Table of Contents

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, 2021

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	**82-0572194**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
320 Park Avenue, 29th Floor, New York, New York	**10022**
(Address of principal executive offices)	**(Zip code)**

(212) 277-7100

(Registrant's telephone number, including area code)

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

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

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

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

Large Accelerated Filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

As of April 27, 2021, there were 33,457,656 shares of the registrant's common stock outstanding, par value $0.001 per share.

TABLE OF CONTENTS

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	As of	
	March 31, 2021	December 31, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 177,121	$ 218,530
Short-term investments	198,721	184,286
Restricted cash	5,295	4,690
Accounts receivable, net	159,296	147,635
Prepaid expenses	12,709	11,344
Advance income tax, net	7,580	5,684
Other current assets	35,828	37,109
Total current assets	**596,550**	**609,278**
Property and equipment, net	90,153	92,875
Operating lease right-of-use assets	88,777	91,918
Restricted cash	2,298	2,299
Deferred tax assets, net	10,657	7,749
Intangible assets, net	56,243	59,594
Goodwill	349,098	349,088
Other assets	29,669	32,099
Investment in equity affiliate	2,921	2,957
Total assets	**$ 1,226,366**	**$ 1,247,857**
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	$ 8,304	$ 6,992
Current portion of long-term borrowings	25,000	25,000
Deferred revenue	14,764	32,649
Accrued employee costs	43,492	67,645
Accrued expenses and other current liabilities	73,241	66,410
Current portion of operating lease liabilities	18,476	18,894
Income taxes payable, net	14,443	3,488
Total current liabilities	**197,720**	**221,078**
Long-term borrowings, less current portion	202,687	201,961
Operating lease liabilities, less current portion	81,948	84,874
Income taxes payable	1,790	1,790
Deferred tax liabilities, net	877	847
Other non-current liabilities	15,119	18,135
Total liabilities	**500,141**	**528,685**
Commitments and contingencies (Refer to Note 24)		
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, 39,273,989 shares issued and 33,526,889 shares outstanding as of March 31, 2021 and 38,968,052 shares issued and 33,559,434 shares outstanding as of December 31, 2020	39	39
Additional paid-in capital	428,882	420,976

Retained earnings	673,310	641,379
Accumulated other comprehensive loss	(78,753)	(74,984)
Total including shares held in treasury	**1,023,478**	**987,410**
Less: 5,747,100 shares as of March 31, 2021 and 5,408,618 shares as of December 31, 2020, held in treasury, at cost	(297,253)	(268,238)
Stockholders' equity	**726,225**	**719,172**
Total equity	**726,225**	**719,172**
Total liabilities and stockholders' equity	**$ 1,226,366**	**$ 1,247,857**

See accompanying notes to unaudited consolidated financial statements.

EXLSERVICE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In thousands, except share and per share amounts)

	Three months ended March 31,	
	2021	2020
Revenues, net	$ 261,415	$ 245,990
Cost of revenues[1]	158,821	162,656
Gross profit[1]	**102,594**	**83,334**
Operating expenses:		
General and administrative expenses	30,703	28,941
Selling and marketing expenses	18,235	14,456
Depreciation and amortization expense	12,101	12,450
Total operating expenses	61,039	55,847
Income from operations	**41,555**	**27,487**
Foreign exchange gain, net	434	1,377
Interest expense	(2,474)	(3,072)
Other income, net	1,410	2,529
Income before income tax expense and earnings from equity affiliates	**40,925**	**28,321**
Income tax expense	8,958	5,855
Income before earnings from equity affiliates	**31,967**	**22,466**
Loss from equity-method investment	36	55
Net income attributable to ExlService Holdings, Inc. stockholders	**$ 31,931**	**$ 22,411**
Earnings per share attributable to ExlService Holdings, Inc. stockholders:		
Basic	$ 0.95	$ 0.65
Diluted	$ 0.93	$ 0.65
Weighted-average number of shares used in computing earnings per share attributable to ExlService Holdings Inc. stockholders:		
Basic	33,734,118	34,401,565
Diluted	34,318,318	34,720,603

(1) Exclusive of depreciation and amortization expense.

See accompanying notes to unaudited consolidated financial statements.

EXLSERVICE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME / (LOSS) (UNAUDITED)
(In thousands)

	Three months ended March 31,	
	2021	2020
Net income	$ 31,931	$ 22,411
Other comprehensive income/(loss):		
Unrealized gain/(loss) on cash flow hedges	568	(14,846)
Foreign currency translation loss	(1,911)	(21,571)
Reclassification adjustments		
Gain on cash flow hedges[1]	(2,829)	(929)
Retirement benefits[2]	179	101
Income tax effects relating to above[3]	224	9,033
Total other comprehensive loss	**$ (3,769)**	**$ (28,212)**
Total comprehensive income/(loss)	**$ 28,162**	**$ (5,801)**

(1) *These are reclassified to net income and are included either in cost of revenues or operating expenses, as applicable in the unaudited consolidated statements of income. Refer to Note 16 - Derivatives and Hedge Accounting to the unaudited consolidated financial statements.*

(2) *These are reclassified to net income and are included in other income, net in the unaudited consolidated statements of income. Refer to Note 19 - Employee Benefit Plans to the unaudited consolidated financial statements.*

(3) *These are income tax effects recognized on cash flow hedges, retirement benefits and foreign currency translation gains/(losses). Refer to Note 21 - Income Taxes to the unaudited consolidated financial statements.*

See accompanying notes to unaudited consolidated financial statements.

EXLSERVICE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)
For the three months ended March 31, 2021 and 2020
(In thousands, except share and per share amounts)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total Equity
	Shares	Amount				Shares	Amount	
Balance as of January 1, 2021	**38,968,052**	**$ 39**	**$ 420,976**	**$ 641,379**	**$ (74,984)**	**(5,408,618)**	**$ (268,238)**	**$ 719,172**
Stock issued against stock-based compensation plans	305,937	—	74	—	—	—	—	74
Stock-based compensation	—	—	7,832	—	—	—	—	7,832
Acquisition of treasury stock	—	—	—	—	—	(338,482)	(29,015)	(29,015)
Other comprehensive loss	—	—	—	—	(3,769)	—	—	(3,769)
Net income	—	—	—	31,931	—	—	—	31,931
Balance as of March 31, 2021	**39,273,989**	**$ 39**	**$ 428,882**	**$ 673,310**	**$ (78,753)**	**(5,747,100)**	**$ (297,253)**	**$ 726,225**

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock		Total Equity
	Shares	Amount				Shares	Amount	
Balance as of January 1, 2020	**38,480,654**	**$ 39**	**$ 391,240**	**$ 551,903**	**$ (84,892)**	**(4,295,413)**	**$ (188,289)**	**$ 670,001**
Stock issued against stock-based compensation plans	333,121	—	921	—	—	—	—	921
Stock-based compensation	—	—	4,778	—	—	—	—	4,778
Acquisition of treasury stock	—	—	—	—	—	(202,366)	(13,995)	(13,995)
Other comprehensive loss	—	—	—	—	(28,212)	—	—	(28,212)
Net income	—	—	—	22,411	—	—	—	22,411
Balance as of March 31, 2020	**38,813,775**	**$ 39**	**$ 396,939**	**$ 574,314**	**$ (113,104)**	**(4,497,779)**	**$ (202,284)**	**$ 655,904**

See accompanying notes to unaudited consolidated financial statements.

EXLSERVICE HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)

	Three months ended March 31,	
	2021	**2020**
Cash flows from operating activities:		
Net income	$ 31,931	$ 22,411
Adjustments to reconcile net income to net cash provided by / (used for) operating activities:		
Depreciation and amortization expense	12,266	12,472
Stock-based compensation expense	7,832	4,778
Amortization of operating lease right-of-use assets	6,761	6,853
Unrealized (gain) / loss on short term investments	(1,103)	267
Unrealized foreign exchange (gain), net	(1,139)	(6,490)
Deferred income tax (benefit)/expense	(2,695)	3,539
Allowance for expected credit losses	48	195
Loss from equity-method investment	36	55
Amortization of non-cash interest expense related to convertible senior notes	673	635
Others, net	216	(26)
Change in operating assets and liabilities:		
Accounts receivable	(11,818)	(17,518)
Prepaid expenses and other current assets	(21)	(1,871)
Advance income tax, net	9,057	(1,109)
Other assets	1,268	925
Accounts payable	1,902	1,400
Deferred revenue	(17,986)	2,579
Accrued employee costs	(23,611)	(37,046)
Accrued expenses and other liabilities	8,456	972
Operating lease liabilities	(6,868)	(6,576)
Net cash provided by /(used for) operating activities	15,205	(13,555)
Cash flows from investing activities:		
Purchases of property and equipment	(12,680)	(12,347)
Proceeds from sale of property and equipment	129	73
Investment in equity affiliate	—	(700)
Purchase of investments	(18,835)	(23,830)
Proceeds from redemption of investments	5,357	72,844
Net cash (used for) /provided by investing activities	(26,029)	36,040
Cash flows from financing activities:		
Principal payments of finance lease liabilities	(57)	(67)
Proceeds from borrowings	25,000	110,000
Repayments of borrowings	(25,000)	(10,201)
Acquisition of treasury stock	(29,015)	(13,995)
Proceeds from exercise of stock options	75	921
Net cash (used for)/provided by financing activities	(28,997)	86,658
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(984)	(2,653)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(40,805)	106,490
Cash, cash equivalents and restricted cash at the beginning of the period	225,519	127,044
Cash, cash equivalents and restricted cash at the end of the period	$ 184,714	$ 233,534
Supplemental disclosure of cash flow information:		
Cash paid during the period for:		
Interest	$ 610	$ 775
Income taxes, net of refunds	$ 2,415	$ 2,646
Supplemental disclosure of non-cash investing and financing activities:		
Assets acquired under finance lease	$ 10	$ 28

See accompanying notes to unaudited consolidated financial statements.

EXLSERVICE HOLDINGS, INC.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2021
(In thousands, except share and per share amounts)

1. Organization

ExlService Holdings, Inc. ("ExlService Holdings") is organized as a corporation under the laws of the state of Delaware. ExlService Holdings, together with its subsidiaries and affiliates (collectively, the "Company"), operates in the Business Process Management ("BPM") industry providing operations management services and analytics services that helps its clients build and grow sustainable businesses. By orchestrating its domain expertise, data, analytics and digital technology, the Company looks deeper to design and manage agile, customer-centric operating models to improve global operations, drive profitability, enhance customer satisfaction, increase data-driven insights, and manage risk and compliance. The Company's clients are located principally in the United States of America ("U.S.") and the United Kingdom ("U.K.").

2. Summary of Significant Accounting Policies

(a) Basis of Preparation and Principles of Consolidation

The unaudited consolidated financial statements have been prepared in conformity with United States generally accepted accounting principles ("U.S. GAAP") for interim financial information, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

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

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

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

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

(b) Use of Estimates

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

As of March 31, 2021, the extent to which the global Coronavirus Disease 2019 pandemic ("COVID-19") will ultimately impact the Company's business depends on numerous dynamic factors, which the Company still cannot reliably predict. As a result, many of the Company's estimates and assumptions herein required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve with respect to COVID-19, the Company's estimates may materially change in future periods. Any changes in estimates are adjusted prospectively in the Company's consolidated financial statements.

(c) Recent Accounting Pronouncements

In January 2021, Financial Accounting Standard Board ("FASB") issued Accounting Standard Update ("ASU") No. 2021-01, *Reference Rate Reform (Topic 848): Scope*, to clarify that all derivative instruments affected by changes to the interest rates used for discounting, margining or contract price alignment (commonly referred to as the discounting transition) are within the scope of Accounting Standard Codification ("ASC") 848. The amendments in this ASU further clarify that certain optional expedients and exceptions for contract modifications and hedge accounting apply to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified as a result of the discontinuation of the use of LIBOR as a benchmark interest rate due to reference rate reform. This ASU is effective immediately for all entities with the option to be applied retrospectively as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, and prospectively to any new contract modifications made on or after January 7, 2021 through December 31, 2022. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

In March 2020, FASB issued ASU No. 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional guidance for a limited period of time to ease potential accounting impacts associated with transitioning away from reference rates that are expected to be discontinued, such as interbank offered rates and London Inter-Bank Offered Rate ("LIBOR"). The ASU provides practical expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments are elective and are effective upon issuance for all entities through December 31, 2022. The Company is currently evaluating the impact of this ASU on its consolidated financial statements.

In August 2020, FASB issued ASU No. 2020-06, *Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*. This ASU simplifies the accounting for certain financial instruments with characteristics of liabilities and equity, including convertible instruments and contracts on an entity's own equity. The ASU removes separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature and hence most of the instruments will be accounted for as a single model (either debt or equity). The ASU also states that entities must apply the if-converted method to all convertible instruments for calculation of diluted EPS and the treasury stock method is no longer available. An entity can use either a full or modified retrospective approach to adopt the ASU's guidance. The ASU is effective for fiscal years beginning after December 15, 2021 and may be early adopted for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The Company is currently evaluating the impact of adoption of this ASU on its consolidated financial statements.

(d) Recently Adopted Accounting Pronouncements

In December 2019, FASB issued ASU No. 2019-12, *Income Taxes Simplifying the Accounting for Income Taxes*. This ASU eliminates certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The Company adopted this ASU on January 1, 2021. The adoption of this ASU has a minimal impact on the Company's unaudited consolidated financial statements.

In October 2020, FASB issued ASU No. 2020-10, *Codification Improvements*, to provide guidance for technical corrections such as conforming amendments, clarifications to guidance, simplifications to wording or structure of guidance, and other minor improvements. The amendments in this ASU improve the consistency of the ASC by ensuring that all guidance that requires or provides an option for an entity to provide information in the notes to financial statements is codified in the disclosure section of the ASC. The Company adopted this ASU on January 1, 2021. The adoption of this ASU did not have a material impact on the Company's unaudited consolidated financial statements.

(In thousands, except share and per share amounts)

3. Segment and Geographical Information

The Company operates in the BPM industry and is a provider of operations management and analytics services.

