

ExlService Holdings, Inc.
Form S-3ASR
February 28, 2019

As filed with the Securities and Exchange Commission on February 28, 2019

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

EXLSERVICE HOLDINGS, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

85-0572194

(IRS Employer Identification No.)

280 Park Avenue, 38th Floor

New York, New York 10017

(212) 277-7100

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Ajay Ayyappan

Senior Vice President, General Counsel and Corporate Secretary

ExlService Holdings, Inc.

280 Park Avenue, 38th Floor

New York, New York 10017

(212) 277-7100

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, check the following box. "

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. x

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

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

If this form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box. x

If this form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. "

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

Accelerated filer "

Large accelerated filer x Smaller reporting company "

Non-accelerated filer " Emerging growth company "

If an emerging growth company, indicate by check mark if the registrant has elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Note/Share	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration fee
3.50% Convertible Senior Notes due 2024	\$ 150,000,000	100	% \$ 150,000,000	\$ 18,180
Common Stock, \$0.001 par value per share	2,282,055 (2)	—	—	— (3)
Total				\$ 18,180

Equals the aggregate principal amount of 3.50% Convertible Senior Notes due 2024 (the “notes”) being registered.

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) of the Securities Act of 1933, as amended (the “Securities Act”).

Pursuant to the indenture governing the notes, this value represents the maximum aggregate number of shares of common stock, \$0.001 par value per share (“common stock”) issuable upon conversion of the notes registered hereby at a conversion rate corresponding to the maximum initial conversion rate of 15.2137 shares of our common stock per \$1,000 principal amount of notes. This aggregate value includes shares of common stock issuable upon

(2) conversion of the notes, including the maximum number of shares by which the conversion rate may be increased for conversions in connection with a “make-whole fundamental change.” Pursuant to Rule 416 under the Securities Act, the number of shares of common stock registered hereby includes an indeterminate number of shares of common stock as may be issued from time to time upon conversion of the notes as a result of the anti-dilution provisions thereof.

(3) No additional consideration will be received upon conversion of such notes, and therefore no registration fee is required pursuant to Rule 457(i) under the Securities Act.

PROSPECTUS

\$150,000,000

3.50% Convertible Senior Notes due 2024

and any Shares of Common Stock

Issuable upon Conversion

On October 4, 2018, we sold \$150,000,000 aggregate principal amount of our 3.50% Convertible Senior Notes due 2024 (the “**notes**”) to Orogen Echo LLC (“**Orogen**” or the “**selling securityholder**”). We sold the notes to the selling securityholder in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the “**Securities Act**”). This prospectus may be used from time to time by the selling securityholder to offer up to \$150,000,000 in aggregate principal amount of the notes and the shares of our common stock, par value \$0.001 (“**common stock**”), issuable upon conversion of the notes, if any, in any manner described under “*Plan of Distribution*” in this prospectus. The selling securityholder may sell the notes or any such shares of common stock in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at prices related to such prevailing market prices, at varying prices determined at the time of sale or at privately negotiated prices directly to purchasers or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, concessions or commissions. If the selling securityholder uses underwriters, broker-dealers or agents, we will name them and describe their compensation in a supplement to this prospectus as may be required. We will receive no proceeds from any sale by the selling securityholder of the securities offered by this prospectus, but in some cases we have agreed to pay certain registration expenses. Please read this prospectus and any applicable prospectus supplement carefully before you invest.

The notes are not listed on any securities exchange. Our common stock is listed on the NASDAQ Global Select Market (“**NASDAQ**”) and trades under the symbol “**EXLS**”. On February 25, 2019, the closing sale price of our common stock on NASDAQ was \$62.71 per share.

Investing in our securities involves risks. You should carefully read and consider the risk factors included in this prospectus under the section entitled “*Risk Factors*” on page 4 of this prospectus, in any applicable prospectus supplement relating to a specific offering of securities, in our periodic reports filed with the Securities and Exchange Commission (the “SEC**”) and in any other documents we file with the SEC.**

Neither the SEC nor any state securities commission has approved or disapproved of these securities, or determined if this prospectus or any prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is February 28, 2019

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the SEC using a “shelf” registration process. Under this shelf process, the selling securityholder identified in this prospectus may offer or sell notes or shares of our common stock issuable upon conversion of the notes, as described in this prospectus, in one or more offerings from time to time.

We may also authorize one or more free writing prospectuses or prospectus supplements to be provided to you in connection with these offerings. Any related free writing prospectus or prospectus supplement may also add, update or change information contained in this prospectus or in any documents that we have incorporated by reference into this prospectus and, accordingly, to the extent inconsistent, information in this prospectus is superseded by the information in any accompanying prospectus supplement or any related free writing prospectus or pursuant to any document hereafter incorporated by reference.

