

# Virtusa Corporation

## Compensation Committee Charter

### **I. General Statement of Purpose**

The Compensation Committee of the Board of Directors (the “Compensation Committee”) of Virtusa Corporation (the “Company”), on behalf of the Board of Directors (the “Board”), discharges the Board’s responsibilities relating to the processes and procedures for the consideration and determination of compensation of the Company’s directors and executives, oversees the Company’s overall compensation programs and policies, reviews and discusses with management the Compensation Discussion and Analysis to be included in reports filed with the Securities and Exchange Commission, and is responsible for producing a Compensation Committee Report for inclusion in the Company’s proxy statement relating to its annual meeting of stockholders or annual report on Form 10-K, in accordance with applicable rules and regulations. The primary objective of the Compensation Committee is to develop and implement compensation policies and plans that are appropriate for the Company and which provide incentives that further the Company’s long-term strategic plan.

### **II. Compensation Committee Composition**

The number of individuals serving on the Compensation Committee shall be fixed by the Board from time to time but shall consist of no fewer than two (2) members, each of whom shall satisfy the independence standards established pursuant to Rule 4200(a)(15) of the Marketplace Rules of the National Association of Securities Dealers, Inc., qualify as “non-employee directors” pursuant to Rule 16b-3 of the Securities Exchange Act of 1934, as amended, and meet the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code, as amended.

The members of the Compensation Committee shall be appointed annually by the Board and may be replaced or removed by the Board at any time with or without cause. Resignation or removal of a director from the Board, for whatever reason, shall automatically constitute resignation or removal, as applicable, from the Compensation Committee. Vacancies occurring, for whatever reason, may be filled by the Board. The Board shall designate one member of the Compensation Committee to serve as Chairman of the Compensation Committee.

### **III. Meetings**

The Compensation Committee generally is to meet in person or by conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, as deemed necessary by the Compensation Committee. A majority of the members of the Compensation Committee shall constitute a quorum for purposes of holding a meeting and the Compensation Committee may act by a vote of a majority of members present at

such meeting. In lieu of a meeting, the Compensation Committee may act by unanimous written consent.

#### **IV. Responsibilities and Authority**

The following responsibilities are set forth as a guide to fulfilling the Compensation Committee's purposes, with the understanding that the Compensation Committee's activities may diverge as appropriate given the circumstances. The Compensation Committee's purpose and responsibilities shall be as set forth below.

##### **A. Matters Related to Compensation of the Company's Chief Executive Officer**

- Review and approve any corporate goals and objectives that may be relevant to the compensation of the Company's Chief Executive Officer ("CEO") at least annually.
- Evaluate the CEO's performance in light of any goals and objectives that were set for the CEO, including any annual performance objectives for the CEO, and determine and approve the CEO's compensation based on such evaluation, including discretionary awards. In connection with determining the long-term incentive component of the CEO's compensation, the Compensation Committee may consider the Company's performance and relative stockholder return, the value of similar incentive awards to CEOs at comparable companies and the awards given to the Company's CEO in past years.
- Review periodically the aggregate amount of compensation being paid or potentially payable to the Company's CEO through the use of tally sheets or such other method as the Compensation Committee may determine.
- The Company's CEO may not be present during voting or deliberation concerning his or her compensation.

##### **B. Matters Related to Compensation of the Officers Other Than the Chief Executive Officer**

- Determine the compensation of all officers of the Company other than the CEO and any other members of management as the Board and Committee determine appropriate. For the purposes hereof the term "officer" has the meaning defined in Section 16 of the Securities Exchange Act of 1934, as amended, and Rule 16a-1 promulgated thereunder.
- Review periodically the aggregate amount of compensation being paid or

potentially payable to the Company's officers through the use of tally sheets or such other method as the Compensation Committee may determine.