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

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

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

Revenues and cost of revenues for the three months ended March 31, 2021 and 2020, respectively, for each of the reportable segments, are as follows:

	Three months ended March 31, 2021				
	Insurance	Healthcare	Emerging Business	Analytics	Total
Revenues, net	$ 91,160	$ 30,265	$ 37,668	$ 102,322	$ 261,415
Cost of revenues[1]	56,093	17,391	20,844	64,493	158,821
Gross profit[1]	$ 35,067	$ 12,874	$ 16,824	$ 37,829	$ 102,594
Operating expenses					61,039
Foreign exchange gain, interest expense and other income, net					(630)
Income tax expense					8,958
Loss from equity-method investment					36
Net income					$ 31,931

[1] Exclusive of depreciation and amortization expense.

	Three months ended March 31, 2020				
	Insurance	Healthcare	Emerging Business	Analytics	Total
Revenues, net	$ 83,739	$ 27,029	$ 42,791	$ 92,431	$ 245,990
Cost of revenues[1]	58,965	19,593	25,482	58,616	162,656
Gross profit[1]	$ 24,774	$ 7,436	$ 17,309	$ 33,815	$ 83,334
Operating expenses					55,847
Foreign exchange gain, interest expense and other income, net					834
Income tax expense					5,855
Loss from equity-method investment					55
Net income					$ 22,411

[1] Exclusive of depreciation and amortization expense.

(In thousands, except share and per share amounts)

Revenues, net by service type, were as follows:

	Three months ended March 31,	
	2021	2020
BPM and related services[1]	$ 159,093	$ 153,559
Analytics services	102,322	92,431
Revenues, net	$ 261,415	$ 245,990

[1] BPM and related services include revenues of the Company's Insurance, Healthcare and Emerging Business reportable segments. Refer to the reportable segment disclosure above.

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

	Three months ended March 31,	
	2021	2020
Revenues, net		
United States	$ 224,368	$ 207,880
Non-United States		
United Kingdom	24,751	23,278
Rest of World	12,296	14,832
Total Non-United States	37,047	38,110
Revenues, net	$ 261,415	$ 245,990

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

	As of	
	March 31, 2021	December 31, 2020
Long-lived assets		
India	$ 93,329	$ 97,261
United States	47,676	46,659
Philippines	27,486	29,434
Rest of World	10,439	11,439
Long-lived assets	$ 178,930	$ 184,793

4. Revenues, net

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

Contract balances

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

(In thousands, except share and per share amounts)

	As of	
	March 31, 2021	December 31, 2020
Accounts receivable, net	$ 159,296	$ 147,635
Contract assets	3,984	4,437
Contract liabilities:		
Deferred revenue (consideration received in advance)	12,971	30,450
Consideration received for process transition activities	$ 2,280	$ 2,774

Accounts receivable includes $78,502 and $63,995 as of March 31, 2021 and December 31, 2020, respectively, representing unbilled receivables. The Company has accrued the unbilled receivables for work performed in accordance with the terms of contracts with customers and considers no significant performance risk associated with its unbilled receivables.

Contract assets represent upfront payments such as deal signing discounts or deal signing bonuses made to customers. These costs are amortized over the expected period of the benefit and are recorded as an adjustment to transaction price and reduced from revenues. The Company's assessment did not indicate any impairment losses on its contract assets for the periods presented.

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

Revenue recognized during the three months ended March 31, 2021 and 2020, which was included in the contract liabilities balance at the beginning of the respective periods:

	Three months ended March 31,	
	2021	2020
Deferred revenue (consideration received in advance)	$ 23,621	$ 5,968
Consideration received for process transition activities	$ 679	$ 274

Contract acquisition and fulfillment costs

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

	Contract Acquisition Costs			Contract Fulfillment Costs		
	Quarter Ended		Year Ended	Quarter Ended		Year Ended
	March 31, 2021	March 31, 2020	December 31, 2020	March 31, 2021	March 31, 2020	December 31, 2020
Opening Balance	$ 1,027	$ 1,307	$ 1,307	$ 5,631	$ 7,255	$ 7,255
Additions	—	—	310	6	284	779
Amortization	(242)	(92)	(590)	(1,218)	(623)	(2,403)
Closing Balance	$ 785	$ 1,215	$ 1,027	$ 4,419	$ 6,916	$ 5,631

There was no impairment for contract acquisition and contract fulfillment costs as of March 31, 2021 and December 31, 2020. The capitalized costs are amortized over the expected period of benefit of the contract.

(In thousands, except share and per share amounts)

Allowance for expected credit losses

The Company evaluates the credit risk of its customers based on a combination of various financial and qualitative factors that may affect the ability of each customer to pay. The Company considered current and anticipated future economic conditions relating to the industries of the Company's customers and the countries where it operates. In calculating expected credit loss, the Company also considered past payment trends, credit rating and other related credit information for its significant customers to estimate the probability of default in the future and estimates relating to the possible effects resulting from COVID-19.

The duration and severity of COVID-19 and continued market volatility is highly uncertain and, as such, the impact on expected losses is subject to significant judgment, including but not limited to changes in customers' credit rating, and may cause variability in the Company's allowance for credit losses in future periods.

	As of	
	March 31, 2021	December 31, 2020
Accounts receivable, including unbilled receivables	$ 160,479	$ 148,824
Less: Allowance for expected credit loss	(1,183)	(1,189)
Accounts receivable, net	**$ 159,296**	**$ 147,635**

The movement in allowance for expected credit loss on customer balances for the three months ended March 31, 2021 and year ended December 31, 2020 was as follows:

	Three months ended		Year ended
	March 31, 2021	March 31, 2020	December 31, 2020
Balance at the beginning of the period	$ 1,189	$ 1,163	$ 1,163
Additions during the period	50	195	300
Charged against allowance	(60)	—	(269)
Translation adjustment	4	(12)	(5)
Balance at the end of the period	**$ 1,183**	**$ 1,346**	**$ 1,189**

5. Earnings Per Share

Basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted average number of common shares outstanding, adjusted for outstanding shares that are subject to repurchase during each period. Diluted earnings per share is computed using the weighted average number of common shares plus the potentially dilutive effect of common stock equivalents (outstanding stock options, restricted stock and restricted stock units) issued and outstanding at the reporting date, and assumed conversion premium of outstanding convertible notes, using the treasury stock method. Common stock equivalents and the conversion premium of outstanding convertible notes that are anti-dilutive are excluded from the computation of weighted average shares outstanding. The Company includes performance stock unit awards in dilutive potential common shares when they become contingently issuable and have a dilutive impact per authoritative guidance and excludes such awards when they are not contingently issuable.

The Company has a choice to settle the Notes in cash, shares or any combination of the two. The Company presently intends and has the ability to settle the principal balance of the Notes in cash, and as such, the Company has applied the treasury stock method. The dilution related to the conversion premium, if any, of the Notes is included in the calculation of diluted weighted-average shares outstanding to the extent the issuance is dilutive based on the average stock price during the reporting period being greater than the conversion price of $75. Refer to Note 17 - Borrowings to the unaudited consolidated financial statements for further details.

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

(In thousands, except share and per share amounts)

	Three months ended March 31,	
	2021	2020
Numerators:		
Net income	$ 31,931	$ 22,411
Denominators:		
Basic weighted average common shares outstanding	33,734,118	34,401,565
Dilutive effect of share based awards	342,993	319,038
Dilutive effect of conversion premium on convertible notes	241,207	—
Diluted weighted average common shares outstanding	34,318,318	34,720,603
Earnings per share attributable to ExlService Holdings Inc. stockholders:		
Basic	$ 0.95	$ 0.65
Diluted	$ 0.93	$ 0.65
Weighted average potentially dilutive shares considered anti-dilutive and not included in computing diluted earnings per share	—	170,313

6. Cash, Cash Equivalents and Restricted Cash

For the purpose of unaudited statements of cash flows, cash, cash equivalents and restricted cash comprise of the following:

	As of	
	March 31, 2021	March 31, 2020
Cash and cash equivalents	$ 177,121	$ 224,874
Restricted cash (current)	5,295	6,369
Restricted cash (non-current)	2,298	2,291
Cash, cash equivalents and restricted cash	$ 184,714	$ 233,534

7. Other Income, net

Other income, net consists of the following:

	Three months ended March 31,	
	2021	2020
Gain on sale and mark-to-market of mutual funds	$ 1,103	$ 2,056
Interest and dividend income	602	532
Others, net	(295)	(59)
Other income, net	$ 1,410	$ 2,529

(In thousands, except share and per share amounts)

8. Property and Equipment, net

Property and equipment, net consists of the following:

	Estimated useful lives (Years)	As of March 31, 2021	As of December 31, 2020
Owned Assets:			
Network equipment and computers	3-5	$ 107,695	$ 107,109
Software	3-5	100,395	99,708
Leasehold improvements	3-8	46,889	48,052
Office furniture and equipment	3-8	21,888	22,117
Motor vehicles	2-5	597	599
Buildings	30	1,088	1,089
Land	—	712	712
Capital work in progress	—	5,316	4,647
		284,580	284,033
Less: Accumulated depreciation and amortization		(194,854)	(191,629)
		$ 89,726	$ 92,404
Right-of-use assets under finance leases:			
Leasehold improvements		$ 816	$ 817
Office furniture and equipment		347	348
Motor vehicles		669	688
		1,832	1,853
Less: Accumulated depreciation and amortization		(1,405)	(1,382)
		$ 427	$ 471
Property and equipment, net		$ 90,153	$ 92,875

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

During the three months ended March 31, 2021, there were no changes in estimated useful lives of property and equipment.

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Depreciation and amortization expense	$ 8,740	$ 8,297

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Effect of foreign exchange gain	$ 165	$ 22

(In thousands, except share and per share amounts)

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

	As of	
	March 31, 2021	December 31, 2020
Cost	$ 18,608	$ 18,371
Less : Accumulated amortization	(7,022)	(5,998)
Internally developed software, net	$ 11,586	$ 12,373

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

	Three months ended March 31	
	2021	2020
Amortization expense	$ 1,024	$ 831

As of March 31, 2021 and December 31, 2020, the Company believes no impairment exists because the long-lived asset's future undiscounted net cash flows expected to be generated exceeds its carrying value; however, there can be no assurances that long-lived assets will not be impaired in future periods. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which undiscounted cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount, and the asset’s residual value, if any. It is reasonably possible that the judgments and estimates described above could change in future periods. The duration and severity of COVID-19 and continued market volatility is highly uncertain and, as such, the impact on undiscounted cash flows is subject to significant judgment and may cause variability in the Company’s assessment of the existence of any impairment.

9. Goodwill and Intangible Assets

Goodwill

The Company transitioned to new segment reporting structure effective January 1, 2020, which resulted in certain changes to its operating segments and reporting units. The Company reallocated goodwill to its reporting units using a relative fair value approach. In addition, the Company completed an assessment of any potential goodwill impairment for all its reporting units immediately prior to the reallocation and determined that no impairment existed.

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

	Insurance	Healthcare	Emerging Business	Analytics	TT&L	F&A	All Other	Total
Balance at January 1, 2020	$ 38,276	$ 19,276	$ —	$ 227,289	$ 12,457	$ 46,905	$ 5,326	$ 349,529
Goodwill reallocation[1]	12,192	2,693	49,803	—	(12,457)	(46,905)	(5,326)	$ —
Currency translation adjustments	31	(16)	(455)	(1)	—	—	—	(441)
Balance at December 31, 2020	$ 50,499	$ 21,953	$ 49,348	$ 227,288	$ —	$ —	$ —	$ 349,088
Currency translation adjustments	21	—	(11)	—	—	—	—	10
Balance at March 31, 2021	$ 50,520	$ 21,953	$ 49,337	$ 227,288	$ —	$ —	$ —	$ 349,098

(In thousands, except share and per share amounts)

(1) Represents the reallocation of goodwill resulting from the Company reorganizing its operating segments as described in Note 3 - Segment and Geographical Information to the audited consolidated financial statements included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

During the fourth quarter of 2020, the Company performed its annual impairment test of goodwill for those reporting units that had goodwill recorded. Based on the results, the fair values of each of the Company’s reporting units exceeded their carrying value and the goodwill was not impaired.

As of March 31, 2021, the Company evaluated the continuing effects of COVID-19 and its impact on the global economy on each of the Company’s reporting units to assess whether there was a triggering event during the quarter requiring the Company to perform a goodwill impairment test. The Company considered certain improvements in current and forecasted economic and market conditions and qualitative factors, such as the Company’s performance in the first quarter and business forecasts for the remainder of the year, stock price movements and expansion plans. The Company reviewed key assumptions, including revisions of projected future revenues for reporting units against the results of the annual impairment test performed during the fourth quarter of 2020. The Company did not identify any triggers or indications of potential impairment for its reporting units as of March 31, 2021.

There can be no assurances that goodwill will not be impaired in future periods. Estimating the fair value of reporting units requires the use of estimates and significant judgments that are based on a number of factors including actual operating results. These estimates and judgements may not be within the control of the Company and accordingly it is reasonably possible that the judgments and estimates described above could change in future periods. The duration and severity of COVID-19 and continued market volatility is highly uncertain and, as such, the impact on cash flows, long-term debt-free net cash flow growth rate in the terminal year and discount rates are subject to significant judgments and may cause variability in the Company’s assessment of existence of any impairment. The Company will continue to monitor the impacts of COVID-19 on the Company and significant changes in key assumptions that could result in future period impairment charges.

