



# A New Age of Insurance: *Speed to Value*

2017 ANNUAL REPORT

 **MAJESCO**  
[www.majesco.com](http://www.majesco.com)





**Ketan Mehta**  
Co-Founder and CEO  
of Majesco

# A Message from the CEO of Majesco

Dear Fellow Shareholders,

After delivering a 43% increase in fiscal 2016 sales, fiscal 2017 was focused on supporting new and existing customer growth, enhancing our product offerings, and expanding our sales and marketing infrastructure. In addition, we made further investments to create a robust and market-leading cloud platform that is well positioned to take advantage of significant opportunities in the insurance marketplace. As a result of these business trends, Majesco's total sales for fiscal 2017 were up 8%, while our cloud business delivered 17% organic growth. We expect sales of our cloud offerings will continue to grow at a faster pace, compared to other areas of our business, and we are encouraged by this shift as cloud-based sales are higher-margin and recurring. The cloud model is not only an attractive business model for us, it is filling a critical need in the industry.

We continue to focus exclusively on serving the global insurance industry with core business solutions and consulting services that help modernize and bring change to Property and Casualty (P&C), Life and Annuity (L&A), and Group insurance carriers. Not unlike other industries, the insurance industry is rapidly evolving and changing. As insurance customer expectations change, so do the carriers' requirement to respond quickly with lower-risk and speed-to-value business platforms that provide the ability to innovate new products, reach new markets, create new customer experiences, and liberate different business models.

In this rapidly evolving environment, undertaking multi-year, multi-million dollar transformation programs to replace legacy systems no longer serves the need of carriers. As a result, Majesco proactively began realigning its business strategy to this market shift to focus on speed to value using our cloud based platform, Majesco CloudInsurer. We believe this platform will lead the next wave of innovation and investment in insurance. With our Majesco CloudInsurer platform, we have successfully partnered with over 30 clients, including existing legacy insurers, new startups or greenfields backed by existing insurers or by venture capital funds to empower their business strategies by helping them innovate, grow and transform their business models to capture the opportunities today and in the future.

During the year, I am proud to report 15 clients successfully went into production with Majesco's solutions. We are delighted with our customers' success as we help to support their strategic plans for growth, innovation and market expansion.

In addition, Majesco made meaningful investments to strengthen its organization, support a growing and diverse customer base, and expand the Majesco CloudInsurer platform. R&D expenditures were higher by 6% as compared to the prior year period, as we advanced our product roadmap for both the P&C, L&A, and Group and Enterprise solutions. We released new versions of Majesco L&A Policy, Majesco P&C Policy, Majesco Claims, Majesco Billing, and Majesco Distribution Management. We launched new products with Majesco Enterprise Data Model and Majesco Enterprise Data Warehouse.



Majesco also expanded and strengthened the company's Partner EcoSystem. IBM announced a strategic partnership with Majesco to bring a cognitive core system, using our core P&C and L&A solutions, to the market using IBM Watson and IBM Cloud. Furthermore, we announced 6 new partners through Majesco's Partner EcoSystem, including a number of InsurTech startups such as Splice, Elafris and Dropln.

While much attention during the year was focused on expanding Majesco's growth platform, we also achieved improvements in profitability. As a result, Majesco delivered its fifth consecutive quarter of improving adjusted EBITDA during the fiscal 2017 fourth quarter. Adjusted EBITDA as a percentage of revenues for the fiscal 2017 fourth quarter was 5.7%. For the full year, adjusted EBITDA as a percentage of revenues increased by 450 basis points from 0.5% for the fiscal year ended March 31, 2016, to 5.0% for the fiscal year ended March 31, 2017.

As we move into the new fiscal year, we are enthused about our strategy, the market potential of our portfolio of solutions, our cloud platform and Partner Ecosystem, and our expanding partnership with IBM around cognitive, core and cloud that help differentiate Majesco's value proposition for current and prospective customers.

We expect momentum in our cloud business will remain strong as we take advantage of the shift underway in insurance software. We also expect to see improvement in non-cloud business as demand increases for Majesco's data and digital solutions. As a result, I expect Majesco will experience a reacceleration in growth in fiscal 2018.

I am confident that we are on the right track to achieve strong, profitable growth in the years ahead. Majesco's management team and board of directors have high expectations for the company in fiscal 2018 and beyond, and I look forward to sharing our success with you in the future.

Delivering and delighting our customers today is the foundation for continued growth and success. It requires a fully engaged, highly energized, and knowledgeable staff. I'd like to thank our employees for their customer focus, teamwork and support.

In closing, we sincerely thank our customers for their confidence and trust. We will continue to direct our energy, innovation and effort to proving that their confidence was well placed.

Ketan Mehta  
Co-Founder and CEO of Majesco

“We can’t solve problems by using the same kind of thinking we used to create them”

– Albert Einstein



## A New Age of Insurance: Speed to Value

Over the past year, the renaissance of insurance gained momentum due to the convergence of multiple factors or “tectonic plates” that are redefining insurance. The interaction between people, technology and market boundary changes are disrupting the world, industries and businesses that insurance serves. We have seen the introduction of new products, the establishment of new channels, the offering of new services, the launching of new business models, and much more. These events have created disruption and opportunity for insurers.

It is a new age of insurance. Each and every day, insurers must recommit to their business strategy and their renaissance journey. They must avoid falling into an operational trap or resorting to traditional thinking. The appetite for traditional multi-year, multi-million dollar, on-premises custom configurations has waned, all while new competitors, new business models and new products are being launched to the market in a fraction of the time and cost. In this new age of insurance, the focus is on speed to value including:

**Speed to implementation** – get up and running in weeks or a few months versus years

**Speed to market** – rapidly develop and launch new products with ready-to-use rules and tools

**Speed to revenue** – rapidly enable business growth with minimal upfront cost

Today's renaissance in the insurance industry shares many of the same characteristics as the original Renaissance. Both represent fresh beginnings brought about by new ways of thinking, new methods, new technologies, new behaviors and new resources. At no time in the history of insurance can we find one year that includes this many game-changing events and a rapid pace of ongoing advancement, including InsurTech which was at the forefront of this shift.

InsurTech became mainstream in 2016. Majesco took an active leadership role through our engagement with industry accelerators, partnerships with InsurTech startups, original research and thought leadership. Conversations around InsurTech grew. The influx of capital advanced the proliferation of startups and Greenfields based on new technology capabilities and business model disruption. It was and is an unprecedented, industry-wide wave of innovation. Even S&P recognized the impact of InsurTech as having “a complementary place in the traditional insurance world, despite remaining uncertainty in the industry about how it will function on a wide scale.”

As a result, discussion surrounding InsurTech and the industry shift filtered into the boardroom of every insurer and reinsurer. Their collective desire was to understand the shift and develop strategies to respond, underpinned by a new focus on “speed to value” which favorably positions and differentiates companies in a shifting market of change and disruption.



## Majesco Insights: Leadership in a Time of Change

Majesco market leadership in InsurTech, engages the community, and provides research and insights to help the industry and our customers understand, plan and respond. Majesco's Future Trends Framework (Diagram A) was expanded to include six new trends (impacts of economic conditions, psychology/behavioral economics, pay-as-you-need insurance enterprise, platform solutions, InsurTech and competition for talent and capital), reflecting a year of innovation, change and disruption that is gaining momentum.

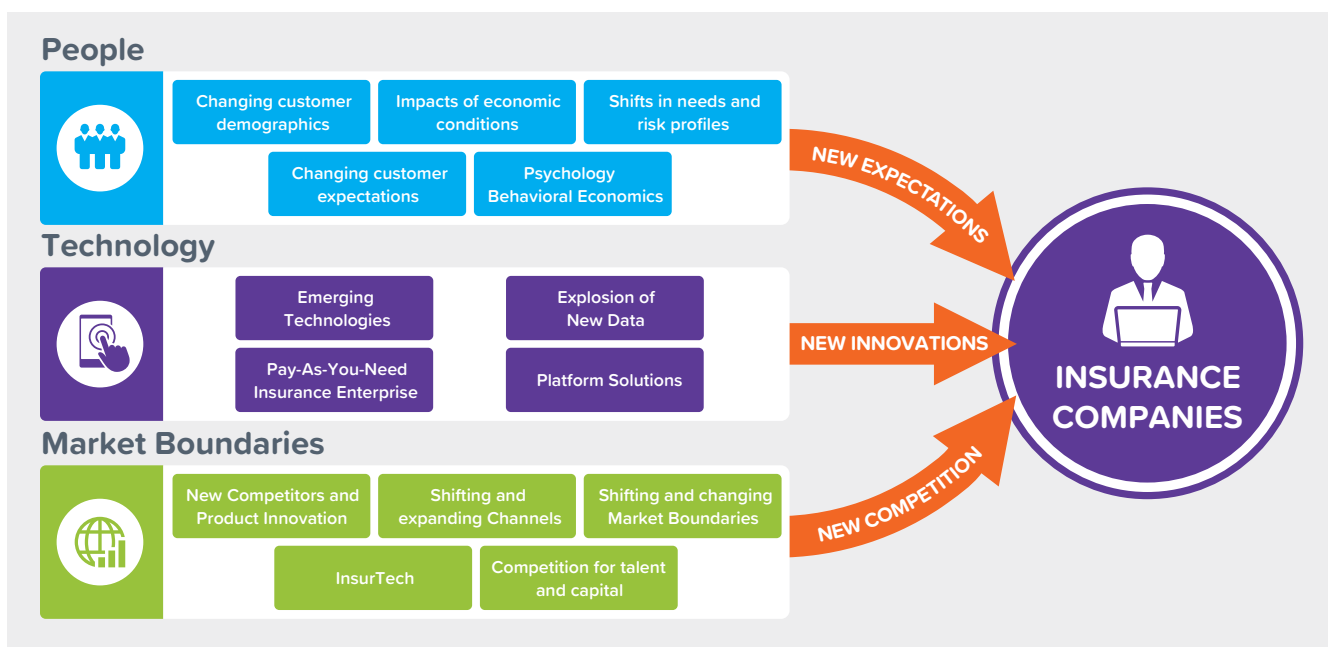


Diagram A

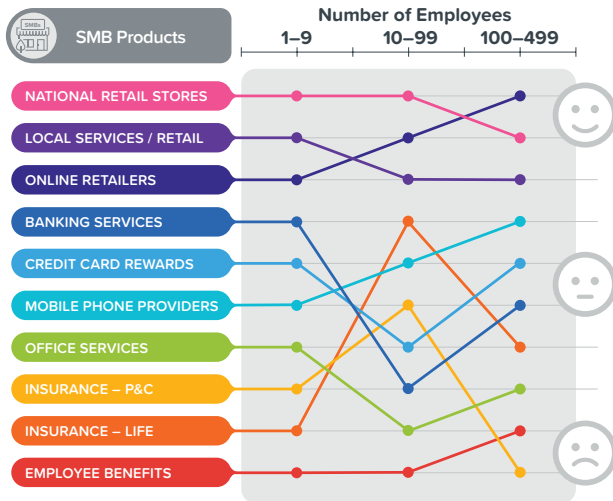


Diagram B

One of the key trends, changing customer demographics, was explored in our primary consumer and small-medium business Majesco research, **The Rise of the New Insurance Customer and The Rise of The Small-Medium Insurance Business Customer – Shifting Views and Expectations: Is Your Business Ready for Them?** We found that new capabilities enabled by technology are providing an opening for new market entrants to target one of the industry’s most critical vulnerabilities – its complexity. When evaluating the customer journey against other businesses that are setting the new bar for customer engagement and experience, we found the insurance experience at the bottom for both consumers and businesses, reflected in Diagram B.

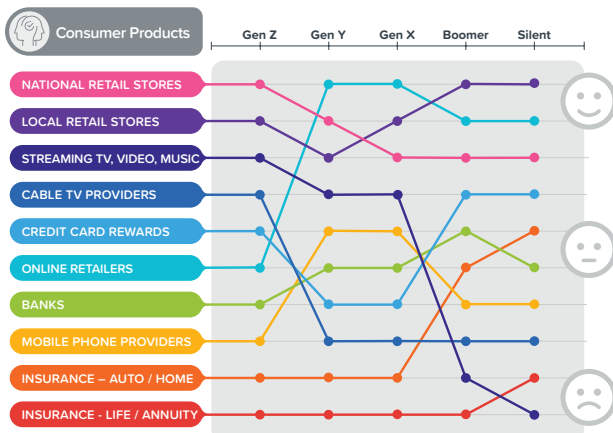


Diagram C

Furthermore, we found significant generational trends that are impacting consumer demand. Consumers across several generations are actively using or engaging in activities that represent new expectations and risks for the insurance industry. The results for Gen X, Millennials and Gen Z reflect a growing momentum and participation across multiple areas. Many small-medium businesses (SMBs) with owners in these generational groups, are also already impacting the insurance industry by creating volumes of new data, presenting new risks, and creating new, heightened expectations for offerings and experiences by customers.

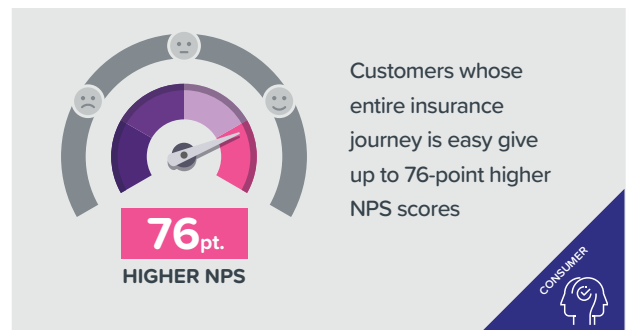


Diagram D

As a result, simplifying a customer’s *entire* journey with a company is more critical than ever for insurers. Majesco’s research demonstrated that Net Promoter Scores (NPS) are up to 76 points higher for consumers who say all aspects of their insurance journey (researching, buying, servicing) were easy, compared to those who said even one aspect of the journey was not easy. For the two larger SMB segments, that swing was even larger, ranging up to 80 points higher, reflected in Diagram E. This is why Majesco’s focus on customer journeys is so strategically important for our customers.

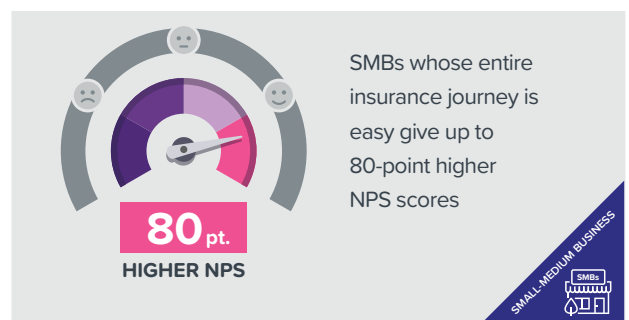


Diagram E

## INSURANCE MARKET SHIFT: REWRITING THE RULES OF THE FUTURE

We are in the midst of a market shift that is pushing a sometimes slow-to-adapt industry by challenging the traditional business assumptions, operations, processes and products of the last 50+ years. Just like the tectonic shift millions of years ago that separated the two great continents, we are seeing a similar shift due to the digital age for insurance (Diagram F). The shift is separating the insurance business models of the past 50+ years that have been based on the business assumptions, products, processes, channels of the Silent and Baby Boomer generations from those of the next generation, the Millennials and Gen Z, as well as many in Gen X. This shift indicates that the business models of the past will not meet the needs or expectations of the future.

Building these new business models will continue to intensify. Majesco is increasingly working with existing insurers and reinsurers who are taking new paths to capture the next generation of customers and position themselves for growth and sustainable agility across the new insurance landscape. Because new competitors don't play by the traditional rules of the past, insurers need to be a part of rewriting the rules for the future. There is less risk in a game where you write the rules.

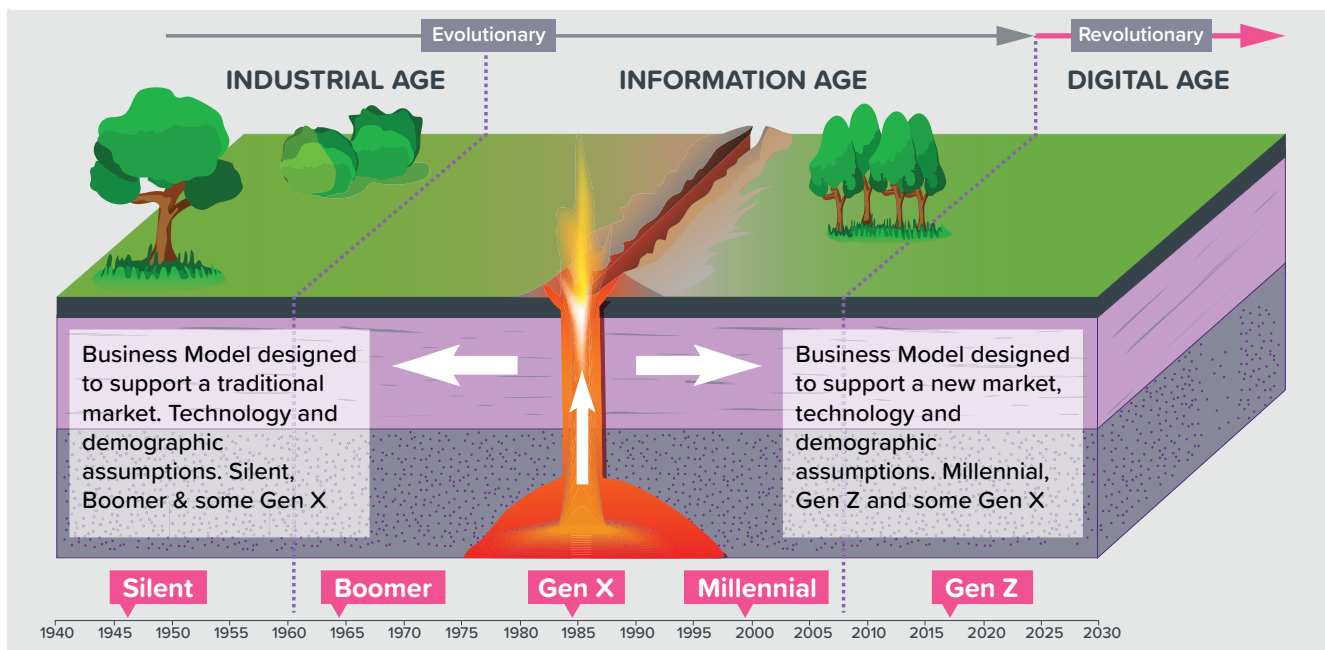


Diagram F

# Accelerating the Path Forward

Most organizations cannot simply flip off one switch (traditional business model and products administered on traditional systems) and flip another on (new business model and products on modern, flexible systems that will handle digital integration and better data acquisition and analysis). So, the shift will require steps that will operate as both a bridge and a proving ground — keeping a traditional system operational as a firm foundation while a new foundation is being constructed. This will require insurers to know, plan and execute across these three different paths. Majesco is aggressively accelerating its ability to lead insurers along these paths with the company's growing portfolio of solutions.

## KEEP AND GROW EXISTING BUSINESS, WHILE TRANSFORMING AND BUILDING NEW BUSINESS.

This is crucial. The current business is funding the future and needs to be kept running efficiently and effectively as the market shifts. Whether replacing legacy systems, upgrading existing systems or helping insurers manage their systems efficiently and effectively, Majesco actively supports this path through Majesco's core insurance software and consulting services.



### **Kendall Jones, COO of ProAg on their Renewal for Majesco Application Development and Maintenance Services:**

“Majesco has been a great partner with ProAG, helping us continue to deliver on our dedication to quality and service that enhances our business relationships with our customers and agents. Our leadership position in the specialty insurance of crop insurance, is based on our foundation of integrity, loyalty, and customer service. Majesco exhibits those qualities on behalf of ProAg in the daily work they do. We appreciate the strategic relationship and look forward to an exciting next three years.”



### **Ann West, Director of IT at The IMT Group on selection of Majesco Billing Upgrade:**

“IMT's commitment to high-touch experience is a key reason for our selection of Majesco Billing. As a recognized leading billing solution in the market, along with implementation in the Cloud, we will be able to bring innovative new capabilities to our agents and customers to meet their increasing demands and expectations. Majesco Billing serves as a part of the foundation of a new digital experience using cutting edge technology and our commitment to excellence.”





## OPTIMIZE THE EXISTING BUSINESS WHILE BUILDING THE NEW BUSINESS.

A customer engagement improvement is ALWAYS an improvement. Any process that can be optimized on the traditional side will help to maximize the existing business, reduce the cost of doing business, and provide a bridge from the past to the future.

Optimizing new, modern systems, enhancing the customer experience with a digital solution or optimizing the business with new data insights, Majesco also actively supports this path through our core insurance software and consulting services.



**Scott Berlin, Senior Vice President, New York Life on Selection as Celent Model Insurer for the Digital and Omnichannel category for their implementation of Majesco DigitalConnect and Majesco Rating, for their Group Membership Association Division:**

“We are honored to be recognized for the Digital and Omnichannel Celent Model Insurer Award. Providing best-in-class service with an exceptional customer experience are crucial in today’s digital marketplace. We look forward to continuing our partnership with Majesco to deliver enhancements to this digital platform, which can exceed our clients’ expectations.”



**Peter Klope, COO at Clear Blue Financial Holdings on implementation of Majesco DigitalConnect and Majesco Data Services for an MGA Partner Portal and Operational Data Store:**

“As a new start-up focused on distributing through key MGAs, our ability to leverage Majesco’s robust data offerings to rapidly enable our program business growth was a critical factor in the selection. Our primary goal for storing and managing data from our distribution channel to provide high quality data services and analytics back to our producers and reinsurers was achieved using Majesco’s solutions that provide the capability of accepting and processing program administrators (MGA’s) and to submit electronic files of their business transactions. We look forward to collaborating with Majesco on this initiative and developing a long-term partnership.”



**Mary Ellen Freyermuth, Director of IT at Catholic Mutual Group on Majesco Billing Upgrade:**

“Our long-term strategic partnership began with Majesco in 2007 with the initial implementation of Majesco Billing. Majesco’s commitment to continuous investment in new capabilities that meet the rapidly changing demands and needs of our customers was a key consideration in our selection of Majesco. The new platform provides CMG with enhanced capabilities that will strengthen our customer engagement at the most frequent touchpoint. The success of this upgrade reinforces the decision we made nearly ten years ago. We look forward to many more years in our partnership with Majesco.”



## DEVELOP A NEW BUSINESS MODEL FOR A NEW GENERATION OF BUYERS.

A strategy for a new business model that supports simultaneous leaps forward will create new customer engagement experiences underpinned by innovative products and services will create growth, competitive differentiation and success in a fast-changing market dynamic.

Majesco CloudInsurer is a pay-as-you-grow insurance enterprise platform. It is an affordable launchpad of choice for a broad range of insurers. Greenfields, start-ups and incubators for new venture capital backed insurers, existing insurers for mid-market and tier one insurers can all find compelling value in Majesco CloudInsurer. For those seeking speed to value from launch through growth, and for those wanting to capture a new generation of buyers (both consumers and businesses) there is a clear advantage to be gained by utilizing Majesco's cloud-based enterprise solution.



**John Cross, Managing Director of Glemham Underwriting Limited, a UK-based Managing General Agent (MGA), on Implementation of Majesco CloudInsurer as the Foundation of their New Cloud Based Bureau Processing Business:**

“We are excited to have our newest Internet related businesses up and running, leveraging the Majesco CloudInsurer platform. On full roll out, the new bureau business is expected to enable significant reduction in the cost of transacting general insurance in the UK market by reducing operational processing expense ratios by up to 12 percentage points. The platform will deliver Net Rated products to all distribution channels, supporting full cycle processing across the Internet. We believe Majesco is, as anticipated, proving to be a great strategic partner as we grow our business.”



**Victor R. Rios CEO of One Alliance on Selecting Majesco Policy for P&C:**

“As a fresh start-up, One Alliance will offer a wide range of new commercial products. Majesco' successful track record in the Puerto Rican market and with other start-ups and Greenfield insurers were key factors in the selection. Majesco Policy's robust pre-built content and ISO products are designed to lower implementation risk and cost while significantly increasing speed to market. We are excited about our potential together as long-term partners.”

## The New Age of Insurance and Majesco

Industry disruption will continue to be mind-boggling and exciting. Those that can aggressively follow the three paths will rise above those who are merely surviving in an increasingly competitive industry. They will become the new leaders of a re-imagined insurance business. Majesco is focused on leading this effort with our customers, positioning them to be the next generation of market leaders in the new age of insurance.

AGILITY: ADAPT WITH EASE

INNOVATION: REIMAGINE THE POSSIBILITIES

SPEED: RAPIDLY SEIZE OPPORTUNITIES



### Majesco Partner EcoSystem – Widening Our Reach to Accelerate Speed to Value

A key to the future in this new era of insurance is a robust partner ecosystem that enhances and extends our insurance solutions to enable innovation and speed to value. Our Majesco Partner Ecosystem provides access to market leaders and InsurTech technology disruptors to provide differentiating capabilities for our customers.