Neither we nor the selling securityholder has authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus, any applicable prospectus supplement or any related free writing prospectus that we have authorized for use in connection with this offering. Neither we nor the selling securityholder take any responsibility for, or can provide any assurance as to the reliability of, any other information that others may give you. This prospectus and any applicable prospectus supplement do not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus and any such prospectus supplement in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. The information contained in this prospectus, any applicable prospectus supplement, any free writing prospectus that we have authorized for use in connection with this offering, including the documents incorporated by reference herein or therein is accurate only as of the respective dates thereof, regardless of the time of delivery of this prospectus and any applicable prospectus supplement or of any sale of the securities offered hereby. Our business, financial condition, results of operations and prospects may have changed since that date.

It is important for you to read and consider all information contained in this prospectus, any applicable prospectus supplement and any free writing prospectus that we have authorized for use in connection with this offering, including the documents incorporated by reference herein and therein, in making your investment decision.

You should also read and consider the information in the documents to which we have referred you in the sections entitled “*Where You Can Find More Information*” and “*Information Incorporated by Reference*” in this prospectus. Unless the context indicates otherwise, the terms “**EXL**,” “**Company**,” “**we**,” “**us**,” and “**our**” refer to ExlService Holdings, Inc., a Delaware corporation, and its consolidated subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- our dependence on a limited number of clients in a limited number of industries;
- worldwide political, economic or business conditions;
- negative public reaction in the U.S. or elsewhere to offshore outsourcing;
 - fluctuations in our earnings;

- our ability to attract and retain clients including in a timely manner;
- our ability to successfully consummate or integrate strategic acquisitions;
 - restrictions on immigration;
- our ability to hire and retain enough sufficiently trained employees to support our operations;
- our ability to grow our business or effectively manage growth and international operations;
 - any changes in the senior management team;
 - increasing competition in our industry;
 - telecommunications or technology disruptions;
 - our ability to withstand the loss of a significant customer;

regulatory, legislative and judicial developments, including changes to or the withdrawal of governmental fiscal incentives;

- 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;

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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, 2018 (the “2018 Form 10-K”). These and other risks could cause actual results to differ materially from those implied by forward-looking statements in this prospectus.

The forward-looking statements made by us in this prospectus, 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 prospectus after the date of this prospectus, except as required by federal securities laws.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere, or incorporated by reference, in this prospectus. As a result, it does not contain all the information that may be important to you. You should read this entire prospectus carefully, including the risk factors beginning on page 4 and the documents incorporated by reference into this prospectus.

The Company

We are an operations management and analytics company that helps businesses enhance revenue growth and improve profitability. Using proprietary platforms, methodologies, and our full range of digital capabilities, we look deeper to help companies transform their businesses, functions and operations, to help them deliver better customer experience and business outcomes, while managing risk and compliance. We serve our customers in the insurance, healthcare, travel, transportation and logistics, banking and financial services and utilities industries, among others. Headquartered in New York, we have approximately 29,000 professionals in locations throughout the United States, Europe, Asia (primarily India and the Philippines), Latin America, Australia and South Africa.

We operate in the business process management (“**BPM**”) industry and we provide operations management and analytics services. Our eight operating segments are strategic business units that align our products and services with how we manage our business, approach our key markets and interact with our clients. Six of those operating segments provide BPM or “operations management” services, five of which are industry focused operating segments (Insurance, Healthcare, Travel, Transportation and Logistics, Banking and Financial Services, and Utilities) and one of which is a “capability” operating segment (Finance and Accounting) that provides services to clients in our industry-focused segments as well as clients across other industries. In each of these six operating segments we provide operations management services, which typically involve transfer to the Company of the business operations of a client, after which we administer and manage those operations for our client on an ongoing basis. Our remaining two operating segments are Consulting, which provides industry-specific digital transformational services related to operations management services, and Analytics, which provides services that focus on driving improved business outcomes for clients by generating data-driven insights across all parts of their business.

Our principal executive offices are located at 280 Park Avenue, 38th Floor, New York, New York 10017. Our telephone number is (212) 277-7100. Our website address is www.exlservice.com. Information on our website does not constitute a part of, nor is it incorporated in any way, into this prospectus or any other report we file with or furnish to the SEC.

Orogen Transaction

We entered into an investment agreement, dated October 1, 2018, with Orogen Echo LLC (“**Orogen**”), as amended (the “**Investment Agreement**”), pursuant to which we agreed, among other things, to issue and sell the notes to Orogen (the “**Orogen Transaction**”). In connection with the closing of the Orogen Transaction, we entered into an indenture, dated October 4, 2018, with Citibank, N.A., acting as trustee, pursuant to which the notes were issued.