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

Intangible Assets

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

	As of March 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Customer relationships	$ 73,373	$ (29,378)	$ 43,995
Developed technology	23,523	(12,984)	10,539
Trade names and trademarks	5,100	(4,291)	809
	$ 101,996	$ (46,653)	$ 55,343
Indefinite-lived intangible assets:			
Trade names and trademarks	$ 900	$ —	$ 900
Total intangible assets	$ 102,896	$ (46,653)	$ 56,243

(In thousands, except share and per share amounts)

	As of December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite-lived intangible assets:			
Customer relationships	$ 73,357	$ (27,464)	$ 45,893
Developed technology	23,510	(11,858)	11,652
Trade names and trademarks	5,100	(3,951)	1,149
	$ 101,967	$ (43,273)	$ 58,694
Indefinite-lived intangible assets:			
Trade names and trademarks	$ 900	$ —	$ 900
Total intangible assets	$ 102,867	$ (43,273)	$ 59,594

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

	Three months ended March 31,	
	2021	2020
Amortization expense	$ 3,361	$ 4,153

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

	(in years)
Customer relationships	6.68
Developed technology	2.48
Trade names and trademarks (Finite lived)	2.29

Estimated future amortization expense related to finite-lived intangible assets as of March 31, 2021 was as follows:

2021 (April 1 - December 31)	$ 9,410
2022	11,342
2023	9,053
2024	6,711
2025	5,959
2026 and thereafter	12,868
Total	$ 55,343

(In thousands, except share and per share amounts)

10. Other Current Assets

Other current assets consist of the following:

	As of	
	March 31, 2021	December 31, 2020
Derivative instruments	$ 9,651	$ 9,755
Advances to suppliers	2,816	3,906
Receivables from statutory authorities	15,515	15,658
Contract assets	1,778	1,814
Deferred contract fulfillment costs	2,344	2,888
Interest accrued on term deposits	210	169
Others	3,514	2,919
Other current assets	$ 35,828	$ 37,109

11. Other Assets

Other assets consist of the following:

	As of	
	March 31, 2021	December 31, 2020
Lease deposits	$ 9,635	$ 9,788
Derivative instruments	5,856	6,933
Deposits with statutory authorities	6,339	6,341
Term deposits	219	216
Contract assets	2,206	2,623
Deferred contract fulfillment costs	2,075	2,743
Others	3,339	3,455
Other assets	$ 29,669	$ 32,099

12. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	As of	
	March 31, 2021	December 31, 2020
Accrued expenses	$ 38,562	$ 39,951
Payable to statutory authorities	17,245	10,594
Accrued capital expenditures	5,791	7,857
Derivative instruments	290	435
Client liabilities	5,333	4,740
Interest payable	2,734	1,399
Other current liabilities	3,077	1,205
Finance lease liabilities	209	229
Accrued expenses and other current liabilities	$ 73,241	$ 66,410

(In thousands, except share and per share amounts)

13. Other Non-Current Liabilities

Other non-current liabilities consist of the following:

	As of	
	March 31, 2021	December 31, 2020
Derivative instruments	$ 645	$ 29
Unrecognized tax benefits	907	907
Retirement benefits	9,174	8,940
Deferred transition revenue	823	924
Accrued capital expenditures	—	3,486
Other liabilities	3,314	3,568
Finance lease liabilities	256	281
Other non-current liabilities	$ 15,119	$ 18,135

14. Accumulated Other Comprehensive Loss

Accumulated other comprehensive loss ("AOCI") consists of actuarial gain/(loss) on retirement benefits and 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 815. Cumulative changes in the fair values of these foreign currency exchange contracts are recognized in AOCI on the Company's unaudited consolidated balance sheets until the settlement of those contracts. The balances as of March 31, 2021 and March 31, 2020 are as follows:

	Accumulated Other Comprehensive Loss			
	Foreign currency translation (loss)/gain	Unrealized (loss)/gain on cash flow hedges	Retirement benefits	Total
Balance as of January 1, 2021	$ (86,185)	$ 13,799	$ (2,598)	$ (74,984)
Gains / (losses) recognized during the period	(1,911)	568	—	(1,343)
Reclassification to net income [(1)]	—	(2,829)	179	(2,650)
Income tax effects [(2)]	284	(9)	(51)	224
Accumulated other comprehensive loss as of March 31, 2021	**$ (87,812)**	**$ 11,529**	**$ (2,470)**	**$ (78,753)**
Balance as of January 1, 2020	$ (87,591)	$ 4,098	$ (1,399)	$ (84,892)
Losses recognized during the period	(21,571)	(14,846)	—	(36,417)
Reclassification to net income [(1)]	—	(929)	101	(828)
Income tax effects [(2)]	4,234	4,808	(9)	9,033
Accumulated other comprehensive loss as of March 31, 2020	**$ (104,928)**	**$ (6,869)**	**$ (1,307)**	**$ (113,104)**

[(1)] *Refer to Note 16 - Derivatives and Hedge Accounting and Note 19 - Employee Benefit Plans to the unaudited consolidated financial statements for reclassification to net income.*

[(2)] *These are income tax effects recognized on changes in the fair values of cash flow hedges, actuarial (loss) / gain on retirement benefits and foreign currency translation (loss) / gain, net of reclassifications related to the period activity. Refer to Note 21 - Income Taxes to the unaudited consolidated financial statements.*

(In thousands, except share and per share amounts)

15. 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, 2021 and December 31, 2020.

As of March 31, 2021	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Other Unobservable Inputs Level 3	Total
Assets				
Mutual funds*	$ 161,868	$ —	$ —	$ 161,868
Derivative financial instruments	—	15,507	—	15,507
Total	$ 161,868	$ 15,507	$ —	$ 177,375
Liabilities				
Derivative financial instruments	$ —	$ 935	$ —	$ 935
Total	$ —	$ 935	$ —	$ 935

As of December 31, 2020	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Other Unobservable Inputs Level 3	Total
Assets				
Mutual funds*	$ 160,441	$ —	$ —	$ 160,441
Derivative financial instruments	—	16,688	—	16,688
Total	$ 160,441	$ 16,688	$ —	$ 177,129
Liabilities				
Derivative financial instruments	$ —	$ 464	$ —	$ 464
Total	$ —	$ 464	$ —	$ 464

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

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. Refer to Note 16 - Derivatives and Hedge Accounting to the unaudited consolidated financial statements for further details.

Financial instruments not carried at fair value:

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

Convertible Senior Notes:

The total estimated fair value of the convertible senior notes as of March 31, 2021 and December 31, 2020 was $152,636 and $152,384, respectively. The fair value was determined based on the market yields for similar convertible notes as of the March 31, 2021 and December 31, 2020, respectively. The Company considers the fair value of the convertible senior notes to be a Level 2 measurement due to the limited inputs available for its fair valuation.

16. 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 so as 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 as effective hedges and that qualify as cash flow hedges under ASC 815. The Company had outstanding cash flow hedges totaling $509,860 as of March 31, 2021 and $451,935 as of December 31, 2020.

Changes in the fair value of these cash flow hedges are recorded as a component of accumulated other comprehensive income/(loss), net of tax, until the hedged transactions occurs. The resultant foreign exchange gain/(loss) upon settlement of these cash flow hedges is recorded along with the underlying hedged item in the same line of unaudited consolidated statements of income as either a part of “Cost of revenues,” “General and administrative expenses,” “Selling and marketing expenses”, “Depreciation and amortization expense”, as applicable.

The Company evaluates hedge effectiveness at the time a contract is entered into as well as on an ongoing basis. 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 amounts recorded in equity are reclassified to earnings.

The Company estimates that approximately $8,996 of derivative gains, net, excluding tax effects, included in AOCI, representing changes in the value of cash flow hedges, could be reclassified into earnings within the next twelve months based on exchange rates prevailing as of March 31, 2021. At March 31, 2021, the maximum outstanding term of the cash flow hedges was 45 months.

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, against the risk of foreign currency fluctuations associated with remeasurement of such assets and liabilities to functional currency. These derivatives do not qualify as fair value hedges under ASC 815. Changes in the fair value of these derivatives are recognized in the unaudited consolidated statements of income and are included in the foreign exchange gain/(loss) line item. The Company’s primary exchange rate exposure is with the Indian rupee, the U.K. pound sterling (GBP) and the Philippine peso. The Company also has exposure to Colombian pesos (COP), Czech koruna, the Euro (EUR), South African ZAR and other local currencies in which it operates. Outstanding foreign currency forward contracts amounted to USD 147,228, GBP 7,727, EUR 1,978 and COP 8,172,868 as of March 31, 2021 and USD 143,394, GBP 6,753, EUR 2,447 and COP 8,287,950 as of December 31, 2020.

All of the assets and liabilities related to our foreign exchange forward contracts are subject to master netting arrangements with each individual counterparty. These master netting arrangements generally provide for net settlement of all outstanding contracts with the counterparty in the case of an event of default or a termination event. We have presented all of the assets and liabilities related to our foreign exchange forward contracts on a gross basis, with no offsets, in our unaudited consolidated statements of financial position. There is no financial collateral (including cash collateral) provided or received by us related to our foreign exchange forward contracts.

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

(In thousands, except share and per share amounts)

Derivatives designated as hedging instruments:	**As of**	
Foreign currency exchange contracts	**March 31, 2021**	**December 31, 2020**
Other current assets	$ 9,261	$ 9,740
Other assets	$ 5,856	$ 6,933
Accrued expenses and other current liabilities	$ 265	$ 176
Other non-current liabilities	$ 645	$ 29

Derivatives not designated as hedging instruments:	**As of**	
Foreign currency exchange contracts	**March 31, 2021**	**December 31, 2020**
Other current assets	$ 390	$ 15
Accrued expenses and other current liabilities	$ 25	$ 259

The following tables set forth the effect of foreign currency exchange contracts on the unaudited consolidated statements of income and accumulated other comprehensive loss for the three months ended March 31, 2021 and 2020:

	Three months ended March 31,	
Forward Exchange Contracts:	**2021**	**2020**
Unrealized (loss)/gain recognized in AOCI		
Derivatives in cash flow hedging relationships	$ 568	$ (14,846)
Loss recognized in unaudited consolidated statements of income		
Derivatives not designated as hedging instruments	$ (394)	$ (4,214)

(In thousands, except share and per share amounts)

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

	Three months ended March 31,			
	2021		2020	
	As per unaudited consolidated statements of income	Gain/(loss) on foreign currency exchange contracts	As per unaudited consolidated statements of income	Gain/(loss) on foreign currency exchange contracts
Cash flow hedging relationships				
Location in unaudited consolidated statements of income where gain was reclassed from AOCI				
Cost of revenues	$ 158,821	$ 2,424	$ 162,656	$ 812
General and administrative expenses	$ 30,703	252	$ 28,941	73
Selling and marketing expenses	$ 18,235	13	$ 14,456	4
Depreciation and amortization expense	$ 12,101	140	$ 12,450	40
Total before tax		2,829		929
Income tax expense relating to above		(389)		(102)
Net of tax		$ 2,440		$ 827
Derivatives not designated as hedging instruments				
Location in unaudited consolidated statements of income where gain/(loss) was recognized				
Foreign exchange gain, net	$ 434	$ (394)	$ 1,377	$ (4,214)
	$ 434	$ (394)	$ 1,377	$ (4,214)

17. Borrowings

The following tables summarizes the Company’s debt position as of March 31, 2021 and December 31, 2020.

	As of March 31, 2021		
	Revolving Credit Facility	Notes	Total
Current portion of long-term borrowings	$ 25,000	$ —	$ 25,000
Long-term borrowings	$ 64,000	$ 150,000	$ 214,000
Unamortized debt discount	—	(10,562)	(10,562)
Unamortized debt issuance costs*	—	(751)	(751)
Long-term borrowings	$ 64,000	$ 138,687	$ 202,687
Total borrowings	$ 89,000	$ 138,687	$ 227,687

(In thousands, except share and per share amounts)

	As of December 31, 2020		
	Revolving Credit Facility	Notes	Total
Current portion of long-term borrowings	$ 25,000	$ —	$ 25,000
Long-term borrowings	$ 64,000	$ 150,000	$ 214,000
Unamortized debt discount	—	(11,235)	(11,235)
Unamortized debt issuance costs*	—	(804)	(804)
Long-term borrowings	$ 64,000	$ 137,961	$ 201,961
Total borrowings	$ 89,000	$ 137,961	$ 226,961

*Unamortized debt issuance costs for the Company's revolving Credit Facility of $426 and $490 as of March 31, 2021 and December 31, 2020, respectively, is presented under "Other current assets" and "Other assets" in the consolidated balance sheets.

Credit Agreement

The Company's $300,000 revolving credit facility pursuant to its credit agreement (the "Credit Agreement") with certain lenders and Citibank N.A. as Administrative Agent (the "Credit Facility") carried an effective interest rate as shown below.

	Three months ended March 31	
	2021	2020
Effective Interest Rate	2.0 %	3.0 %

As of March 31, 2021 and December 31, 2020, the Company was in compliance with all financial and non-financial covenants listed under the Credit Agreement.

Convertible Senior Notes

On October 1, 2018, the Company entered into an investment agreement (the "Investment Agreement") with Orogen Echo LLC (the "Purchaser"), an affiliate of The Orogen Group LLC, relating to the issuance to the Purchaser of $150,000 in an aggregate principal amount of 3.50% per annum Convertible Senior Notes due October 1, 2024 (the "Notes"). The transactions contemplated by the Investment Agreement, including the issuance of the Notes, closed on October 4, 2018. The Notes bear interest at a rate of 3.50% per annum, payable semi-annually in arrears in cash on April 1 and October 1 of each year. Until October 4, 2020, under the Investment Agreement, the Purchaser was restricted from transferring the Notes or any shares of common stock issuable upon conversion of the Notes, or entering into any transaction that transfers such interests to a third party. The Notes carried an effective interest rate as shown below:

	Three months ended March 31,	
	2021	2020
Effective Interest Rate	3.7 %	3.7 %

During the three months ended March 31, 2021 and 2020, the Company recognized interest expense and amortization of debt discount, on the Notes as below:

	Three months ended March 31,	
	2021	2020
Interest expense on the Notes	$ 1,313	$ 1,313
Amortization of debt discount on the Notes	$ 673	$ 635

(In thousands, except share and per share amounts)

Payments / maturities for all of the Company's borrowings as of March 31, 2021 were as follows:

	Notes	Revolving Credit Facility	Total
2021 (April - December)	$ —	$ 25,000	$ 25,000
2022	—	64,000	64,000
2023	—	—	—
2024	150,000	—	150,000
Total	$ 150,000	$ 89,000	$ 239,000

Letters of Credit

In the ordinary course of business, the Company provides standby letters of credit to third parties primarily for facility leases. As of March 31, 2021 and December 31, 2020, the Company had outstanding letters of credit of $461, each, that were not recognized in the consolidated balance sheets.

18. Capital Structure

Common Stock

The Company has one class of common stock outstanding.

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

	Shares repurchased	Total consideration	Weighted average purchase price per share (1)
Three months ended March 31, 2021	25,450	$ 2,015	$ 79.18
Three months ended March 31, 2020	26,601	$ 2,012	$ 75.63

On December 16, 2019, the Company’s Board of Directors authorized a $200,000 common stock repurchase program beginning January 1, 2020 through December 31, 2022 (the "2019 Repurchase Program"). Under the 2019 Repurchase Program, shares may be purchased by the Company from time to time from the open market and through private transactions, or otherwise, as determined by the Company’s management as market conditions warrant. Repurchases may be discontinued at any time by the management.

