current or former employer as reasonably determined by the Company. It is understood that the representations made by Executive under this Section 13 are subject to the disclosures in this Section 13(a)(ii) above.

(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.

13. 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.

14. 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.

15. 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.

16. 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 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.

17. Dispute Resolution. Any dispute, controversy or other claim, other than claims solely for injunctive relief pursuant to Section 7, 8, 9 or 10, arising out of or relating to (i) this Agreement, or (ii) Executive's employment with the Company shall be resolved by binding confidential arbitration, to be held in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon the award rendered by arbitrator(s) may be entered in any court having jurisdiction thereof.

18. 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 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 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.

19. 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.

20. 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.

21. Survival. The rights and obligations of the parties under the provisions of this Agreement (including without limitation, Sections 7 through 12 and Section 14) 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.

22. 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.
280 Park Avenue
New York, New York 10017
Attn: Nancy Saltzman, Esq.
Fax: (212) 624-5933

If to Executive:

Henry N. Schweppe, III
54 Upper Station Road
Garrison, New York 10524

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

23. 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.

24. Counterparts. This Agreement may be executed in one 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 parties.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties as of the date first written above.

EXLSERVICE HOLDINGS, INC.

By: /s/ Rohit Kapoor

Name: Rohit Kapoor

Title: Vice Chairman & CEO

HENRY N. SCHWEPPE, III

/s/ Henry N. Schweppe, III

ANNEX

Form of Release Language

General Release of All Claims. Employee, individually and on behalf of Employee's heirs, executors, administrators, representatives, attorneys, successors and assigns knowingly and voluntarily releases and forever discharges Employer and its clients, including their parent corporations, affiliates, subsidiaries, divisions, predecessors, insurers, successors and assigns, and each of their current and former employees, attorneys, officers, directors and agents thereof, both individually and in their business capacities, and their employee benefit plans and programs and the trustees, administrators, fiduciaries and insurers of such plans and programs (collectively, the "Released Parties"), to the full extent permitted by law, of and from any and all claims, known and unknown, asserted and unasserted, which Employee has or may have against the Released Parties as of the date of execution of this Agreement including, but not limited to, any alleged violation of:

Title VII of the Civil Rights Act of 1964;

The Civil Rights Act of 1991;

Sections 1981 through 1988 of Title 42 of the United States Code, as amended;

The Employee Retirement Income Security Act of 1974 ("ERISA");

The Immigration Reform and Control Act;

The Americans with Disabilities Act of 1990;

The Age Discrimination in Employment Act of 1967 ("ADEA");

The Workers Adjustment and Retraining Notification Act;

The Occupational Safety and Health Act;

The Sarbanes-Oxley Act of 2002;

The Fair Credit Reporting Act;

The Family and Medical Leave Act;

The Equal Pay Act;

The Genetic Information Nondiscrimination Act of 2008;

[state] Fair Employment Practices Act;

Any other federal, state or local civil or human rights law or any other federal, state or local law, regulation or ordinance;

Any public policy, contract, tort or common law; or

Any basis for recovering costs, fees or other expenses including attorneys' fees incurred in these matters.

Claims Not Released. Employee is not waiving any rights he/she may have to: (a) his/her own vested accrued employee benefits under the Employer's health, welfare, or retirement benefit plans as of the Separation Date; (b) benefits and/or the right to seek benefits under applicable workers' compensation and/or unemployment compensation statutes; (c) pursue claims which by law cannot be waived by signing this Agreement; (d) enforce this Agreement; and/or (e) challenge the validity of this Agreement.

September 9, 2014

Mr. Henry N. Schweppe III
54 Upper Station Road
Garrison, New York 10524

Re: Supplement to Employment Agreement

Dear Henry:

This letter supplements your Employment Agreement with ExlService Holdings, Inc., a company organized under the laws of Delaware (together with ExlService.com, Inc. the "Company"), dated September 9, 2014 (the "Employment Agreement").

The Company hereby agrees to pay certain, reasonable legal fees incurred by you, in connection with your resignation from IBM, Inc. and the resolution of the non-competition agreement with IBM ("Legal Fees").

For the avoidance of doubt, any legal fees incurred by you in connection with the negotiations of your Employment Agreement are your sole responsibility and are not covered by the Legal Fees referred to herein.

Specifically, the Company agrees to pay reasonable Legal Fees incurred by you as follows: (a) 100% of the first \$100,000 of Legal Fees; (b) 50% of the next \$200,000 of Legal Fees; (c) with a cap of \$200,000 in total Legal Fees to be paid by the Company. All invoices for Legal Fees are subject to the Company's review for reasonableness prior to any payment. You agree that you will retain a single law firm to represent you in connection with the resolution of the non-competition agreement.

Sincerely,

/s/ Rohit Kapoor

/s/ Henry N. Schweppe, III

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, Inc. (“ExlService”), the “Company”), and Vishal Chhibbar (“Executive” or “You”) and shall be effective as of the Effective Date as defined below.

WHEREAS, Executive has been employed by the Company since January 1, 2016;

WHEREAS, Executive previously performed services for the Company from India and has since relocated to the United States;

WHEREAS, Executive entered into an Employment Agreement dated May 1, 2009 that governed his employment in India (the “Original Employment Agreement”);

WHEREAS, Executive and the Company desire to enter into a new Employment Agreement governed under the laws of the United States that would replace the Original Employment Agreement in its entirety.

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 January 1, 2016 (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.”

(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(c), 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 his reasonable best efforts to ensure that the business and activities of the Company and its Subsidiaries, that are under his 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 Executive Vice President and Chief Financial Officer, 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 will be available to carry out his duties as Executive Vice President and Chief Financial Officer.

(c) 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 the Agreement); provided that nothing herein shall preclude Executive from engaging in charitable or community affairs and managing his 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.