Pursuant to the terms of the Investment Agreement, the Company’s board of directors (the “**board**”) elected Vikram S. Pandit, a nominee designated by Orogen, to the board. Orogen’s right to nominate a director will terminate if Orogen and its affiliates beneficially own less than 50% of the number of shares of common stock deemed beneficially owned by Orogen immediately following the closing of the transactions contemplated by the Investment Agreement (which beneficial ownership, for purposes of the Investment Agreement, includes shares of common stock issuable upon conversion of the notes directly or indirectly held by Orogen).

Below is a summary of the principal terms of the notes. See “*Description of Notes*” for a more detailed summary of the terms of the notes.

The Notes

Issuer ExlService Holdings, Inc.

The Notes \$150,000,000 principal amount of our 3.50% Convertible Senior Notes due 2024.

Maturity Date October 1, 2024.

Interest and Interest Payment Dates 3.50% per annum, payable semi-annually in arrears on each of October 1 and April 1 of each year (beginning on April 1, 2019).

Regular Record Dates March 15 and September 15 of each year (whether or not a business day), preceding the applicable interest payment date.

Holders may convert all or a portion of their notes at their option at any time until the close of business on the second scheduled trading day immediately preceding the maturity date based on the applicable conversion rate. The initial conversion rate for the notes is 13.3333 shares of common stock (which represents an initial conversion price of approximately \$75.00 per share of common stock), subject to adjustment under certain conditions, per \$1,000 principal amount of notes.

Conversion Rights Upon conversion of any note, we will pay or deliver, as the case may be, to the converting holder, in respect of each \$1,000 principal amount of notes being converted, (i) cash, (ii) shares of common stock, together with cash, if applicable, in lieu of delivering any fractional share of common stock or (iii) a combination of cash and shares of common stock, together with cash, if applicable, in lieu of delivering any fractional share of common stock, at our election. See “*Description of Notes—Conversion Rights.*” Holders who convert their notes in connection with a make-whole fundamental change, as defined herein, may be entitled to a make-whole premium in the form of an increase in the conversion rate. See “*Description of Notes—Conversion Rights—Increase in the Conversion Rate Upon the Occurrence of a Make-whole Fundamental Change.*”

Fundamental Change If we undergo a fundamental change, as defined herein, subject to certain conditions, a holder will have the right, at its option, to require us to repurchase for cash any or all of its notes. The fundamental change repurchase price will equal 100% of the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date, as defined herein. See “*Description of Notes—Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change.*”

*Optional
Redemption*

On or after October 1, 2021, we may, at our option, redeem the notes for cash, in whole but not in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, *plus* accrued and unpaid interest, if any, to, the redemption date (unless the redemption date falls after a record date but on or prior to the immediately succeeding interest payment date, in which case interest accrued to the interest payment date will be paid to holders of record of such notes on such record date, and the redemption price will be equal to 100% of the principal amount of such notes), *provided* that the closing sale price of the common stock for 20 or more trading days (whether or not consecutive and including the trading day immediately prior to the date the redemption notice is delivered to holders) during the period of 30 consecutive trading days ending on, and including, the trading day immediately prior to the date the redemption notice is delivered to holders is equal to or exceeds 150% of the applicable conversion price on each applicable trading day. See “*Description of Notes—Optional Redemption.*”

The notes are our senior unsecured obligations and rank:

- senior in right of payment to any of our existing and future indebtedness or other obligations that are expressly subordinated in right of payment to the notes;

- equal in right of payment to any of our existing and future unsecured indebtedness or other obligations that are not so subordinated;

Ranking

- effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and

- structurally junior to all existing and future indebtedness and other liabilities (including trade payables) of our subsidiaries.

Use of Proceeds

The selling securityholder will receive all of the proceeds from its sale from time to time under this prospectus and any accompanying prospectus supplement of the notes and the shares of common stock issuable upon conversion of the notes, if any. We will not receive any proceeds from these sales.

Registration Rights

We prepared this prospectus in connection with our obligations under the Investment Agreement, which provides the selling securityholder with certain registration rights with respect to the resale of the notes and the shares of common stock issuable upon conversion of the notes, if any. Pursuant to the Investment Agreement, we have agreed to use our reasonable efforts to keep the shelf registration statement of which this prospectus is a part effective until the earlier of such time as all registrable securities (a) have been sold in accordance with the plan of distribution disclosed in this prospectus or (b) otherwise cease to be deemed “registrable securities” (as defined in the Investment Agreement).