The Company purchased shares of its common stock, including commissions, under the 2019 Repurchase Program, as below:

	Shares repurchased	Total consideration	Weighted average purchase price per share (1)
Three months ended March 31, 2021	313,032	$ 27,000	$ 86.25
Three months ended March 31, 2020	175,765	$ 11,983	$ 68.18

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

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

(In thousands, except share and per share amounts)

The 2019 Repurchase Program may be suspended or discontinued at any time.

19. Employee Benefit Plans

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

Components of net periodic benefit costs, were as follows:

	Three months ended March 31,	
	2021	2020
Service cost	$ 889	$ 678
Interest cost	235	243
Expected return on plan assets	(201)	(161)
Amortization of actuarial loss, gross of tax	179	101
Net gratuity cost	$ 1,102	$ 861
Income tax benefit on amortization of actuarial loss	(51)	(9)
Amortization of actuarial loss, net of tax	$ 128	$ 92

The India Plan is partially funded whereas the Philippines plan is unfunded. The Company makes annual contributions to the employees' gratuity fund of the India Plan established with Life Insurance Corporation of India and HDFC Standard Life Insurance Company. Fund managers manage these funds and calculate the annual contribution required to be made by the Company and manage the India Plan, including any required payouts. These funds are managed on a cash accumulation basis and interest is declared retrospectively on March 31 of each year. The Company expects to earn a return of approximately 7.0% per annum on the India Plan for the year ended December 31, 2021.

Change in Plan Assets	
Plan assets at January 1, 2021	$ 11,512
Actual return	201
Employer contribution	—
Benefits paid	(283)
Effect of exchange rate changes	(6)
Plan assets at March 31, 2021	$ 11,424

The Company maintains several 401(k) plans (the “401(k) Plans”) under Section 401(k) of the Internal Revenue Code of 1986, as amended (the “Code”), covering all eligible employees, as defined in the Code as a defined contribution plan. The Company may make discretionary contributions of up to a maximum of 4.0% of employee compensation within certain limits.

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

(In thousands, except share and per share amounts)

	Three months ended March 31, 2021	Three months ended March 31, 2020
Contribution to the 401(k) Plan	$ 1,299	$ 226

The Company's contribution for various defined benefit plans on behalf of employees in India, the Philippines, the Czech Republic, South Africa, Colombia, Australia and Singapore were as follows:

	Three months ended March 31, 2021	Three months ended March 31, 2020
Contributions to the defined benefit plans	$ 3,294	$ 2,977

20. Leases

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

The Company had performed an evaluation of its contracts with suppliers in accordance with Topic 842, *Leases*, and had determined that, except for leases for office facilities, motor vehicles and other equipment as described above, none of the Company's contracts contain a lease. In assessment of the lease term, the Company considers the extension option as part of its lease term for those lease arrangements where the Company is reasonably certain of availing the extension option. As part of the Company's effort to moderate the impact of COVID-19, the Company continued to evaluate its office facilities to determine where it can exit, consolidate, or otherwise optimize its use of office space. During the year ended December 31, 2020, the Company changed the lease term for certain of its leases and recognized the resultant amount of the remeasurement of the lease liability as an adjustment to the ROU assets.

The impact of COVID-19 on the economic environment is uncertain and has caused variability in the determination of the incremental borrowing rate and extension option, which have an impact on measurement of lease liabilities and ROU assets.

Supplemental balance sheet information

	As of March 31, 2021	As of December 31, 2020
Operating Lease		
Operating lease right-of-use assets	$ 88,777	$ 91,918
Operating lease liabilities - Current	$ 18,476	$ 18,894
Operating lease liabilities - Non-current	81,948	84,874
Total operating lease liabilities	$ 100,424	$ 103,768
Finance Lease		
Property and equipment, gross	$ 1,832	$ 1,853
Accumulated depreciation	(1,405)	(1,382)
Property and equipment, net	$ 427	$ 471
Finance lease liabilities - Current	$ 209	$ 229
Finance lease liabilities - Non-current	256	281
Total finance lease liabilities	$ 465	$ 510

(In thousands, except share and per share amounts)

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

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

Lease cost	Three months ended March 31, 2021	Three months ended March 31, 2020
Finance lease:		
Amortization of right-of-use assets	$ 52	$ 62
Interest on lease liabilities	17	30
Operating lease[(a)]	6,761	6,853
Total lease cost	$ 6,830	$ 6,945

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

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

	Three months ended March 31, 2021	Three months ended March 31, 2020
Cash payments for amounts included in the measurement of lease liabilities :		
Operating cash outflows for operating leases	$ 6,868	$ 6,576
Operating cash outflows for finance leases	$ 17	$ 30
Financing cash outflows for finance leases	$ 57	$ 67
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 2,054	$ 16,366
Right-of-use assets obtained in exchange for new finance lease liabilities	$ 10	$ 28
Weighted-average remaining lease term (in years)		
Finance lease	1.7 years	2.3 years
Operating lease	6.2 years	6.8 years
Weighted-average discount rate		
Finance lease	10.7 %	10.2 %
Operating lease	7.3 %	7.4 %

The Company determines the incremental borrowing rate by adjusting the benchmark reference rates, applicable to the respective geographies where the leases were entered, with appropriate financing spreads and lease specific adjustments for the effects of collateral.

During the three months ended March 31, 2021 and year ended December 31, 2020, the Company modified certain of its operating leases, resulting in a reduction of its lease liabilities by $0 and $3,143 respectively, with a corresponding reduction in ROU assets.

Maturities of lease liabilities as of March 31, 2021 were as follows:

(In thousands, except share and per share amounts)

	Operating Leases		Finance Leases	
2021 (April 1 - December 31)	$	19,102	$	212
2022		24,613		169
2023		22,931		120
2024		17,262		46
2025		9,971		14
2026 and thereafter		34,414		—
Total lease payments	$	128,293	$	561
Less: Imputed interest		27,869		96
Present value of lease liabilities	$	100,424	$	465

Maturities of lease liabilities as of December 31, 2020 were as follows:

	Operating Leases		Finance Leases	
2021	$	25,829	$	262
2022		24,316		194
2023		22,066		114
2024		17,084		36
2025		9,749		11
2026 and thereafter		34,334		—
Total lease payments	$	133,378	$	617
Less: Imputed interest		29,610		107
Present value of lease liabilities	$	103,768	$	510

21. Income Taxes

The Company determines the tax provision for interim periods using an estimate of its annual effective tax rate. Each quarter, the Company updates its estimate of annual effective tax rate, and if its estimated tax rate changes, the Company makes a cumulative adjustment. The impact of COVID-19 on the economic environment is uncertain and may change the annual effective tax rate, which could impact tax expense.

The Company's effective tax rate increased from 20.7% during the three months ended March 31, 2020 to 21.9% during the three months ended March 31, 2021. The Company recorded income tax expense of $8,958 and $5,855 for the three months ended March 31, 2021 and 2020, respectively. The increase in the income tax expense was primarily as a result of higher profit during the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

Income tax (deferred) recognized in other comprehensive income/(loss) were as follows:

	Three months ended March 31,			
	2021		2020	
Deferred taxes benefit / (expense) recognized on:				
Unrealized gain / (loss) on cash flow hedges	$	(398)	$	4,706
Reclassification adjustment for cash flow hedges		389		102
Reclassification adjustment for retirement benefits		(51)		(9)
Foreign currency translation loss		284		4,234
Total Income tax benefit recognized in other comprehensive income / (loss)	**$**	**224**	**$**	**9,033**

(In thousands, except share and per share amounts)

22. Stock-Based Compensation

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,	
	2021	2020
Cost of revenues	$ 1,536	$ 1,418
General and administrative expenses	3,298	1,568
Selling and marketing expenses	2,998	1,792
Total	$ 7,832	$ 4,778

As of March 31, 2021, the Company had 1,887,604 shares available for grant under the 2018 Omnibus Incentive Plan.

Stock Options

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

	Number of Options	Weighted-Average Exercise Price	Aggregate Intrinsic Value	Weighted-Average Remaining Contractual Life (Years)
Outstanding at December 31, 2020	31,265	$ 25.43	$ 1,866	1.85
Granted	—	—	—	—
Exercised	(3,016)	24.77	188	—
Forfeited	—	—	—	—
Outstanding at March 31, 2021	28,249	$ 25.50	$ 1,826	1.69
Vested and exercisable at March 31, 2021	28,249	$ 25.50	$ 1,826	1.69

Restricted Stock Units

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

	Restricted Stock Units	
	Number	Weighted-Average Fair Value
Outstanding at December 31, 2020*	903,666	$ 67.84
Granted	342,656	83.86
Vested	(302,921)	64.00
Forfeited	(13,182)	70.05
Outstanding at March 31, 2021*	930,219	$ 74.96

** As of March 31, 2021 and December 31, 2020 restricted stock units vested for which the underlying common stock is yet to be issued was 181,638 each.*

As of March 31, 2021, unrecognized compensation cost of $64,277 is expected to be expensed over a weighted average period of 3.01 years.

(In thousands, except share and per share amounts)

Performance Based Stock Awards

Under the 2018 Plan, the Company grants performance-based restricted stock units (“PRSUs”) to executive officers and other specified employees. During the three months ended March 31, 2021, the Company granted PRSUs that cliff vest at the end of a three year period based on a market condition that is contingent on the Company's meeting the total shareholder return relative to a group of peer companies specified under the program measured over a three-year performance period. The award recipient may earn up to two hundred percent (200%) of the PRSUs granted based on the actual achievement of targets. Unlike the three months ended March 31, 2020, the Company did not grant PRSUs that cliff vest at the end of a three-year period based on an aggregated revenue target for such three year period.

Performance restricted stock unit activity under the Company’s stock plans is shown below:

	Revenue Based PRSUs		Market Condition Based PRSUs	
	Number	Weighted-Average Fair Value	Number	Weighted-Average Fair Value
Outstanding at December 31, 2020	105,892	$ 72.32	105,867	$ 97.85
Granted	—	—	121,180	119.80
Vested	—	—	—	—
Forfeited	—	—	—	—
Outstanding at March 31, 2021	105,892	$ 72.32	227,047	$ 109.57

As of March 31, 2021, unrecognized compensation cost of $20,882 is expected to be expensed over a weighted average period of 2.34 years.

The impact of COVID-19 on the economic environment is uncertain and has caused variability in the estimation of number of performance based restricted stock units that will eventually vest and the related compensation cost to be recognized in the unaudited consolidated statements of income.

23. Related Party Disclosures

On October 1, 2018, the Company entered into the Investment Agreement with the Purchaser relating to the issuance to the Purchaser of $150,000 aggregate principal amount of the Notes. In connection with the investment, Vikram S. Pandit, Chairman and CEO of The Orogen Group LLC (an affiliate of the Purchaser), was appointed to Company’s Board of Directors.

The Company had outstanding Notes with a principal amount of $150,000 each as of March 31, 2021 and December 31, 2020 and interest accrued of $2,625 and $1,313 as of March 31, 2021 and December 31, 2020, respectively, related to the Investment Agreement.

The Company recognized interest expense on the Notes related to the Investment Agreements as below. Refer to Note 17 – Borrowings to the unaudited consolidated financial statements for details.

	Three months ended March 31,	
	2021	2020
Interest expense on Notes	$ 1,313	$ 1,313

24. Commitments and Contingencies

Capital Commitments

At March 31, 2021, the Company had committed to spend approximately $3,300 under agreements to purchase property and equipment. This amount is net of capital advances paid which are recognized in the unaudited consolidated balance sheets as property and equipment.

Other Commitments

Certain units of the Company’s Indian subsidiaries were established as 100% Export-Oriented units or under the Software Technology Parks of India or Special Economic Zone scheme promulgated by the Government of India. These units are exempt from customs, central excise duties, and levies on imported and indigenous capital goods, stores, and spares. The Company has undertaken to pay custom duties, service taxes, levies, and liquidated damages payable, if any, in respect of imported and indigenous capital goods, stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. The Company’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. The registration provides the Company with certain fiscal incentives on the import of capital goods and local purchase of services and materials 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

The 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 Company is subject to taxation in the United States and various states and foreign jurisdictions. For the U.S., the Philippines and India, tax year 2016 and subsequent tax years remain open for examination by the tax authorities as of March 31, 2021.

The aggregate amount demanded by income tax authorities (net of advance payments, if any) from the Company related to its transfer pricing issues for tax years 2003 to 2015 and its permanent establishment issues for tax years 2003 to 2007 as of March 31, 2021 and December 31, 2020 is $16,739 and $16,748, respectively, of which the Company has made payments and/or provided bank guarantees to the extent $8,116 and $8,120, respectively. Amounts paid as deposits in respect of such assessments aggregating to $6,304 and $6,307 as of March 31, 2021 and December 31, 2020, respectively, are included in “Other assets” and amounts deposited for bank guarantees aggregating to $1,812 and $1,813 as of March 31, 2021 and December 31, 2020, respectively, are included in “Restricted cash” in the non-current assets section of the Company’s unaudited consolidated balance sheets.

Based on the facts underlying the Company’s position and its experience with these types of assessments, the Company believes that its position will more likely than not be sustained upon final examination by the tax authorities based on its technical merits as of the reporting date and accordingly has not accrued any amount with respect to these matters in its unaudited 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.

In February 2019, there was a judicial pronouncement in India with respect to defined social security contribution benefits payments interpreting certain statutory defined contribution obligations of employees and employers. Currently some of the Company's subsidiaries in India are undergoing assessment with the statutory authorities. As of the reporting date, it is unclear whether the interpretation set out in the pronouncement has retrospective application. If applied retrospectively, the interpretation may result in a significant increase in contributions payable by the Company for past periods for certain of its India-based employees. There are numerous interpretative challenges concerning the retrospective application of the judgment. Due to such challenges and a lack of interpretive guidance, and based on legal advice, the Company believes it is currently impracticable to reliably estimate the timing and amount of any payments the Company may be required to make. The Company will continue to monitor and evaluate its position based on future events and developments in this matter for the implications on the financial statements, if any.