**C. Matters Related to Compensation and Equity Based Plans**

- Establish and review the Company's overall management compensation philosophy and policy.
- Review and approve the Company's processes and procedures for the consideration and determination of director and executive compensation.
- Review and approve actions with respect to the adoption, amendment, administration and termination of all incentive-based compensation, equity-based compensation, pension and other similar plans of the Company, all in accordance with the terms of such plans, including but not limited to (1) designating eligible participants, (2) determining the size, types, terms, conditions, and participant rights, (3) approving grants and awards and agreements or instruments reflecting grants and awards, (4) construing and interpreting plans and agreements or instruments entered into under them, (5) amending or waiving terms and conditions of outstanding awards, agreements and instruments; provided, that, in each case, where stockholder approval of any action is required under the applicable rules and regulations of the Securities and Exchange Commission, any securities exchange or automated quotation system on which the Company's securities are traded, and any other rules and regulations applicable to the Company, make recommendations regarding the foregoing to the Board for approval. In connection with the foregoing, the Compensation Committee may consider appropriate industry benchmarks and, as appropriate, the compensation policies pursued by companies similarly situated to the Company.
- Review on a periodic basis the Company's management compensation programs, including any management incentive compensation plans, to determine whether they are appropriate, properly coordinated and achieve their intended purpose(s), including furthering the Company's strategic plans and objectives, and approve any appropriate modifications or new plans or programs; provided, that where stockholder approval of any action is required under the applicable rules and regulations of the Securities and Exchange Commission, any securities exchange or automated quotation system on which the Company's securities are traded, and any other rules and regulations applicable to the Company, make recommendations regarding the foregoing to the Board for approval.
- Review and approve the policies and procedures for the grant of equity-based awards by the Company.

**D. Executive Compensation Disclosure and Compensation Committee Report**

- Review and discuss with management the Compensation Discussion and Analysis to be included in the Company's proxy statement or annual report on Form 10-K ("CD&A").
- Based on the Compensation Committee's review and discussions with management of the CD&A, make a recommendation to the Board as to whether the CD&A should be included in the Company's proxy statement or annual report on Form 10-K.
- Produce an annual committee report for inclusion in the Company's annual report on Form 10-K, in accordance with the applicable rules and regulations of the Securities and Exchange Commission, any securities exchange or automated quotation system on which the Company's securities are traded, and any other rules and regulations applicable to the Company.

**E. Review of Charter**

- Review and reassess the adequacy of this Charter annually and submit any proposed changes to the Board for approval.

**F. Annual Performance Evaluation of the Compensation Committee**

- Perform an annual performance evaluation of the Compensation Committee and report to the Board on the results of such evaluation.

**V. Additional Compensation Committee Authority**

The Compensation Committee is authorized, on behalf of the Board, to do any of the following, as the Compensation Committee deems necessary or appropriate in its discretion:

**A. Matters Related to Compensation of the Company's Directors**

- Establish and review the Company's director compensation philosophy and policy.
- Annually review and make recommendations to the Board with respect to the compensation of the directors of the Company, including with respect to any incentive-compensation plans and equity-based plans.

**B. Matters Relating to Retention and Termination of Compensation Consulting Firm or Other Outside Advisors**

- Exercise sole authority to retain and terminate any consulting firm or other outside advisor on compensation matters that is to be used by the Company or the Compensation Committee to assist in the evaluation of director, CEO or officer compensation. The Compensation Committee shall also have sole authority to approve the consultant's fees and other retention terms.

### **C. Matters Related to Supplemental Benefits**

Review annually and approve, for the CEO and the other officers of the Company, any employment agreements, severance arrangements, and change in control agreements or provisions, in each case, when and if appropriate, and any special or supplemental benefits. In addition, the Committee will from time to time review and approve of any severance policies that the Company proposes with respect to its operations in the United States or other jurisdictions (operating directly or through its subsidiaries).

## **VI. General**

- The Compensation Committee may establish and delegate authority to one or more subcommittees consisting of one or more of its members, when the Compensation Committee deems it appropriate to do so in order to carry out its responsibilities.
- The Compensation Committee shall make regular reports to the Board concerning areas of the Compensation Committee's responsibility.
- In discharging its role, the Compensation Committee is empowered to inquire into any matter that it considers appropriate to carry out its responsibilities, with access to all books, records, facilities and personnel of the Company. The Compensation Committee shall have the authority to request that any officer or employee of the Company, the Company's outside legal counsel, the Company's independent auditor or any other professional retained by the Company to render advice to the Company attend a meeting of the Compensation Committee or meet with any members of or advisors to the Compensation Committee.

In carrying out its responsibilities, the Compensation Committee shall be entitled to rely upon advice and information that it receives in its discussions and communications with management and such experts, advisors and professionals with whom the Compensation Committee may consult. The Compensation Committee shall also have the authority to engage legal, accounting or other advisors to provide it with advice and information in connection with carrying out its responsibilities and shall have sole authority to approve any such advisor's fees and other retention terms.

- The Compensation Committee may perform such other functions as may be requested by the Board from time to time.
- The compensation of the members of the Compensation Committee will be determined by the Board.

ADOPTED: April 1, 2007.