Transfer Restrictions

The notes remain subject to transfer restrictions which, subject to certain exceptions, contractually prohibit Orogen from transferring the economic consequences of ownership of the notes or any shares of our common stock until the earliest of (i) October 4, 2020, (ii) a change of control of the Company or entry into a definitive agreement for a transaction that, if consummated, would result in a change of control of the Company and (iii) the later of October 4, 2019 and the first date on which there is no Orogen-affiliated director serving on EXL’s board of directors.

Listing

The notes are not listed on any securities exchange. Our common stock is listed on the NASDAQ Global Select Market under the symbol "EXLS."

See the risk factors beginning on page 4 and other information included or incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to invest in the notes or the common stock.

Risk Factors

RISK FACTORS

Investing in our securities involves risks. You should carefully consider the risk factors described below, as well as the risk factors in the 2018 Form 10-K, which is incorporated by reference into this prospectus, as the same may be amended, supplemented or superseded from time to time by our filings under the Exchange Act, as well as any applicable prospectus supplement. Before making any investment decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus or in any applicable prospectus supplement. For more information, see the section entitled “*Where You Can Find More Information*” on page 55 of this prospectus. These risks could materially affect our business, results of operations or financial condition and affect the value of our securities. You could lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business, results of operations or financial condition.

Risks Related to the Notes and Our Common Stock

We may issue additional shares of common stock (including upon conversion of the notes) or instruments convertible into shares of common stock, which may materially and adversely affect the market price of our shares of common stock and the trading price of the notes.

We may conduct future offerings of our shares of common stock, preferred stock or other securities convertible into our shares of common stock to fund acquisitions, finance operations or for other purposes. In addition, we may also issue shares of our common stock under our equity award plans. The notes do not contain restrictive covenants that would prevent us from offering our shares of common stock or other securities convertible into our shares of common stock in the future. The market price of our shares of common stock or the trading price of the notes could decrease significantly if we conduct such future offerings, if any of our existing stockholders sell a substantial amount of our shares of common stock or if the market perceives that such offerings or sales may occur. Moreover, any additional issuance of our shares of common stock will dilute the ownership interest of our existing stockholders, and may adversely affect the ability of holders of the notes to participate in any appreciation of our shares of common stock.

The notes are effectively subordinated to any secured indebtedness we may incur and are structurally subordinated to all of the obligations of our subsidiaries, including trade payables, which may limit our ability to satisfy our obligations under the notes.

The notes are our senior unsecured obligations and rank:

senior in right of payment to any of our existing and future indebtedness or other obligations that are expressly subordinated in right of payment to the notes;

equal in right of payment to any of our existing and future unsecured indebtedness or other obligations that are not so subordinated;

effectively junior in right of payment to any of our secured indebtedness to the extent of the value of the assets securing such indebtedness; and

structurally junior to all existing and future indebtedness and other liabilities (including trade payables) of our subsidiaries.

Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the notes or to make any funds available for payment on the notes, whether by dividends, loans or other payments. In addition, the payment of dividends and the making of loans and advances to us by our subsidiaries may be subject to statutory, contractual or other restrictions, may depend on their earnings or financial condition and are subject to various business considerations. As a result, we may be unable to gain access to the cash flow or assets of our subsidiaries.

Regulatory actions and other events may adversely affect the trading price and liquidity of the notes.

We expect that many investors in, and potential purchasers of, the notes will employ, or seek to employ, a convertible arbitrage strategy with respect to the notes. Investors would typically implement such a strategy by selling short the common stock underlying the notes and dynamically adjusting their short position while continuing to hold the notes. Investors may also implement this type of strategy by entering into swaps on our common stock in lieu of or in addition to short selling the common stock.

The SEC and other regulatory and self-regulatory authorities have implemented various rules and taken certain actions, and may in the future adopt additional rules and take other actions, that may impact those engaging in short selling activity involving equity securities (including our common stock). Such rules and actions include Rule 201 of SEC Regulation SHO, the adoption by the Financial Industry Regulatory Authority, Inc. and the national securities exchanges of a “Limit Up-Limit Down” program, the imposition of market-wide circuit breakers that halt trading of securities for certain periods following specific market declines and the implementation of certain regulatory reforms required by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. Any governmental or regulatory action that restricts the ability of investors in, or potential purchasers of, the notes to effect short sales of our common stock, borrow our common stock or enter into swaps on our common stock could adversely affect the trading price and liquidity of the notes.