In September 2020, the Indian Parliament passed various consolidating labor codes, including the Code on Social Security, 2020 (the “Indian Social Security Code”) which aims to rationalize labor laws. The Indian Social Security Code has implications on defined social security contribution plans, provision of certain benefits or facilities to employees at employer’s costs and post-retirement benefits. Most specifically, it broadens the definition of an employee and wages and liberalizes the definition of “continuous period” for the purpose of determining employee benefits, amongst others. However, the rules for the Indian Social Security Code are yet to be published and the effective date from which these changes are applicable is yet to be notified. The Company will complete its evaluation once the subject rules are notified and will give appropriate impact in the financial statements in the period in which, the Indian Social Security Code becomes effective and the related rules to determine the financial impact are published.

From time to time, the Company and/or its present officers or directors, on individual basis, may be or have been, named as a defendant in litigation matters, including employment-related claims. The plaintiffs in those cases seek damages, including, where applicable, compensatory damages, punitive damages and attorney’s fees. With respect to pending litigation matters as of the reporting date, the Company believes that the damages amounts claimed in such cases are not meaningful indicators of the potential liabilities of the Company, that these matters are without merit, and that the Company intends to vigorously defend each of them.

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

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, 2020. Some of the statements in the following discussion are forward looking statements. Dollar amounts within Item 2 are presented as actual, rounded, dollar amounts.

We have described in this Quarterly Report on Form 10-Q, the impact of the global Coronavirus Disease 2019 pandemic ("COVID-19") on our financial results for the quarter ended March 31, 2021. See "Cautionary Note Regarding Forward-Looking Statements" below, Item 1A -"Risk Factors" included elsewhere in this Quarterly Report on Form 10-Q and Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 for further information regarding risks and uncertainties relating to COVID-19.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. You should not place undue reliance on these statements because they are subject to numerous uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control. These statements often include words such as "may," "will," "should," "believe," "expect," "anticipate," "intend," "plan," "estimate" or similar expressions. These statements are based on assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances. As you read and consider this Quarterly Report on Form 10-Q, you should understand that these statements are not guarantees of performance or results. They involve known and unknown risks, uncertainties and assumptions. Although we believe that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect our actual financial results or results of operations and could cause actual results to differ materially from those in the forward-looking statements. Many of the following risks, uncertainties and other factors identified below have been, and will be, amplified by the COVID-19 pandemic ("COVID-19"). These factors include but are not limited to:

- the impact of COVID-19 and related response measures on our business, results of operations and financial condition, including the impact of governmental lockdowns and other restrictions on our operations and processes and those of our clients and suppliers;
- 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 including in a timely manner;
- our ability to successfully consummate or integrate strategic acquisitions;
- our ability to accurately estimate and/or manage the costs and/or timing of winding down businesses;
- 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;
- any changes in the senior management team;

- increasing competition in our industry;
- telecommunications or technology disruptions or breaches, natural or other disasters, or medical epidemics or pandemics;
- our ability to withstand the loss of a significant customer;
- our ability to realize the entire book value of goodwill and other intangible assets from acquisitions;
- our ability to make accurate estimates and assumptions in connection with the preparation of our consolidated financial statements;
- regulatory, legislative and judicial developments, including changes to or the withdrawal of governmental fiscal incentives;
- changes in tax laws or decisions regarding repatriation of funds held abroad;
- ability to service debt or obtain additional financing on favorable terms;
- legal liability arising out of customer contracts;
- technological innovation;
- political or economic instability in the geographies in which we operate;
- operational and information security failures arising as a result of remote work solutions adopted due to COVID-19;
- cyber security incidents, data breaches, or other 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 in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020. 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 our clients build and grow sustainable businesses. By orchestrating our domain expertise, data, analytics and digital technology, we look deeper to design and manage agile, customer-centric operating models to improve global operations, drive profitability, enhance customer satisfaction, increase data-driven insights, and manage risk and compliance. We serve customers in multiple industries, including insurance, healthcare, banking and financial services, utilities, travel, transportation and logistics, media and retail, among others.

We operate in the business process management ("BPM") industry and we provide operations management and analytics services. We manage and report financial information through our four strategic business units: Insurance, Healthcare, Analytics and Emerging Business.

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

Continued impact of COVID-19 on Our Business

The global COVID-19 pandemic continues to materially impact worldwide economic activity and levels of business confidence and has had widespread, rapidly-evolving and unpredictable impacts on global societies, economies, financial markets and business practices. During 2020, COVID-19 materially impacted our business, however during the first fiscal quarter of 2021, we saw moderate improvement in key indicators. Over the course of 2020, and continuing into 2021, our customers, contractors, suppliers, and other partners adapted in order to conduct business activities in a COVID-19 environment. The U.S. economy continued on a path to recovery in the first quarter of 2021 with millions of Americans receiving the COVID-19 vaccine, and states and municipalities increasingly reopening. In addition, the U.S. federal government continued to enact policies to provide fiscal stimulus to the economy and relief to those affected by the pandemic. As the global economy begins to emerge from the impact of COVID-19 in 2021, our clients are focused on receiving personalized customer experiences, optimizing costs and supporting resilient operating models. We remain committed to helping our clients adapt and thrive through the ongoing uncertainties caused by COVID-19 and, going forward, to the shifting business environment. Notwithstanding the moderate improvement in conditions during the first quarter of 2021, the COVID-19 pandemic continues, and due to the associated uncertainties, we continue to evaluate the nature and scope of the impact to our business and may take further strategic actions in order to manage our business operations, costs and liquidity in response to the ongoing impacts and changing conditions and markets resulting from COVID-19.

We have a business continuity plan in place and have adapted delivery to a work from home model, while actively working to understand our clients' changing requirements, continuing to ensure data security, prioritizing critical processes, adjusting service levels and managing discretionary costs (such as travel costs) and fixed costs (such as non-critical personnel costs). We have made ongoing efforts to reduce our reliance on travel by incorporating into our business model the ability to conduct business using virtual conferencing and collaboration tools. Our work from home delivery capability steadily improved throughout 2020 and continued to improve during the first quarter of 2021. We estimate that we are able to deliver a significant portion of our clients' current requirements in a work from home model given the current lockdown restrictions in the locations in which we operate and certain clients not authorizing us to perform the remaining process work remotely due to its sensitive nature. In addition, we have also worked, and continue to work with national, state, and local authorities to comply with applicable rules and regulations related to COVID-19. There continues to be volatility and economic and geopolitical uncertainty in many markets around the world. Despite the efforts described above, there is a risk that if jurisdictions in which we operate reinstate prior restrictions, stagnate in their reopening processes, or implement new restrictions in response to new outbreaks or continued spread, our operations and business could be materially impacted. In late March 2021, a new serious outbreak of the COVID-19 virus began affecting India with an exorbitant spike in the number of COVID patients. The Indian government has reinstated lockdowns limiting in certain cases the movement of our employees to offices. During the same period, the Philippines also began experiencing a spike in the number of COVID patients. Although at present our Indian and Philippines operations have not been materially affected and we have initiated appropriate business continuity procedures, it is possible that these new developments could adversely affect our business and results of operations.

We also took actions in response to the pandemic that focused on helping our employees. These actions included disseminating guidance and information to our employees, facilitating work from home, implementing best practices for employees while working from home, periodic CEO messaging, various programs aimed at employee wellness, including a global wellness program, enhanced leave for employees affected by COVID-19, enhanced awareness towards information security, and updated cyber security and data privacy policies, among others. We have implemented broad travel restrictions and largely moved to virtual-only events for the safety of our employees and our customers. We also implemented pandemic-specific protocols for our essential employees whose jobs require them to be on-site or with our customers by implementing additional safety measures at all of our facilities, including increased frequency in cleaning and disinfecting, and enhanced hygiene and social distancing practices.

We continue to incur additional costs in order to ensure the continuity of our operations and shift towards a work from home model. Such costs include purchase of desktops and laptops for our employees, software and internet connectivity devices, technology tools for productivity enhancement, accommodation, meal, overtime, transportation and regular sanitization and cleaning costs of our offices and facilities. We also expect that we will continue to incur additional costs to monitor and improve operational efficiency of our work from home model, implement new information technology solutions and security measures to safeguard against information security risks and protect the health and safety of our employees as they gradually return to the office. We believe that these short-to-medium-term costs may benefit us in the long-term, as these steps have broadened our “remote working” capabilities, which we expect to become a permanent feature in our future delivery model, as well as our business continuity plans.

In response to certain anticipated impacts from COVID-19, we implemented a series of temporary cost reduction measures in 2020 which continued in the first quarter of 2021 to further preserve financial flexibility. These actions included the postponement of certain discretionary spending including travel and marketing expenses, reevaluating the pace of our capital expenditures, rationalizing certain of our real estate and facilities, deferring non-critical hiring among others.

Certain impacts of COVID-19 on our business, results of operations, financial position and cash flow during the first quarter of 2021 has been described above and below, however the full extent of the impact for the period beyond the first quarter of 2021 is currently uncertain and will depend on many factors that are not within our control, including, but not limited to: the duration and scope of the pandemic; the effectiveness of actions taken to contain or mitigate the pandemic and prevent or limit any reoccurrence; governmental, business and individuals’ actions that have been and continue to be taken in response to the pandemic; development and availability of effective treatments and vaccines and the speed at which such vaccines are administered; significant increases in healthcare costs in the event that a significant number of our personnel become infected with COVID-19 and require medical treatment; general economic uncertainty in key global markets and financial market volatility; global economic conditions and levels of economic growth; and the pace of recovery when COVID-19 subsides. Due to the above circumstances and as described generally in this Quarterly Report on Form 10-Q, our financial results, including but not limited to net revenues, income from operations, net income, cash flow and earnings per share, are not necessarily indicative of the results to be expected for the full fiscal year of 2021. We continue to monitor the implications of COVID-19 on our business, as well as our customers’ and suppliers’ businesses.

For additional information and risks related to COVID-19, see Item 1A - “Risk Factors” included elsewhere in this Quarterly Report on Form 10-Q and Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Revenues

For the three months ended March 31, 2021, we had revenues of $261.4 million compared to revenues of $246.0 million for the three months ended March 31, 2020, an increase of $15.4 million, or 6.3%.

We serve clients mainly in the United States and the United Kingdom, with these two regions generating 85.8% and 9.5%, respectively, of our total revenues for the three months ended March 31, 2021, and 84.5% and 9.5%, respectively, of our revenues for the three months ended March 31, 2020.

For the three months ended March 31, 2021 and 2020, our total revenues from our top ten clients accounted for 39.3% and 37.3% of our total revenues, respectively. Our revenue concentration with our top clients remains largely consistent year-over-year and we continue to develop relationships with new clients to diversify our client base. We believe that the loss of any of our top ten clients could have a material adverse effect on our financial performance.

Our Business

We provide operations management and analytics services. 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 United States, Europe and Australia.

Operations Management Services: We provide our clients with a range of operations management services from our Insurance, Healthcare and Emerging Business operating segments, which typically involve the transfer by our clients to EXL of certain of their business operations, such as claims processing, clinical operations, or financial transaction processing, after which we administer and manage those operations 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 also provide consulting services related to operations management that include industry-specific digital transformational services as well as cross-industry finance and accounting services as part of the Emerging Business operating segment.

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

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

We have also observed that prospective larger clients are entering into multi-vendor relationships with regard to their 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 gross margins from the provision of services to such client for each vendor. To the extent our large clients expand their use of multi-vendor relationships and are able to extract more favorable contract terms from other vendors, our gross margins and revenues may be reduced with regard to such clients if we are required to modify the terms of our relationships with such clients to meet competition.

Analytics: Our analytics services focus on driving improved business outcomes for our customers by unlocking deep insights from data and create data driven solutions across all parts of our customers' business. We also provide care optimization and reimbursement optimization services, for our clients through our healthcare analytics solutions and services. We also offer integrated solutions to help our clients in cost containment by leveraging technology platforms, customizable and configurable analytics and expertise in healthcare reimbursements to help clients enhance their claim payment accuracy. Our 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, payment integrity and care management and data management. We enhance, modernize and enrich structured and unstructured data and use a spectrum of advanced analytical tools and techniques, including our in-house Machine Learning ("ML") and Artificial Intelligence ("AI") capabilities to create insights and improve decision making for our clients. We actively cross-sell and, where appropriate, integrate our Analytics services with other operations management services as part of a comprehensive offering 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

There have been no significant changes in our critical accounting policies and estimates during the three months ended March 31, 2021, as compared to the critical accounting policies and estimates referred in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" under "Critical Accounting Policies and Estimates" and Note 2 - Summary of Significant Accounting Policies to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Results of Operations

The following table summarizes our results of operations for the three months ended March 31, 2021 and 2020:

	Three months ended March 31,	
	2021	2020
	(dollars in millions)	
Revenues, net	$ 261.4	$ 246.0
Cost of revenues(1)	158.8	162.7
Gross profit(1)	**102.6**	**83.3**
Operating expenses:		
General and administrative expenses	30.7	28.9
Selling and marketing expenses	18.2	14.5
Depreciation and amortization expense	12.1	12.4
Total operating expenses	61.0	55.8
Income from operations	**41.6**	**27.5**
Foreign exchange gain, net	0.4	1.4
Interest expense	(2.5)	(3.1)
Other income, net	1.4	2.5
Income before income tax expense and earnings from equity affiliates	**40.9**	**28.3**
Income tax expense	9.0	5.8
Income before earnings from equity affiliates	**31.9**	**22.5**
Loss from equity-method investment	—	0.1
Net income attributable to ExlService Holdings, Inc. stockholders	**$ 31.9**	**$ 22.4**

(1) Exclusive of depreciation and amortization expense.

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

Three Months Ended March 31, 2021 Compared to Three Months Ended March 31, 2020

Revenues.

The following table summarizes our revenues by reportable segments for the three months ended March 31, 2021 and 2020:

	Three months ended March 31, 2021	Three months ended March 31, 2020	Change	Percentage change
	(dollars in millions)			
Insurance	$ 91.1	$ 83.7	$ 7.4	8.9 %
Healthcare	30.3	27.0	3.3	12.0 %
Emerging Business	37.7	42.8	(5.1)	(12.0)%
Analytics	102.3	92.5	9.8	10.7 %
Total revenues, net	$ 261.4	$ 246.0	$ 15.4	6.3 %

Revenues for the three months ended March 31, 2021 were $261.4 million, up $15.4 million, or 6.3%, compared to the three months ended March 31, 2020.