#### **IBM**

IBM and Majesco's strategic partnership jointly offers a new cognitive, cloud-based platform to help insurance carriers worldwide create new services on IBM Cloud. The global partnership is expected to provide clients with significant benefits that speed the development of new customer services with predictive data analytics to help insurance providers bring new solutions to their clients. It is part of IBM's Industry Platforms business formed to build open industry platforms and the first comprehensive "as a service" solutions designed from the ground up for individual industries.

#### **Symcor**

The strategic partnership between Symcor Inc. and Majesco will combine Majesco core insurance software with Symcor's cloud and outsourcing capabilities to provide an Insurance as a Service (IaaS) solution to Canadian Property and Casualty, Life and Annuity and Group insurers.

#### **InsurTech Partners**

As a key part of the Majesco CloudInsurer offering we are working with InsurTech partners with solutions, data and content that are pre-integrated and extend Majesco Solutions to provide leading edge, unique and innovative capabilities. During 2016, we partnered with DropIn, Splice, Elafris, eGain, iSign, Appulate, Cybersource, Fusion, Elagy, InvoiceCloud, Life.io, and Terrene Labs — many of which are recognized as leading InsurTech start-ups.



“IBM is making a strategic shift to unlock new value for clients through platform solutions -- industry by industry -- that combine IBM Cloud, our cognitive capabilities, new offerings we’re building and the specialized capabilities of ecosystems providers. Our insurance clients are facing huge pressures to modernize their business models to respond to market changes with agility, keep pace with the explosion of data, transactions, regulatory requirements, and deliver a differentiated experience for connected customers and eco-system partners. This partnership with Majesco will enable our clients to accelerate their digital transformations, transition to a cost effective, capital light operating model, and allow them to discover new insight in the data flowing through their existing processes.”

— Sandip Patel  
Global Managing Director  
Insurance Industry, IBM Corporation

## About Majesco

### WHO WE ARE?

Majesco is a global provider of core insurance software and consulting services for insurance business transformation. Insurance business transformation is a journey of change and revitalization, a renaissance of insurance.

For over two decades, we have combined our market leading solutions, people and market expertise to drive business impact and competitive advantage. Approximately 150 insurance companies worldwide in P&C, L&A and Group/Employee Benefits are transforming their businesses with Majesco’s solutions. Our market leading software and consulting services uniquely underpin the entire insurance value chain and are designed to empower insurers with the agility, innovation and speed needed to meet their transformation opportunities. Majesco’s solutions include policy management, new business/underwriting, rating, billing, claims management, distribution management, BI/analytics, predictive modelling, digital platforms for mobile and portal use, testing services, cloud services, bureau and content services, transformation services, consulting services and more.



Connie Rose, Chief Strategy Officer of Symcor, said that the strategic relationship offers Canadian insurers a cloud-based end-to-end solution that addresses the entire insurance value chain. “We strongly believe this platform uniquely positions Symcor to deliver a comprehensive offering that will enable our insurance clients to enhance the efficiency and improve the functionality of their operations. With the support of Majesco and its products, the Symcor Insurance as a Service offering will bring quantifiable value as well as strategic and operational agility to Canadian insurers.”

### WHAT DO WE DO?

Majesco serves just one industry – Insurance. Our software, services and consulting provide the industry with market leading solutions. With the pace of change and disruption in the insurance industry, business transformation is more critical than ever. It also makes aligning technology with business strategies increasingly complicated and difficult. Majesco has honed years of insurance industry experience and forward-looking thought leadership into disciplined, yet highly innovative thinking and approaches to help insurers successfully plan and navigate their business transformation journey. We use deep business and technology expertise to create meaningful strategic and operational impact for insurance companies, from customer engagement, products and services, to business models and operational processes, to revenue and profitability.

## WHY MAJESCO?

Insurers clearly recognize that the insurance industry is changing and that they need to adapt to enable growth and remain competitive. In this new landscape, modernizing legacy systems provides the “table stakes” foundation to enable innovation and speed to market for new products, channels, and processes, in response to fast changing customer expectations, needs and risk profiles. Today’s new market paradigm requires a modern foundation with expanding digital and data capabilities, enabling an insurance renaissance.

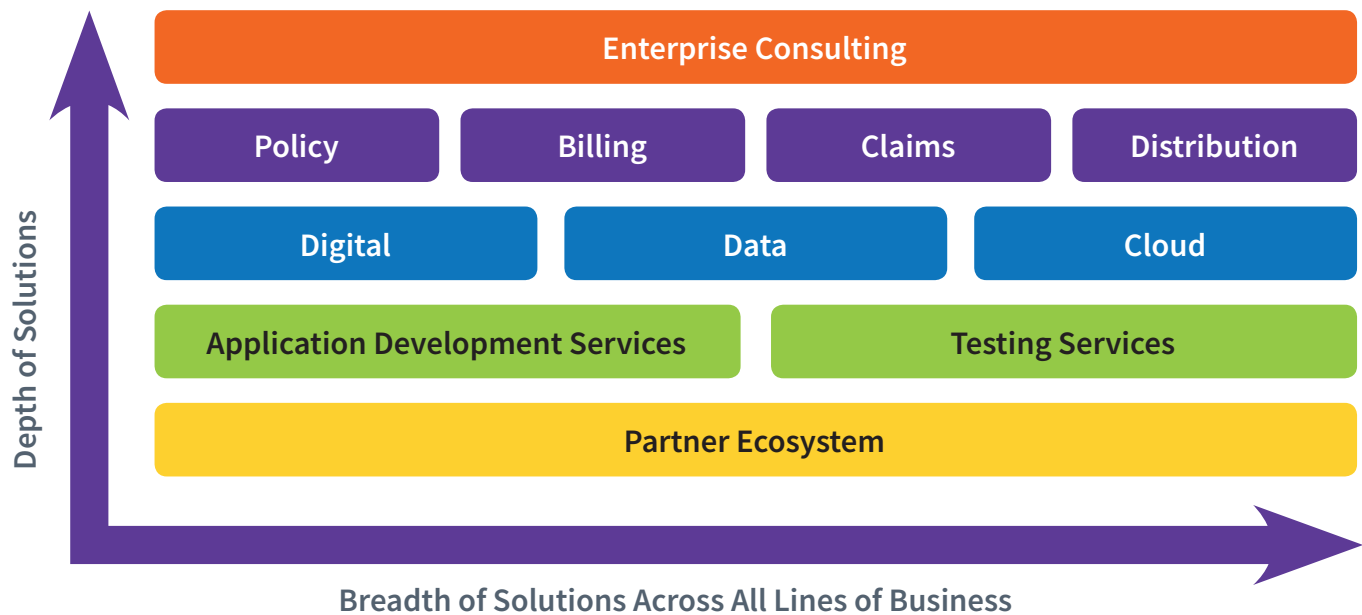
Majesco provides this modern foundation through our depth and breadth of offerings, our robust software product suite and our industry leading cloud solutions. With a focus on client centricity through a single point of accountability, we build long-term relationships with our customers.



“Insurers struggle with truly leveraging enterprise level with data due to inaccessible data formats or a lack of trust in the underlying data quality and semantics. Insurance specific data solutions like Majesco Enterprise Data Warehouse and Majesco Enterprise Data Model enable carriers to aggregate their policy, billing and claims data into a powerful single source which they can trust. This allows them to rapidly create the crucial foundation for their data mastery journey.”

— Martina Conlon  
SVP at Novarica

## Majesco Solution Portfolio



# Leadership Team



## Ketan Mehta

Ketan Mehta has served as President and Chief Executive Officer of Majesco, as well as a member of Majesco's Board of Directors, since 2000. Ketan co-founded Mastek Limited ("Mastek") in 1982 and has served as a member of Mastek's board of directors since the same year. During his tenure of over 32 years with Mastek, Majesco and its affiliates, Ketan has handled multiple functions including sales, delivery and general management. Ketan envisioned and executed an insurance focus for Majesco including acquisition and integration of four insurance technology companies over the last 9 years. Prior to that, Ketan also spearheaded Mastek's Joint Venture with Deloitte Consulting. Ketan holds a Management Degree from the Indian Institute of Management, Ahmedabad.



## Ed Ossie

Ed Ossie serves as the Chief Operating Officer at Majesco since January 2015. Ed has over 30 years of international experience leading and serving high-growth technology companies. Prior to joining Majesco, Ed was Vice President and Director at Corum Group, a Global M&A Advisory firm focused on the Technology segment. Before Corum Group, Ed served in a variety of roles at Innovation Group PLC from 2001-2010, including President, Executive Director and Chief Operating Officer. Prior to 2001, along with his investment partner, the Halifax Capital Group, he led the sale of MTW Corporation to Innovation Group as MTW CEO. Earlier in his career he spent several years at Texas Instruments and was Vice President for the Software Group, which grew from start-up to 1,300 people in 5 years. Ed graduated with a Bachelor of Science degree from Missouri State University.



## Farid Kazani

Farid Kazani serves as Managing Director, Majesco Limited and CFO & Treasurer, Majesco U.S. He brings critical finance and organizational skills to Majesco with over 24 years of experience in the field of Corporate Finance and core competencies in strategic business planning, treasury and fund management, forex, mergers and acquisitions and divestments. Prior to joining Majesco, Farid was the Group CFO & Finance Director of Mastek Ltd. He has been the architect of carrying out the process of demerger of the insurance business into Majesco which was completed in June 2015. He was responsible for reorganizing the legal entity structure and creating the Insurance business group under Majesco U.S., completing the two acquisitions and paving the way to list Majesco on the NYSE-MKT, and the parent company, Majesco Limited on the Indian Stock Exchanges. Prior to Mastek Limited, he worked with Firstsource Solutions Ltd as CFO and also organizations such as RPG Enterprises, BPL Mobile, Marico Industries Ltd and NOCIL. He has successfully handled an IPO of \$100 million and an FCCB issue of \$275 million for Firstsource Solutions Ltd, besides independently managing brand takeovers of 'Mediker' and 'Oil of Malabar' for Marico Industries Ltd.



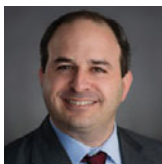
## Prateek Kumar

Prateek Kumar is Executive Vice President & P&C Industry Leader at Majesco. He is responsible for the P&C business at Majesco. In addition, he is also responsible for acquiring new customers and deepening relationships with customers across both L&A and P&C lines of business. He has held various positions in pre-sales, sales and account management at Majesco since 2003. From 2000-2002, he worked as an IT consultant with the Exeter Group in the areas of IT strategy, planning and program management. He holds an MBA from Virginia Polytechnic Institute and State University.



## Manish Shah

Manish Shah is Executive Vice President and leads the global software product division at Majesco. In this role, he is responsible for management and development of innovative software products for the global insurance business and he works on strategic directions for the company as a member of the leadership team. Prior to the merger of Cover-All and Majesco, Manish was President and CEO of Cover-All and served on its Board of Directors. Before being named CEO in July 2013, Manish was Cover-All's Chief Technology Officer and also responsible for sales and operations, including strategic planning, customer relationships and product management. Prior to joining Cover-All, Manish held several technology management positions independently and with Tata Consultancy Services for over a decade, serving a wide variety of industries including P&C Insurance. Manish earned an M.B.A. from Columbia University, and a Bachelor of Science degree in Computer Science from MS University of Baroda, India.



## Chad Hersh

Chad Hersh is an Executive Vice President at Majesco. He is a frequent speaker at industry conferences including events by IASA, ACORD, PCI, LOMA, and LIMRA, as well as the CIO Insurance Summit. Previously, Chad was a Managing Director at insurance technology industry analyst firm, Novarica, where he was the primary researcher and author of market-leading reports on insurance core systems. Chad is a widely-recognized expert on the topic and has led many vendor selection projects for U.S. and international insurers. Before Novarica, Chad was with the analyst firm Celent and AIG Domestic Life / American General, where he served as the e-business director. He holds a BA in Economics and an MS in Accounting with an MIS concentration from Rice University, where he has also taught consulting and e-business.



### **Bill Freitag**

William Freitag is an Executive Vice President at Majesco. Before joining Majesco, Bill was chief executive officer and managing partner of Agile Technologies (acquired by Majesco in 2015). Prior to founding Agile, he played a key role in the divestiture of Crum & Foster from Xerox Corporation, managing the restructuring of a \$70 million IT services corporation specializing in commercial property and casualty insurance. Bill also served as director of enterprise consulting for a \$300 million professional services firm with 4,000 professionals in seven countries. His 20 years of experience spans multiple industries, including insurance, financial services, pharmaceuticals and the public sector. He began his career as a systems engineer for RCA. Bill has a B.S. in Mathematics from Fairfield University and he attended the Executive Education program at Harvard Business School.



### **Ganesh Pai**

Ganesh Pai is the Executive Vice President and leads the consulting services business at Majesco. In this role, he is responsible for growth, P&L management and he oversees all aspects of the business from strategy to execution. Prior to joining Majesco, Ganesh was the Vice President and Global Head of IT, Insurance Business Unit at Genpact, responsible for IT services and taking to market innovative digital and technology enabled insurance solutions. Previously, Ganesh spent 17 years at Mphasis (a Blackstone company) where he contributed significantly to their growth, playing multiple leadership roles across geographies, business units and industry verticals. At the time of leaving, he was the SVP & Global Head of Insurance, CEO of Mphasis Wyde, and a member of the executive leadership team managing a global business for software products and outsourcing services with end-to-end responsibility including financials, marketing, sales and client relationships, solution portfolio, R&D, product development, operations and service delivery. During his tenure in the company, he held several key regional and industry vertical leadership positions and was based out of Singapore, London, New York and Chicago. Ganesh holds an undergraduate degree in Electrical Engineering from Bangalore University, India, and an MBA from the University of Chicago's Booth School of Business.



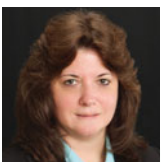
### **Tilakraj Panjabi**

Tilakraj Panjabi is Executive Vice President at Majesco leading delivery for property & casualty lines of business. Tilak has more than 26 years of experience in the IT industry. The majority of his experience is in insurance (Life, Property & Casualty and Health) and retail banking domains. Prior to joining Majesco, Tilak was country head at DST Worldwide Services for more than 7 years, managing all Indian operations. Before that, he was part of the core team that started CSC India operations. He spent more than 11 years with CSC performing various roles within large IT programs in insurance and banking. He started his career at Tata Consultancy Services as programmer and spent more than 8 years focused on software development including analysis, design, coding, testing, maintenance, production support, and more. Tilak is a post-graduate from the Indian Institute of Science, Bangalore.



### **Denise Garth**

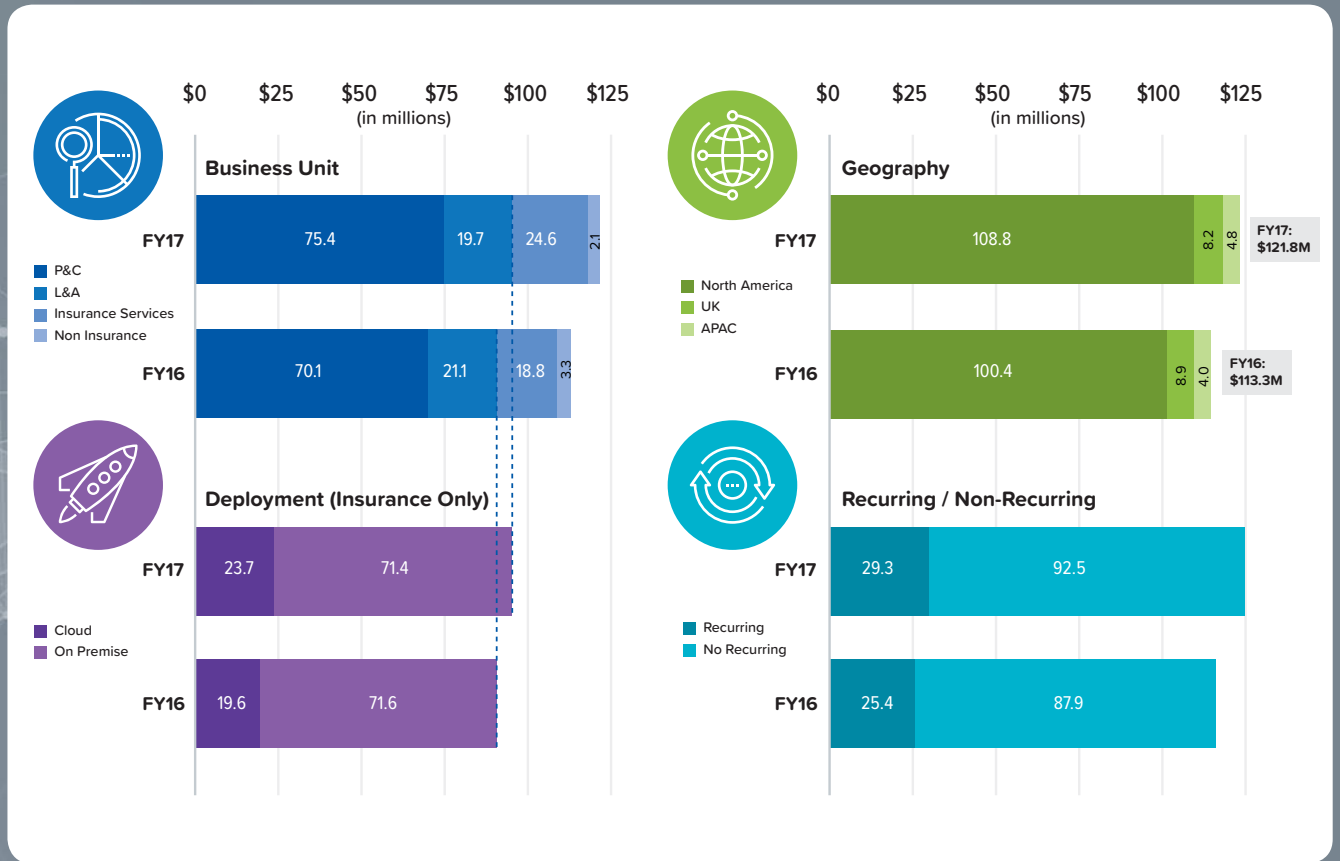
Denise Garth is Senior Vice President Strategic Marketing responsible for leading marketing, industry relations and innovation in support of Majesco's client centric strategy, working closely with Majesco customers, partners and the industry. She is a recognized industry leader with both P&C and L&A insurance experience as a CIO and business executive with deep international ties in Asia and Europe through her ACORD leadership role. Denise is an acknowledged strategic thinker, innovation leader, international speaker, and author of thought leadership and articles regarding the key issues and opportunities facing the industry today to prepare for the future. Prior to joining Majesco, Denise held business and technology senior executive roles with leading insurance companies, including Mutual of Omaha, CUNA Mutual and Century Cos. of America. At ACORD, she was vice president, standards and membership driving ACORD's international expansion and market presence. While at Innovation Group, she was EVP, strategic marketing and global head of market strategy where she re-established the company's position through market-driven strategy and solutions. Most recently she was Partner and Chief Digital Officer with Strategy Meets Action, leading the Innovation Practice evaluating emerging technologies, outside industry trends, and innovation and their implications and opportunities for the industry. Denise is a Cum Laude graduate, with a BS in Math and Computer Science from Central College in Iowa, MBA work at the University of Northern Iowa and attended various executive leadership programs.



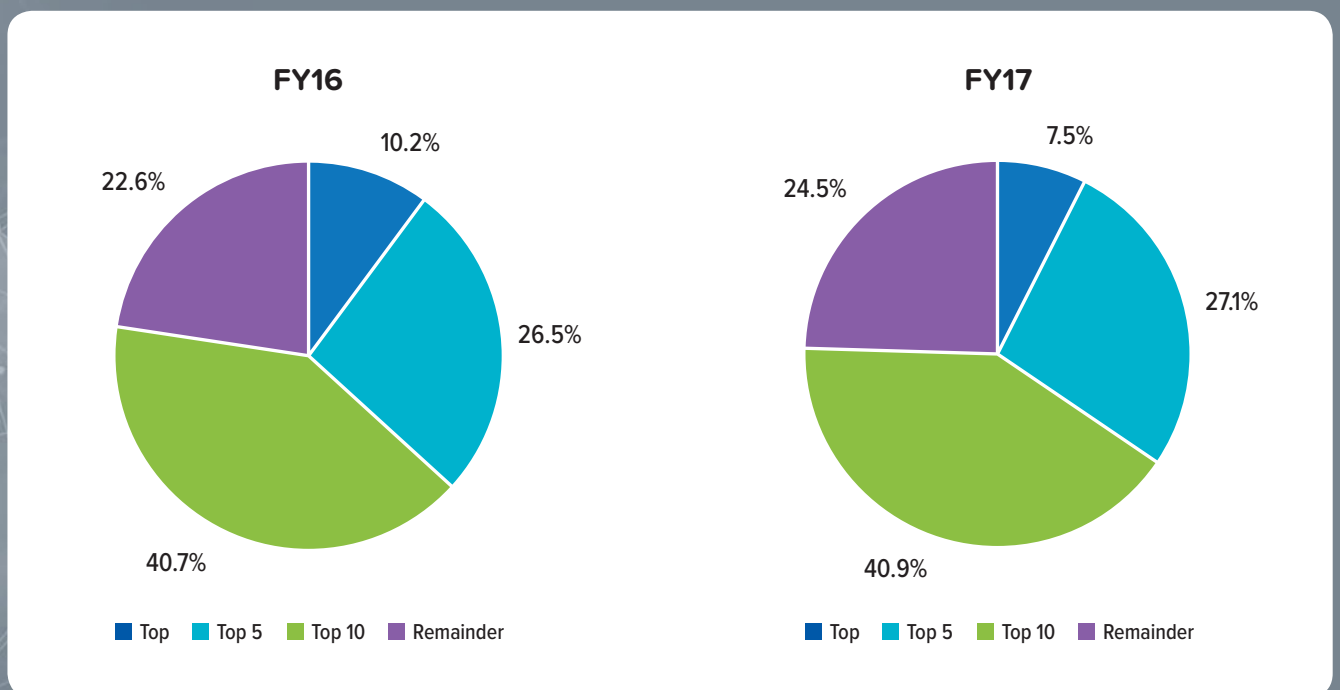
### **Lori Stanley**

Lori Stanley is General Counsel and Corporate Secretary of Majesco. She has served as General Counsel, North America for Majesco since July 2011 and as Corporate Secretary since December 2011. Prior to joining Majesco, Ms. Stanley was General Counsel and Corporate Secretary of Enherent Corp. ("enherent"), an information technology ("IT") provider, since April 2004, following Enherent's acquisition by merger of Dynax Solutions, Inc. ("Dynax"). From July 2002 to March 2004, she was General Counsel of Dynax, and Vice President of Human Resources and Corporate Secretary since April 2003. Ms. Stanley also served as a member of the board of directors of Dynax from September 2003 to March 2004. From November 2000 to June 2002, Ms. Stanley was General Counsel and Vice President of Human Resources for The A Consulting Team, Inc. (now known as Helios & Matheson Analytics, Inc.), an IT services and solutions provider. From July 1999 to October 2000, Ms. Stanley was the Vice President of Legal Operations and Human Resources for The Netplex Group, Inc. From January 1997 to June 1999, Ms. Stanley was General Counsel of the Solutions Division of Computer Horizons Corp. Ms. Stanley earned a B.S. from St. John's University and a J.D. from Seton Hall Law School.