Volatility in the market price and trading volume of our common stock could adversely impact the trading price of the notes.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price of our common stock could fluctuate significantly for many reasons, including in response to the risks described in this section, elsewhere in this prospectus or the documents incorporated by reference herein or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance, as well as industry conditions and general financial, economic and political instability. A decrease in the market price of our common stock would likely adversely impact the trading price of the notes. The market price of our common stock could also be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in us and by hedging or arbitrage trading activity that we expect to develop involving our common stock. This trading activity could, in turn, affect the trading prices of the notes.

A holder of notes will not be entitled to any rights with respect to our shares of common stock, but may be subject to any changes made with respect to our shares of common stock.

A holder of notes will generally not be entitled to any rights with respect to our shares of common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on shares of common stock) prior to the conversion date relating to such notes (if we have elected to settle the relevant conversion by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share)) or the last trading day of the relevant observation period (if we elect to pay and deliver, as the case may be, a combination of cash and shares of our common stock in respect of the relevant conversion), but holders of notes will be subject to all changes affecting our common stock. For example, if an amendment is proposed to our certificate of incorporation that requires stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to the conversion date related to a holder's conversion of its notes (if we have elected to settle the relevant conversion by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share)) or the last trading day of the relevant observation period (if we elect to pay and deliver, as the case may be, a combination of cash and shares of our common stock in respect of the relevant conversion), such holder of notes will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes in the powers, preferences or special rights of the common stock implemented by that amendment.

Such changes made with respect to our shares of common stock may impact a holder of notes to the extent (i) the trading price of the notes depends on the market price of our shares of common stock, (ii) such holder receives shares of common stock upon a conversion of notes, (iii) such changes occur during an observation period for determining the amount of consideration due in respect of converted notes (if we do not elect to settle the relevant conversion by delivering solely shares of our common stock (other than paying cash in lieu of any fractional share)) and/or (iv) such changes result in an adjustment to the then-applicable conversion rate.

Upon conversion of the notes, you may receive less valuable consideration than expected because the value of our shares of common stock may decline after you exercise your conversion right but before we settle our conversion obligation.

Under the notes, a converting holder will be exposed to fluctuations in the value of our shares of common stock during the period from the date such holder surrenders notes for conversion until the date we settle our conversion obligation. We may settle conversions of the notes in cash, shares of common stock (and cash in lieu of any fractional shares) or any combination thereof, at our election. If we elect to settle conversions of notes through payment or delivery, as the case may be, of cash or a combination of cash and shares of common stock, the amount of consideration that you will receive upon conversion of your notes will be determined by reference to the volume weighted average prices (“VWAP”) of our shares of common stock for each trading day in a 60-VWAP trading day observation period. As described under “*Description of Notes—Conversion Rights—Settlement Upon Conversion,*” the observation period with respect to any note surrendered for conversion, means: (i) subject to clause (ii), if the relevant conversion date occurs prior to the 61st scheduled trading day immediately preceding the maturity date, the 60 consecutive trading day period beginning on, and including, the second trading day immediately succeeding such conversion date; (ii) if the relevant conversion date occurs on or after the date of our issuance of a notice of redemption of the notes prior to the relevant redemption date, the 60 consecutive trading days beginning on, and including, the 61st scheduled trading day immediately preceding such redemption date; and (iii) subject to clause (ii), if the relevant conversion date occurs on or after the 61st scheduled trading day immediately preceding the maturity date, the 60 consecutive trading days beginning on, and including, the 61st scheduled trading day immediately preceding the maturity date.

If the price of our shares of common stock decreases during the period from the date you surrender notes for conversion until the date we settle our conversion obligation, the amount and/or value of consideration you receive will be adversely affected. In addition, if we elect to settle a part of our conversion obligation in cash and the market price of our shares of common stock at the end of such period is below the average of the volume-weighted average prices of our shares of common stock during the relevant observation period, the value of any shares of common stock that you may receive in satisfaction of our conversion obligation will generally be less than the value used to determine the amount of consideration that you will receive upon conversion.

The notes and the indenture that governs the notes contain limited protections against certain types of important corporate events and may not protect your investment upon the occurrence of such corporate events.

The indenture for the notes does not:

·require us to maintain any financial ratios or specific levels of net worth, revenues, income, cash flows or liquidity;

protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;

limit the amount of additional indebtedness that we can create, incur, assume or guarantee, nor does the indenture limit the amount of indebtedness or other liabilities that our subsidiaries can create, incur, assume or guarantee;

- limit our ability to incur indebtedness with a maturity date earlier than the maturity date of the notes;

restrict our subsidiaries' ability to issue equity securities to third parties that would rank senior to the equity securities of our subsidiaries held by us, which would entitle those third parties to receive any assets of those subsidiaries prior to any distribution to us in the event of a liquidation or dissolution of those subsidiaries;

- restrict our ability to repurchase or prepay our securities other than the notes; or

restrict our ability to make investments or to purchase or pay dividends or make other payments in respect of our shares of common stock or other securities ranking junior to the notes.