Revenue growth in Insurance of $7.4 million was primarily driven by expansion of business from our existing clients aggregating to $6.4 million and an increase in revenues of $1.1 million that was mainly attributable to the appreciation of the Australian dollar and the U.K. pound sterling against the U.S. dollar during the three months ended March 31, 2021, compared to the three months ended March 31, 2020. Insurance revenues were 34.9% and 34.0% of our total revenues in the three months ended March 31, 2021 and March 31, 2020, respectively.

Revenue growth in Healthcare of $3.3 million was primarily driven by expansion of business from our new and existing clients aggregating to $3.2 million during the three months ended March 31, 2021. Healthcare revenues were 11.6% and 11.0% of our total revenues in the three months ended March 31, 2021 and March 31, 2020, respectively.

Revenue decline in Emerging Business of $5.1 million was primarily driven by lower travel and transportation volumes due to the impact of COVID-19. Emerging Business revenues were 14.4% and 17.4% of our total revenues in the three months ended March 31, 2021 and March 31, 2020, respectively.

Revenue growth in Analytics of $9.8 million was attributable to the higher volumes in our annuity and project-based engagements from our new and existing clients of $9.2 million and an increase in revenues of $0.6 million mainly attributable to the appreciation of the U.K. pound sterling against the U.S. dollar during the three months ended March 31, 2021, compared to the three months ended March 31, 2020. Analytics revenues were 39.1% and 37.6% of our total revenues in the three months ended March 31, 2021 and March 31, 2020, respectively.

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

	Cost of Revenues				Gross Margin		
	Three months ended March 31,		Change	Percentage change	Three months ended March 31,		Change
	2021	2020			2021	2020	
	(dollars in millions)						
Insurance	$ 56.1	$ 59.0	$ (2.9)	(4.9)%	38.5 %	29.6 %	8.9 %
Healthcare	17.4	19.6	(2.2)	(11.2)%	42.5 %	27.5 %	15.0 %
Emerging Business	20.8	25.5	(4.7)	(18.2)%	44.7 %	40.5 %	4.2 %
Analytics	64.5	58.6	5.9	10.0 %	37.0 %	36.6 %	0.4 %
Total	$ 158.8	$ 162.7	$ (3.9)	(2.4)%	39.2 %	33.9 %	5.3 %

For the three months ended March 31, 2021, cost of revenues was $158.8 million compared to $162.7 million for the three months ended March 31, 2020, a decrease of $3.9 million, or 2.4%. Our gross margin for the three months ended March 31, 2021 was 39.2% compared to 33.9% for the three months ended March 31, 2020, an increase of 530 basis points ("bps") primarily driven by higher revenues and lower operating costs.

The decrease in cost of revenues in Insurance of $2.9 million was primarily due to decreases in travel costs of $1.9 million, lower employee-related costs of $1.1 million and foreign exchange gain, net of hedging of $0.3 million. This was partially offset by higher technology costs of $0.4 million, primarily due to increased usage of the work from home model. Gross margin in Insurance increased by 890 bps during the three months ended March 31, 2021 compared to the three months ended March 31, 2020, primarily due to higher revenues, expansion in margin in certain existing clients and operational efficiencies during the three months ended March 31, 2021.

The decrease in cost of revenues in Healthcare of $2.2 million was primarily due to decreases in employee-related costs of $2.5 million and lower travel costs of $0.3 million. This was partially offset by higher technology costs of $0.4 million, primarily due to increased usage of the work from home model and facilities cost of $0.2 million. Gross margin in Healthcare increased by 1,500 bps during the three months ended March 31, 2021, compared to the three months ended March 31, 2020, primarily due to higher revenues and increased mix of higher margin business during the three months ended March 31, 2021.

The decrease in cost of revenues in Emerging Business of $4.7 million was primarily due to a decreases in employee-related costs of $3.5 million, lower facilities costs of $0.7 million and lower travel costs of $0.5 million. Gross margin in Emerging Business increased by 420 bps during the three months ended March 31, 2021, compared to the three months ended March 31, 2020, primarily due to decrease in employee-related costs and other operating costs, partially offset by lower revenues during the three months ended March 31, 2021.

The increase in cost of revenues in Analytics of $5.9 million was primarily due to increase in employee-related costs of $4.8 million, higher other operating costs of $3.0 million and higher technology costs of $0.8 million. This was partially offset by lower travel costs of $1.7 million, foreign exchange gain, net of hedging of $0.4 million and lower facilities costs of $0.6 million. Gross margin in Analytics increased by 40 bps during the three months ended March 31, 2021, compared to the three months ended March 31, 2020, primarily due to higher revenues and increased mix of higher margin business during the three months ended March 31, 2021.

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

	Three months ended March 31, 2021	Three months ended March 31, 2020	Change	Percentage change
	(dollars in millions)			
General and administrative expenses	$ 30.7	$ 28.9	$ 1.8	6.1 %
Selling and marketing expenses	18.2	14.5	3.7	26.1 %
Selling, general and administrative expenses	$ 48.9	$ 43.4	$ 5.5	12.8 %
As a percentage of revenues	18.7 %	17.6 %		

The increase in SG&A expenses of $5.5 million was primarily due to higher employee-related costs of $6.9 million, higher other operating costs of $1.2 million, partially offset by lower facilities costs of $1.5 million and lower travel costs of $1.1 million due to COVID-19 cost reduction measures.

Depreciation and Amortization.

	Three months ended March 31, 2021	Three months ended March 31, 2020	Change	Percentage change
	(dollars in millions)			
Depreciation expense	$ 8.7	$ 8.3	$ 0.4	5.3 %
Intangible amortization expense	3.4	4.1	(0.7)	(19.1)%
Depreciation and amortization expense	$ 12.1	$ 12.4	$ (0.3)	(2.8)%
As a percentage of revenues	4.6 %	5.1 %		

The decrease in intangibles amortization expense of $0.7 million was primarily due to end of useful lives for certain intangible assets during the three months ended March 31, 2021, compared to the three months ended March 31, 2020. The increase in depreciation expense of $0.4 million was primarily due to depreciation related to our investments in new operating centers, internally developed software and accelerated depreciation resulting from a reduction in useful lives related to certain operating centers, due to the impact of COVID-19.

Income from Operations. Income from operations increased by $14.1 million, or 51.2%, from $27.5 million for the three months ended March 31, 2020 to $41.6 million for the three months ended March 31, 2021, primarily due to higher revenues and lower cost of revenues, partially offset by higher SG&A expenses during the three months ended March 31, 2021. As a percentage of revenues, income from operations increased from 11.2% for the three months ended March 31, 2020 to 15.9% for the three months ended March 31, 2021.

Foreign Exchange Gain/(Loss). Net foreign exchange gains and losses are primarily attributable to the movement of the U.S. dollar against the Indian rupee, the U.K. pound sterling, the Philippine peso and the South African ZAR during the three months ended March 31, 2021. The average exchange rate of the U.S. dollar against the Indian rupee increased from 73.08 during the three months ended March 31, 2020 to 73.17 during the three months ended March 31, 2021. The average exchange rate of the U.K. pound sterling against the U.S. dollar increased from 1.28 during the three months ended March 31, 2020 to 1.38 during the three months ended March 31, 2021. The average exchange rate of the U.S. dollar against the Philippine peso decreased from 50.83 during the three months ended March 31, 2020 to 48.39 during the three months ended March 31, 2021. The average exchange rate of the U.S. dollar against the South African ZAR decreased from 16.13 during the three months ended March 31, 2020 to 15.02 during the three months ended March 31, 2021.

We recorded a net foreign exchange gain of $0.4 million for the three months ended March 31, 2021 compared to the net foreign exchange gain of $1.4 million for the three months ended March 31, 2020.

Interest expense. Interest expense decreased from $3.1 million for the three months ended March 31, 2020 to $2.5 million for the three months ended March 31, 2021, primarily due to lower outstanding borrowings and lower effective interest rates of 2.0% under our Credit Facility during the three months ended March 31, 2021, compared to 3.0% during the three months ended March 31, 2020.

Other Income, net.

	Three months ended March 31, 2021	2020	Change	Percentage change
	(dollars in millions)			
Gain on sale and mark-to-market of mutual funds	$ 1.1	$ 2.0	$ (0.9)	(46.4)%
Interest and dividend income	0.6	0.5	0.1	13.2 %
Other, net	(0.3)	—	(0.3)	100.0 %
Other income, net	$ 1.4	$ 2.5	$ (1.1)	(44.2)%

Other income, net decreased by $1.1 million, from $2.5 million for the three months ended March 31, 2020 to $1.4 million for the three months ended March 31, 2021, primarily due to lower return on mutual fund investments of $1.0 million during the three months ended March 31, 2021, compared to the three months ended March 31, 2020.

Income Tax Expense. The effective tax rate increased from 20.7% during the three months ended March 31, 2020 to 21.9% during the three months ended March 31, 2021. We recorded income tax expense of $9.0 million and $5.8 million for the three months ended March 31, 2021 and 2020, respectively. The increase in income tax expense was primarily as a result of higher profit during the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

Net Income. Net income increased from $22.4 million for the three months ended March 31, 2020 to $31.9 million for the three months ended March 31, 2021, primarily due to increase in income from operations of $14.1 million and lower interest expense of $0.6 million, partially offset by higher income tax expense of $3.2 million, lower other income, net of $1.1 million and lower foreign exchange gain, net of $1.0 million. As a percentage of revenues, net income increased from 9.1% for the three months ended March 31, 2020 to 12.2% for the three months ended March 31, 2021.

Liquidity and Capital Resources

	Three months ended March 31, 2021	2020
	(dollars in millions)	
Opening cash, cash equivalents and restricted cash	$ 225.5	$ 127.0
Net cash provided by/(used for) operating activities	15.2	(13.6)
Net cash (used for)/provided by investing activities	(26.0)	36.0
Net cash (used for)/provided by financing activities	(29.0)	86.7
Effect of exchange rate changes	(1.0)	(2.6)
Closing cash, cash equivalents and restricted cash	$ 184.7	$ 233.5

As of March 31, 2021 and 2020, we had $375.8 million and $367.4 million, respectively, in cash, cash equivalents and short-term investments, of which $337.5 million, and $273.9 million, respectively, is located in foreign jurisdictions that upon distribution may be subject to withholding and other taxes. We periodically evaluate opportunities regarding distribution to fund our operations in the United States and other geographies, and as and when we decide to distribute, we may have to accrue additional taxes in accordance with local tax laws, rules and regulations in the relevant foreign jurisdictions.

Operating Activities:

Net cash provided by operating activities was $15.2 million for the three months ended March 31, 2021 compared to net cash used by operating activities of $13.6 million for the three months ended March 31, 2020, reflecting higher cash earnings along with lower working capital needs. The major drivers contributing to the increase of $28.8 million year-over-year included the following:

- Increase in net income of $9.5 million in the three months ended March 31, 2021 compared to the three months ended March 31, 2020, primarily due to an increase in income from operations of $14.1 million driven by higher revenues and lower cost of revenues, offset by higher income tax expense of $3.1 million and lower other income, net of interest expense of $1.5 million.

- Changes in accounts receivable, including advance billings, contributed lower cash flow of $14.9 million in the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The decrease was a result of the advance collections from certain customers during the three months ended December 31, 2020, partially offset by higher collections of our accounts receivables during the three months ended March 31, 2021. Our accounts receivable days sales outstanding improved to 54 days as of March 31, 2021 from 68 days as of March 31, 2020.

- Increase in accrued employee costs, accrued expenses and other liabilities contributed higher cash flow of $24.2 million in the three months ended March 31, 2021 compared to the three months ended March 31, 2020. The increase was primarily due to lower payment and higher provisions of annual performance incentive of $12.3 million and higher accrued expenses of $11.9 million, during the three months ended March 31, 2021 compared to the three months ended March 31, 2020.

- Other drivers increasing cash flows in the three months ended March 31, 2021 compared to the three months ended March 31, 2020 included: income tax expense, net of advances and deferred taxes, of $9.9 million, primarily due to higher income tax provisions and timing of payments.

Investing Activities: Cash flows used for investing activities were $26.0 million for the three months ended March 31, 2021 as compared to cash flows provided by investing activities of $36.0 million for the three months ended March 31, 2020. The decrease is mainly due to net purchase of investments of $13.5 million during three months ended March 31, 2021 as compared to net redemption of investments of $49.0 million during the three months ended March 31, 2020, higher capital expenditures for purchase of long-lived assets, including investments in infrastructure, technology assets, software and product developments of $0.3 million, partially offset by an acquisition of an additional stake in our equity affiliate of $0.7 million during the three months ended March 31, 2020 compared to the three months ended March 31, 2021.

Financing Activities: Cash flows used for financing activities were $29.0 million during the three months ended March 31, 2021 as compared to cash flows provided by financing activities of $86.7 million during the three months ended March 31, 2020. The decrease was primarily due to net proceeds of $99.8 million under our revolving Credit Facility and higher proceeds received from the exercise of stock options of $0.9 million during the three months ended March 31, 2020. This was partially offset by higher purchases of treasury stock by $15.0 million under our share repurchase program during the three months ended March 31, 2021 as compared to the three months ended March 31, 2020.

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

We incurred $12.7 million of capital expenditures in the three months ended March 31, 2021. We expect to incur total capital expenditures of between $35.0 million to $40.0 million in 2021, primarily to meet our growth requirements, including additions to our facilities as well as investments in technology applications, product development, digital technology, advanced automation, robotics and infrastructure.

In connection with any tax assessment orders that have been issued or may be issued against us or our subsidiaries, we may be required to deposit additional amounts with respect to such assessment orders (see Note 24 - Commitments and Contingencies to our unaudited consolidated financial statements herein 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.

The Coronavirus Aid, Relief, and Economic Security Act, (the “CARES Act”) allows employers to defer the payment of the employer share of Federal Insurance Contributions Act (“FICA”) taxes for the period from April 1, 2020 and ending December 31, 2020. As of March 31, 2021 and December 31, 2020, we deferred our contributions to FICA of $6.3 million,
respectively, under the CARES Act. The deferred amount will be payable as follows: (1) 50% of the deferred amount will be paid on December 31, 2021 and (2) the remaining 50% of the deferred amount will be paid on December 31, 2022.

Financing Arrangements (Debt Facility and Notes)

The following tables summarizes our Debt balances as of March 31, 2021 and December 31, 2020.