# Fiscal Year Revenue Comparisons

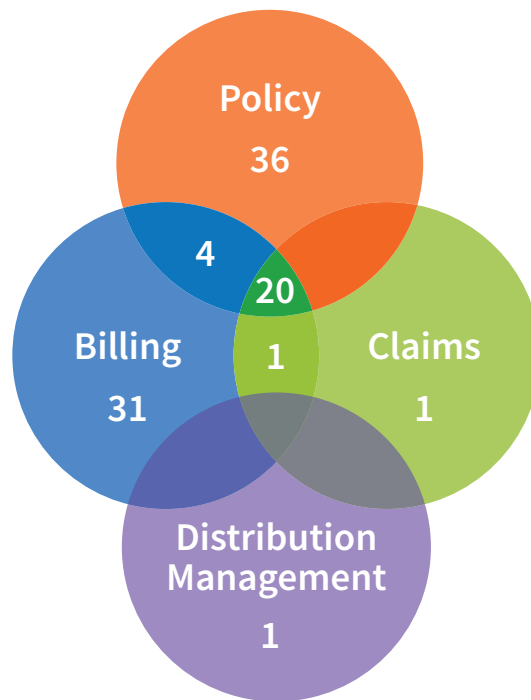


# Client Concentration

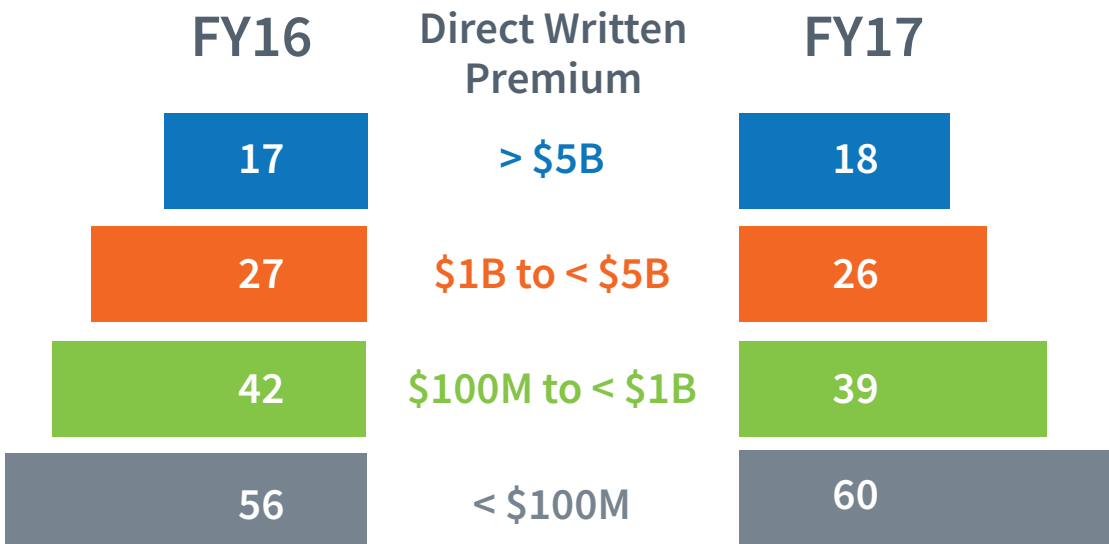




# North American Customers by Solution



# Insurance Customers by Tier



# Business Highlights



**7.5%**  
Revenue  
Growth FY17



17.3 % Increase  
in Cloud Business



15.4% Increase  
in Y-on-Y  
Recurring  
Revenue



15 Successful  
Customer  
Implementations



Tier 1 Customer  
Won Celent  
Model Insurer  
Award



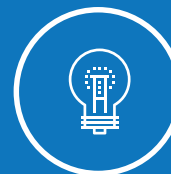
35% Increase  
Revenue for  
Customer Upsell /  
Cross Sell



IBM Strategic  
Partnership for  
Cognitive Core  
Cloud Solution



- Symcor Strategic Partnership for Canada
- Expanded EcoSystem with 6 New Partners



Launched New  
Products - Majesco  
Enterprise Data  
Model, Majesco  
Enterprise Data  
Warehouse

# Operating Highlights FY17



P&C: 82.1%  
L&A: 16.2%  
Non-Insurance: 1.7%



Global Footprint  
NA - 89.4%  
UK - 6.7%  
APAC - 3.9%



Cloud  
Customers;  
19.5% of Total  
Revenue



R&D Spend  
Increased



Total Order  
Booking in  
FY17



12-Month Order  
Backlog as on  
31st March 2017



DSO



Cash & Cash  
Equivalent



Total Debt

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE FISCAL YEAR ENDED MARCH 31, 2017

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 001-37466

**MAJESCO**

(Exact name of registrant as specified in its charter)

California  
(State or other jurisdiction  
of incorporation or organization)

412 Mount Kemble Ave.,  
Suite 110C  
Morristown, NJ  
(Address of principal executive offices)

77-0309142  
(I.R.S. Employer  
Identification No.)

07960  
(Zip code)

(973) 461-5200

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$.002 per share	NYSE MKT

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

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

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

The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant as of September 30, 2016, the last business day of the registrant's most recently completed second fiscal quarter, was approximately \$23,772,000.

As of June 9, 2017, there were 36,509,575 shares of the registrant's common stock outstanding, par value \$0.002 per share.

**DOCUMENTS INCORPORATED BY REFERENCE**

Part III incorporates by reference information from certain portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission within 120 days of the fiscal year end of March 31, 2017.

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## FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact could be deemed forward-looking statements. Statements that include words such as “may,” “will,” “might,” “projects,” “expects,” “plans,” “believes,” “anticipates,” “targets,” “intends,” “hopes,” “aims,” “can,” “should,” “could,” “would,” “goal,” “potential,” “approximately,” “estimate,” “pro forma,” “continue” or “pursue” or the negative of these words or other words or expressions of similar meaning may identify forward-looking statements. For example, forward-looking statements include any statements of the plans, strategies and objectives of management for future operations, including the execution of integration and restructuring plans and the anticipated timing of filings; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; statements of belief and any statement of assumptions underlying any of the foregoing.

These forward-looking statements are found at various places throughout this Annual Report on Form 10-K and the other documents referred to and relate to a variety of matters, including, but not limited to, other statements that are not purely statements of historical fact. These forward-looking statements are made on the basis of the current beliefs, expectations and assumptions of management, are not guarantees of performance and are subject to significant risks and uncertainty. These forward-looking statements should not be relied upon as predictions of future events and Majesco cannot assure you that the events or circumstances discussed or reflected in these statements will be achieved or will occur. Furthermore, if such forward-looking statements prove to be inaccurate, the inaccuracy may be material. In light of the significant uncertainties in these forward-looking statements, you should not regard these statements as a representation or warranty by Majesco or any other person that we will achieve our objectives and plans in any specified timeframe, or at all.

These forward-looking statements should, therefore, be considered in light of various important factors, including those set forth in “Item 1A. Risk Factors” and elsewhere in this Annual Report on Form 10-K. Important factors that could cause actual results to differ materially from those described in forward-looking statements contained herein include, but are not limited to:

- our ability to achieve increased market penetration for our product and service offerings and obtain new customers;
- our ability to raise future capital as needed to fund our growth and innovation plans;
- growth prospects of the property & casualty and life & annuity insurance industry;
- the strength and potential of our technology platform and our ability to innovate and anticipate future customer needs;
- our ability to protect our intellectual property rights;
- our ability to compete successfully against other providers and products;
- our dependence on certain key customers and the risk of loss of these customers;
- the unauthorized disclosure of sensitive or confidential client and customer data and cybersecurity risks;
- the risk of telecommunications or technology disruptions;
- our exposure to additional scrutiny and increased expenses as a result of being a public company;
- our ability to identify and complete acquisitions, manage growth and successfully integrate acquisitions;
- our financial condition, financing requirements and cash flow;
- market expectations regarding our potential growth and ability to implement our short and long-term strategies;

- the risk of loss of strategic relationships;
- the success of our research and development investments;
- changes in economic conditions, political conditions and trade protection measures and licensing requirements in the United States and in the foreign jurisdictions in which we operate;
- changes in laws or regulations affecting the insurance industry in particular;
- changes in tax laws, including to the transfer pricing regime;
- restrictions and changes in laws on immigration;
- our inability to achieve sustained profitability;
- our ability to obtain, use or successfully integrate third-party licensed technology;
- our ability and cost of retaining and recruiting key personnel or the risk of loss of such key personnel;
- the risk that our customers internally develop new inventions and competitive products; and
- the impact of new accounting standards and changes we may need to make in anticipation or as a result of these standards.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this Annual Report on Form 10-K. Majesco disclaims any obligation to publicly update or release any revisions to these forward-looking statements, whether as a result of new information, future events or otherwise, after the date of this Annual Report on Form 10-K or to reflect the occurrence of unanticipated events, except as required by law.

## PART I

### ITEM 1. BUSINESS

#### *Overview*

We are a global provider of core insurance software, consulting services and other insurance technology solutions for business transformation for the insurance industry. In addition to the United States, we operate in Canada, Mexico, the United Kingdom, Malaysia, Singapore, Thailand and India. We offer core insurance software solutions for Property & Casualty/ General Insurance (“P&C”), Life, Annuities (“L&A”) & Pensions and Group / Employee Benefits providers, allowing them to manage policy administration, claims management and billing functions. In addition, we offer a variety of other technology-based solutions for distribution management, digital, data and cloud that enable organizations to automate business processes across the end-to-end insurance value chain and comply with policies and regulations across their organizations. Our consulting and services solutions also provide strategy enablement, business transformation, testing, bureau and content management, and application development and maintenance for insurers. Our portfolio of solutions enable our customers to respond to evolving market needs, new opportunities and regulatory changes, enabling agility, innovation and speed while improving the effectiveness and efficiency of their business operations.

Majesco is a California corporation which was incorporated in April 1992 under the name Mastek Software, Inc. In 1995, this name was changed to Majesco Software, Inc., which was changed to MajescoMastek in 2006 and to Majesco in October 2014.

Our principal offices are located at 412 Mount Kemble Ave, Suite 110C, Morristown, NJ 07960, and our telephone number is (973) 461-5200. Our principal website is [www.majesco.com](http://www.majesco.com). Information on our website does not constitute a part of, nor is it incorporated in any way, into this Annual Report on Form 10-K.

#### *Majesco Reorganization*

Majesco Limited (“Majesco Limited”), a public limited company domiciled in India whose equity shares are listed on the BSE Limited (Bombay Stock Exchange) and the National Stock Exchange of India Limited, currently owns 69.9% of our issued and outstanding common stock.

Previously, Majesco was 100% owned (directly and indirectly) by Mastek Limited (“Mastek”), a public limited company domiciled in India whose equity shares are listed on the BSE Limited (Bombay Stock Exchange) and the National Stock Exchange of India Limited.

Pursuant to a de-merger process which was completed on June 1, 2015, Mastek’s insurance-related business was separated from Mastek’s non-insurance related businesses and all insurance-related operations of Mastek that were not directly owned by Majesco were contributed to Majesco (such de-merger and reorganization process is referred to in this Annual Report on Form 10-K as the “Majesco Reorganization”).

In connection with the de-merger, 83.5% of Mastek’s then ownership interest in Majesco was transferred to a newly-formed company in India, called Majesco Limited, which was spun-off from Mastek. Mastek continues to own a 13.82% indirect minority interest in Majesco through its wholly-owned subsidiary, Mastek (UK) Ltd.

#### *Agile Asset Acquisition*

On January 1, 2015, we acquired substantially all of the insurance consulting business of Agile Technologies LLC, a business and technology management consulting firm (“Agile”), for a total estimated consideration of approximately \$8.5 million with a total maximum of \$9.2 million possible depending on earn-out payments.

Through this acquisition, we acquired the insurance-focused business and IT consulting business of Agile, as well as business transformation and process optimization capabilities, strategy enablement for data and digital and data services including data management and architecture strategy and services. In

connection with this acquisition, over 55 insurance technology professionals and other personnel formerly employed or engaged by Agile became employees or independent contractors of Majesco. This acquisition also resulted in the addition of approximately 20 customers to our customer base. In connection with this acquisition, we assumed office leases under which Agile was lessee in New Jersey, Georgia and Ohio, and acquired certain trademarks, service marks, domain names and the business process framework of Agile.

### ***Cover-All Technologies Merger***

On June 26, 2015, Cover-All Technologies Inc. (“Cover-All”), a provider of core insurance software and business analytics solution primarily focused on commercial lines for the property and casualty insurance industry listed on the NYSE MKT, merged into Majesco, with Majesco as the surviving corporation, in a stock-for-stock transaction. In the merger, each share of Cover-All common stock issued and outstanding immediately prior to the effective time of the merger (other than treasury shares) was automatically cancelled and extinguished and converted into the right to receive 0.21641 shares of common stock of Majesco. This exchange ratio resulted in holders of issued and outstanding Cover-All common stock and outstanding options and restricted stock units and other equity awards of Cover-All holding in the aggregate approximately 16.5% of the total capitalization of the combined company immediately following consummation of the merger.

Cover-All’s customers include insurance companies, agents, brokers and managing general agents (“MGAs”) throughout the United States and Puerto Rico. Cover-All’s software solutions and services are designed to enable customers to introduce new products quickly, expand their distribution channels, reduce costs and improve service to their customers. Cover-All’s business analytics solution enables customers to leverage their information assets for real time business insights and for better risk selection, pricing and financial reporting. In 2013, Cover-All announced the general availability of Cover-All Dev Studio, a visual configuration platform for building new and maintaining existing pre-built commercial insurance products for Cover-All Policy. In 2011, Cover-All expanded its portfolio of insurance solutions by acquiring the assets of a recognized claims solution provider, Ho’ike Services, Inc. (doing business as BlueWave Technology).

In connection with the merger, we listed our common stock with the NYSE MKT under the symbol “MJCO” and began trading under this symbol on the NYSE MKT following the consummation of the merger.

### ***Financial Statements Presentation***

Our historical financial statements and information presented in this Annual Report on Form 10-K are presented on a combined basis giving effect to the Majesco Reorganization as if it had occurred as of the date of the historical balance sheet data presented in such historical financial statements, or as of the beginning of the periods presented in such historical financial statements, as applicable.

Our fiscal year ends March 31. Accordingly, references in this Annual Report on Form 10-K to “fiscal 2017” mean the fiscal year ended March 31, 2017, references to “fiscal 2016” mean the fiscal year ended March 31, 2016, and references to “fiscal 2015” mean the fiscal year ended March 31, 2015.

### ***Business***

We have been operating in the insurance industry for more than twenty years, successfully partnering with market leading insurance companies and enabling them to transform their business, introduce innovative products, and expand distribution channels to generate growth and increase profitability. We are a global provider of core insurance software and consulting services for insurance business transformation for P&C, L&A and Group/Employee Benefits providers, allowing them to enable the entire insurance value chain. We offer a solution portfolio of software and consulting services for all lines of business and all tiers of insurers. The portfolio includes core insurance software for policy, rating, underwriting, billing, claims, distribution management, digital and data and analytics as well as consulting services for enterprise consulting, digital, data, testing and application development and maintenance.

Long-term, strong customer relationships are a key component of our success given the long-term nature of our contracts, opportunity for deeper relationships with our portfolio of solutions and the importance of customer references for new sales. Our customers range from some of the largest global tier



one insurance carriers in the industry to mid-market insurers, startups and greenfields, including specialty, mutual and regional carriers. As of March 31, 2017, we served approximately 148 insurance customers on a worldwide basis. For the fiscal years ended March 31, 2017, March 31, 2016 and March 31, 2015, we served approximately 148, 149 and 108 insurance customers on a worldwide basis, respectively.

We generate revenues primarily from the licensing of our proprietary software and related implementation, support and maintenance fees pursuant to contracts with customers. The license agreements typically range in length from fixed-year terms (which maybe renewable) to perpetual terms. Support services are provided to customers pursuant to multi-year support agreements, which are typically renewable on an annual basis post the initial term of the agreement. We bill customers for license fees in accordance with the terms of the license agreement, typically payable upon the signing of the agreement and achievement of milestones over the course of a defined period of time. Support fees are payable in advance by the customer on an annualized, quarterly or monthly basis. We primarily derive service revenues from implementation and training services performed for our customers under the terms of a service contract on a time and materials or fixed-price basis. We also generate revenue from software as a service which includes an upfront setup fee, implementation and usage based subscription.

For the past several years, we have:

- released a major version update for the L&A and Group/Employee Benefits software — Majesco Policy for L&A and Group;
- released a version update for Majesco Billing, Majesco Claims and Majesco Policy for P&C;
- launched new data solutions, Majesco Enterprise Data Model and Majesco Enterprise Data Warehouse;
- added ten new partners, including 5 InsurTech ones;
- announced a strategic partnership with IBM to jointly offer a new cognitive, cloud-based platform to help insurance carriers worldwide create new services on IBM Cloud;
- actively engaged and supported InsurTech, including participation in some accelerators;
- published primary and secondary research/thought leadership regarding industry trends, shifts, demands and more; and
- cultivated and expanded our client base across tier one, mid-market and greenfield/start-ups.

We generated revenues of \$121.8 million, \$113.3 million and \$79.3 million in fiscal 2017, fiscal 2016 and fiscal 2015, respectively.

### ***Overview of the Insurance Industry***

The insurance industry is large, fragmented, highly regulated and complex. In order to effectively manage their operations, insurance carriers require core business systems that integrate with other internal systems, control workflow, enable extensive configurability and provide visibility to every user.

The insurance industry is in the midst of profound change fueled by trends that are converging and pushing a sometimes slow-to-adapt industry. This seismic shift is creating leaps in innovation and disruption, challenging the traditional business assumptions, operations, processes and products of the last 30 – 50 years. Insurance carriers are currently faced with a wide range of challenges. Increasing competition, emerging technologies and changing customer expectations are pushing carriers to make their business more agile, improve their time to market for new products, reach new markets, expand channels and respond quickly to market changes.

Many insurance carriers are experiencing increased operational risk and financial loss due to the inadequacy of their existing legacy core systems. The inherent functional and technical limitations of these systems have impeded carriers' ability to grow profitability and adapt to the evolving expectations of consumer, commercial and government insurance customers. Most organizations can't simply flip off one switch (traditional business model and products administered on traditional systems) and flip another on

(new business model and products on modern, flexible systems that will handle digital integration and better data acquisition and analysis). So, the shift will require steps. Those steps will operate as both a bridge and a proving ground, with the traditional system still operational as a firm foundation while the new foundation is being constructed.

### ***Our Solutions***

We provide core insurance software to insurance carriers from greenfields to mid-market and large insurance companies using two different models including (1) the licensed use of our proprietary software; and (2) cloud/SaaS using the same proprietary software but managed on the cloud (private, public or hybrid) infrastructure. Our consulting and other insurance technology services likewise are offered to insurance carriers from greenfields to mid-market and large insurance companies based on the scope and services selected.

Our solutions are designed to provide insurance carriers with the core system capabilities required to effectively manage their business and enable agility, innovation and speed to meet changing market dynamics and opportunities. Our offering is comprised primarily of:

- core insurance software solutions for all lines of business in the insurance industry; and
- consulting services, including project delivery and implementation of our solutions services and services that surround and support the business transformation, digital, data and ongoing use.

### **Software Solutions**

#### Enterprise Solutions

We deliver enterprise software solutions that support all lines of business for P&C, L&A and Group/Employee Benefits, enabling customer centricity for insurers. This includes billing, distribution management, digital platform with portals and mobile capabilities, and a cloud business platform. Our enterprise solutions include:

- Majesco Billing;
- Majesco Distribution Management;
- Majesco DigitalConnect;
- Majesco CloudInsurer; and
- Implementation Services.

#### Life, Annuity Pension and Group/Employee Benefits Solutions

We deliver solutions for L&A and Group/Employee Benefits core insurance areas, including policy management, product modeling, product configuration, new business processing, and claims. Our L&A and Group/Employee Benefits solutions include:

- Majesco Policy for L&A and Group; and
- Majesco New Business and Underwriting.

#### Majesco Rating Property and Casualty/General Insurance Solutions

We deliver solutions for P&C/General Insurance core insurance areas, including policy management, claims management, rating, underwriting, product configuration and reinsurance. Our P&C and General Insurance solutions include:

- Majesco Policy for P&C;
- Majesco Claims;
- Majesco Underwriting Workstation; and

- Majesco Business Analytics.

### ***Consulting Services Solutions***

We offer an array of consulting services to enable insurance companies' business transformation, backed by our methodologies and best practices for customers across all lines of business and geography. Our consulting services solutions include:

- Majesco Enterprise Consulting Services;
- Majesco Data Services;
- Majesco Digital Services;
- Majesco Testing Services; and
- Majesco Application Development and Maintenance Services.

### ***Our Growth Strategy***

We intend to extend our leadership as a provider of core system software to the global insurance industry. The key elements of our strategy include:

- *Proactively innovate and extend our insurance solution leadership.* We continue to enhance the business and technical capabilities of our market leading solution portfolio for insurance carriers through consistent significant R&D investment in core software, cloud, distribution, data, digital and services for innovative and scalable solutions.
- *Aggressively expand cloud capabilities.* Through our pre-configured, pre-integrated Majesco Cloud Insurer platform we plan to offer a more comprehensive cloud based solution that enables insurers agility, innovation and speed.
- *Maintain the depth and breadth of our solutions.* Our solution portfolio provides a unique combination of software and services across all lines of business to enable insurer's business transformation.
- *Client Centricity.* Continue to enhance our client centric business model that enables long term customers relationships, provides a single point of accountability for outcomes and offers deeper customer relationships with cross sell opportunities across our solution portfolio, creating customer "stickiness".
- *Diversify our solutions.* Extend value through acquisitions that have accretive value and diversify or strengthen our solution offerings.
- *Expand our customer base.* We continue to aggressively pursue new customers by specifically targeting key market segments and key accounts, expanding our sales and marketing organizations, leveraging current customers as references and strengthening our geographic presence. We uniquely have multiple points of entry with new customers using our broad solution portfolio of software, consulting and services to meet each customers' initial needs.
- *Cross sell to existing customers.* We continue to build upon our established customer relationships and track record of successful implementations to sell additional solutions to existing customers.
- *Deepen and expand our partner ecosystem.* We seek to collaborate and extend our capabilities and solution business value through a growing partner ecosystem for systems integrators, solutions, content, infrastructure and industry relationships. The partner ecosystem provides our customers with strategic and operational business value through the integration and adoption of our solutions throughout the insurance industry.

- *Expand market awareness and strengthen thought leadership with our brand and solutions.* We intend to continue to proactively strengthen our brand and reputation, enhance market awareness of our solutions, and thought leadership market position as a strategic partner for the insurance industry.

### ***Intellectual Property***

We rely on a combination of contractual provisions and intellectual property laws to protect our proprietary technology. We believe that due to the dynamic nature of the computer and software industries, copyright protection is less significant than factors such as the knowledge and experience of our management and personnel, the frequency of product enhancements and the timeliness and quality of our support services.

We seek to protect the source code of our products as trade secret information and as unpublished copyright work, although we often agree to place our source code into escrow in connection with entering into new customer agreements. We also rely on security and copy protection features in our proprietary software. We distribute our products under software license agreements which grant customers a personal, non-transferable license to use our products and contain terms and conditions prohibiting the unauthorized reproduction or transfer of our products. We do not hold any patents.

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### ***Competition***

The insurance solution provider market is highly competitive and fragmented. This market is subject to changing technology, shifting customer needs and introductions of new and innovative products and services. Our competitors vary in size and in the breadth and scope of the products and services offered. Our current principal competitors include the following:

<b>Area of Product/Service</b>	<b>Competitors</b>
<i>Internally developed software</i>	Many insurance companies have sufficient IT resources to maintain and augment their own proprietary, legacy systems, or consider developing new custom systems.
<i>Insurance software vendors</i>	Vendors such as Duck Creek, Guidewire Software, Inc., FINEOS, OneShield, Inc., FAST, Oracle, Sapiens International Corporation, and Insurity, provide software solutions that are specifically designed to meet the needs of insurance carriers.
<i>Consulting Services firms</i>	Firms such as Accenture, Deloitte, E&Y, Nolan Group, CSC, Cognizant, CGI, Mphasis and Tata Consultancy Services Limited offer consulting and other services such as testing, application maintenance, and custom development, solutions for the insurance industry.

### ***Sales and Marketing***

We market our solution portfolio through an integrated sales and marketing platform through digital and client marketing, client partners working with existing customers and through a direct sales force with assigned accounts to provide a consultative approach. Strategic partnerships with consultants and systems integrators are important to our sales efforts because they influence buying decisions, help us to identify sales opportunities, and complement our software and services with their domain expertise and professional services capabilities.

We have a strategic marketing program that conducts a broad range of integrated marketing programs that leverage thought leadership and other content developed by us to support market segment and solution targeted campaigns, press relations, media relations, industry research analyst relations, social media, industry tradeshows, roundtables, videos, webinars and website. We work closely with partners and other third parties to conduct joint marketing campaigns that generate growth in the sales pipeline.

### ***Major Customers***

As of March 31, 2017, our product line was in use in approximately 148 companies worldwide. For fiscal 2017, fiscal 2016 and fiscal 2015, we served approximately 148, 149 and 108 insurance customers on a

worldwide basis, respectively. For fiscal 2017, we had no customer contributing 10% or more of total revenues. For fiscal 2016, we had one customer contributing 10% or more of total revenues. For fiscal 2015, we had no customer contributing 10% or more of total revenues. For fiscal 2016, our largest customer was Unum, with approximately 10.2% of total revenues.

For fiscal 2017, our top five customers generated approximately 26.5% of revenue. We expect that the top five customers will continue to account for a significant portion of revenue for the foreseeable future.

### ***Backlog***

As of March 31, 2017, we had unrecognized licenses and support services or professional services backlog of unbilled work totaling \$64 million, which are expected to be recognized by March 31, 2018.

As of March 31, 2016, we had unrecognized licenses and support services or professional services backlog of unbilled work totaling \$71.9 million, which we recognized by March 31, 2017.

### ***Information about Segment and Geographic Revenue***

Information about segment and geographic revenue is set forth in Note 20 to our consolidated financial statements under Item 8 of this Annual Report on Form 10-K.

### ***Employees***

As of March 31, 2017, we had 2,054 full-time employees and no part-time employees on a worldwide basis. In addition, as of March 31, 2017, we actively received services from a total of 138 individuals in their capacities as independent contractors.

None of our employees are covered by collective bargaining arrangements or represented by a union with respect to their employment with Majesco. We consider relations with our employees to be good.

### ***Available Information***

We file annual, quarterly and current reports and, proxy statements and other information with the Securities and Exchange Commission (the "SEC") under the Exchange Act. You may read and copy this information at the Public Reference Room of the SEC, Room 1580, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information about the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains a website (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically through the EDGAR System.

We also maintain a website at <http://www.majesco.com>. Information on this website does not constitute a part of, nor is it incorporated in any way, into this Annual Report on Form 10-K. We make available, free of charge, on our website our annual reports on Form 10-K, quarterly reports on Form 10-Q, proxy statements, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC.