Furthermore, the indenture for the notes does not provide any protection to holders of notes in the event of a highly leveraged transaction or a change in control, except as, and only to the limited extent, described under "*Description of Notes—Conversion Rights—Increase in the Conversion Rate Upon the Occurrence of a Make-whole Fundamental Change*," "*—Holders May Require Us to Repurchase Their Notes Upon a Fundamental Change*" and "*—Consolidation, Merger and Sale of Assets*."

We will not be obligated to repurchase the notes upon the occurrence of all significant transactions that could affect the market price of our shares of common stock and/or the trading price of the notes.

Upon the occurrence of a fundamental change, holders of the notes will have the right to require us to repurchase their notes. However, the fundamental change provisions do not afford protection to holders of notes in the event of all of the types of transactions that could adversely affect the notes. For example, transactions such as leveraged recapitalizations, refinancings, restructurings or acquisitions initiated by us could substantially affect our capital structure and the value of the notes and our shares of common stock, but may not constitute a fundamental change requiring us to repurchase the notes. In the event of any such transaction, holders of the notes would not have the right to require us to repurchase their notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure, the value of the notes and our shares of common stock or any credit ratings, thereby adversely affecting holders of the notes.

The conversion rate of the notes may not be adjusted for all dilutive events.

The conversion rate of the notes is subject to adjustment upon the occurrence of specified events, including, but not limited to, the issuance of stock dividends on our shares of common stock, the issuance of certain rights or warrants to holders of our shares of common stock, subdivisions or combinations of our shares of common stock, distributions of capital stock, indebtedness or assets to holders of our common stock, certain cash dividends and certain issuer tender or exchange offers, as described under “*Description of Notes—Conversion Rights—Adjustments to the Conversion Rate.*” However, the conversion rate will not be adjusted for other events, such as third party tender offers or exchange offers or the issuance of shares of common stock, or securities convertible into shares of common stock, in underwritten or private offerings, that may adversely affect the market price of our shares of common stock and the trading price of the notes. An event that adversely affects the trading price of the notes may occur, and that event may not result in an adjustment to such conversion rate.

The trading price of the notes may be adversely affected if there is no active trading market for the notes.

There is currently no active trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange or for inclusion in any automated dealer quotation system. A market may not develop for the notes or, if developed, may not continue. There can be no assurance as to the liquidity of any market that may develop for the notes. If a market develops, the notes could trade at prices that may be lower than the principal amount of the notes. The liquidity of the trading market in the notes, and the market price quoted for the notes, may be adversely affected by changes in the overall market for this type of security, by changes in the market price of our shares of common stock, which may be volatile, and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. If an active, liquid market does not develop for the notes, the trading price and liquidity of the notes may be adversely affected.

We may not have the ability to use cash to settle the principal amount of the notes upon conversion or to repurchase the notes upon a fundamental change.

The notes are convertible any time until the close of business on the second scheduled trading day immediately preceding the maturity date into cash, shares of common stock or a combination of cash and shares of common stock, at our election, at an initial conversion rate of 13.3333 shares of common stock per \$1,000 aggregate principal amount of notes. Notes that are converted in connection with a make-whole fundamental change may be entitled to an increase in the conversion rate for such notes. Upon a conversion of notes, if we do not have adequate cash available or cannot obtain additional financing, or our use of cash is restricted by applicable law, regulations or agreements governing our current or future indebtedness, we may not be able to use cash to settle the principal amount of the notes upon conversion. If we settle any portion of the principal amount of the notes upon conversion in stock, it will result in immediate dilution to the ownership interests of existing stockholders and such dilution could be material.

In addition, holders of the notes have the right to require us to repurchase their notes upon the occurrence of a fundamental change at a repurchase price equal to 100% of the principal amount of the notes to be repurchased, *plus* accrued and unpaid interest, if any. If we do not have adequate cash available or cannot obtain additional financing, or our use of cash is restricted by applicable law, regulations or agreements governing our current or future indebtedness, we may not be able repurchase the notes when required under the indenture, which would constitute an event of default under the indenture. An event of default under the indenture could also lead to a default under other agreements governing our current and future indebtedness, and if the repayment of such other indebtedness were accelerated, we may not have sufficient funds to repay the indebtedness and repurchase the notes or make cash payments upon conversion of the notes.

The terms of the notes could delay or prevent an attempt to take over our Company.