4. Compensation and Related Matters. (a) Base Compensation. During the Term, for all services rendered under this Agreement, Executive shall receive an aggregate annual base salary ("Base Salary") at a rate of \$400,000 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 an annual target bonus equivalent to 60% of Executive's Base Salary at target, with a maximum payment of no greater than 120% of Executive's Base Salary (the "Annual Bonus"). The actual amount of the Annual Bonus earned by the 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 the Executive shall be paid in March for the 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 his duties in good faith on the date such Annual Bonus is paid.

(c) Bonus Performance Targets for 2016 and Beyond. For fiscal year 2016 and beyond, the Compensation Committee shall, in their 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.

(d) Equity Incentive Awards. 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 is comprised of 50% of performance based RSUs and 50% of time based vesting RSUs, all of which vest at 25% pro rata over a four year period.

(e) Change in Control. In the event that a Change in Control (as defined in the 2015 Amendment and Restatement of the 2006 Omnibus Award Plan (as amended) (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.

Relocation: Executive will be entitled to receive up to \$100,000 to reimburse him for expenses actually incurred in connection with his relocation to New York which shall be paid as follows: Actual Relocation Expenses (as defined below) incurred shall be properly documented and submitted for reimbursement in accordance with the Company's Travel and Expense Policy. Relocation Expenses means those expenses actually incurred by You (i) for packing and transporting the furniture and contents of your primary residence to a residence near your principal office location which is in Manhattan, NY, (ii) the monthly rent or lease payment for any temporary housing You may use while searching for a permanent residence, (iii) storage of any furniture or personal belongings while You live in a temporary residence, (iv) air and ground transportation to the New York metropolitan area for You and your immediate family (spouse and children living at home), and (v) other reasonable relocation expenses consistent with the Company's Travel and Expense Policy. Executive is solely responsible for any individual income or other taxes due or related to the reimbursement of Relocation Expenses.

(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) that 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 (i) alter, reduce, or eliminate any of the Executive's duties, (ii) 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 (iii) 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 he 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 his 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(j) 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, (i) a crime of moral turpitude which causes serious economic injury or serious injury to the Company’s reputation or (ii) a felony; or (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; or (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 Executive’s primary residence, or (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 his 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 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 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. If Executive disagrees with the Board’s decision relating to the consent, then a third-party arbitrator (the “Arbitrator”) shall be appointed within five (5) days of the date Executive notifies the Company of Executive’s disagreement, and the third party Arbitrator shall be instructed to make a determination with respect to whether Executive’s action would constitute a legally valid and enforceable violation of this Agreement within not more than thirty (30) days following his appointment and such determination shall be binding on all of the parties hereto. Such arbitrator is to be selected based on mutual agreement of the Company and Executive. If no mutual agreement is reached, each party shall select one arbitrator and these two arbitrators will in turn select a third arbitrator. The three arbitrators will then make a collective determination in accordance with the terms of this paragraph. The cost of the Arbitrator(s) shall be borne by the Company; provided, however, if the Arbitrators’ determination is inconsistent with Executive’s position, then the cost of the Arbitrator shall be borne by 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 any (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, 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) 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) Non-Disclosure of Confidential Information and Trade Secrets. 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) Notification of Inquiry Regarding Agreement. 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 notify the Company within twenty-four (24) hours.

(d) Material Non-Public Information. 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 federal and state 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 C. 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 his 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 his 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 his 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 injunctive relief (including temporary restraining orders, preliminary injunctions and/or permanent 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 sentence shall not be construed as a waiver of the rights that the Company may have for damages 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 his 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 his 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 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. Any dispute, controversy or other claim, other than claims solely for injunctive relief pursuant to Section 7, 8, 9 or 10, arising out of or relating to (i) this Agreement, or (ii) Executive's employment with the Company shall be resolved by binding confidential arbitration, to be held in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon the award rendered by arbitrator(s) 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(j) 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(j) 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. For the avoidance of doubt the Original Employment Agreement shall be null and void and of no further force and effect as of the Effective Date. Notwithstanding the foregoing, if and to the extent any amounts are due and owing to the Executive under the Original Employment Agreement for services performed through December 31, 2015 and which have yet to be paid as of the date of signature, the Company shall not be relieved of its obligation to make all such payments. Survival. The rights and obligations of the parties under the provisions of this Agreement (including without limitation, Sections 7 through 12 and Section 14) 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.

22. 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.
280 Park Avenue, 38th Floor
New York, New York 10017
Attn: Nancy Saltzman, Esq.
Fax: (212) 624-5933

With a copy to: ExlService Holdings, Inc.

280 Park Avenue, 38th Floor
New York, New York 10017
Attn: Nalin Kumar Miglani
Fax: (212) 624-5933

If to Executive:

280 Park Avenue, 38th Floor
Vishal Chhibbar
New York, New York, 10017
Attn: Vishal Chhibbar
Fax: (212) 624-5933

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

23. 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.

24. Counterparts. This Agreement may be executed in one 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 parties.

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

EXLSERVICE HOLDINGS, INC.

By: /s/ Rohit Kapoor

Name: Rohit Kapoor

Title: Vice Chairman & CEO

Date: March 31, 2016

VISHAL CHHIBBAR

/s/ Vishal Chhibbar

Date: March 31, 2016

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 28, 2016

/s/ Rohit Kapoor

Rohit Kapoor

Vice-Chairman and Chief Executive Officer

SECTION 302 CERTIFICATION

I, Vishal Chhibbar, 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 28, 2016

/s/ Vishal Chhibbar

Vishal Chhibbar

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, 2016 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 28, 2016

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, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vishal Chhibbar, 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/ Vishal Chhibbar

Vishal Chhibbar

Chief Financial Officer

April 28, 2016