## **ITEM 1A. RISK FACTORS**

### ***Risks Related to Our Business***

***We depend on a small number of large customers and the loss of one or more major customers could have a material adverse effect on our business, financial condition and results of operations.***

For fiscal 2017, we had one customer contributing 7.5% of total revenues and our top five customers, in aggregate, generating approximately 26.5% of total revenue. We expect that our top five customers will continue to account for a significant portion of our revenue for the foreseeable future. For fiscal 2016, we had one customer contributing 10.2% of total revenues and our top five customers, in aggregate, generating approximately 25.5% of total revenue. For fiscal 2015, our top five customers generated approximately 30.9% of total revenues. We have had in the past large customers terminate their relationship with us and it

is possible that any of our large customers could decide to terminate their relationship with us in the future. The loss of one or more of our top five customers, or a substantial decrease in demand by any of those customers for our services and solutions, could have a material adverse effect on our business, results of operations and financial condition. Additionally, our large customers have substantial negotiating leverage, which may require that we agree to terms and conditions that result in increased cost of sales, decreased revenues and lower average selling prices and gross margins, all of which could harm our operating results.

***Our information systems, like those of other software and technology companies, are vulnerable to the threat of cybersecurity and data privacy risks.***

Our business involves the storage, management, and transmission of the proprietary information of customers. The methods used to obtain unauthorized access or disable or degrade services and systems are continuously changing, and may be difficult to successfully anticipate or detect for long periods of time. Moreover, software or applications we develop or obtain from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security.

Although we employ control procedures and security systems to protect the data we store, manage and transmit for our customers, we cannot guarantee that these measures will be sufficient to detect or prevent interceptions, break-ins, security breaches, the introduction of viruses or malicious code, or other disruptions that may jeopardize the security of information stored in and transmitted by our products. Breaches of our security could result in misappropriation of personal information, suspension of hosting operations or interruptions in our services. Because techniques used to obtain unauthorized network access or to sabotage systems change frequently and generally are not recognized until launched against a target, we may be unable to anticipate these techniques or implement adequate preventive measures. Our systems are also exposed to computer viruses, denial of service attacks and bulk unsolicited commercial email, or spam. Being subject to these events and items could cause a loss of service and data to customers, even if the resulting disruption is temporary.

***If our products or systems experience data security breaches or there is unauthorized access to or release of our customers' data, we may lose current or future customers and our reputation and business may be harmed. We may also incur liabilities to repair or replace our systems or in connection with litigation or regulatory enforcement actions that may result from such breaches.***

If our security measures are breached as a result of a third-party action, employee error or otherwise, and as a result customers' information becomes available to unauthorized parties, we could incur liability, we may lose revenues and our reputation would be damaged. This could lead to the loss of current and potential customers. If we experience any breaches of our network security due to unauthorized access, sabotage, or human error, we may be required to expend significant capital and other resources to remedy, protect against or alleviate these and related problems. We also may not be able to remedy these problems in a timely manner, or at all. Even the perception that the privacy of personal information is not satisfactorily protected or does not meet regulatory requirements or that our systems are unsecure or unstable could inhibit sales of our products or services, and could limit adoption of our products and services. The property and business interruption insurance we carry may not provide coverage adequate to compensate us fully for losses that may occur or litigation that may be instituted against us in these circumstances. We could be required to make significant expenditures to repair our systems in the event that they are damaged or destroyed, or if the delivery of our services to our customers is disrupted, and our business and results of operations could be harmed.

Additionally, the U.S. Federal Trade Commission and certain state agencies have investigated various companies' use of their customers' personal information. The U.S. federal government, some state governments, and foreign countries have also enacted laws and regulations protecting the privacy of consumers' non-public personal information. Our inability or failure to comply with existing laws, the adoption of new laws or regulations regarding the use of personal information that require us to change the way we conduct our business or an investigation of our privacy practices could increase the costs of operating our business.

***We face intense and growing competition. If we are unable to compete successfully, our business will be seriously harmed through loss of customers or increased negative pricing pressure.***

The market for our services and solutions is extremely competitive. Our competitors vary in size and in the variety of services and solutions.

Some of our current and potential direct competitors have longer operating histories, significantly greater financial, technical, marketing and other resources than we do, greater brand recognition and, we believe, a larger base of customers. In addition, competitors may operate more successfully or form alliances to acquire significant market share. These direct competitors may be able to adapt more quickly to new or emerging technologies and changes in customer requirements. They may also be able to devote more resources to the promotion, sale and development of their services and solutions than us and there can be no assurance that our current and future competitors will not be able to develop services and solutions comparable or superior to those offered by us at more competitive prices. As a result, in the future, we may suffer from an inability to offer competitive services and solutions or be subject to negative pricing pressure that would adversely affect our ability to generate revenue and adversely affect our operating results.

***Our business will be adversely affected if we cannot successfully retain key members of our management team or retain, hire, train and manage other key employees, particularly in the sales and customer service areas.***

Our continued success is largely dependent on the personal efforts and abilities of our executive officers and senior management, including our President and Chief Executive Officer and our executive management team. Our success also depends on our continued ability to attract, retain, and motivate key employees throughout our business. In particular, we are substantially dependent on our skilled technical employees and our sales and customer service employees. Competition for skilled technical, sales and customer service professionals is intense and our competitors often attempt to solicit our key employees and may be able to offer them employment benefits and opportunities that we cannot. There can be no assurance that we will be able to continue to attract, integrate or retain additional highly qualified personnel in the future. In addition, our ability to achieve significant growth in revenue will depend, in large part, on our success in effectively training sufficient numbers of technical, sales and customer service personnel. New employees require significant training before they achieve full productivity. Our recent and planned hires may not be as productive as anticipated, and we may be unable to hire sufficient numbers of qualified individuals. If we are not successful in retaining our existing employees, or hiring, training and integrating new employees, or if our current or future employees perform poorly, growth in the sales of our services may not materialize and our business will suffer.

***Risks associated with potential acquisitions and expansion activities or divestitures may disrupt our business and adversely affect our operating results.***

We may, from time to time, consider certain acquisitions or divestitures. Acquisitions and divestitures involve numerous risks, including identifying attractive target acquisitions, undisclosed risks affecting the target, difficulties integrating acquired businesses, the assumption of unknown liabilities, potential adverse effects on existing business relationships with current customers and suppliers, the diversion of our management's attention from other business concerns, and decreased geographic or customer diversification.

We cannot provide assurance that any acquisitions or divestitures will perform as planned or prove to be beneficial to our operations and cash flow. Any such failure could seriously harm our financial condition, results of operations and cash flows.

We cannot predict the frequency, size or timing of our acquisitions, as this will depend on the availability of prospective target opportunities at valuation levels we find attractive and the competition for such opportunities from other parties. There can be no assurance that our acquisitions will have the anticipated positive results, including results related to: the total cost of integration; the retention of key personnel; the time required to complete the integration; the amount of longer-term cost savings; continued growth; or the overall performance of the acquired company or combined entity. We also may encounter difficulties in obtaining required regulatory approvals and unexpected contingent liabilities can arise from the businesses we acquire. Further, the asset quality or other financial characteristics of a business or assets we may acquire may deteriorate after an acquisition agreement is signed or after an acquisition closes, which could result in impairment or other expenses and charges which would reduce our operating results. Integration of an acquired business can be complex and costly. If we are not able to integrate successfully past or future acquisitions, there is a risk that results of operations could be adversely affected. To the extent that we grow through acquisitions, there is a risk that we will not be able to adequately or profitably

manage this growth. In addition, we may sell or restructure portions of our business. Any divestitures or restructuring may result in significant expenses and write-offs, which would have a material adverse effect on our business, results of operations and financial condition, and may involve additional risks, including difficulties in obtaining any required regulatory approvals, the diversion of management's attention from other business concerns, the disruption of our business and the potential loss of key employees. We may not be successful in addressing these or any other significant risks encountered in connection with any acquisition or divestitures we might make.

***We resell products and services of third parties that may require us to pay for such products and services even if our customers fail to pay us for the products and services, which may have a negative impact on our cash flow and operating results.***

In order to provide resale services or products, we contract with third-party service providers. These services require us to enter into fixed term contracts for services with third party suppliers of products and services. If we experience the loss of a customer who has purchased a resale product or service, we may remain obligated to continue to pay our suppliers for the term of the underlying contracts. The payment of these obligations without a corresponding payment from customers will reduce our financial resources and may have a material adverse effect on our financial performance, cash flow and operating results.

***We may fail to adequately protect our proprietary technology, which would allow competitors or others to take advantage of our research and development efforts.***

We rely upon trade secrets, proprietary know-how, and continuing technological innovation to develop new services and solutions and to remain competitive. If our competitors learn of our proprietary technology or processes, they may use this information to produce services and solutions that are equivalent or superior to our services and solutions, which could materially adversely affect our business, operations and financial position. Our employees and consultants may breach their obligations not to reveal our confidential information, and any remedies available to us may be insufficient to compensate our damages. Even in the absence of such breaches, our trade secrets and proprietary know-how may otherwise become known to our competitors, or be independently discovered by our competitors, which could adversely affect our competitive position.

***Our sales cycle is lengthy and variable, depends upon many factors outside our control, and could cause us to expend significant time and resources prior to earning associated revenues.***

The typical sales cycle for our products and services is lengthy and unpredictable, requires pre-purchase evaluation by a significant number of employees in our customers' organizations, and often involves a significant operational decision by our customers. Our sales efforts involve educating our customers about the use and benefits of our products, including the technical capabilities of our products and the potential cost savings achievable by organizations deploying our products. Customers typically undertake a significant evaluation process, which frequently involves not only our products, but also those of our competitors and can result in a lengthy sales cycle. Moreover, a purchase decision by a potential customer typically requires the approval of several senior decision makers, including the boards of directors of our customers. Our sales cycle for new customers is typically one to two years and can extend even longer in some cases. We spend substantial time, effort and money in our sales efforts without any assurance that our efforts will produce any sales. In addition, we sometimes commit to include specific functions in our base product offering at the request of a customer or group of customers and are unable to recognize license revenues until the specific functions have been added to our products. Providing this additional functionality may be time consuming and may involve factors that are outside of our control. The lengthy and variable sales cycle may also have a negative impact on the timing of our revenues, causing our revenues and results of operations to vary significantly from period to period.

***Our business depends on customers renewing and expanding their license and maintenance contracts for our products. A decline in our customer renewals and expansions could harm our future results of operations.***

Our customers have no obligation to renew their term licenses after their license period expires, and these licenses may not be renewed on the same or more favorable terms. Moreover, under certain circumstances, our customers have the right to cancel their license agreements before they expire. We have



limited historical data with respect to rates of customer license renewals, upgrades and expansions so we may not accurately predict future trends in customer renewals. In addition, our term and perpetual license customers have no obligation to renew their maintenance arrangements after the expiration of the initial contractual period. Our customers' renewal rates may fluctuate or decline because of several factors, including their satisfaction or dissatisfaction with our products and services, the prices of our products and services, the prices of products and services offered by our competitors or reductions in our customers' spending levels due to the macroeconomic environment or other factors. In addition, in some cases, our customers have a right to exercise a perpetual buyout of their term licenses at the end of the initial contract term. If our customers do not renew their term licenses for our solutions or renew on less favorable terms, our revenues may decline or grow more slowly than expected and our profitability may be harmed.

***Our implementation cycle is lengthy and variable, depends upon factors outside our control, and could cause us to expend significant time and resources prior to earning associated revenues.***

The implementation and testing of our products by our customers takes several months or longer and unexpected implementation delays and difficulties can occur. Implementing our products typically involves integration with our customers' systems, as well as adding their data to our system. This can be complex, time-consuming and expensive for our customers and can result in delays in the implementation and deployment of our products. The lengthy and variable implementation cycle may also have a negative impact on the timing of our revenues, causing our revenues and results of operations to vary significantly from period to period.

***Our product development cycles are lengthy, and we may incur significant expenses before we generate revenues, if any, from new products.***

Because our products are complex and require rigorous testing, development cycles can be lengthy, taking us up to two years to develop and introduce new products. Moreover, development projects can be technically challenging and expensive. The nature of these development cycles may cause us to experience delays between the time we incur expenses associated with research and development and the time we generate revenues, if any, from such expenses. If we expend a significant amount of resources on research and development and our efforts do not lead to the successful introduction or improvement of products that are competitive in the marketplace, our business and results of operations could be materially and adversely affected. Additionally, anticipated customer demand for a product we are developing could decrease after the development cycle has commenced. Such decreased customer demand may cause us to fall short of our sales targets, and we may nonetheless be unable to avoid substantial costs associated with the product's development. If we are unable to complete product development cycles successfully and in a timely fashion and generate revenues from such future products, the growth of our business may be harmed.

***Failure to meet customer expectations on the implementation of our products could result in negative publicity and reduced sales, both of which would significantly harm our business, results of operations, financial condition and growth prospects.***

We provide our customers with upfront estimates regarding the duration, budget and costs associated with the implementation of our products. Failing to meet these upfront estimates and the expectations of our customers for the implementation of our products could result in a loss of customers and negative publicity regarding us and our products and services, which could adversely affect our ability to attract new customers and sell additional products and services to existing customers. Such failure could result from our product capabilities or service engagements by us, our system integrator partners or our customers' IT employees. The consequences could include, and have included: monetary credits for current or future service engagements, reduced fees for additional product sales, and a customer's refusal to pay their contractually-obligated license, maintenance or service fees. In addition, time-consuming implementations may also increase the amount of services personnel we must allocate to each customer, thereby increasing our costs and adversely affecting our business, results of operations and financial condition.

***If we are unable to develop, introduce and market new and enhanced versions of our products, we may be put at a competitive disadvantage.***

Our success depends on our continued ability to develop, introduce and market new and enhanced versions of our products to meet evolving customer requirements. However, we cannot assure you that this process can be maintained. If we fail to develop new products or enhancements to our existing products, our business could be adversely affected, especially if our competitors are able to introduce products with enhanced functionality. We plan to continue our investment in product development in future periods. It is critical to our success for us to anticipate changes in technology, industry standards and customer requirements and to successfully introduce new, enhanced and competitive products to meet our customers' and prospective customers' needs on a timely basis. However, we cannot assure you that revenues will be sufficient to support the future product development that is required for us to be competitive. Although we may be able to release new products in addition to enhancements to existing products, we cannot assure you that our new or upgraded products will be accepted by the market, will not be delayed or canceled, will not contain errors or "bugs" that could affect the performance of the products or cause damage to users' data, or will not be rendered obsolete by the introduction of new products or technological developments by others. If we fail to develop products that are competitive in technology and price and fail to meet customer needs, our market share will decline and our business and results of operations could be harmed.

***We may be subject to significant liability claims if our core system software fails and the limitation of liability provided in our license agreements may not protect us, which may adversely impact our financial condition.***

The license and support of our core system software creates the risk of significant liability claims against us. Our license agreements with our customers contain provisions designed to limit our exposure to potential liability claims. It is possible, however, that the limitation of liability provisions contained in such license agreements may not be enforced as a result of international, federal, state and local laws or ordinances or unfavorable judicial decisions. Breach of warranty or damage liability or injunctive relief resulting from such claims could have a material and adverse impact on our results of operations and financial condition.

***Certain of our software products may be deployed through cloud-based implementations, and if such implementations are compromised by data security breaches or other disruptions, our reputation could be harmed, and we could lose customers or be subject to significant liabilities.***

Although our software products typically are deployed on our customers' premises, our customers may at times require our products to be deployed in the cloud-based environments, in which our products and associated services are made available using an Internet-based infrastructure. At times, in cloud deployments, the infrastructure of third-party service providers is used by the customers at their own behest, which may be vulnerable to hacking incidents, other security breaches, computer viruses, telecommunications failures, power loss, other system failures and similar disruptions.

Any of these occurrences, whether intentional or accidental, could lead to interruptions, delays or cessation of operation of the servers of third-party service providers' used by our customers, and to the unauthorized use or access of our software and proprietary information and sensitive or confidential data stored or transmitted by our products. The inability of service providers used by our customers to provide continuous access to their hosted services, and to secure their hosted services and associated customer information from unauthorized use, access or disclosure, could cause us to lose customers and to incur significant liability, and could harm our reputation, business, financial condition and results of operations.

***We are dependent on the reliability and performance of our internally developed systems and operations. Any difficulties in maintaining these systems, whether due to human error or otherwise, may result in service interruptions, decreased service quality for our customers, a loss of customers or increased expenditures.***

Our revenue and profitability depend on the reliability and performance of our services and solutions. We have contractual obligations to provide service level credits to almost all of our application services provider ("ASP") customers against future invoices in the event that certain service disruptions occur. Furthermore, customers may terminate their ASP agreements with us as a result of significant service interruptions, or our inability, whether actual or perceived, to provide our services and solutions at the

contractually required levels or at any time. If our services are unavailable, or customers are dissatisfied with our performance, we could lose customers, our revenue and profitability would decrease and our business operations or financial position could be harmed. In addition, the software and workflow processes that underlie our ability to deliver our services and solutions have been developed primarily by our own employees and consultants. Malfunctions in the software we use or human error could result in our inability to provide services or cause unforeseen technical problems. If we incur significant financial commitments to our customers in connection with our failure to meet service level commitment obligations, we may incur significant liability and our liability insurance and revenue reserves may not be adequate. In addition, any loss of services, equipment damage or inability to meet our service level commitment obligations could reduce the confidence of our customers and could consequently impair our ability to obtain and retain customers, which would adversely affect both our ability to generate revenue and our operating results.

***We operate in a price sensitive market and we are subject to pressures from customers to decrease our fees for the services and solutions we provide. Any reduction in price would likely reduce our margins and could adversely affect our operating results.***

The competitive market in which we conduct our business could require us to reduce our prices. If our competitors offer discounts on certain products or services in an effort to recapture or gain market share or to sell other products, we may be required to lower our prices or offer other favorable terms to compete successfully. Any of these changes would likely reduce our margins and could adversely affect our operating results. Some of our competitors may bundle products and services that compete with us for promotional purposes or as a long-term pricing strategy or provide guarantees of prices and product implementations. In addition, many of the services and solutions that we provide and market are not unique to us and our customers and target customers may not distinguish our services and solutions from those of our competitors. All of these factors could, over time, limit or reduce the prices that we can charge for our services and solutions. If we cannot offset price reductions with a corresponding increase in the number of sales or with lower spending, then the reduced revenue resulting from lower prices would adversely affect our margins and operating results.

***If we are unable to retain and grow our customer base, as well as their end-user base, our revenue and profitability will be adversely affected.***

In order to execute our business plan successfully, we must maintain existing relationships with our customers and establish new relationships with additional businesses. If we are unable to diversify and extend our customer base, our ability to grow our business may be compromised, which would have a material adverse effect on our financial condition and results of operations.

***If economic or other factors negatively affect the insurance industry, our customers and target customers may become unwilling or unable to purchase our services and solutions, which could cause our revenue to decline and impair our ability to operate profitably.***

Most of our existing and target customers operate in the insurance industry. If a material portion of the insurance businesses that we service, or are looking to service, experience economic hardship, these customers may be unwilling or unable to expend resources on the services and solutions we provide, which would negatively affect the overall demand for our services and could cause our revenue to decline.

***If we do not respond effectively and on a timely basis to rapid technological change, our business could suffer.***

The markets in which we operate are characterized by changing technology and evolving industry standards. There can be no assurance that our current and future competitors will not be able to develop services or expertise comparable or superior to those we have developed or to adapt more quickly than us to new technologies, evolving industry standards or customer requirements. Failure or delays in our ability to develop services and solutions to respond to industry or user trends or developments and the actions of our competitors could have a material adverse effect on our business, results of operations and financial condition. Our ability to anticipate changes in technology, technical standards and product offerings will be a significant factor in the success of our current business and in expanding into new markets.

***If we are unable to quickly react to changes in insurance laws and similar regulation in the jurisdictions in which we operate and update our products on a frequent basis, our customer base (as well as end-user base), revenue and profitability will be adversely affected. Such updates requires significant investment, which may come at a cost.***

In order for us to maintain and grow our customer base (as well as our customers' end-user base) and maintain and increase revenues and profit, we must maintain familiarity with legal and regulatory changes in the jurisdictions in which we operate and update our existing products frequently. Frequent and timely product updates require significant investment in research and development and in personnel experienced in legal and regulatory matters as well as technical personnel. To maintain such a level of investment, we may need to raise additional debt or equity capital, which may be costly, or require a reduction in other areas of our budget. Our inability to continually update our products as needed due to regulatory changes could have an adverse effect on our financial condition and results of operations and reduce our ability to compete.

***Litigation could result in substantial costs to us and our insurance may not cover these costs.***

There is a risk that our services and solutions may not perform up to expectations. While in certain circumstances we attempt to contractually limit our liability for damages arising from our provision of services, there can be no assurance that they will be enforceable in all circumstances or in all jurisdictions. Furthermore, litigation, regardless of contractual limitations, could result in substantial costs or divert management's attention and resources from our operations and result in negative publicity and therefore adversely affect our ability to maintain and grow our customer base. Although we have general liability insurance in place, there is no assurance that this insurance will cover these claims or that these claims will not exceed the insurance limit under our current policies.

***Our global operations are subject to complex risks, some of which might be beyond our control.***

We have offices and operations in various countries around the world and provide services and solutions to clients globally. For fiscal 2017, approximately 89% of our revenues were attributable to the North American region, approximately 7% were attributable to the European region, and approximately 4% were attributable to the rest of the world, primarily the Asia-Pacific region. If we are unable to manage the risks of our global operations, including regulatory, economic, political and other uncertainties, fluctuations in foreign exchange and inflation rates, international hostilities, terrorism, natural disasters and multiple legal and regulatory systems, our results of operations could be adversely affected.

***Our international sales and operations subject us to additional risks that can adversely affect our business, results of operations and financial condition.***

Our current international operations and our plans to expand our international operations subject us to a variety of risks, including:

- increased management, travel, infrastructure and legal compliance costs associated with having multiple international operations;
- longer payment cycles and difficulties in enforcing contracts and collecting accounts receivable;
- the need to localize our products and licensing programs for international customers;
- lack of familiarity with and unexpected changes in foreign regulatory requirements;
- increased exposure to fluctuations in currency exchange rates;
- the burdens of complying with a wide variety of foreign laws and legal standards;
- compliance with anticorruption laws, including the U.S. Foreign Corrupt Practices Act of 1977, particularly in emerging market countries;
- import and export license requirements, tariffs, taxes and other trade barriers;
- increased financial accounting and reporting burdens and complexities;
- weaker protection of intellectual property rights in some countries;

- multiple and possibly overlapping tax regimes; and
- political, social and economic instability abroad, terrorist attacks and security concerns in general.

As we continue to expand our business globally, our success will depend, in large part, on our ability to anticipate and effectively manage these and other risks associated with our international operations. Any of these risks could harm our international operations and reduce our international sales, adversely affecting our business, results of operations, financial condition and growth prospects.

***A substantial portion of our assets and operations are located outside of the United States and we are subject to regulatory, tax, economic, political and other uncertainties in other foreign countries in which we operate.***

We have significant offshore facilities in foreign countries, including India and Malaysia. Wages in these countries have historically increased at a faster rate than in the United States. If this trend continues in the future, it would result in increased costs for our skilled professionals and thereby potentially reduce our operating margins. Also, there is no assurance that, in future periods, competition for skilled professionals will not drive salaries higher in those countries, thereby resulting in increased costs for our technical professionals and reduced operating margins.

Certain of these countries have also recently experienced civil unrest and terrorism and have been involved in conflicts with neighboring countries. These events could materially adversely affect our operations in these countries. In addition, companies may decline to contract with us for services, even where these countries are not involved, because of more generalized concerns about relying on a service provider utilizing international resources that may be viewed as less stable than those provided in the United States.

In addition, these countries have in the past experienced many of the problems that commonly confront the economies of developing countries, including high inflation, erratic gross domestic product growth and shortages of foreign exchange. Government actions concerning the economy in these countries could have a material adverse effect on private sector entities like us. In the past, certain of these governments have provided significant tax incentives and relaxed certain regulatory restrictions in order to encourage foreign investment in specified sectors of the economy, including the software development services industry. Programs that have benefited us include, among others, tax holidays, liberalized import and export duties and preferential rules on foreign investment and repatriation. Notwithstanding these benefits, as noted above, changes in government leadership or changes in policies in these countries that result in the elimination of any of the benefits realized by us or the imposition of new taxes applicable to such operations could have a material adverse effect on our business, results of operations and financial condition.