The terms of the notes require us to repurchase the notes in the event of a fundamental change upon election by the holders thereof. A takeover of our Company would constitute a fundamental change. This could have the effect of delaying, conditioning or preventing a takeover of our Company that may otherwise be beneficial to the Company.

The increase in the conversion rate for notes converted in connection with a make-whole fundamental change may not adequately compensate holders for any lost value of their notes as a result of such make-whole fundamental change.

If a make-whole fundamental change occurs, under certain circumstances, we will increase the conversion rate for the notes by a number of additional shares of common stock for notes converted in connection with such make-whole fundamental change. The increase in the conversion rate will be determined based on the date on which the make-whole fundamental change becomes effective and the applicable price attributable to the event or transaction giving rise to the fundamental change as set forth in a table contained in the indenture as described below under “*Description of Notes—Conversion Rights—Increase in the Conversion Rate Upon the Occurrence of a Make-whole Fundamental Change.*”

The increase in the conversion rate, if any, for notes converted in connection with a make-whole fundamental change may not adequately compensate a holder for lost value of its notes as a result of such transaction. In addition, if the applicable price in the transaction is greater than \$400.00 per share or less than \$65.73 per share (in each case, subject to adjustment), no increase will be made to the conversion rate. Moreover, in no event will the conversion rate as a result of such increase exceed 15.2137 shares per \$1,000 principal amount of notes, subject to adjustment at the same time and in the same manner as the conversion rate as described under “*Description of Notes—Conversion Rights—Adjustments to the Conversion Rate.*” The obligation to increase the conversion rate upon the occurrence of a make-whole fundamental change could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness and equitable remedies.

Conversion of the notes may dilute the ownership interest of existing stockholders, including holders who had previously converted their notes, or may otherwise depress the price of our shares of common stock.

The conversion of some or all of the notes will dilute the ownership interests of existing stockholders to the extent we deliver shares of common stock upon conversion of any of the notes in lieu of settling all or part of our obligations in cash. Any sales in the public market of such shares of common stock issuable upon such conversion could adversely affect prevailing market prices of our shares of common stock. In addition, the existence of the notes may encourage

short selling by market participants because the conversion of the notes could be used to satisfy short positions, or anticipated conversion of the notes into shares of common stock could depress the price of our shares of common stock.

We may redeem the notes at our option, which may adversely affect your return.

On or after October 1, 2021, we may, at our option, redeem the notes for cash, in whole but not in part, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, *plus* accrued and unpaid interest, if any, to, the redemption date (unless the redemption date falls after a record date but on or prior to the immediately succeeding interest payment date, in which case interest accrued to the interest payment date will be paid to holders of record of such notes on such record date, and the redemption price will be equal to 100% of the principal amount of such notes), *provided* that the closing sale price of the common stock for 20 or more trading days (whether or not consecutive and including the trading day immediately prior to the date the redemption notice is delivered to holders) during the period of 30 consecutive trading days ending on, and including, the trading day immediately prior to the date the redemption notice is delivered to holders is equal to or exceeds 150% of the applicable conversion price on each applicable trading day. See “*Description of Notes—Optional Redemption*” for a more detailed description of the conditions under which we may redeem the notes.

The notes may not be rated or may receive a lower rating than anticipated.

We do not intend to seek a rating for the notes and believe it is unlikely that the notes will be rated. However, if one or more rating agencies rates the notes and assigns the notes a rating lower than the rating expected by investors, reduces its rating of the notes or announces its intention to put us on credit watch, the market price of our shares of common stock and the trading price of the notes may decline.

You may be subject to tax if we make or fail to make certain adjustments to the conversion rate of the notes even though you do not receive a corresponding cash distribution.

The conversion rate of the notes is subject to adjustment in certain circumstances, including the payment of certain cash dividends, as described under “*Description of Notes—Conversion Rights—Adjustments to the Conversion Rate.*” If the conversion rate is adjusted as a result of a distribution that is taxable to our stockholders, such as certain cash dividends, you may be deemed to have received a dividend subject to U.S. federal income tax without the receipt of any cash. In addition, a failure to adjust (or to adjust adequately) the conversion rate after an event that increases your proportionate interest in us could be treated as a deemed taxable dividend to you. If a make-whole fundamental change occurs prior to maturity, under some circumstances, we will increase the conversion rate for notes converted in connection with the make-whole fundamental change. That increase may also be treated as a distribution subject to U.S. federal income tax as a dividend. See “*Certain Material U.S. Federal Income Tax Considerations—Consequences to U.S. Holders—Constructive Distributions.*”