	As of March 31, 2021 (dollars in millions)		
	Revolving Credit Facility	**Notes**	**Total**
Current portion of long-term borrowings	$ 25.0	$ —	$ 25.0
Long-term borrowings	$ 64.0	$ 150.0	$ 214.0
Unamortized debt discount	—	(10.6)	(10.6)
Unamortized debt issuance costs*	—	(0.8)	(0.8)
Long-term borrowings	$ 64.0	$ 138.7	$ 202.7
Total borrowings	$ 89.0	$ 138.7	$ 227.7

	As of December 31, 2020 (dollars in millions)		
	Revolving Credit Facility	**Notes**	**Total**
Current portion of long-term borrowings	$ 25.0	$ —	$ 25.0
Long-term borrowings	$ 64.0	$ 150.0	$ 214.0
Unamortized debt discount	—	(11.2)	(11.2)
Unamortized debt issuance costs*	—	(0.8)	(0.8)
Long-term borrowings	$ 64.0	$ 138.0	$ 202.0
Total borrowings	$ 89.0	$ 138.0	$ 227.0

**Unamortized debt issuance costs for our revolving Credit Facility of $0.4 million and $0.5 million as of March 31, 2021 and December 31, 2020, respectively, is presented under "Other current assets" and "Other assets" in our consolidated balance sheets.*

See Note 17 - Borrowings to our unaudited consolidated financial statements herein for further details on our debt facilities.

Off-Balance Sheet Arrangements

In the ordinary course of business, we provide standby letters of credit to third parties primarily for facility leases. As of March 31, 2021 and December 31, 2020, we had outstanding letters of credit of $0.5 million, each, that were not recognized in our unaudited and audited consolidated balance sheets, respectively. These are not reasonably likely to have, a current or future material effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. We had no other off balance sheet arrangements or obligations.

Contractual Obligations

The following table sets forth our contractual obligations as of March 31, 2021:

	Payment Due by Period				
	Less than 1 year	1-3 years	4-5 years	After 5 years	Total
	(dollars in millions)				
Finance leases	$ 0.3	$ 0.3	$ —	$ —	$ 0.6
Operating leases [a]	25.1	46.6	24.3	32.3	128.3
Purchase obligations	3.3	—	—	—	3.3
Other obligations [b]	2.8	5.0	3.9	7.0	18.7
Borrowings:					
Principal payments [c]	25.0	64.0	150.0	—	239.0
Interest payments [d]	6.1	10.9	5.3	—	22.3
Total contractual cash obligations [e]	$ 62.6	$ 126.8	$ 183.5	$ 39.3	$ 412.2

(a) Represents undiscounted operating lease liabilities payable over the lease term.

(b) Represents estimated employee benefit payments under the Gratuity Plan.

(c) Represents our intent and ability to settle the principal amount of our Notes of $150 million in cash and does not reflect any assumptions about our ability or intent to settle the Notes before their maturity.

(d) Interest on borrowings is calculated based on the interest rate on the outstanding borrowings as of March 31, 2021.

(e) Excludes $0.9 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 Software Technology Parks of India or Special Economic Zone scheme promulgated by the Government of India. These units are exempt from customs, central excise duties, and levies on imported and indigenous capital goods, stores, and spares. 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 Philippine Economic Zone Authority. The registration provides us with certain fiscal incentives on the import of capital goods and local purchase of services and materials and requires that ExlService Philippines, Inc. to 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 the unaudited consolidated financial statements contained herein.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

During the three months ended March 31, 2021, there were no material changes in our market risk exposure. For a discussion of our market risk associated with exchange rate risk and interest rate risk, see Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

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 or submit 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 its Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), to allow timely decisions regarding required disclosure. In connection with the preparation of this Quarterly Report on Form 10-Q, 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, 2021. Based upon that evaluation, the CEO and CFO have concluded that our disclosure controls and procedures, as of March 31, 2021, were effective.

Changes in Internal Control over Financial Reporting

During the three months ended March 31, 2021, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. Other Information

ITEM 1. Legal Proceedings

In the course of our normal business activities, various lawsuits, claims and proceedings may be instituted or asserted against us. Although there can be no assurance, we believe that the disposition of matters currently instituted or asserted will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. See Note 24 - Commitments and Contingencies to our unaudited consolidated financial statements contained herein for details.

ITEM 1A. Risk Factors

We have discussed under the heading “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (the “2020 Form 10-K”), supplemented by the disclosure below, a number of risks which may materially affect our business, financial condition or results of operations. You should carefully consider these Risk Factors and 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.

The following constitutes a supplement to the 2020 Form 10-K, Part I, Item 1A “Risk Factors” under “Our business, results of operations and financial condition have been adversely affected, and could in the future be materially adversely affected, by the coronavirus pandemic.”

In late March 2021, a new serious outbreak of COVID-19 virus began affecting India. The outbreak has resulted in an exorbitant spike in the number of COVID patients, which has overwhelmed the healthcare infrastructure in India. The Indian government has reinstated lockdowns limiting in certain cases the movement of our employees to offices. During the same period, the Philippines also began experiencing a spike in the number of COVID patients. Although, at present our Indian and

Philippines operations have not been materially affected and we have initiated appropriate business continuity procedures, it is possible that these new developments could adversely affect our business and results of operations.

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

Unregistered Sales of Equity Securities

None.

Use of Proceeds

None.

Purchases of Equity Securities by the Issuer

During the three months ended March 31, 2021, purchases of common stock were as follows:

Period	Total Number of Shares Purchased[(1)]	Average Price Paid per share[(1)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
Jan 1, 2021 through Jan 31, 2021	70,539	$ 84.80	70,539	$ 116,200,368
Feb 1, 2021 through Feb 28, 2021	98,232	$ 81.31	73,322	$ 110,182,102
Mar 1, 2021 through Mar 31, 2021	169,711	$ 88.66	169,171	$ 95,182,126
Total	338,482	$ 85.72	313,032	$ —

(1) Includes 25,450 shares of the Company's common stock acquired by the Company at the price of $79.18 in connection with satisfaction of tax withholding obligations on vested restricted stock. Price paid per share for the restricted stock was the closing price of common stock on the trading day prior to the vesting date of the restricted stock units.

On December 16, 2019, the Company's Board of Directors authorized a $200 million common stock repurchase program beginning January 1, 2020 through December 31, 2022 (the "2019 Repurchase Program"). Under the Repurchase Program, shares may be purchased by the Company from time to time from the open market and through private transactions, or otherwise, as determined by the Company's management as market conditions warrant.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

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

3.1	Amended and Restated Certificate of Incorporation of the Company, as in effect on the date hereof (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (File No. 1-33089) filed on October 25, 2006).
3.2	Certificate of Amendment to Amended and Restated Certificate of Incorporation of the Company (incorporated by reference to Annex A to the Company's Definitive Proxy Statement on Schedule 14A (File No. 1-33089) filed on April 26, 2019).
3.3	Fifth Amended and Restated By-laws of ExlService Holdings, Inc. (incorporated by reference to Exhibit 3.2 of the Company's Current Report on Form 8-K (File No. 1-33089) filed on June 19, 2019)
10.1	Third Amendment to Credit Agreement, dated as of April 16, 2021, by and among the Company and the other loan parties thereto, the lenders party thereto, and Citibank, N.A., as administrative agent (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (File No. 1-33089) filed on April 19, 2021).
10.2	Form of Restricted Stock Unit Agreement (applicable to U.S. Executive Officers) under the 2018 Omnibus Incentive Plan.
10.3	Form of Restricted Stock Unit Agreement (applicable to International Executive Officers) under the 2018 Omnibus Incentive Plan.
10.4	Form of Restricted Stock Unit Agreement (Directors) under the 2018 Omnibus Incentive Plan.
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
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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 29, 2021	**EXLSERVICE HOLDINGS, INC.**	
	By:	/S/ MAURIZIO NICOLELLI
		MAURIZIO NICOLELLI **Chief Financial Officer** **(Duly Authorized Signatory, Principal Financial and Accounting Officer)**

EXLSERVICE HOLDINGS, INC.
2018 OMNIBUS INCENTIVE PLAN

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

THIS RESTRICTED STOCK UNIT AGREEMENT (the "Agreement"), is made, effective as of the [__] day of [___] (hereinafter the "Date of Grant") by and between ExlService Holdings, Inc. a Delaware corporation (the "Company"), and _______#ParticipantName#____________ (the "Participant").

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

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

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

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

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

3. Vesting.[1] Except as otherwise provided herein, fifty percent (50%) of the Award shall vest based on continued employment with the Company (or its Affiliates) (the "Time-Based RSUs") and fifty percent (50%) of the Award shall vest based on continued employment with the Company and the achievement of specified performance criteria described herein (the "Performance-Based RSUs"). Each day on which a portion of the Award vests in accordance with this Agreement is referred to as a "Vesting Date".

---

1. Agreement for CEO (Rohit Kapoor) should be amended to conform to CEO Agreement and add clause "To the extent any provisions of this Section 3 conflict with the terms of the Second Amended and Restated Employment and Non-Competition Agreement between the Company and the Participant, dated August 3, 2020, the terms of the Employment Agreement shall control."

1. Time-Based RSUs.

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

Percent of Time-Based RSUs Vesting	Vesting Date

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

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

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

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

(ii)Participant's job title is adversely changed, provided that if there is a Change in Control and Participant retains a similar title and similar duties with the Company or any entity that acquires the Company (or any affiliate or subsidiary of such entity) following such Change in Control, any change in

Participant’s title shall not constitute a significant reduction of Participant’s duties and authorities hereunder;

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

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

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

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

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

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

(vi)after having attained age sixty (60) with five (5) years of service with the Company (or its Affiliates), then fifty percent (50%) of that portion of the Participant’s Time-Based RSUs (and only that portion) that is scheduled to vest within the next twelve (12) months shall become immediately vested as of the date the Participant terminates employment, and any remaining unvested Time-Based RSUs shall be immediately forfeited.

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

2. <u>Performance-Based RSUs.</u>

5. <u>Generally</u>. Except as otherwise provided herein, the Performance-Based RSUs shall cliff vest on [_____], based on continuous service with the Company through such Vesting Date and the achievement of relative total stockholder return (“<u>TSR</u>”) performance of the Company against the Peer Group (as defined on <u>Exhibit A</u>) over the period from [_____] through [_____] (the “<u>TSR Performance Period</u>”) as set forth on <u>Exhibit A</u>.

6. <u>Change in Control.</u> Notwithstanding the foregoing:

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

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

Vested Percent of Deemed Earned Performance-Based RSUs	Vesting Date

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

7. Death. Notwithstanding the foregoing:

(A) Prior to a Change in Control. In the event that no Change in Control has occurred and Participant's employment with the Company is terminated due to Participant's death prior to [_____], Participant shall become immediately vested in a number of Performance-Based RSUs equal to (x) the number of completed full months from [_____] to the date of Participant's death divided by (y) 36 multiplied by (z) 100% of the Performance-Based RSUs, effective as of the date of Participant's death.

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

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

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

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

(viii)after having attained age sixty (60) with only five (5) years of service with the Company (or its Affiliates) prior to [_____], the Vesting Date for the Performance-Based RSUs, the Participant shall earn a pro rata portion of the Performance-Based RSUs calculated in accordance with the methodology outlined in subsection 3(b)(v)(A) immediately above, provided that such amount shall be reduced by fifty-percent (50%).

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

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

4. Terms.

4. Settlement. As soon as practicable following each applicable Vesting Date (including as applicable the date of consummation of a Change in Control and certain terminations of employment upon or following a Change in Control, as applicable), the Company shall settle the portion of the Award that is vested on such date and shall therefore (i) issue and deliver to the Participant one share of Common Stock for each Restricted Stock Unit subject to the Award that has vested (the "RSU Shares"), with

any fractional shares paid out in cash (and, upon such settlement, the Restricted Stock Units shall cease to be credited to the Account) and (ii) enter the Participant's name as a stockholder of record with respect to the RSU Shares on the books of the Company. The Committee shall make all determinations with respect to the Performance-Based RSUs as soon as administratively practicable after [_____] (or as of the Change in Control, as applicable) such that settlement of the earned and vested Performance-Based RSUs shall be made within the applicable short-term deferral period for purposes of Section 409A of the Code.

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

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

7. Effect of Termination of Services. Except as otherwise provided in the Plan, or as set forth in any employment, consulting or other agreement between the Company or an Affiliate and the Participant in effect on the date hereof, if the Participant's employment with the Company terminates prior to any Vesting Date for any reason, all remaining Restricted Stock Units credited to the Account shall be forfeited without further consideration to the Participant.

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

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

5. Miscellaneous.

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

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

if to the Company:

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

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

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

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

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

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

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

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

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

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

13. Binding Agreement to Arbitrate. This Agreement is subject to the Arbitration Agreement attached hereto as Exhibit B, which is incorporated by reference herein. Except as otherwise provided in Exhibit B, the Arbitration Agreement establishes an exclusive forum for the resolution of all

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

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

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

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

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

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

ExlService Holdings, Inc.

__
By:
Title:

#ParticipantName#__
Participant

Exhibit A: Performance-Based RSUs

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

TSR Peer Group			
ALJ Regional Holdings, Inc.	Fidelity National Information Services, Inc.	MoneyGram International, Inc.	Square, Inc.
Alliance Data Systems Corporation	Fiserv, Inc.	Net 1 UEPS Technologies, Inc.	StarTek, Inc.
Automatic Data Processing, Inc.	FleetCor Technologies, Inc.	NIC Inc.	Steel Connect, Inc.
Black Knight, Inc.	Genpact Limited	PagSeguro Digital Ltd.	StoneCo Ltd.
Broadridge Financial Solutions, Inc.	Global Blue Group Holding AG	Paya Holdings Inc.	Sykes Enterprises, Incorporated
Cardtronics plc	Global Payments Inc.	Paychex, Inc.	The OLB Group, Inc.
Cass Information Systems, Inc.	GreenSky, Inc.	PayPal Holdings, Inc.	The Western Union Company
Concentrix Corporation	i3 Verticals, Inc.	PaySign, Inc.	TTEC Holdings, Inc.
Conduent Incorporated	Innodata Inc.	PRGX Global, Inc.	USA Technologies, Inc.
CSG Systems International, Inc.	International Money Express, Inc.	Priority Technology Holdings, Inc.	Usio, Inc.
Euronet Worldwide, Inc.	Jack Henry & Associates, Inc.	Qiwi plc	Verra Mobility Corporation
EVERTEC, Inc.	Marathon Patent Group, Inc.	Repay Holdings Corporation	Visa Inc.
EVO Payments, Inc.	Mastercard Incorporated	Sabre Corporation	WEX Inc.
Exela Technologies, Inc.	MAXIMUS, Inc.	Shift4 Payments, Inc.	WNS (Holdings) Limited

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

Target TSR Percentile	Funding

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

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

Exhibit B: Arbitration Agreement

(See attached.)