***Our operating results may be adversely affected by fluctuations in the Indian rupee and other foreign currency exchange rates and restrictions on the deployment of cash across our global operations.***

Although we report our operating results in U.S. dollars, a portion of our revenues and expenses are denominated in currencies other than the U.S. dollar. Fluctuations in foreign currency exchange rates can have a number of adverse effects on us. Because our consolidated financial statements are presented in U.S. dollars, we must translate revenues, expenses and income, as well as assets and liabilities, into U.S. dollars at exchange rates in effect during or at the end of each reporting period. Therefore, changes in the value of the U.S. dollar against other currencies will affect our revenues, income from operations, other income (expense), net and the value of balance sheet items originally denominated in other currencies. There is no guarantee that our financial results will not be adversely affected by currency exchange rate fluctuations or that any efforts by us to engage in currency hedging activities will be effective. In addition, in some countries we could be subject to strict restrictions on the movement of cash and the exchange of foreign currencies, which could limit our ability to use these funds across our global operations. Finally, as we continue to leverage our global delivery model, more of our expenses are incurred in currencies other than those in which we bill for the related services. An increase in the value of certain currencies, such as the Indian rupee, against the U.S. dollar could increase costs for delivery of services at offshore sites by increasing labor and other costs that are denominated in local currency.

***Our shareholders may have difficulty effecting service of process or enforcing judgments obtained in the United States against our foreign subsidiaries or against some of our officers, directors or executive management or gaining access to our assets located outside the United States.***

Several of our operating subsidiaries are located outside the United States, including India, Singapore, Thailand, Malaysia, the United Kingdom and Canada, and a number of our officers, directors and executive management reside abroad. Many of our assets are located in countries outside the United States. As a result, you may be unable to effect service of process upon our affiliates who reside outside the United States except in their jurisdiction of residence. In addition, you may be unable to enforce outside of the jurisdiction of these affiliates' residence judgments obtained against these individuals or entities in courts of the United States, including judgments predicated solely upon the federal securities laws of the United States. You may also have difficulty gaining access to assets of us or our affiliates located outside the United State to the extent necessary to satisfy a judgment against us or one of our affiliates. In particular, should you seek to enforce a judgment of a United States court against us or one of our affiliates, directors or officers in a jurisdiction outside the United States, you may be unable to obtain recognition or enforcement of some or all of the amount of damages or other remedies awarded by the United States court. You may also be required to comply with laws or regulations applicable to relevant jurisdiction governing the repatriation of any money damages recovered from a court in such jurisdiction to the United States or another country.

***Our growth may be hindered by immigration restrictions.***

Our future success continues to depend on our ability to attract and retain employees with technical and project management skills, including those from developing countries, especially India. The ability of foreign nationals to work in the United States and Europe, where a significant proportion of our operations are located, depends on their ability and our ability to obtain the necessary visas and work permits.

Immigration and work permit laws and regulations in the United States, the United Kingdom, and other countries are subject to legislative and administrative changes as well as changes in the application of standards and enforcement. Immigration and work permit laws and regulations can be significantly affected by political forces and levels of economic activity. Our international expansion strategy and our business, results of operations, and financial condition may be materially adversely affected if changes in immigration and work permit laws and regulations or the administration or enforcement of such laws or regulations impair our ability to staff projects with professionals who are not citizens of the country where the work is to be performed.

***Our earnings may be adversely affected if we change our intent not to repatriate foreign earnings or if such earnings become subject to U.S. tax on a current basis.***

We have earnings outside of the United States. Other than amounts for which we have already accrued U.S. taxes, we consider foreign earnings to be indefinitely reinvested outside of the United States. While we have no plans to do so, events may occur that could effectively force us to change our intent not to repatriate such earnings. If such earnings are repatriated in the future or are no longer deemed to be indefinitely reinvested, we may have to accrue taxes associated with such earnings at a substantially higher rate than our projected effective income tax rate, and we may be subject to additional tax liabilities in certain foreign jurisdictions in which we operate. These increased taxes could have a material adverse effect on our business, results of operations and financial condition.

***We may not be able to enforce or protect our intellectual property rights, which may harm our ability to compete and harm our business.***

Our future success will depend, in part, on our ability to protect our proprietary methodologies and other valuable intellectual property. We presently hold no issued patents.

Our ability to enforce our software license agreements, service agreements, and other intellectual property rights is subject to general litigation risks, as well as uncertainty as to the enforceability of our intellectual property rights in various countries. To the extent that we seek to enforce our rights, we could be subject to claims that an intellectual property right is invalid, otherwise not enforceable, or is licensed to the party against whom we are pursuing a claim. In addition, our assertion of intellectual property rights may

result in the other party seeking to assert alleged intellectual property rights or assert other claims against us, which could harm our business. If we are not successful in defending such claims in litigation, we may not be able to sell or license a particular service or solution due to an injunction, or we may have to pay damages that could, in turn, harm our results of operations. In addition, governments may adopt regulations, or courts may render decisions, requiring compulsory licensing of intellectual property to others, or governments may require that products meet specified standards that serve to favor local companies. Our inability to enforce our intellectual property rights under these circumstances may harm our competitive position and our business.

We generally agree in our agreements with our customers to place source code for our proprietary software in escrow. In most of those cases, the escrowed source code may be made available to such customers in the event that we were to file for bankruptcy or materially fail to support our products in the future. Release of our source code upon any such event may increase the likelihood of misappropriation or other misuse of our software; however, such customers would still be obligated to comply with the terms of our license agreements with them, which restricts the use of the software.

***Our services or solutions could infringe upon the intellectual property rights of others and we may be subject to claims of infringement of third-party intellectual property rights.***

We cannot be sure that our services and solutions, or the solutions of others that we offer to our clients, do not infringe on the intellectual property rights of others. Third parties may assert against us or our customers claims alleging infringement of patent, copyright, trademark, or other intellectual property rights to technologies or services that are important to our business. Infringement claims could harm our reputation, cost us money and prevent us from offering some services or solutions. In our contracts, we generally agree to indemnify our clients for certain expenses or liabilities resulting from potential infringement of the intellectual property rights of third parties. In some instances, the amount of our liability under these indemnities could be substantial. Any claims that our products, services or processes infringe the intellectual property rights of others, regardless of the merit or resolution of such claims, may result in significant costs in defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel from our business. In addition, as a result of such intellectual property infringement claims, we could be required or otherwise decide that it is appropriate to:

- pay third-party infringement claims;
- discontinue using, licensing, or selling particular products subject to infringement claims;
- discontinue using the technology or processes subject to infringement claims;
- develop other technology not subject to infringement claims, which could be costly or may not be possible; and/or
- license technology from the third party claiming infringement, which license may not be available on commercially reasonable terms.

The occurrence of any of the foregoing could result in unexpected expenses or require us to recognize an impairment of our assets, which would reduce the value of our assets and increase expenses. In addition, if we alter or discontinue our offering of affected items or services, our revenue could be affected. If a claim of infringement were successful against us or our clients, an injunction might be ordered against our client or our own services or operations, causing further damages.

We expect that the risk of infringement claims against us will increase if our competitors are able to obtain patents or other intellectual property rights for software products and methods, technological solutions, and processes. We may be subject to intellectual property infringement claims from certain individuals or companies who have acquired patent portfolios for the primary purpose of asserting such claims against other companies. The risk of infringement claims against us may also increase as we continue to develop and license our intellectual property to our clients and other third parties. Any infringement claim or litigation against us could have a material adverse effect on our business, results of operations and financial condition.

***Some of our products may incorporate open source software, which may expose us to potential claims or litigation.***

Some of our products may incorporate software licensed under so-called “open source” licenses, including, but not limited to, the GNU General Public License and the GNU Lesser General Public License. We use our methodology to ensure that our proprietary software is not combined with, and does not incorporate, open source software in ways that would require our proprietary software to be subject to an open source license. However, few courts have interpreted open source licenses, and the manner in which these licenses may be interpreted and enforced is therefore subject to some uncertainty. The usage of open source software may subject us to claims from others seeking to enforce the terms of an open source license, including by demanding release of the open source software, derivative works or our proprietary source code that was developed using such software. Such claims could also result in litigation, and may require us to devote additional research and development resources to change our products, any of which could reduce or diminish the value of our products and have a negative effect on our business and operating results.

***If we fail to maintain an effective system of internal control over financial reporting in the future, we may not be able to accurately report our financial condition, results of operations or cash flows.***

The Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure controls and procedures. We are required to furnish a report by management on, among other things, the effectiveness of internal control over financial reporting. This assessment will include disclosure of any material weaknesses identified by management in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting that results in more than a reasonable possibility that a material misstatement of annual or interim financial statements will not be prevented or detected on a timely basis. Section 404 of the Sarbanes-Oxley Act also generally requires an attestation from an issuer’s independent registered public accounting firm on the effectiveness of its internal control over financial reporting. However, for as long as we remain an emerging growth company under the JOBS Act, we may take advantage of the exemption permitting us not to comply with the independent registered public accounting firm attestation requirement.

Our compliance with Section 404 of the Sarbanes-Oxley Act may require that we incur substantial accounting expense and expend significant management efforts. We may not be able to complete our evaluation, testing and any required remediation in a timely fashion. During the evaluation and testing process, if we identify one or more material weaknesses in our internal control over financial reporting, we may be unable to assert that our internal control over financial reporting is effective. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines that we have a material weakness or significant deficiency in our internal control over financial reporting once that firm begin its Section 404 reviews, we could lose investor confidence in the accuracy and completeness of our financial reports, the value of our common stock could decline, and we could be subject to sanctions or investigations by regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

***We are an emerging growth company and smaller reporting company under U.S. securities laws and intend to take advantage of the reduced disclosure and governance requirements applicable to emerging growth companies and smaller reporting companies, which could make our common stock less attractive to investors.***

We are an emerging growth company and smaller reporting company and may take advantage of certain exemptions from various reporting requirements that are otherwise applicable to public companies that are not emerging growth companies including, but not limited to:

- a requirement to provide selected financial data only for those periods since those presented in our registration statement on Form S-4 filed in connection with our merger with Cover-All;



- not being required to comply with the auditor attestation requirements regarding internal controls under Section 404 of the Sarbanes-Oxley Act;
- reduced disclosure obligations regarding executive compensation in periodic reports and proxy statements;
- exemptions from the requirements of holding a non-binding shareholder advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved; and
- exemption from the requirement to hold a “say on pay” vote on executive compensation.

We also intend to take advantage of the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies provided under the JOBS Act. As a result, our financial statements may not be comparable to those of companies that comply with public company effective dates for complying with new or revised accounting standards.

Moreover, we also are eligible under the JOBS Act for an exemption from compliance with any requirement that the Public Company Accounting Oversight Board may adopt regarding mandatory audit firm rotation or supplements to the auditor’s report providing additional information about the audit and the financial statements.

We may take advantage of these reporting exemptions until we no longer are an emerging growth company, which in certain circumstances could be for up to five years.

We will remain an emerging growth company until the earliest of (a) the last day of the first fiscal year in which our annual gross revenues exceed \$1.07 billion, (b) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our shares that are held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, (c) the date on which we have issued more than \$1.0 billion in nonconvertible debt securities during the preceding three-year period and (d) the last day of our fiscal year containing the fifth anniversary of the date on which shares of our common stock were offered in connection with the completion of our merger with Cover-All.

Even after we no longer qualify as an emerging growth company, we may still continue to qualify as a “smaller reporting company” which would allow us to take advantage of many of the same exemptions from the disclosure requirements described above, including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, and being subject to reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statement. We will also be exempt from providing selected and supplemental financial information.

We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

***Our status as an emerging growth company may make it more difficult to raise capital as and when we need it.***

Because of the exemptions from various reporting requirements available to us as an emerging growth company and smaller reporting company, we may be less attractive to investors and it may be difficult for us to raise additional capital as and when we need it. Investors may be unable to compare our business with other companies in our industry if we believe that our financial accounting is not as transparent as other companies in our industry. If we are unable to raise additional capital as and when we need it, our financial condition and results of operations may be materially and adversely affected.

***We are a “controlled company” within the meaning of the NYSE MKT rules and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements of the NYSE MKT. As a result, our shareholders do not have the same protections afforded to shareholders of companies that are subject to such requirements and the interests of our controlling shareholder may be different from other holders of our common stock.***

Majesco Limited owns 69.9% of our issued and outstanding common stock. As a result, we are a “controlled company” within the meaning of the NYSE MKT corporate governance standards. Under the

NYSE MKT rules, a company of which more than 50% of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain NYSE MKT corporate governance requirements, including the requirements that:

- a majority of our Board of Directors consist of independent directors;
- we have a nominating committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

We are currently utilizing, and intend to continue to utilize, the exemption relating to the compensation committee and nominating committee, and we may utilize this exemption for so long as we are a controlled company. Accordingly, our shareholders do not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of the NYSE MKT.

It is also possible that the interests of Majesco Limited may, in some circumstances, conflict with our interests and the interests of our other shareholders.

***Anti-takeover and similar provisions of California law and our governing documents may deter or prevent a future acquisition or change of control that our shareholders may consider favorable.***

Anti-takeover and similar provisions of California law and of our governing documents could make it more difficult for a third party, or an existing shareholder, to engage in a business combination with or acquire control of Majesco, even if shareholders may consider such transaction to be favorable to them. Such provisions may have the effect of discouraging a hostile bid, or delaying, preventing or deterring a merger, acquisition or tender offer in which Majesco's shareholders could receive a premium for their shares, or effect a proxy contest for control of Majesco or other changes in our management, particularly if such proposed transaction is opposed by our Board of Directors.

Under Section 1203 of the CGCL, if an "interested person" makes an offer to purchase the shares of some or all of our shareholders, we must obtain an affirmative opinion in writing as to the fairness of the offering price prior to completing the transaction. If after receiving an offer from such an "interested person", we receive a subsequent offer from a neutral third party, then we must notify our shareholders of this offer and afford each of them the opportunity to withdraw their consent to the "interested person" offer.

Moreover, even if shareholders may consider such a transaction to be favorable to them, the CGCL may effectively prohibit a cash-out merger of minority shareholders by a majority shareholder of Majesco without the unanimous approval of the merger by our shareholders, which is often difficult to achieve in the case of a public company. Under Sections 1101 and 1101.1 of the CGCL, a merger with a majority shareholder for cash consideration requires unanimous shareholder approval, except where (i) the party interested in effecting the merger already owns 90% or more of the voting power of the combined company (and could, therefore, accomplish such a cash-out of minority shareholders by means of a "short-form" merger without the need for approval by the combined company's shareholders) or (ii) the California Commissioner of Corporations has granted its consent. In addition, under our articles of incorporation and bylaws, certain provisions may make it difficult for a third party to acquire us, or for a change in the composition of our Board of Directors or management to occur.

***Risks Related to Our Common Stock***

***If we are unable to maintain the listing standards of the NYSE MKT, our common stock may be delisted, which may have a material adverse effect on the liquidity and value of our common stock.***

Our common stock is traded on the NYSE MKT. To maintain our listing on the NYSE MKT, we must meet certain financial and liquidity criteria. The market price of our common stock has been and may continue to be subject to significant fluctuation as a result of periodic variations in our revenues and results of operations. If we fail to meet any of the NYSE MKT's listing standards, we may be delisted. In the event

of delisting, trading of our common stock would most likely be conducted in the over the counter market on an electronic bulletin board established for unlisted securities, which could have a material adverse effect on the market liquidity and value of our common stock.

***Holders of our common stock may have difficulty in selling those shares.***

While our common shares trade on the NYSE MKT, our stock is thinly traded and investors may have difficulty in selling their shares. The low trading volume of our common stock is outside of our control, and may not increase in the near future or, even if it does increase in the future, may not be maintained. Brokers effecting transactions in our common stock may also be subject to additional sales practice requirements under certain Exchange Act rules, including making inquiries into the suitability of investments for each customer or obtaining a prior written agreement for the specific stock purchase. Because of these additional obligations, some brokers will not effect transactions in our common stock.

***Our stock price has been volatile.***

Quarterly operating results have fluctuated and are likely to continue to fluctuate. The market price of our common stock has been and may continue to be volatile. Factors that are difficult to predict, such as quarterly revenues and operating results, limited trading volumes and overall market performance, may have a significant effect on the price of our common stock. Revenues and operating results have varied considerably in the past from period to period and are likely to vary considerably in the future. We plan product development and other expenses based on anticipated future revenue. If revenue falls below expectations, financial performance is likely to be adversely affected because only small portions of expenses vary with revenue. As a result, quarterly period-to-period comparisons of operating results are not necessarily meaningful and should not be relied upon to predict future performance.

***We may not pay any cash dividends on our common stock in the future.***

Declaration and payment of any dividend on our common stock is subject to the discretion of our Board of Directors. The timing and amount of dividend payments will be dependent upon factors such as our earnings, financial condition, cash requirements and availability, and restrictions in our credit facilities. Accordingly, it is likely that investors may have to rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investment.

**ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

**ITEM 2. PROPERTIES**

We lease office space in the United States, Canada, the United Kingdom, Malaysia, Singapore and India. We lease approximately 46,985 square feet in the United States; approximately 110 square feet in Canada; approximately 1,549 square feet in Malaysia; approximately 120 square feet in Singapore; approximately 190 square feet in the United Kingdom; and approximately 181,545 square feet in India.

Our corporate headquarters are located in Morristown, New Jersey, where we lease 31,030 square feet of office space under a lease agreement that was amended in October 2015. The lease term terminates in March 2020. The initial lease terms for our other spaces that we currently occupy are generally three to ten years. We do not own any real property. We believe that our existing facilities are adequate for our current and expected future needs. We may seek to negotiate new leases or evaluate additional or alternate space for our operations. We believe that appropriate alternative space is readily available on commercially reasonable terms.

**ITEM 3. LEGAL PROCEEDINGS**

From time to time, we are party to ordinary and routine litigation incidental to our business. We do not expect the outcome of such litigation to have a material effect on our business or results of operations.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## PART II

### ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

#### *Market Price*

Our shares of capital stock began to be publicly traded on June 29, 2015. Our common stock is traded on the NYSE MKT under the symbol "MJCO". The table below sets forth for the periods indicated the high and low sales prices for our common stock as reported on the NYSE MKT.

<b>Fiscal 2017:</b>	<b>High</b>	<b>Low</b>
4th Quarter . . . . .	\$6.09	\$4.92
3rd Quarter . . . . .	\$6.28	\$4.50
2nd Quarter . . . . .	\$5.72	\$4.82
1st Quarter . . . . .	\$6.50	\$4.80
<b>Fiscal 2016:</b>	<b>High</b>	<b>Low</b>
4th Quarter . . . . .	\$6.74	\$4.55
3rd Quarter . . . . .	\$6.08	\$4.21
2nd Quarter . . . . .	\$6.08	\$4.45
1st Quarter (starting June 29, 2015) . . . . .	\$5.60	\$4.44

#### *Record Holders*

As of June 9, 2017, we had 78 shareholders of record. The approximate number of holders is based upon the actual number of holders registered in our records at such date and excludes holders in street name or persons, partnerships, associations, corporations, or other entities identified in security positions listings maintained by depository trust companies.

On June 9, 2017, the closing price of our common stock was \$5.10.

#### *Dividends*

We did not declare or pay any cash dividend on our common stock during fiscal 2017, fiscal 2016 or fiscal 2015. We do not expect to pay dividends on our shares of common stock in the foreseeable future. Instead, it is expected that we will continue to retain any earnings to finance the development and expansion of our business, and will not pay any cash dividends on our common stock. Any future determination to pay dividends on shares of common stock will be at the discretion of our Board of Directors and will depend upon a number of factors, including our results of operations, financial condition, future prospects, capital requirements, contractual restrictions, restrictions imposed by applicable law and other factors that our Board of Directors deems relevant. Under our term loan with HSBC, we are currently restricted from paying dividends upon and during the continuation of an event of default.

#### *Unregistered Sales of Equity Securities*

There were no unregistered sales of equity securities during the period covered by this Annual Report on Form 10-K.

#### *Purchases of Equity Securities by the Issuer and Affiliated Purchasers.*

There were no purchases of equity securities by Majesco or its affiliates.

#### *Equity Compensation Plan Information*

See Item 12. "Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters" for information regarding securities authorized for issuance under equity compensation plans.

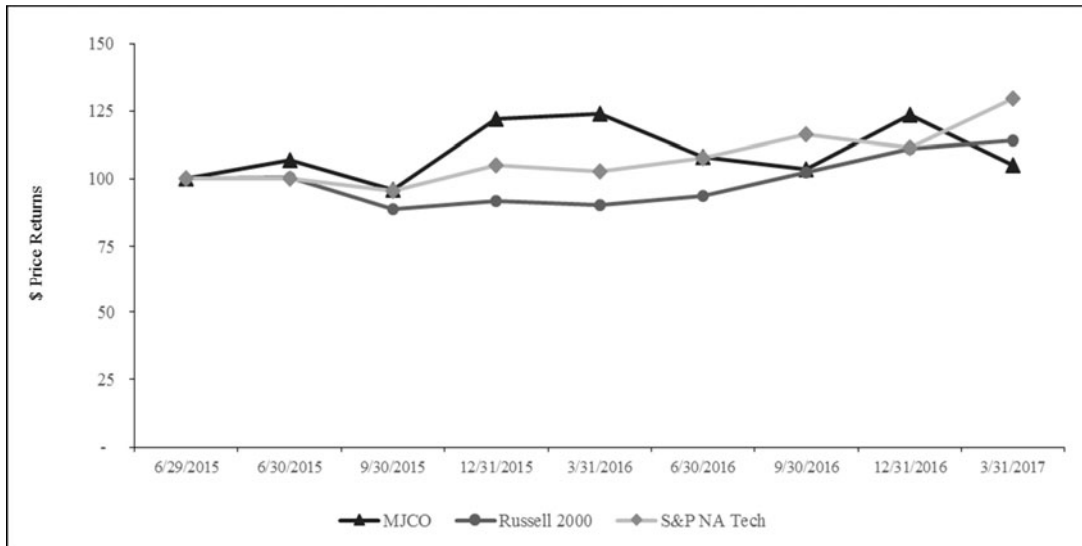
## PERFORMANCE GRAPH

The graph below compares the cumulative total stockholder returns (including reinvestment of dividends) from the period from June 29, 2015 through March 31, 2017 on an investment of \$100 in (i) our common stock, (ii) the Russell 2000 Index and (iii) the S&P North American Technology Software Index. You should be aware that historical results are not necessarily indicative of future performance.

We have selected the Russell 2000 Index and the S&P North American Technology Software Index for comparative purposes. We believe that, given our current size of operations and market capitalization, the Russell 2000 Index and the S&P North American Technology Software Index, which measure the performance of stocks in the small cap and technology segment of the U.S. equity securities market, provide an appropriate benchmark against which to measure our stock performance.

This performance graph shall not be deemed “soliciting material” or to be filed with the SEC for purposes of Section 18 under the Exchange Act or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any of our filings.

**Cumulative Performance**



## ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected combined consolidated historical financial data as of the dates and for each of the periods indicated for us and our subsidiaries giving effect to the Majesco Reorganization. For more information on the Majesco Reorganization, see “Item 1. Business — Majesco Reorganization.”

The financial data as of and for fiscal 2017, fiscal 2016 and fiscal 2015 is derived from our audited financial statements, which are included elsewhere in this Annual Report on Form 10-K.

You should read the selected combined consolidated historical financial data below together with the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and with the financial statements and notes thereto for fiscal 2017, fiscal 2016 and fiscal 2015, each of which are included elsewhere in this Annual Report on Form 10-K.

**Statements of Operations Data (U.S. dollars; in thousands, except for share and per share data):**

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016	Fiscal Year Ended March 31, 2015
Revenues . . . . .	\$121,768	\$113,302	\$79,282
Income (loss) before income tax . . . . .	(825)	(4,749)	(792)
Net income (loss) . . . . .	(922)	(3,562)	(651)
Net income per share – basic . . . . .	(0.02)	(0.10)	(0.02)
Net income per share – diluted . . . . .	(0.02)	(0.10)	(0.02)
	<b>As of March 31,</b>		
	<b>2017</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents . . . . .	\$12,464	\$ 6,154	\$ 6,532
Working capital . . . . .	9,599	5,665	6,275
Total assets . . . . .	90,014	94,621	46,545
Short-term debt . . . . .	2,561	6,951	1,470
Long-term debt . . . . .	10,000	6,800	3,000
Stockholders' equity . . . . .	45,848	45,557	20,556

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*This discussion of our financial condition and results of operations should be read together with the financial statements and notes contained elsewhere in this Annual Report on Form 10-K. Certain statements in this section and other sections are forward-looking. While we believe these statements are accurate, our business is dependent on many factors, some of which are discussed in "Item 1A. Risk Factors" in this Annual Report on Form 10-K. Many of these factors are beyond our control and any of these and other factors could cause actual results to differ materially from the forward-looking statements made in this Annual Report on Form 10-K. See "Item 1A. Risk Factors" for further information regarding these factors.*

*All currency amounts in this MD&A are in thousands unless indicated otherwise. Except where context requires otherwise, references in this MD&A to "Majesco," "we" or "us" are to Majesco and its subsidiaries on a worldwide consolidated basis after giving effect to the Majesco Reorganization.*

**Overview**

We are a global provider of core insurance software and consulting and other insurance technology services for business transformation for the insurance industry. We offer core software solutions for P&C and L&A and Pensions & Group Employee Benefits providers, allowing them to manage policy administration, claims management and billing functions. In addition, we offer a variety of other technology-based solutions that enable organizations to automate business processes and comply with policies and regulations across their organizations. Our solutions enable customers to respond to evolving market needs and regulatory changes, while improving the efficiency of their core operations, thereby increasing revenues and reducing costs.