If you are a non-U.S. holder (as defined under “*Certain Material U.S. Federal Income Tax Considerations*”), any deemed dividend would generally be subject to U.S. federal withholding tax at a 30% rate (or such lower rate as may be specified by an applicable income tax treaty). The amount of any such withholding tax may be set off against any subsequent payment or distribution otherwise payable on the notes (or the issuance of shares of common stock upon a conversion of the notes). See “*Certain Material U.S. Federal Income Tax Considerations—Consequences to Non-U.S. Holders—Dividends and Constructive Distributions.*”

USE OF PROCEEDS

The selling securityholder will receive all of the proceeds from its sale from time to time under this prospectus and any accompanying prospectus supplement of the notes or the common stock issuable upon conversion of the notes, if any. We will not receive any proceeds from these sales.

SELLING SECURITYHOLDER

On October 1, 2018, we entered into the Investment Agreement with Orogen, pursuant to which we agreed to sell the notes to Orogen. On October 4, 2018, the transactions contemplated by the Investment Agreement were consummated, and we issued the notes to Orogen pursuant to the terms of the Indenture. We have filed with the SEC under the Securities Act the registration statement of which this prospectus forms a part pursuant to the Investment Agreement. The notes were initially convertible into an aggregate of 1,999,995 shares of common stock and were issued in a transaction exempt from the registration requirements of the Securities Act. With certain exceptions, the notes remain subject to transfer restrictions which contractually prohibit Orogen from transferring the economic consequences of ownership of the notes or the shares of common stock issuable upon conversion of the notes until the earliest of (i) October 4, 2020, (ii) a change of control of EXL or (iii) the later of October 4, 2019 and the first date on which there is no Orogen-affiliated director on EXL's board of directors. The Investment Agreement also provides Orogen with certain registration rights with respect to the resale of the notes and the shares of common stock issuable upon conversion, if any. Pursuant to the Investment Agreement, we have agreed to use our reasonable efforts to keep the shelf registration statement of which this prospectus is a part effective until the earlier of such time as all registrable securities (a) have been sold in accordance with the plan of distribution disclosed in this prospectus and (b) otherwise cease to be deemed "registrable securities" (as defined in the Investment Agreement).

For purposes of this prospectus, "selling securityholder" includes Orogen and its permitted transferees, pledgees, assignees, distributees, donees or successors or others who later hold any of the selling securityholder's interests. Our registration of the resale of the notes and the shares of common stock issuable upon conversion of the notes does not necessarily mean that the selling securityholder will sell all or any of such notes or common stock. The following table sets forth certain information as of February 25, 2019 concerning the notes and shares of common stock issuable upon conversion of the notes that may be offered from time to time by the selling securityholder with this prospectus. The information in the following table is based on information provided by or on behalf of the selling securityholder. In the table below, the number of shares of common stock that may be offered pursuant to this prospectus is based on the initial conversion rate of 13.3333 shares of common stock per \$1,000 aggregate principal amount of notes. Percentage ownership is based on 34,323,339 shares of common stock outstanding as of February 25, 2019, plus securities deemed to be outstanding with respect to individual stockholders pursuant to Rule 13d-3(d)(1) under the Exchange Act. Beneficial ownership includes shares of common stock plus any securities held by the holder exercisable for or convertible into shares of common stock within 60 days after February 25, 2019, in accordance with Rule 13d-3(d)(1) under the Exchange Act. For purposes of determining the number of shares of common stock that the selling securityholder beneficially owns as set forth in this "Selling Securityholder" section, we have assumed the

selling securityholder beneficially owns the full number of shares of common stock underlying the notes. The number of shares of common stock issuable upon conversion of the notes is subject to adjustment under certain circumstances described in the Indenture. Accordingly, the number of shares of common stock issuable upon conversion of the notes and the number of shares of common stock beneficially owned and offered by the selling securityholder pursuant to this prospectus may increase or decrease from that set forth in the table below. Information about the selling securityholder may change over time. In particular, the selling securityholder identified below may have sold, transferred or otherwise disposed of all or a portion of its notes since the date on which it provided us with information regarding its notes. Any changed or new information given to us by the selling securityholder will be set forth in supplements to this prospectus or amendments to the registration statement of which this prospectus is a part, if and when necessary.

Except as described above under “*Risk Factors*,” “*Prospectus Summary—Orogen Transaction*” or in the footnotes in the beneficial ownership table below, the selling securityholder has not held any position or office, or has otherwise had a material relationship, with us or any of our subsidiaries within the past three years other than as a result of the ownership of our shares or other securities. Unless otherwise indicated below, to our knowledge, all persons named in the table have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by their spouses under applicable law.