EXLSERVICE HOLDINGS, INC.
2018 OMNIBUS INCENTIVE PLAN

[FORM OF] RESTRICTED STOCK UNIT AGREEMENT (International)

THIS RESTRICTED STOCK UNIT AGREEMENT (the "Agreement"), is made, effective as of the [__] day of [_____] (hereinafter the "Date of Grant") by and between ExlService Holdings, Inc. a Delaware corporation (the "Company"), and __#ParticipantName#__________________ (the "Participant").

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

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

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

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

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

3. Vesting. Except as otherwise provided herein, fifty percent (50%) of the Award shall vest based on continued employment with the Company (or its Affiliates) (the "Time-Based RSUs") and fifty percent (50%) of the Award shall vest based on continued employment with the Company and the achievement of specified performance criteria described herein (the "Performance-Based RSUs"). Each day on which a portion of the Award vests in accordance with this Agreement is referred to as a "Vesting Date".

(i)Time-Based RSUs.

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

Percent of Time-Based RSUs Vesting	Vesting Date

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

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

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

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

ii.Participant's job title is adversely changed, provided that if there is a Change in Control and Participant retains a similar title and similar duties with the Company or any entity that acquires the Company (or any affiliate or subsidiary of such entity) following such Change in Control, any change in

Participant's title shall not constitute a significant reduction of Participant's duties and authorities hereunder;

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

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

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

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

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

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

vi.after having attained age sixty (60) with five (5) years of service with the Company (or its Affiliates), then fifty percent (50%) of that portion of the Participant's Time-Based RSUs (and only that portion) that is scheduled to vest within the next twelve (12) months shall become immediately vested as of the date the Participant terminates employment, and any remaining unvested Time-Based RSUs shall be immediately forfeited.

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

1. <u>Performance-Based RSUs.</u>

3. <u>Generally</u>. Except as otherwise provided herein, the Performance-Based RSUs shall cliff vest on [_____], based on continuous service with the Company through such Vesting Date and the achievement of relative total stockholder return ("<u>TSR</u>") performance of the Company against the Peer Group (as defined on <u>Exhibit A</u>) over the period from [_____] through [_____] (the "<u>TSR Performance Period</u>") as set forth on <u>Exhibit A</u>.

4. <u>Change in Control.</u> Notwithstanding the foregoing:

(A) In the event that a Change in Control occurs on or before the first anniversary of the Date of Grant, one hundred percent (100%) of the Performance-

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

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

Vested Percent of Deemed Earned Performance-Based RSUs	Vesting Date

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

5. Death. Notwithstanding the foregoing:

(A) Prior to a Change in Control. In the event that no Change in Control has occurred and Participant's employment with the Company is terminated due to Participant's death prior to [_____], Participant shall become immediately vested in a number of Performance-Based RSUs equal to (x) the number of completed full months from [_____] to the date of Participant's death divided by (y) 36 multiplied by (z) 100% of the Performance-Based RSUs, effective as of the date of Participant's death.

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

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

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

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

viii. after having attained age sixty (60) with only five (5) years of service with the Company (or its Affiliates) prior to [______], the Vesting Date for the Performance-Based RSUs, the Participant shall earn a pro rata portion of the Performance-Based RSUs calculated in accordance with the methodology outlined in subsection 3(b)(v)(A) immediately above, provided that such amount shall be reduced by fifty-percent (50%).

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

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

4. Terms.

3. Settlement. As soon as practicable following each applicable Vesting Date (including as applicable the date of consummation of a Change in Control and certain terminations of employment upon or following a Change in Control, as applicable), the Company shall settle the portion of the Award that is vested on such date and shall therefore (i) issue and deliver to the Participant one share of Common Stock for each Restricted Stock Unit subject to the Award that has vested (the "RSU Shares"), with

any fractional shares paid out in cash (and, upon such settlement, the Restricted Stock Units shall cease to be credited to the Account) and (ii) enter the Participant's name as a stockholder of record with respect to the RSU Shares on the books of the Company. The Committee shall make all determinations with respect to the Performance-Based RSUs as soon as administratively practicable after [______] (or as of the Change in Control, as applicable) such that settlement of the earned and vested Performance-Based RSUs shall be made within the applicable short-term deferral period for purposes of Section 409A of the Code.

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

5. Taxes and Withholding. Regardless of any action the Company or the Participant's employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant or deemed by the Company or the Employer to be an appropriate charge to the Participant even if technically due by the Company or the Employer ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Participant further acknowledges that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Stock Units, including, but not limited to, the grant, vesting or settlement of the Restricted Stock Units, the issuance of RSU Shares upon vesting/settlement of the Restricted Stock Units, the subsequent sale of RSU Shares acquired pursuant to such issuance and the receipt of any dividends and/or any dividend equivalents; and (2) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Restricted Stock Units to reduce or eliminate the Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant has become subject to tax in more than one jurisdiction between the date of grant and the date of any relevant taxable event, the Participant acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

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

6. Effect of Termination of Services. Except as otherwise provided in the Plan, or as set forth in any employment, consulting or other agreement between the Company or an Affiliate and the Participant in effect on the date hereof, if the Participant's employment with the Company terminates prior to any Vesting Date for any reason, all remaining Restricted Stock Units credited to the Account shall be forfeited without further consideration to the Participant.

7. Restrictions. The Award granted hereunder may not be sold, pledged or otherwise transferred (other than by will or the laws of descent and distribution) and may not be subject to lien, garnishment, attachment or other legal process. The Participant acknowledges and agrees that, with respect to

each Restricted Stock Unit credited to his Account, he has no voting rights with respect to the Company unless and until each such Restricted Stock Unit is settled in RSU Shares pursuant to Section 4(a) hereof.

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

5. Miscellaneous.

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

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

if to the Company:

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

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

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

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

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

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

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

The Participant understands that the Company and the Employer may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, date of birth, social insurance or other identification number, salary, nationality, job title, any

Shares or directorships held in the Company, details of all Restricted Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. Governing Law and Venue. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law thereof, or principles of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware. For purposes of litigating any dispute that arises directly or indirectly from the relationship of the parties evidenced by the Restricted Stock Units or this Agreement, the parties hereby submit to and consent to the exclusive jurisdiction of the State of New York, and agree that such litigation shall be conducted only in the courts of the State of New York, or the federal courts for the United States for the Southern District of New York, and no other courts, where this grant is made and/or to be performed.

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

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

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

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

ExlService Holdings, Inc.

__
By:
Title:

#ParticipantName#__
Participant

Exhibit A: Performance-Based RSUs

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

TSR Peer Group			
ALJ Regional Holdings, Inc.	Fidelity National Information Services, Inc.	MoneyGram International, Inc.	Square, Inc.
Alliance Data Systems Corporation	Fiserv, Inc.	Net 1 UEPS Technologies, Inc.	StarTek, Inc.
Automatic Data Processing, Inc.	FleetCor Technologies, Inc.	NIC Inc.	Steel Connect, Inc.
Black Knight, Inc.	Genpact Limited	PagSeguro Digital Ltd.	StoneCo Ltd.
Broadridge Financial Solutions, Inc.	Global Blue Group Holding AG	Paya Holdings Inc.	Sykes Enterprises, Incorporated
Cardtronics plc	Global Payments Inc.	Paychex, Inc.	The OLB Group, Inc.
Cass Information Systems, Inc.	GreenSky, Inc.	PayPal Holdings, Inc.	The Western Union Company
Concentrix Corporation	i3 Verticals, Inc.	PaySign, Inc.	TTEC Holdings, Inc.
Conduent Incorporated	Innodata Inc.	PRGX Global, Inc.	USA Technologies, Inc.
CSG Systems International, Inc.	International Money Express, Inc.	Priority Technology Holdings, Inc.	Usio, Inc.
Euronet Worldwide, Inc.	Jack Henry & Associates, Inc.	Qiwi plc	Verra Mobility Corporation
EVERTEC, Inc.	Marathon Patent Group, Inc.	Repay Holdings Corporation	Visa Inc.
EVO Payments, Inc.	Mastercard Incorporated	Sabre Corporation	WEX Inc.
Exela Technologies, Inc.	MAXIMUS, Inc.	Shift4 Payments, Inc.	WNS (Holdings) Limited

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

Target TSR Percentile	Funding

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

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

EXLSERVICE HOLDINGS, INC.
2018 OMNIBUS INCENTIVE PLAN

[FORM OF] Restricted Stock Unit Agreement [Directors]

THIS RESTRICTED STOCK UNIT AGREEMENT (the "Agreement"), is made, effective as of the ___ day of [____] (hereinafter the "Date of Grant"), between ExlService Holdings, Inc., a Delaware corporation (the "Company"), and **[NAME]** (the "Participant").

R E C I T A L S:

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

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

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

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

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

iii.Terms and Conditions.

1. Vesting. Except as otherwise provided in the Plan and this Agreement, and contingent upon the Participant's continued service to the Company, the Restricted Stock Units credited to the Account shall vest and become non-forfeitable the earlier of (A) the first anniversary of the Date of Grant, (B) the date on which the Participant's term as a member of the Board expires if the Participant is not subsequently elected to a new term on the Board, (C) a Change in Control and (D) the date of the Participant's termination of service prior to the first anniversary of the Date of Grant (the "Vesting Date"). In the event of a Vesting Date pursuant to Sections 3(a)(A)-(C), one hundred percent (100%) of the Restricted Stock Units credited to the Account shall vest and become non-forfeitable. In the event of a Vesting Date pursuant to Section 3(a)(D), the Participant shall vest in a prorated amount of Restricted Stock Units based on the number of whole calendar months of the Participant's continuous service prior to the first anniversary of the Date of Grant.

2. Settlement. Upon the "Settlement Date" (as defined below), each vested Restricted Stock Unit credited to the Account will be settled (and, upon such settlement, shall cease to be credited to the Account) by the Company (i) issuing to the Participant one share of Common Stock for each whole Restricted Stock Unit credited to the Account (such shares, the "RSU Shares") and making a cash payment to the Participant equal to the Fair Market Value of any fractional Restricted Stock Units credited to the Account and (ii) with respect to the RSU Shares so issued, entering the Participant's name as a stockholder of record on the books of the Company. For purposes of this Agreement, "Settlement Date" shall mean the earliest of (i) the Participant's death, (ii) a Change in Control, or (iii) [the date that is 180 days following the date on which the Participant ceases to serve as a member of the Board for any reason other than due to his death or, if later, the date of the Participant's "separation from service" (as defined in Section 409A of the Code and any Treasury Regulations promulgated thereunder)] [the Vesting Date]. Notwithstanding anything to the contrary in this Section 3, a Change of Control hereunder shall not be a distribution event hereunder unless such event satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code and any Treasury Regulations promulgated thereunder.

3. Restrictions. The Restricted Stock Units granted hereunder may not be sold, pledged or otherwise transferred (other than by will or the laws of decent and distribution) and may not be subject to lien, garnishment, attachment or other legal process. The Participant acknowledges and agrees that, with respect to the Restricted Stock Units credited to his Account, he has no voting rights with respect to the Company unless and until such Restricted Stock Units are settled in RSU Shares pursuant to Section 3(b) hereof.

4. Effect of Termination of Services.

a. Except as otherwise provided in subsection (ii) of this Section 3(d) or the Plan, if the Participant's service with the Company terminates prior to the Vesting Date for any reason, the Restricted Stock Units credited to the Account shall be forfeited without further consideration to the Participant.

b. Upon the termination of Participant's service with the Company due to his death or the end of his term as a member of the Board, the Restricted Stock Units credited to the Account shall become one hundred (100%) vested and non-forfeitable.

5. Dividends. If on any date the Company pays any dividend with respect to its Common Stock (the "Payment Date"), then the number of Restricted Stock Units credited to the Account shall on the Payment Date be increased by that number of Restricted Stock Units equal to: (i) the product of (x) the number of Restricted Stock Units in the Account as of the Payment Date and (y) the per share cash amount of such dividend (or, in the case of a dividend payable in shares of Common Stock or in property other than cash, the per share equivalent cash value of such dividend, as determined in good faith by the Committee), divided by (ii) the Fair Market Value of a share of Common Stock on the Payment Date. Each additional Restricted Stock Unit, or fraction thereof, credited to the Account in accordance with this Section 3(e) shall vest and be settled at the same time as the original Restricted Stock Units to which they are attributable.

6. Taxes. Upon the settlement of the Restricted Stock Units in accordance with Section 3(b) hereof, the Participant shall recognize taxable income in respect of the Restricted Stock Units and the Company shall report such taxable income to the appropriate taxing authorities as it determines to be necessary and appropriate.

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

iv. Miscellaneous.

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

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

if to the Company:

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

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

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

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

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

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

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

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

8. Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and supersede all prior communications, representations and negotiations in respect thereto. No change, modification or waiver of any provision of this Agreement shall be valid unless the same be in writing and signed by the parties hereto.

9. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware without regard to principles of conflicts of law thereof, or principals of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Delaware.

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

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

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

13. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

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

EXLSERVICE HOLDINGS, INC.

____
By: ____________
Title: ____________

PARTICIPANT

____
[NAME]

Exhibit 31.1

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 29, 2021

/s/ Rohit Kapoor
Rohit Kapoor
Vice-Chairman and Chief Executive Officer

Exhibit 31.2

SECTION 302 CERTIFICATION

I, Maurizio Nicolelli, certify that:

1. I have reviewed this Quarterly Report of ExlService Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: April 29, 2021

/s/ Maurizio Nicolelli
Maurizio Nicolelli
Chief Financial Officer

Exhibit 32.1

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, 2021 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 29, 2021

Exhibit 32.2

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, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Maurizio Nicolelli, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(a) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Maurizio Nicolelli

Maurizio Nicolelli
Chief Financial Officer

April 29, 2021