Long-term, strong customer relationships are a key component of our success given the long-term nature of our contracts, opportunity for deeper relationships with our portfolio of solutions, and the importance of customer references for new sales. Our customers range from some of the largest global tier one insurance carriers in the industry to mid-market insurers, startups and greenfields, including specialty, mutual and regional carriers. As of March 31, 2017, we served approximately 148 insurance customers on a worldwide basis.

We generate revenues primarily from the licensing of our proprietary software and related implementation, support and maintenance fees pursuant to contracts with our customers. In general, we license software which requires significant modification or customization. In such cases, license revenue is not accounted for separately, but rather is accounted for along with software services revenue, as the services

are an integral part of software functionality and include significant modification or customization of the software. During the period from July 1, 2012 to March 31, 2017, there were only three contracts where a license fee was charged without customization upon the specific request of three existing customers for an amount of \$200, \$167, and \$25, respectively.

Our license agreements with our customers typically range in length from fixed-year terms (which maybe renewable) to perpetual terms. Support services are provided to customers pursuant to multi-year support agreements, which are typically renewable on an annual basis post the initial term of the agreement. We bill customers for license fees in accordance with the terms of the applicable license agreement, typically payable upon the signing of the agreement and achievement of milestones over the course of a defined period of time. Support fees are payable in advance by the customer on an annualized, quarterly or monthly basis. We primarily derive service revenues from implementation, other insurance technology solutions, and training services performed for our customers under the terms of a service contract on a time and materials or fixed-price basis.

### ***Fiscal 2017 Highlights***

A few of our highlights of fiscal 2017 were:

- Revenues of \$121.8 million with a gross profit of 47.9% of revenue;
- \$17.2 million (14.1% of revenue) in research and development expenses;
- \$41.3 million (33.9% of revenue) in sales, general and administrative expenses;
- Net loss of \$0.9 million; and
- Adjusted EBITDA of \$ 6.1 million, representing 5.0% of revenue.

### ***Use of Non-GAAP Financial Measures***

In evaluating our business, we consider and use EBITDA as a supplemental measure of operating performance. We define EBITDA as earnings before interest, taxes, depreciation and amortization. We present EBITDA because we believe it is frequently used by securities analysts, investors and other interested parties as a measure of financial performance. We define Adjusted EBITDA as EBITDA before one-time non-recurring exceptional costs related to the merger with Cover-All and the listing of our common stock on the NYSE MKT in connection with the merger and expense charge with regard to stock based compensation.

The terms EBITDA and Adjusted EBITDA are not defined under U.S. generally accepted accounting principles, or U.S. GAAP, and are not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP. EBITDA and Adjusted EBITDA have limitations as an analytical tool, and when assessing our operating performance, investors should not consider EBITDA or Adjusted EBITDA in isolation, or as a substitute for net income (loss) or other consolidated income statement data prepared in accordance with U.S. GAAP. Among other things, EBITDA and Adjusted EBITDA do not reflect our actual cash expenditures. Other companies may calculate similar measures differently than us, limiting their usefulness as comparative tools. We compensate for these limitations by relying on U.S. GAAP results and using EBITDA and Adjusted EBITDA only supplementally.

For an unaudited reconciliation of U.S. GAAP net income to EBITDA and Adjusted EBITDA for fiscal 2017 and fiscal 2016, see “— Results of Operations — Fiscal Year Ended March 31, 2017 Compared to Fiscal Year Ended March 31, 2016 — Adjusted EBITDA”.

### ***Agile Asset Acquisition***

On January 1, 2015, we acquired substantially all of the insurance consulting business of Agile, a business and technology management consulting firm. We estimate the total consideration for the Agile asset acquisition will amount to approximately \$8.5 million, with a total maximum of \$9.2 million possible depending on earn-out payments. Of the estimated approximately \$8.5 million total consideration, (1) \$1.0 million was paid in connection with the execution of the acquisition agreement and \$2.0 million was paid in connection with the closing of the acquisition with available cash on hand, (2) approximately \$390,000 will



be paid in cash as deferred payments over three years to certain former Agile employees who became employees of Majesco in connection with the acquisition, of which \$285,000 had been paid as of March 31, 2017, and (3) up to \$5.1 million will be paid by way of earn-out over three years based on the satisfaction of certain time milestones and performance targets, with maximum potential aggregate earn-out payments of up to \$5.8 million if performance targets are exceeded.

On January 26, 2016, we amended the asset purchase and sale agreement with Agile and its members to amend the terms and conditions of the earn-out. The amendment added in the calculation of revenue for purposes of determining the earn-out for 2015 five percent of the initial order book revenue of Majesco software (intellectual property) deals closed by the Agile Division and 40% of revenue and EBITDA for Data Center of Excellence projects that have been signed in calendar year 2015. For determining the earn-out for 2016 and 2017, the amendment provides that the earn-out performance metrics will be determined at the Majesco level and not the Agile Division level and will be based only on revenue and EBITDA goals of Majesco as reported in Majesco's consolidated financial statements. The amendment also provides that 50% of the earn-out in the amount of \$583,333 will be fixed with the remainder of the earn-out (the "Variable Earn-Out") payable to Agile on a percentage basis as calculated below only if Majesco achieves 90% of corporate revenue and EBITDA goals for 2016 and 2017. No Variable Earn-Out will be payable for achieving less than 90% of the corporate revenue and EBITDA goals for 2016 and 2017, respectively, and any additional earn-out will not exceed 20% of the Variable Earn-Out. For revenue and EBITDA between 90% and 120% of Majesco's revenue and EBITDA goals, Majesco will pay Seller a Variable Earn-Out calculated on a percentage basis. The amendment also adjusts the earn-out periods determination over a period of three years with the first year of the earn-out period commencing on January 1, 2015 and ending on December 31, 2015; the second year commencing on April 1, 2016 and ending on March 31, 2017; and the third year commencing on April 1, 2017 and ending on March 31, 2018. We paid approximately \$1.1 million and \$1.5 million as earn-out to Agile in fiscal 2017 and 2016, respectively, and \$0 for fiscal 2015.

Through this acquisition, we acquired the insurance-focused IT consulting business of Agile, as well as business process optimization capabilities and additional technology services including data architecture strategy and services. In connection with this acquisition, over 55 insurance technology professionals and other personnel formerly employed or engaged by Agile became our employees or independent contractors. This acquisition also resulted in the addition of approximately 20 customers to our customer base. In connection with this acquisition, we assumed office leases under which Agile was lessee in New Jersey, Georgia and Ohio, and acquired certain trademarks, service marks, domain names and business process framework of Agile.

#### ***Cover-All Merger***

On June 26, 2015, Cover-All, a provider of core insurance software and business analytics solution primarily focused on commercial lines for the property and casualty insurance industry listed on the NYSE MKT, merged into Majesco, with Majesco as the surviving corporation, in a stock-for-stock transaction. In the merger, each share of Cover-All common stock issued and outstanding immediately prior to the effective time of the merger (other than treasury shares) was automatically cancelled and extinguished and converted into the right to receive 0.21641 shares of common stock of Majesco. This exchange ratio resulted in holders of issued and outstanding Cover-All common stock and outstanding options and restricted stock units and other equity awards of Cover-All holding in the aggregate approximately 16.5% of the total capitalization of the combined company immediately following consummation of the merger.

Cover-All's customers include insurance companies, agents, brokers and MGAs throughout the United States and Puerto Rico. Cover-All's software solutions and services are designed to enable customers to introduce new products quickly, expand their distribution channels, reduce costs and improve service to their customers. Cover-All's business analytics solution enables customers to leverage their information assets for real time business insights and for better risk selection, pricing and financial reporting. In 2013, Cover-All announced the general availability of Cover-All Dev Studio, a visual configuration platform for building new and maintaining existing pre-built commercial insurance products for Cover-All Policy. In 2011, Cover-All expanded its portfolio of insurance solutions by acquiring the assets of a recognized claims solution provider, Ho'ike Services, Inc. (doing business as BlueWave Technology).

We always look at additional acquisitions to complement our service offerings and growth strategy. Our success, in the near term, will depend, in large part, on our ability to: (a) successfully integrate our acquisitions into our business, (b) build up momentum for new sales, (c) cross-sell to existing customers and (d) exceed customer satisfaction through our state of the art products and solutions.

### ***Inflation***

Although we cannot accurately determine the amounts attributable thereto, our net revenues and results of operations have been affected by inflation experienced in the U.S., Indian and other economies in which we operate through increased costs of employee compensation and other operational expenses during fiscal 2017 and fiscal 2016. To the extent permitted by the marketplace for our products and services, we attempt to recover increases in costs by periodically increasing prices. However, there can be no assurance that we will be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

### ***Currency Fluctuations***

We are affected by fluctuations in currency exchange rates with respect to our contracts. We hedge a substantial portion of our foreign currency exposure. For more information, see “— Quantitative and Qualitative Disclosures About Market Risk.”

### ***Critical Accounting Policies***

Our financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”). Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management’s application of accounting policies. Critical accounting policies for us include revenue recognition, intangible assets, software development costs, and goodwill.

### ***Revenue Recognition***

Revenues are recognized when all of the following general revenue recognition criteria are met:

- **Persuasive evidence of an arrangement exists.** Evidence of an arrangement consists of a written contract signed by both the customer and management prior to the end of the reporting period.
- **Delivery or performance has occurred.** The software product has met the milestones contained in the software development contract, professional services are rendered, and any customer acceptance provisions have been satisfied.
- **Fees are fixed or determinable.** Fees from customer arrangements are generally at a contractually fixed price or based upon agreed upon time and material rates.
- **Collectability is probable.** Collectability is assessed on a customer-by-customer basis, based primarily on creditworthiness as determined by credit checks and analysis, as well as customer payment history. If it is determined prior to revenue recognition that collection of an arrangement fee is not probable, revenues are deferred until collection becomes probable or cash is collected, assuming all other revenue recognition criteria are satisfied.

We recognize some license revenue upon delivery, provided that collection is determined to be probable and no significant obligations remain. Some license revenues are not accounted separately from software services revenues as professional services are essential to the software functionality and include significant modification or customization to or development of the underlying software code. Since these software arrangements do not qualify as a separate unit of accounting, the software license revenues are recognized using the percentage of completion method. When contracts contain multiple software and software-related elements (for example, software license, and maintenance and professional services) wherein Vendor-Specific Objective Evidence (“VSOE”) exists for all undelivered elements, we account for the delivered elements in accordance with the “Residual Method.” VSOE of fair value for post-contract

customer support services is established by a stated renewal rates charged in stand-alone sales. VSOE of fair value of hosting services is based upon stand-alone sales of those services. Revenue from support services is recognized ratably over the life of the contract. Revenue from professional consulting services is recognized when the service is provided.

**Time and Material Contracts** — Professional services revenue consists primarily of revenue received for assisting with the development, implementation of our software, on-site support, and other professional consulting services. In determining whether professional services revenue should be accounted, we review the nature of our software products; whether they are ready for use by the customer upon receipt; the nature of our implementation services, which typically do involve significant customization to or development of the underlying software code; and whether milestones or acceptance criteria exist that affect the realization of the services rendered. Substantially all of our professional services arrangements are billed on a time and materials basis and, accordingly, are recognized as the services are performed. If there is significant uncertainty about the project completion or receipt of payment for professional services, revenue is deferred until the uncertainty is sufficiently resolved. Payments received in advance of rendering professional services are deferred and recognized when the related services are performed. Work performed and expenses incurred in advance of invoicing are recorded as unbilled receivables. These amounts are billed in the subsequent month.

**Fixed Price Contracts** — For arrangements that do not qualify for separate accounting for the license and professional services revenues, including arrangements that involve significant modification or customization of the software, that include milestones or customer specific acceptance criteria that may affect collection of the software license fees or where payment for the software license is tied to the performance of professional services, software license revenue is generally recognized together with the professional services revenue using the percentage-of-completion method. Under the percentage-of-completion method, revenue recognized is equal to the ratio of costs expended to date to the anticipated total contract costs, based on current estimates of costs to complete the project. If there are milestones or acceptance provisions associated with the contract, the revenue recognized will not exceed the most recent milestone achieved or acceptance obtained. If the total estimated costs to complete a project exceed the total contract amount, indicating a loss, the entire anticipated loss would be recognized in the current period.

We also enter into multiple element revenue arrangements in which a customer may purchase a combination of a software license, hosting services, maintenance, and professional services. For multiple element arrangements that contain non-software related elements, for example our hosting services, we allocate revenue to each element based upon VSOE of the undelivered elements, we account for the delivered elements in accordance with the “Residual Method.” VSOE of fair value for the hosting, maintenance, and other post-contract customer support services (“PCS”) is established by a stated renewal rate charged in stand-alone renewals of each type of PCS.

Revenue is shown net of applicable service tax, sales tax, value added tax and other applicable taxes. We have accounted for reimbursements received for out of pocket expenses incurred as revenues in the combined Statement of Operations.

### ***Goodwill and Other Intangible Assets***

Goodwill represents the cost of the acquired businesses in excess of the estimated fair value of assets acquired, identifiable intangible assets and liabilities assumed. Goodwill is not amortized but is tested for impairment at the reporting unit level at least annually or as circumstances warrant. If impairment is indicated and carrying value of the goodwill of a reporting unit exceeds the implied fair value of that goodwill, then goodwill is written-down. There are no indefinite-lived intangible assets.

Intangible assets other than goodwill are amortized over their estimated useful lives on a straight line basis. The estimated useful life of an identifiable intangible asset is based on a number of factors, including the effects of obsolescence, demand, competition, the level of maintenance expenditures required to obtain the expected future cash flows from the asset and other economic factors (such as the stability of the industry, known technological advances, etc.).

The estimated useful lives of intangible assets are as follows:

Non-compete agreements	3 years
Leasehold benefit	Ascertainable life or primary period of lease whichever is less
Internal-use Software	1 – 5 years
Intellectual Property Rights	1 – 5 years
Customer Contracts	1 – 3 years
Customer Relationships	6 – 8 years
Technology	6 years

#### ***Impairment of Long-Lived Assets and Intangible Assets***

We review long-lived assets and certain identifiable intangible assets subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During this review, we re-evaluate the significant assumptions used in determining the original cost and estimated lives of long-lived assets. Although the assumptions may vary from asset to asset, they generally include operating results, changes in the use of the asset, cash flows and other indicators of value. Management then determines whether the remaining useful life continues to be appropriate or whether there has been an impairment of long-lived assets based primarily upon whether expected future undiscounted cash flows are sufficient to support the assets' recovery. If impairment exists, we adjust the carrying value of the asset to fair value, generally determined by a discounted cash flow analysis.

#### ***Property and Equipment***

Property and equipment are stated at actual cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives. The cost and the accumulated depreciation for premises and equipment sold, retired or otherwise disposed of are removed from the stated values and the resulting gains and losses are included in the combined Statement of Operations. Maintenance and repairs are charged to combine Statement of Operations when incurred. Advance paid towards acquisition of long-lived assets and cost of assets not put to use before the balance sheet date are disclosed under the caption "capital work in progress".

The estimated useful lives of assets are as follows:

Leasehold Improvements	5 years or over the primary period of lease whichever is less
Computers	2 years
Plant and Equipment	2 – 5 years
Furniture and Fixtures	5 years
Vehicles	5 years
Office Equipment	2 – 5 years

## Results of Operations

### Fiscal Year Ended March 31, 2017 Compared to Fiscal Year Ended March 31, 2016

The following table summarizes our consolidated statements of operations for fiscal 2017 and fiscal 2016, including as a percentage of revenues:

#### Statement of Operations Data

(U.S. Dollars; dollar amounts in thousands):	Fiscal Years Ended			
	March 31, 2017	%	March 31, 2016	%
Total Revenue . . . . .	\$121,768		\$113,302	
Total cost of revenues . . . . .	63,461	52%	62,832	55%
Total gross profit . . . . .	<u>58,307</u>		<u>50,470</u>	
Operating expenses:				
Research and development expenses . . . . .	17,236	14%	16,267	14%
Selling, general and administrative expenses . . . . .	41,310	34%	38,204	34%
Restructuring costs . . . . .	—		465	
Total operating expenses: . . . . .	<u>58,546</u>		<u>54,936</u>	
Income (loss) from operations . . . . .	(239)		(4,466)	
Interest income . . . . .	41		24	
Interest expense . . . . .	(612)		(596)	
Other income (expenses), net . . . . .	(15)		289	
Income (loss) before provision for income taxes . . . . .	(825)		(4,749)	
Income taxes (benefit) . . . . .	97		(1,187)	
Net income (loss) . . . . .	<u>\$ (922)</u>	(0.76)%	<u>\$ (3,562)</u>	(3)%

The following table represents revenues by each subsidiary and corresponding geographical region:

(U.S. dollars; dollar amounts in thousands):	Fiscal years ended			
	March 31, 2017	%	March 31, 2016	%
Geography: North America				
Legal Entity				
Majesco . . . . .	\$ 27,395	23%	\$ 25,646	23%
Majesco Software and Solutions Inc. . . . .	52,357	43%	54,928	48%
Cover-All Systems Inc. . . . .	27,325	22%	17,636	16%
Majesco Canada Ltd., Canada . . . . .	1,748	1%	2,175	2%
	<u>\$108,825</u>	89%	<u>\$100,385</u>	89%
Geography: The United Kingdom				
Legal Entity:				
Majesco UK Limited, UK . . . . .	<u>\$ 8,167</u>	7%	<u>\$ 8,935</u>	8%
Geography: Other				
Legal Entity:				
Majesco Sdn. Bhd., Malaysia . . . . .	\$ 3,625	3%	\$ 3,671	3%
Majesco (Thailand) Co. Ltd., Thailand . . . . .	—	0%	—	0%
Majesco Asia Pacific Pte. Ltd., Singapore . . . . .	59	0%	73	0%
Majesco Software and Solutions India Private Limited, India . . . . .	1,092	1%	238	0%
	<u>\$ 4,776</u>	4%	<u>\$ 3,982</u>	3%
<b>Total Revenues . . . . .</b>	<u><u>\$121,768</u></u>		<u><u>\$113,302</u></u>	

### *Revenues*

Revenues for fiscal 2017 were \$121,768 compared to \$113,302 for fiscal 2016, reflecting an increase of 7.47%. This increase was mainly due to the addition of the Cover-All business and revenues from expanding relationships with P&C customers through upsell and cross-sell opportunities.

### *Gross Profit*

Gross profit was \$58,307 for fiscal 2017 compared with \$50,470 for fiscal 2016. This represents an increase of 15.5%. The increase in gross profit is primarily due to the combination of a higher revenue base and improved operating efficiencies. As a percentage of revenues, cost of sales decreased to 52% for fiscal 2017 from 55% for fiscal 2016.

Salaries and consultant fees in the cost of revenues were \$47,857 for fiscal 2017 compared to \$43,904 for fiscal 2016. This represents an increase of 9% in salaries and consultant fees related to the growth in our revenues. We had 2,010 and 2,232 technical and technical support employees as of March 31, 2017 and 2016, respectively. As a percentage of revenues, salaries and consultant fees is 39% for fiscal 2017 and 2016.

### *Operating Expenses*

Operating expenses were \$58,546 for fiscal 2017 compared to \$54,936 for fiscal 2016. This represents an increase of 6.6%. As a percentage of revenues, however, operating expenses decreased to 48.1% from 48.5%. The increase in operating expenses was primarily due to planned increase of the selling, general and administrative expenses of \$3,106 offset by a decrease in restructuring costs of \$465 due to the consummation of the Majesco Reorganization and an increase in research and development costs of \$969.

### *Income from Operations*

Income/(Loss) from operations was \$(239) for fiscal 2017 compared to \$(4,466) for fiscal 2016. As a percentage of revenues, net income/(loss) from operations was (0.2%) for fiscal 2017 compared to net income (loss) of (3.9%) for fiscal 2016.

### *Other Income*

Other income/(loss) (net) was \$(15) for fiscal 2017 compared to \$289 for fiscal 2016. The loss was primarily due to an exchange loss on account of a change in the currency exchange rate and a one time provision made in Majesco UK Limited for other finance charges of \$184.

### *Tax provision*

Tax charge was \$97 for fiscal 2017 compared to a tax benefit of \$1,187 for fiscal 2016. The main reason for the increase in tax provision is the increase in taxable profit in our foreign subsidiaries having an effective tax rate higher than the losses incurred by our US companies where the effective rate is lower. Our effective tax rate for fiscal 2017 was (11.7%) as compared to 24.9% for fiscal 2016.

### *Net Income*

Net income/(loss) was \$(922) for fiscal 2017 compared to net income/(loss) of \$(3,562) for fiscal 2016. Net income/(loss) per share, basic and diluted, was \$(0.02) and \$(0.02), respectively, for fiscal 2017 compared to net income/(loss) per share, basic and diluted, of \$(0.10) and \$(0.10), respectively, for fiscal 2016.

### *Adjusted EBITDA*

Adjusted EBITDA, a non-GAAP metric, was \$6,059 for fiscal 2017 compared to \$589 for fiscal 2016.

The following is an unaudited reconciliation of U.S. GAAP net income to EBITDA and Adjusted EBITDA for fiscal 2017 and fiscal 2016:

(U.S. dollar amounts; in thousands)	Fiscal years ended	
	March 31, 2017	March 31, 2016
Net Income (loss)	\$ (922)	\$ (3,562)
Add:		
Provision (benefit) for income taxes	97	(1,187)
Depreciation and amortization	4,720	3,842
Interest expense	612	596
Less:		
Interest income	(41)	(24)
Other income (expenses), net	15	(289)
EBITDA	\$ 4,481	\$ (624)
Add:		
Restructuring costs	—	465
Stock based compensation	1,578	748
Adjusted EBITDA	6,059	589
Revenue	121,768	113,302
Adjusted EBITDA as a % of Revenue	4.98%	0.52%

### ***Liquidity and Capital Resources***

Our cash and cash equivalent and short term investments position was \$12,464 at March 31, 2017 and \$6,154 at March 31, 2016.

Net cash provided (used) by operating activities was \$10,361 for fiscal 2017 and \$(5,751) for fiscal 2016. We had accounts receivable of \$ 12,227 at March 31, 2017 and \$22,503 at March 31, 2016. We had revenues in excess of billings of \$8,563 at March 31, 2017, and \$7,379 at March 31, 2016. Accounts payable and accrued expenses, and current portions of capital lease obligations amounted to \$18,144 at March 31, 2017, and \$20,519 at March 31, 2016. The average days sales outstanding for fiscal 2017 and fiscal 2016 were 67 days and 96 days, respectively. The decrease to 67 days was primarily on account of our increase in revenue coupled with better collection from our customers. The days sales outstanding have been calculated by taking into consideration the combined balances of accounts receivable and unbilled accounts receivable.

Net cash used by investing activities amounted to \$2,938 for fiscal 2017 compared to \$7,195 for fiscal 2016. Net cash used by investing activities for fiscal 2017 included the purchase of plant, property & equipment and intangible assets aggregating to \$3,059.

Purchase of investments in mutual funds was \$223 for fiscal 2017 and \$364 for fiscal 2016, respectively. Restricted cash was \$53 for fiscal 2017 compared to \$257 for fiscal 2016.

Net cash used by financing activities was \$831 for fiscal 2017, compared to net cash generated by financing activities of \$9,218 for fiscal 2016 and net cash used by financing activities of \$2,966 for fiscal 2015. The decrease in cash generated was on account of the net repayment of debt of \$1,149 and an increase in capital lease obligation by \$318. The details of our borrowings are described below.

We operate in multiple geographical regions of the world through our various subsidiaries. We typically fund the cash requirements for our operations through license, services, and support agreements. As of March 31, 2017, we had approximately \$12,464 of cash, cash equivalents and marketable securities of which approximately \$3,090 is held by our foreign subsidiaries. We intend to permanently reinvest these funds outside the U.S., and therefore, we do not anticipate repatriating undistributed earnings from our non-U.S. operations. If funds from foreign operations are required to fund U.S. operations in the future and if U.S. tax has not previously been provided, we would be required to accrue and pay additional U.S. taxes to repatriate these funds.

As a growing company, we have on-going capital expenditure needs based on our short term and long term business plans. Although our requirements for capital expenses vary from time to time, for the next twelve months, we anticipate incurring capital expenditures of \$3,000 to \$4,000 for new business development activities and infrastructure enhancements.

We believe that our current cash balances and anticipated cash flows from operations will be sufficient to meet our normal operating needs for at least the next twelve months. These projections include anticipated sales to new customers and upsell/cross sell to existing customers, the exact timing of which cannot be predicted with absolute certainty and can be influenced by factors outside our control. Our ability to fund our working capital needs and address planned capital expenditures will depend on our ability to generate cash in the future. We anticipate generating future working capital through sales to new customers and continued sales and services to our existing customers.

Our future liquidity and capital resource requirements will depend on many factors, including, but not limited to, the following trends and uncertainties we face and those described in “Item 1A. Risk Factors”:

- Our ability to generate cash is subject to general economic, financial, competitive and other factors beyond our control.
- Our need to invest resources in product development in order to continue to enhance our current products, develop new products, attract and retain customers and keep pace with competitive product introductions and technological developments.
- We experience competition in our industry and continuing technological changes.
- Insurance companies typically are slow in making decisions and have numerous bureaucratic and institutional obstacles, which can make our efforts to attain new customers difficult.
- We compete on the basis of insurance knowledge, products, services, price, technological advances and system functionality and performance.

We do not expect for there to be a need for a change in the mix or relative cost of our sources of capital.

### *Financing Arrangements*

#### *Term Loan Facility*

On March 25, 2011, we entered into a secured revolving working capital line of credit facility with ICICI Bank Limited (“ICICI”) under which the maximum borrowing limit is \$5,000. The interest rate on the credit facility at March 31, 2016 was three-month LIBOR plus 350 basis points and increased to three-month LIBOR plus 375 basis points with the second extension of this facility described below. The interest rate was 4.75% at March 31, 2017 and 4.13% at March 31, 2016. In case of unhedged foreign currency exposure, ICICI reserves the right to increase the pricing of this facility. The credit facility is guaranteed by Mastek Ltd. subject to the terms and conditions set forth in the guarantee. The credit facility initially matured on November 11, 2015.

On November 20, 2015, we extended this line of credit to February 11, 2016. The facility was further extended to May 9, 2016 and again extended to May 15, 2017. Majesco paid a processing fee of \$12.50 in connection with the second extension and a processing fee of \$50.83 in connection with the third extension. In connection with these extensions of the Majesco line of credit, Mastek Ltd. also extended its guarantee of such line of credit. We have agreed to pay a fee and indemnify Mastek Ltd. against any payments made by Mastek Ltd. in connection with this guarantee.

This facility is secured by a continuing first priority lien on and security interest in, among other things, all of Majesco’s personal property and assets (both tangible and intangible), including accounts receivable, cash, certificated and uncertificated securities and proceeds of any insurance or indemnity payable to us with respect to the collateral. This facility contains financial covenants, as well as restrictions



on, among other things, our ability to incur debt or liens; make loans and investments; enter into mergers, acquisitions and other business combinations; engage in asset sales; or amend our governing documents. This facility also restricts us from paying dividends upon and during the continuation of an event of default.

On January 20, 2017, we paid in full the balance under this facility with proceeds from the new \$10,000 receivables facility with HSBC described below and this facility was terminated. On payment, the guarantee by Mastek Ltd. of this facility was also terminated and our liability to Mastek Ltd. regarding this guarantee also ceased to exist.

#### *PCFC Facility*

On June 30, 2015, our subsidiary, MSS IPL, entered into a secured Pre Shipment in Foreign Currency and Post Shipment in Foreign Currency (“PCFC”) facility with YES Bank under which we may request 3 months pre-export advances and advances against export collection bills. The maximum borrowing limit is 300 million Indian rupees (or approximately \$4,416 at the exchange rate in effect on March 31, 2017). The interest rate on this PCFC facility is LIBOR plus 275 basis points. The interest rate on this PCFC facility is determined at the time of each advance. This PCFC facility is secured by a first pari passu charge over the current assets of MSS IPL. Excess outstanding beyond 100 million Indian rupees is to be backed by 100% goodwill fixed deposit receipts in MSS IPL or Majesco Limited. On September 27, 2016, MSS IPL extended this PCFC facility to June 17, 2017. As of March 31, 2017, we had \$1,957 of borrowings outstanding under this PCFC facility bearing interest at 4.030% and were in compliance with the terms of this facility.

#### *Term Loan Facility*

On March 23, 2016, we entered into a Loan Agreement (the “Loan Agreement”) with HSBC pursuant to which HSBC agreed to extend loans to us in the amount of up to \$10,000 and we issued a promissory note to HSBC in the maximum principal amount of \$10,000 or any lesser amount borrowed under the Loan Agreement (the “Note”, and together with the “Loan Agreement”, the “Facility”). The outstanding principal balance of the loan bears interest based on LIBOR plus a margin in effect on the first day of the relevant interest period. Until January 1, 2018, only interest will be payable under the loan. Commencing on January 1, 2018, and on each January 1 and July 1 thereafter until July 1, 2020, installments of principal in the amount of \$1,666.67 shall be due and payable semi-annually. All principal and interest outstanding under the Note shall be due and payable on March 1, 2021. The Facility is unsecured and supported by a letter of credit issued by a bank of \$10,000, which is secured by a cash pledge of our parent company, Majesco Limited. As of March 31, 2017, we had \$10,000 outstanding under this Facility.

The Facility contains affirmative covenants that require us to furnish financial statements to HSBC and cause Majesco Limited to maintain (1) a Net Debt-to-EBITDA Ratio (as defined in the Loan Agreement) of not more than (a) 5.00 to 1.00 as of the last day of its 2017 fiscal year and (b) 2.50 to 1.00 as of the last day of each fiscal year thereafter, and (2) a Debt Service Coverage Ratio (as defined in the Loan Agreement) of not less than 1.50 to 1.00 as of the last day of each fiscal year. The Facility contains restrictive covenants on us, including restrictions on declaring or paying dividends upon and during the continuation of an event of default, incurring additional indebtedness, selling material portions of our assets or undertaking other substantial changes to the business, purchasing or holdings securities for investment, and extending credit to any person outside the ordinary course of business. The Facility also restricts any transfer or change in, or assignment or pledge of the ownership or control of Majesco which would cause Majesco Limited to directly own less than fifty one percent (51%) of the issued and outstanding equity interests in Majesco. The Facility also restricts Majesco Limited from incurring any Net Debt (as defined in the Loan Agreement) in excess of \$25,000 at any time prior to April 1, 2017. The Facility also contains customary events of default provision and indemnification provisions whereby we will indemnify HSBC against all losses or damages related to the Facility, provided, however, that we shall not have any indemnification obligations to HSBC for any claims caused by HSBC’s gross negligence or willful misconduct. We may use the loan proceeds solely for the purpose of refinancing existing indebtedness, capital expenditures and working capital and other general corporate purposes.

We used the proceeds from the Facility to refinance our \$3,000 term loan with Punjab National Bank (International), to fund capital expenditures and for working capital and other general corporate purposes.

### Receivable Purchase Facility

On January 13, 2017, we and our subsidiaries MSSSI, and Cover-All Systems, jointly and severally entered into a Receivable Purchase Agreement with HSBC pursuant to which HSBC may advance funds against receivables at an agreed advance rate. The outstanding aggregate amount of all advances shall not exceed the facility limit. The facility also bears interest at two (2%) per cent plus the ninety (90) day LIBOR rate. HSBC will also receive an arrangement fee equal to .20% of the facility limit and a facility review fee equal to .20% of the facility limit. We will serve as HSBC's agent for the collection of receivables, and we will collect and otherwise enforce payment of the receivables. The term of the Receivable Purchase Agreement is for a minimum period of twelve (12) months and shall continue unless terminated by either party. Either party may terminate the Receivable Purchase Agreement at any time upon sixty (60) days' prior written notice to the other party. The Receivable Purchase Agreement will provide additional liquidity to us for working capital and other general corporate purposes. As of March 31, 2017, we had \$604 outstanding under this Facility. We used proceeds from this facility to refinance the ICICI facility as described above, to fund capital expenditures and for working capital and other general corporate purposes.

### Dividends and Redemption

We have not declared or paid any cash dividend on our common stock since 2000. It has been our policy to invest earnings in growth rather than distribute earnings as common stock dividends. This policy, is expected to continue, but is subject to regular review by our Board of Directors.

### Contractual Obligations

The following table summarizes our known contractual obligations as of March 31, 2017:

Particulars	Payments due by period				
	<i>(in thousands)</i>				
	Total	<1 Year	1 – 3 Years	3 – 5 Years	>5 Years
Capital Leases . . . . .	615	376	232	7	—
Operating Leases . . . . .	10,770	2,991	6,090	988	701
Purchase Obligations . . . . .	—	—	—	—	—
Long-Term Debt-HSBC Term Loan . . . . .	10,000	1,667	6,667	1,666	—
PCFC Facility and HSBC Receivable Purchase Facility . . . . .	2,549	2,549	—	—	—
Other Obligations – Contingent Consideration . . . . .	756	756	—	—	—
Total . . . . .	<u>\$24,690</u>	<u>\$8,339</u>	<u>\$12,989</u>	<u>\$2,661</u>	<u>\$701</u>

As of March 31, 2017, our operating leases consisted of leases for office space in the United States, Canada, the United Kingdom, Malaysia, Singapore and India for terms ranging from three to ten years each. Many of these leases include renewal options, with renewal periods generally between two to five years. We also leased automobiles under capital leases and acquired software under hire purchase arrangement. Contingent consideration reflects discounted future cash flows during the earn-out period related to our acquisition of the Agile assets in December 2014. See Notes 5, 21 and 22 to our consolidated financial statements as well as "Item 2. Properties" for additional information related to our capital and operating leases and other contractual obligations.

In addition to our contractual obligations set forth in the table above, we also have contractual and non-contractual employee benefits and related obligations, including those described below:

- (1) Obligations under a post-employment defined benefit plan (the "Gratuity Plan") covering all employees in India who are eligible under the terms of their employment, and governed by India's Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement or upon termination of employment based on the respective employee's salary and the years of employment with Majesco. We determine our liability towards the Gratuity Plan on the basis of actuarial valuation. Actuarial gains and losses arising from

experience adjustments, and changes in actuarial assumptions are recognized immediately in the combined Statement of Operations as income or expense. These obligations are valued by independent qualified actuaries. We evaluate these critical actuarial assumptions at least annually. If actual results differ significantly from our estimates, our gratuity expense and our results of operations could be materially impacted. Our aggregate obligations under the Gratuity Plan were \$(136) for fiscal 2017.

- (2) We have obligations with respect to the encashment of leave balances of certain of our employees in India and other countries. Our aggregate obligations under provision for accrued vacation (leave encashment) were \$1,735 for fiscal 2017. Our total obligations under leave encashment was \$4,201, as of March 31, 2017.
- (3) We pay contributions to a defined contribution pension scheme covering our employees in Canada and the United Kingdom. The assets of the scheme are held separately from those of Majesco in an independently administered fund. We contributed \$30 to the fund during fiscal 2017.
- (4) Senior employees of our Indian subsidiary are entitled to superannuation, a defined contribution plan (the "Superannuation Plan"). We make a yearly contribution to the Superannuation Plan, which is administered and managed by the Life Insurance Corporation of India based on a specified percentage (presently at 12.5% to 15% depending on the grade of the employee) of each covered employee's basic salary. We contributed \$42 towards the Superannuation Plan during fiscal 2017.
- (5) In accordance with Indian law, generally all employees in India are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently at 12% each) of the employees' basic salary. These contributions are made to the fund which is administered and managed by the Government of India.
- (6) We make payments to defined contribution plans established and maintained in accordance with the local laws of the United States and of the jurisdictions in which our subsidiaries are located. Our aggregate monthly contributions to all of these plans are charged to combined Statement of Operations in the year they are incurred and there are no further obligations under these plans beyond those monthly contributions. We contributed \$1,378 in the aggregate towards all these contribution plans during fiscal 2017.

See Notes 2(l) and 13 to our consolidated financial statements for fiscal 2017 for additional information.

In addition, as of March 31, 2017, we had gross unrecognized tax benefits of \$441. At this time, we are unable to make a reasonably reliable estimate of the timing of payments in individual years in connection with these tax liabilities; therefore, such amounts are not included in the above contractual obligations table. See Note 15 to our consolidated financial statements for additional information.

### ***Off-Balance Sheet Arrangements***

We do not maintain any off-balance sheet arrangements, transactions, obligations or other relationships with unconsolidated entities that would be expected to have a material current or future effect upon our financial condition or results of operations.

### ***Recent Accounting and Auditing Development***

#### ***Improvements on Employee Share-Based Payment Accounting***

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09, "Improvements on Employee Share-Based Payment Accounting (Topic 718)" ("ASU 2016-09"), which simplifies several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash

flows. The new standard is effective for annual periods beginning after December 15, 2016 and interim periods within those years. Early adoption is permitted. The standard will be effective for the Company beginning April 1, 2017. As required, the Company will make a cumulative-effect adjustment to shareholders' equity as of April 1, 2017 for unrecognized excess tax benefits or tax deficiencies that exist as of that date. In addition, beginning April 1, 2017, excess tax benefits and tax deficiencies will be reflected as income tax benefit or expense in the Company's consolidated statement of operations and could result in a material impact. The extent of the excess tax benefits or tax deficiencies are subject to variation in our stock price and the timing of RSU vesting and employee stock option exercises.

#### *Revenue from Contracts with Customers*

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", which provides guidance for revenue recognition. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance.

In August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date", deferring the effective date of this standard. As a result, the ASU and related amendments will be effective for the Company for its fiscal year beginning April 1, 2018, including interim periods within that fiscal year.

Subsequently, the FASB issued ASU No. 2016-08, Principal Versus Agent Consideration (or Reporting Revenue Gross versus Net) in March 2016, ASU No. 2016-10, Identifying Performance Obligations and Licensing in April 2016, and ASU No. 2016-12, Narrow-Scope Improvements and Practical Expedients in May 2016. These amendments clarified certain aspects of Topic 606 and will also be effective for the Company for its fiscal year beginning April 1, 2018.

The core principle of Topic 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. Topic 606 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation, among others. Topic 606 also provides guidance on the recognition of costs related to obtaining customer contracts.

Preliminarily the Company plans to adopt these ASUs (collectively, Topic 606) on April 1, 2018. Topic 606 permits two methods of adoption: retrospectively to each prior reporting period presented (the "Full Retrospective Method"), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the "Modified Retrospective Method"). The Company currently intends to apply the Modified Retrospective Method. Although the Company does not expect a material impact on revenues upon adoption, the Company is currently evaluating the impact the adoption will have on its consolidated financial statements.

The Company is continuing to evaluate the impact to its revenues related to its pending adoption of Topic 606 and its preliminary assessments are subject to change. It is also continuing to evaluate the provisions of Topic 606 related to costs for obtaining customer contracts.

#### *Business Combinations (Topic 805): Clarifying the Definition of a Business*

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, which provides a more robust framework to use in determining when a set of assets and activities is a business. The standard will be effective for the Company beginning April 1, 2018. Based on its current assessment, the Company does not expect the adoption of this update to have a material impact on its consolidated financial statements.

#### *Statement of Cash Flows (Topic 230): Restricted Cash*

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires the statement of cash flows to report changes in cash, cash equivalents, and restricted

cash. The standard will be effective for the Company beginning August 1, 2018. Based on its current assessment, the Company does not expect the adoption of this update to have a material impact on its consolidated financial statements.

*Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (ASU 2016-15), which clarifies how companies present and classify certain cash receipts and cash payments in the statement of cash flows. The standard will be effective for the Company beginning April 1, 2018. Based on its current assessment, the Company does not expect the adoption of this update to have a material impact on its consolidated financial statements.

*Income Tax Consequences of an Intra-Entity Transfer of Assets Other Than Inventory*

In October 2016, the FASB issued ASU 2016-16, Income Taxes — Intra-Entity Transfers of Assets Other Than Inventory, which requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The new standard must be adopted using a modified retrospective transition method which is a cumulative-effective adjustment to retained earnings as of the beginning of the first effective reporting period. The standard will be effective for the Company beginning April 1, 2018. Based on its current assessment, the Company does not expect the adoption of this update to have a material impact on its consolidated financial statements.

*Accounting for Leases*

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)” (“ASU 2016-02”), which requires lessees to put most leases on their balance sheets but recognize the expenses on their income statements in a manner similar to current practice. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The standard will be effective for the Company beginning April 1, 2019. The Company is currently evaluating the impact this update will have on its consolidated financial statements.

*Simplifying the Test for Goodwill Impairment*

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which removes the requirement for an entity to calculate the implied fair value of goodwill (as part of step 2 of the current goodwill impairment test) in measuring a goodwill impairment loss. The standard will be effective for the Company beginning April 1, 2020. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the impact this update will have on its consolidated financial statements.

***Emerging Growth Company***

We are an “emerging growth company” under the federal securities laws and are subject to reduced public company reporting requirements. In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have taken advantage of the extended transition period for complying with new or revised accounting standards. As a result, our financial statements may not be comparable to those of companies that comply with public company effective dates for complying with new or revised accounting standards.

## ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. We are exposed to market risk primary due to fluctuations in foreign currency exchange rates and interest rates, each as described more fully below. We do not hold or issue derivative financial instruments for trading or speculative purposes.

### *Interest Rate Sensitivity*

Our exposure to market risk for changes in interest rates relates primarily to our cash and cash equivalents and investments. We do not use derivative financial instruments to hedge interest rate exposure. Our cash and cash equivalents and investments as of March 31, 2017 were \$11,635 and \$829, respectively. We invest primarily in highly liquid, money market funds and bank fixed deposits. Because of the short-term nature of the majority of the interest-bearing securities we hold, we believe that a 10% fluctuation in the interest rates applicable to our cash and cash equivalents and investments would not have a material effect on our financial condition or results of operations.

The rate of interest on our receivables facility with HSBC, our PCFC facility and our term loan with HSBC which were in effect as of March 31, 2017, are variable and are based on LIBOR plus a fixed margin. As of March 31, 2017, we had \$604, and \$1,957 in borrowings outstanding under our receivables facility with HSBC and PCFC facility, respectively. As of March 31, 2017, we had borrowed \$10,000 under our term loan with HSBC. We believe that a 10% fluctuation in the interest rates applicable to our borrowings would not have a material effect on our financial condition or results of operations.

### *Foreign Currency Exchange Risk*

Our reporting currency is the U.S. dollar. However, payments to us by customers outside the U.S. are generally made in the local currency. Accordingly, our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates, particularly changes in the Canadian dollar, Indian rupee, British pound, Thai baht, Singapore dollars, Mexican peso and Malaysian ringgit. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy.

We generated approximately 12.1% and 13.3% of our gross revenues outside of the United States for fiscal 2017 and fiscal 2016, respectively. The effect of foreign exchange rate changes on cash and cash equivalents resulted in a loss of \$478 and a loss of \$217 for fiscal 2017 and fiscal 2016, respectively. For the fiscal 2017 and fiscal 2016, we had a foreign exchange gain/(loss) of approximately \$(108) and \$122, respectively.

We use foreign currency forward contracts and par forward contracts to hedge our risks associated with foreign currency fluctuations related to certain commitments and forecasted transactions. The use of hedging instruments is governed by our policies which are approved by our Board of Directors. We designate these hedging instruments as cash flow hedges. Derivative financial instruments we enter into that are not designated as hedging instruments in hedge relationships are classified as financial instruments at fair value through profit or loss.

The aggregate contracted USD principal amounts of our foreign exchange forward contracts (sell) outstanding as of March 31, 2017 amounted to nil and as of March 31, 2016 amounted to \$10,660. The aggregate contracted GBP principal amounts of our foreign exchange forward contracts (sell) outstanding as of March 31, 2017 amounted to \$2,080 and as of March 31, 2016 amounted to nil. The outstanding forward contracts as of March 31, 2017 mature between 1 to 15 months. As of March 31, 2017, we estimate that \$59, net of tax, of the net gains/(losses) related to derivatives designated as cash flow hedges recorded in accumulated other comprehensive income (loss) is expected to be reclassified into earnings within the next 15 months.

The fair value of derivative financial instruments is determined based on observable market inputs and valuation models. The derivative financial instruments are valued based on valuations received from the relevant counterparty (i.e., bank). The fair value of the foreign exchange forward contract and foreign exchange par forward contract has been determined as the difference between the forward rate on reporting

date and the forward rate on the original transaction, multiplied by the transaction's notional amount (with currency matching). The following table provides information of fair values of derivative financial instruments:

(in US dollars; dollar amounts in thousands)	Asset		Liability	
	Noncurrent*	Current*	Noncurrent*	Current*
<b>As of March 31, 2017</b>				
<b>Designated as hedging instruments under Cash Flow Hedges</b>				
Foreign exchange forward contracts . . . . .	\$0	\$ 99	\$10	\$—
	\$0	\$ 99	\$10	\$—
<b>As of March 31, 2016</b>				
<b>Designated as hedging instruments under Cash Flow Hedges</b>				
Foreign exchange forward contracts . . . . .	\$0	\$180	\$ 0	\$ 4
	\$0	\$180	\$ 0	\$ 4

\* The noncurrent and current portions of derivative assets are included in 'Other Assets' and 'Prepaid Expenses And Other Current Assets', respectively and of derivative liabilities are included in 'Other Liabilities' and 'Accrued Expenses And Other Liabilities', respectively in our Combined Balance Sheet.

For more information on foreign currency translation adjustments and cash flow hedges and other derivative financial instruments, see Notes 2, 4 and 12 to our consolidated financial statements for the fiscal year ended March 31, 2017.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The financial statements required to be filed pursuant to this Item 8 are appended to this Annual Report on Form 10-K. A list of the financial statements filed herewith is found at "Item 15. Exhibits and Financial Statement Schedules."

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. 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 our reports under the Exchange Act, and the rules and regulations thereunder, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As required by Rule 13a-15(b) under the Exchange Act, our management, under the supervision and with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of March 31, 2017. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of March 31, 2017, our disclosure controls and procedures were effective at the reasonable assurance level.

### ***Management's Report on Internal Control Over Financial Reporting***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives. Furthermore, smaller reporting companies face additional limitations. Smaller reporting companies employ fewer individuals and find it difficult to properly segregate duties. Smaller reporting companies tend to utilize general accounting software packages that lack a rigorous set of software controls.

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's internal control over financial reporting as of March 31, 2017. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework. Based on that evaluation, our management concluded that, as of March 31, 2017, our internal control over financial reporting was effective 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 as a result of material weaknesses.

### ***Attestation Report on Internal Control Over Financial Reporting***

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting due to the rules of the SEC for emerging growth companies.

### ***Changes in Internal Control over Financial Reporting***

There have been no changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **ITEM 9B. OTHER INFORMATION**

None.



## **PART III**

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this Item 10 is incorporated herein by reference from our definitive proxy statement for the 2017 Annual Meeting of Shareholders.

### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item 11 is incorporated herein by reference from our definitive proxy statement for the 2017 Annual Meeting of Shareholders.

### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item 12 is incorporated herein by reference from our definitive proxy statement for the 2017 Annual Meeting of Shareholders.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required by this Item 13 is incorporated herein by reference from our definitive proxy statement for the 2017 Annual Meeting of Shareholders.

### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this Item 14 is incorporated herein by reference from our definitive proxy statement for the 2017 Annual Meeting of Shareholders.

## **PART IV**

### **ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

- (a) 1. Financial Statements

See Index to our financial statements on page F-1 of this Annual Report on Form 10-K.

2. Financial Statement Schedule

All schedules are omitted as information required is inapplicable or the information is presented in the combined financial statements and related notes included elsewhere in this Annual Report on Form 10-K.

3. Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as a part of this Annual Report on Form 10-K.

- (b) Exhibits. See Item 15(a)(3) above.  
(c) Financial Statements Schedules. See Item 15(a)(2) above

### **ITEM 16. FORM 10-K SUMMARY**

None.

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**Majesco**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Majesco:

We have audited the accompanying consolidated balance sheets of Majesco (“the Company”) as of March 31, 2017 and 2016, and the related consolidated and combined statements of operations, comprehensive income, changes in stockholders’ equity, and cash flows for the fiscal years ended March 31, 2017, 2016 and 2015. These consolidated and combined financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these consolidated and combined financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated and combined financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated and combined financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated and combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated and combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2017 and 2016, and the results of their operations and their cash flows for the fiscal years ended March 31, 2017, 2016 and 2015, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2, the accompanying combined financial statements for fiscal 2015 have been derived from the consolidated financial statements and accounting records of Mastek Ltd. and include allocations of certain costs from Mastek Ltd. As a result, these allocations may not be reflective of the actual costs that would have been incurred had Majesco operated as a separate entity apart from Mastek Ltd.

/s/ MSPC

Certified Public Accountants and Advisors,  
A Professional Corporation

Cranford, New Jersey  
June 16, 2017

Majesco

**Consolidated and Combined Balance Sheets**  
**(All amounts are in thousands of US Dollars except per share data and as stated otherwise)**

	March 31,	
	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents . . . . .	\$ 11,635	\$ 5,520
Short term investments . . . . .	829	634
Restricted cash . . . . .	53	257
Accounts receivables, net . . . . .	12,227	22,503
Unbilled accounts receivable . . . . .	8,563	7,379
Deferred income tax assets . . . . .	2,018	1,847
Prepaid expenses and other current assets . . . . .	5,961	6,195
<b>Total current assets</b> . . . . .	<b>41,286</b>	<b>44,335</b>
Property and equipment, net . . . . .	3,659	3,462
Intangible assets, net . . . . .	8,708	10,483
Deferred income tax assets . . . . .	3,856	3,586
Other assets . . . . .	289	480
Goodwill . . . . .	32,216	32,275
<b>Total Assets</b> . . . . .	<b>\$ 90,014</b>	<b>\$ 94,621</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Loan from Bank . . . . .	\$ 2,561	\$ 6,951
Accounts payable . . . . .	2,923	3,659
Accrued expenses and other liabilities . . . . .	14,911	16,701
Capital lease obligation . . . . .	310	159
Deferred revenue . . . . .	10,982	11,200
<b>Total current liabilities</b> . . . . .	<b>31,687</b>	<b>38,670</b>
Capital lease obligation, net of current portion . . . . .	288	120
Term loan – bank . . . . .	10,000	6,800
Others . . . . .	2,191	3,474
<b>Total Liabilities</b> . . . . .	<b>\$ 44,166</b>	<b>\$ 49,064</b>
<b>Commitments and contingencies</b> . . . . .	—	—
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, par value \$0.002 per share – 50,000,000 share authorized as of March 31, 2017 and March 31, 2016; NIL shares issued and outstanding as of March 31, 2017 and March 31, 2016 . . . . .	\$ —	\$ —
Common stock, par value \$0.002 per share – 450,000,000 shares authorized as of March 31, 2017 and 450,000,000 shares authorized as of March 31, 2016; 36,508,203 shares issued and outstanding as of March 31, 2017 and 36,451,357 shares issued and outstanding as of March 31, 2016 . . . . .	73	73
Additional paid-in capital . . . . .	71,343	69,505
Accumulated deficit . . . . .	(25,282)	(24,360)
Accumulated other comprehensive income . . . . .	(286)	339
<b>Total stockholders' equity</b> . . . . .	<b>45,848</b>	<b>45,557</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b> . . . . .	<b>\$ 90,014</b>	<b>\$ 94,621</b>

See accompanying notes to the Consolidated and Combined Financial Statements.

Majesco

**Consolidated and Combined Statements of Operations**  
**(All amounts are in thousands of US Dollars except per share data and as stated otherwise)**

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Revenue .....	\$ 121,768	\$ 113,302	\$ 79,282
Cost of revenue .....	63,461	62,832	48,776
<b>Gross profit</b> .....	<b>\$ 58,307</b>	<b>\$ 50,470</b>	<b>\$ 30,506</b>
<b>Operating expenses</b>			
Research and development expenses .....	\$ 17,236	\$ 16,267	\$ 10,344
Selling, general and administrative expenses .....	41,310	38,204	21,000
Restructuring costs .....	—	465	1,120
<b>Total operating expenses</b> .....	<b>\$ 58,546</b>	<b>\$ 54,936</b>	<b>\$ 32,464</b>
<b>Loss from operations</b> .....	<b>\$ (239)</b>	<b>\$ (4,466)</b>	<b>\$ (1,958)</b>
Interest income .....	41	24	185
Interest expense .....	(612)	(596)	(200)
Other income (expenses),net .....	(15)	289	1,181
<b>Loss before provision for income taxes</b> .....	<b>\$ (825)</b>	<b>\$ (4,749)</b>	<b>\$ (792)</b>
(Benefit)/Provision for income taxes .....	97	(1,187)	(141)
<b>Net Loss</b> .....	<b>\$ (922)</b>	<b>\$ (3,562)</b>	<b>\$ (651)</b>
Less: Net income/(loss) attributable to Non-controlling Interests .....	\$ —	\$ —	\$ 15
Owners of the Company .....	—	(3,562)	(666)
	<b>\$ (922)</b>	<b>\$ (3,562)</b>	<b>\$ (651)</b>
<b>Earnings (Loss) per share:</b>			
Basic .....	\$ (0.02)	\$ (0.10)	\$ (0.02)
Diluted .....	\$ (0.02)	\$ (0.10)	\$ (0.02)
<b>Weighted average number of common shares outstanding<sup>(1)</sup></b>			
Basic and diluted .....	36,477,774	35,055,000	30,575,000

(1) The common stock shares for 2016 and 2015 periods presented reflect the one-for-six reverse stock split which took effect on June 26, 2015.

See accompanying notes to the Consolidated and Combined Financial Statements.

Majesco

**Consolidated and Combined Statements of Comprehensive Income**  
 (All amounts are in thousands of US Dollars except per share data and as stated otherwise)

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
<b>Net Loss</b> .....	\$ (922)	\$(3,562)	\$(651)
<b>Other comprehensive income (loss), net of tax:</b>			
Foreign currency translation adjustments .....	(567)	(1,662)	(325)
Unrealized (loss)/gains on cash flow hedges .....	(58)	(243)	60
<b>Other comprehensive loss</b> .....	<u>\$ (625)</u>	<u>\$(1,905)</u>	<u>\$(265)</u>
<b>Comprehensive Loss</b> .....	<u>\$ (1,547)</u>	<u>\$(5,467)</u>	<u>\$(916)</u>
Less: Comprehensive income attributable to the non-controlling interest .....	\$ —	\$ —	\$ 15
<b>Comprehensive (Loss)/Income attributable to Owners of the Company</b> .....	<u>\$ (1,547)</u>	<u>\$(5,467)</u>	<u>\$(931)</u>

See accompanying notes to the Consolidated and Combined Financial Statements.

Majesco

**Consolidated and Combined Statements of Changes in Stockholders' Equity**  
**(All amounts are in thousands of US Dollars except per share data and as stated otherwise)**

	Common Stock		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive income	Non- controlling interests	Total Stockholders' equity
	Shares	Amount					
<b>Balance as of April 1, 2014</b> . . . . .	<b>30,575,000</b>	<b>\$61</b>	<b>\$38,718</b>	<b>\$(20,823)</b>	<b>\$ 2,509</b>	<b>\$ 73</b>	<b>\$20,538</b>
Stock based compensation . . . . .	—	—	248	—	—	—	248
Net (loss)/income . . . . .	—	—	—	(666)	—	15	(651)
Reorganization . . . . .	—	—	—	691	—	—	691
Foreign currency translation adjustments . . .	—	—	—	—	(325)	—	(325)
Unrealized gains on cash flow hedges . . . . .	—	—	—	—	60	—	60
Non-controlling interest bought back . . . . .	—	—	83	—	—	(88)	(5)
<b>Balance as of March 31, 2015</b> . . . . .	<b>30,575,000</b>	<b>\$61</b>	<b>\$39,049</b>	<b>\$(20,798)</b>	<b>\$ 2,244</b>	<b>—</b>	<b>\$20,556</b>
Stock based compensation . . . . .	—	—	748	—	—	—	748
Cover-All Merger . . . . .	5,876,357	12	29,708	—	—	—	29,720
Net (loss)/income . . . . .	—	—	—	(3,562)	—	—	(3,562)
Foreign currency translation adjustments . . .	—	—	—	—	(1,662)	—	(1,662)
Unrealized gains on cash flow hedges . . . . .	—	—	—	—	(243)	—	(243)
<b>Balance as of March 31, 2016</b> . . . . .	<b>36,451,357</b>	<b>\$73</b>	<b>\$69,505</b>	<b>\$(24,360)</b>	<b>\$ 339</b>	<b>\$ —</b>	<b>\$45,557</b>
Net (loss)/income . . . . .	—	—	—	(922)	—	—	(922)
Issue of stock under ESOP and ESPP . . . . .	56,846	—	260	—	—	—	260
Stock based compensation . . . . .	—	—	1,578	—	—	—	1,578
Foreign currency translation adjustments . . .	—	—	—	—	(567)	—	(567)
Unrealized gains on cash flow hedges . . . . .	—	—	—	—	(58)	—	(58)
<b>Balance as of March 31, 2017</b> . . . . .	<b>36,508,203</b>	<b>\$73</b>	<b>\$71,343</b>	<b>\$(25,282)</b>	<b>\$ (286)</b>	<b>\$ —</b>	<b>\$45,848</b>

See accompanying notes to the Consolidated and Combined Financial Statements.



Majesco

**Consolidated and Combined Statements of Cash Flows**  
**(All amounts are in thousands of US Dollars except per share data and as stated otherwise)**

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
<b>Net income (loss)</b> . . . . .	\$ (922)	\$ (3,562)	\$ (651)
Adjustments to reconcile net (loss) to net cash provided by operating activities:			
Depreciation and amortization . . . . .	4,720	3,843	2,425
Share based compensation expenses . . . . .	1,578	748	248
Impairment of goodwill . . . . .	60	—	—
Provision/(recovery) for doubtful receivables . . . . .	984	(149)	340
Deferred tax (benefit)/expense . . . . .	(429)	(2,227)	(877)
Accounts receivables . . . . .	9,049	(13,135)	2,173
Unbilled accounts receivable . . . . .	(1,399)	(1,615)	2,402
Prepaid expenses and other current assets . . . . .	428	(1,355)	(72)
Accounts payable . . . . .	(751)	2,097	(53)
Accrued expenses and other liabilities – Others . . . . .	(1,459)	6,215	(2,019)
Deferred revenue . . . . .	(215)	3,859	(1,439)
Other liabilities . . . . .	(1,283)	(470)	1,211
<b>Net cash generated (used in) from operating activities</b> . . . . .	<b>\$ 10,361</b>	<b>\$ (5,751)</b>	<b>\$ 3,688</b>
<b>Cash flows from investing activities:</b>			
Purchase of property and equipment . . . . .	\$ (2,104)	\$ (2,875)	\$ (775)
Purchase of intangible assets . . . . .	(955)	(268)	(744)
Sale of tangible Assets . . . . .	139	60	—
Acquisition of Agile Technologies, LLC assets, net of \$158 cash acquired . . . . .	—	—	(2,842)
Cash acquired on business combination . . . . .	—	3,203	—
Consideration paid on acquisition of Majesco Singapore . . . . .	—	(276)	—
(Purchase) of investments . . . . .	(223)	(364)	2,755
Payment to related party . . . . .	—	—	(5,907)
Payment to Majesco as reorganization consideration . . . . .	—	(3,520)	—
(Increase)/decrease in restricted cash . . . . .	205	48	(3)
<b>Net cash used in investing activities</b> . . . . .	<b>\$ (2,938)</b>	<b>\$ (3,992)</b>	<b>\$(7,516)</b>
<b>Cash flows from financing activities:</b>			
Payment of capital lease obligation . . . . .	\$ 318	\$ (62)	\$ (29)
Receipt of term loan . . . . .	13,404	43,340	3,000
Repayment of loan . . . . .	(14,553)	(34,060)	—
Payment for buy back of non-controlling Interest . . . . .	—	—	(5)
<b>Net cash (used in)/provided by financing activities</b> . . . . .	<b>\$ (831)</b>	<b>\$ 9,218</b>	<b>\$ 2,966</b>
Effect of foreign exchange rate changes on cash and cash equivalents . . . . .	(477)	(217)	108
<b>Net (decrease)/increase in cash and cash equivalents</b> . . . . .	<b>\$ 6,115</b>	<b>\$ (742)</b>	<b>\$ (754)</b>
<b>Cash and cash equivalents, beginning of the period</b> . . . . .	<b>5,520</b>	<b>6,262</b>	<b>7,016</b>
<b>Cash and cash equivalents at end of the period</b> . . . . .	<b>\$ 11,635</b>	<b>\$ 5,520</b>	<b>\$ 6,262</b>
<b>Supplementary disclosure of non-cash items</b>			
Cash paid for interest . . . . .	\$ 510	\$ 510	\$ 200
Cash paid for income taxes (net of refunds received) . . . . .	614	1,257	1,278
<b>Supplementary disclosure of non-cash items</b>			
Non-cash items – Assets acquired under Capital leases . . . . .	\$ 484	\$ 40	\$ 12

See accompanying notes to the Consolidated and Combined Financial Statements.

## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

#### 1 DESCRIPTION OF BUSINESS

Majesco is a global provider of core insurance software, consulting and services for business transformation for the insurance industry. Majesco offers core software solutions for property and casualty (“P&C”), life and annuity (“L&A”) and Pensions Group Employee Benefits providers, allowing them to manage policy administration, claims management and billing functions. In addition, Majesco offers a variety of other technology-based solutions that enable organizations to automate business processes and comply with policies and regulations across their organizations. Majesco’s solutions enable customers to respond to evolving market needs and regulatory changes, while improving the efficiency of their core operations, thereby increasing revenues and reducing costs.

Majesco’s customers are insurers, managing general agents and other risk providers from the P&C, L&A and group insurance segments worldwide. Majesco delivers proven software solutions, consulting and services in the core insurance areas such as policy, billing, claims, distribution management, business intelligence/analytics, digital, application management, cloud and more.

Majesco was previously 100% owned (directly or indirectly) by Mastek Ltd. (“Mastek Ltd.”), a publicly traded limited company domiciled in India whose equity shares are listed on the Bombay Stock Exchange and the National Stock Exchange (India). Mastek Ltd. underwent a demerger through a scheme of arrangement under India’s Companies Act, 1956 pursuant to which its insurance related business was separated from Mastek Ltd.’s non-insurance related business and the insurance related operations of Mastek Ltd. that were not directly owned by Majesco were contributed to Majesco (the “Reorganization”). The Reorganization was completed on June 1, 2015.

Majesco, along with its subsidiaries, operates in the United States, Canada, Mexico, the United Kingdom, Malaysia, Singapore, Thailand and India (hereinafter referred to as the “Group”).

#### *Merger with Cover-All Technologies Inc.*

On June 26, 2015, Cover-All Technologies Inc. (“Cover-All”), an insurance software company listed on NYSE MKT, merged into Majesco in a 100% stock-for-stock merger, with Majesco surviving the merger.

In connection with the merger, Majesco’s common stock was listed on the NYSE MKT and began trading on the NYSE MKT on June 29, 2015. Pursuant to the merger, Cover-All’s stockholders and holders of its options and restricted stock units received equity or equity interests in Majesco representing approximately 16.5% of the total capitalization of the combined company in the merger.

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Presentation**

The financial statements presented herein represent (i) periods prior to March 31, 2015 when Majesco was a wholly owned subsidiary of Mastek Ltd. (referred to as “Combined Financial Statements”) and (ii) the period as of and subsequent to March 31, 2015 when Majesco became a separate publicly-traded company (referred to as “Consolidated Financial Statements”).

The combined financial statements for fiscal 2014 have been prepared on a ‘carve-out’ basis (assuming the Reorganization had been effected as of July 1, 2012) and are derived from the historical consolidated financial statements and accounting records of Mastek. All material inter-company balances and transactions have been eliminated on combination. The combined financial statements reflect the Group’s financial position, results of operations and cash flows in conformity with accounting principles generally accepted in the United States (“GAAP”). The combined Balance Sheet, combined Statement of Operations and combined Statement of cash flows of the Group may not be indicative of the Group had it been a separate operation during the periods presented, nor are the results stated herein indicative of what the Group’s financial position, results of operations and cash flows may be in the future.

## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

These combined financial statements include assets and liabilities that are specifically identifiable or have been allocated to the Group. Costs directly related to the Group have been included in the accompanying financial statements. The Group historically received service and support functions from Mastek Ltd. The costs associated with these support functions have been allocated relative to Mastek Ltd. in its entirety, which is considered to be the most meaningful under the circumstances. The costs were allocated to the Group using various allocation inputs, such as head count, services rendered, and assets assigned to the Group. These allocated costs are primarily related to corporate administrative expenses, employee related costs, including gratuity and other benefits, and corporate and shared employees. These allocated costs only apply to the combined financial statements for the period ended March 31, 2015.

The Group considers the expense allocation methodology and results to be reasonable for the year ended March 31, 2014. These allocations may not be indicative of the actual expenses the Group may have incurred as a separate independent public company during the periods presented.

Mastek Ltd. maintained benefit and stock-based compensation programs at the parent company level. After the demerger of Mastek Ltd., which became effective with effect from June 1, 2015, the Group employees who participated in those programs were allotted options of Majesco's parent company, Majesco Limited, in the same proportion in addition to the existing options of Mastek Ltd. which these employees already had. The consolidated Balance Sheets do not include any outstanding equity related to the stock-based compensation programs of Mastek Ltd. but include outstanding equity related to the stock-based compensation programs of Majesco Limited.

The Group's acquisition costs for the insurance related businesses of Mastek Ltd. under the Reorganization has been reflected under 'Accrued expenses and other liabilities — Related Parties' and 'Other liabilities — Related Parties' in the consolidated Balance Sheet as of March 31, 2015. Such costs were paid on July 1, 2015.

#### Use of estimates

The preparation of the consolidated and combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities as of the date of the financial statements, and the reported amount of revenues and expenses during the reported period.

Significant estimates used in preparing these consolidated and combined financial statements include revenue recognition based on the percentage of completion method of accounting for fixed bid contracts applied to the expected contract cost to be incurred to complete various engagements, allowances for doubtful debts, provisions for losses on uncompleted contracts, valuation allowances for deferred taxes, identification and measurement of unrecognized tax benefit, provision for uncertain tax positions, future obligations under employee benefit plans, expected future cash flows used to evaluate the recoverability of long-lived assets, estimated fair values of long-lived assets used to record impairment charges related to intangible assets and goodwill, allocation of purchase price in business combinations, useful lives and residual value of property and equipment and intangible assets, valuation of derivative financial instruments, goodwill, contingent liabilities and assumptions used in valuing stock-based compensation expense.

Although the Group regularly assesses these estimates, actual results could differ materially from these estimates. Changes in estimates are recorded in the period in which they become known. The Group bases its estimates on historical experience and various other assumptions that it believes to be reasonable under the existing circumstances. Actual results may differ from management's estimates if these results differ from historical experience or other assumptions do not turn out to be substantially accurate, even if such assumptions were reasonable when made.

## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### Foreign Currency Translation

The functional currency of Majesco is the US dollar. However, Indian Rupee, Great Britain Pounds, US Dollars, Mexican Peso, Malaysian Ringgit, Thai Baht, Canadian dollar, and Singapore dollar are the functional currencies for the Group entities operating in India, the UK, the US, Mexico, Malaysia, Thailand, Canada, and Singapore, respectively.

Adjustments resulting from the translation of functional currency financial statements to reporting currency are accumulated and reported as a part of Accumulated other comprehensive income, a separate component of Stockholders' equity.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currency are expressed in functional currency at the exchange rates in effect at the balance sheet date. Non-Monetary assets and liabilities denominated in foreign currency are expressed in functional currency at the historical exchange rates. Gains/(losses) resulting from foreign currency transactions amounting to \$(108), \$122, \$187 for the years ended March 31, 2017, March 31, 2016 and March 31, 2015 are included in the Consolidated and Combined Statement of Operations under the "Other income (expenses), net" caption.

### Cash and cash equivalents, investments and restricted cash

Cash and cash equivalents are comprised of cash and highly liquid investments with an original maturity of three months or less. Cash equivalents are stated at amortized cost, which approximates their fair value due to the short maturity of the investments.

The Group's short-term investment portfolio is comprised primarily of time deposits. Time deposits with banks are valued at amortized cost, which approximates their fair value.

Interest income is recognized over time on a proportionate basis.

Cash and claims to cash that are restricted as to withdrawal or use in the ordinary course of business are disclosed separately as restricted cash, unless they are to be utilized for other than current operations in which case they will be separately classified as noncurrent assets.

### Property and equipment

Property and equipment are stated at actual cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives. The cost and the accumulated depreciation for premises and equipment sold, retired or otherwise disposed of are removed from the stated values and the resulting gains and losses are included in the consolidated and combined Statement of Operations. Maintenance and repairs are recognized when incurred. Advance paid towards acquisition of long-lived assets and cost of assets not put to use before the balance sheet date are disclosed under the caption "capital work in progress".

## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The estimated useful lives of assets are as follows:

Leasehold Improvements	5 years or over the primary period of lease whichever is less
Computers	2 years
Plant and Equipment	2 – 5 years
Furniture and Fixtures	5 years
Vehicles	5 years
Office Equipment	2 – 5 years

#### Goodwill and other intangible assets

Goodwill represents the cost of the acquired businesses in excess of the estimated fair value of assets acquired, identifiable intangible assets and liabilities assumed. Goodwill is not amortized but is tested for impairment at the reporting unit level at least annually or as circumstances warrant. If impairment is indicated and the carrying value of the goodwill of a reporting unit exceeds the implied fair value of that goodwill, then goodwill is written-down. There are no indefinite-lived intangible assets.

Intangible assets other than goodwill are amortized over their estimated useful lives on a straight line basis. The estimated useful life of an identifiable intangible asset is based on a number of factors, including the effects of obsolescence, demand, competition, the level of maintenance expenditures required to obtain the expected future cash flows from the asset and other economic factors (such as the stability of the industry, known technological advances, etc.).

The estimated useful lives of intangible assets are as follows:

Non-compete agreements	3 years
Leasehold benefit	Ascertainable life or primary period of lease whichever is less
Internal-use Software	1 – 5 years
Intellectual Property Rights	1 – 5 years
Customer Contracts	1 – 3 years
Customer Relationships	6 – 8 years
Technology	6 years

#### Software development costs

The costs incurred for the development of software that will be sold, leased or otherwise marketed are capitalized when technological feasibility has been established. In certain situations in which technological feasibility is established by completing a working model, substantially all development costs could be expensed when costs qualifying for capitalization are not material. Current engineering costs related to routine updates, customer support issues, and other modifications that do not extend the life or improve the marketability of the existing software are expensed as incurred.

#### Impairment of long-lived assets and intangible assets

The Group reviews long-lived assets and certain identifiable intangible assets subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During this review, the Group re-evaluates the significant assumptions used in determining the original cost and estimated lives of long-lived assets. Although the assumptions may vary from asset to asset, they generally include operating results, changes in the use of the asset, cash flows and

## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

other indicators of value. Management then determines whether the remaining useful life continues to be appropriate or whether there has been an impairment of long-lived assets based primarily upon whether expected future undiscounted cash flows are sufficient to support the assets' recovery. If impairment exists, the Group would adjust the carrying value of the asset to fair value, generally determined by a discounted cash flow analysis.

### Concentration of credit risk

Financial instruments that potentially subject the Group to concentrations of credit risk consist of cash and cash equivalents, time deposits, derivative financial instruments and accounts receivables. The Group maintains its cash and cash equivalents, time deposits, derivative financial instruments with banks having good reputation, good past track record, and who meet the minimum threshold requirements under the counterparty risk assessment process, and reviews their credit-worthiness on a periodic basis. Accounts receivables of the Group are typically unsecured. As there is no independent credit rating of the customer available with the Group, Management reviews the creditworthiness of customers based on their financial position, past experience and other factors. The Group entities perform ongoing credit evaluations of their customers' financial condition and monitor the creditworthiness of their customers to which they grant credit terms in the normal course of business. Refer to note 20 on 'Segment information' for details relating to customers with revenue that accounted for 10% or more of total revenue and their outstanding total accounts receivables and unbilled accounts receivable as of March 31, 2017 and 2016.

### Accounts receivables and allowance for accounts receivables

Accounts receivables are recorded at invoiced amounts, net of the Group's estimated allowances for doubtful accounts. The Group performs ongoing credit evaluations of its customers. Allowance for doubtful receivables is established in amounts considered to be appropriate based primarily upon write-off history, historical collections experience, aging analysis and management's specific evaluation of potential losses in the outstanding receivable balances. There is judgment involved with estimating the Group's allowance for doubtful accounts and if the financial condition of its customers were to deteriorate, resulting in their inability to make the required payments, the Group may be required to record additional allowances or charges against revenues. The Group writes-off accounts receivables against the allowance when it determines a balance is uncollectible and no longer actively pursues collection of the receivable. Amounts recovered, if any, from such debtors written off are accounted on receipt basis and disclosed as Other income. The Group's accounts receivables are not collateralized by any security.

### Revenue recognition

Revenues are recognized when all of the following general revenue recognition criteria are met:

- **Persuasive evidence of an arrangement exists:** Evidence of an arrangement consists of a written contract signed by both the customer and management prior to the end of the reporting period.
- **Delivery or performance has occurred:** The Group's software product has met the milestones contained in the software development contract, professional services are rendered, and any customer acceptance provisions have been satisfied.
- **Fees are fixed or determinable:** Fees from customer arrangements are generally at a contractually fixed price or based upon agreed upon time and material rates.
- **Collectability is probable:** Collectability is assessed on a customer-by-customer basis, based primarily on creditworthiness as determined by credit checks and analysis, as well as customer

## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

payment history. If it is determined prior to revenue recognition that collection of an arrangement fee is not probable, revenues are deferred until collection becomes probable or cash is collected, assuming all other revenue recognition criteria are satisfied.

License revenues sometimes may not be accounted for separately from software services revenues if professional services are essential to the software functionality and include significant modification or customization to or development of the underlying software code. Since these software arrangements do not qualify as a separate unit of accounting, the software license revenues are recognized using the percentage of completion method. When contracts contain multiple software and software-related elements (for example, software license, and maintenance and professional services) wherein Vendor-Specific Objective (“VSOE”) exists for all undelivered elements, we account for the delivered elements in accordance with the “Residual Method”. VSOE of fair value for post-contract customer support services is established by a stated renewal rates charged in stand-alone sales. VSOE of fair value of hosting services is based upon stand-alone sales of those services.

**Time and material contracts** — Professional services revenue consists primarily of revenue received for assisting with the development, implementation of the Group’s software, on-site support, and other professional consulting services. In determining whether professional services revenue should be accounted, we review the nature of the Group’s software products; whether they are ready for use by the customer upon receipt; the nature of the Group’s implementation services, which typically do involve significant customization to or development of the underlying software code; and whether milestones or acceptance criteria exist that affect the realization of the services rendered. Substantially all of the Group’s professional services arrangements are billed on a time and materials basis and, accordingly, are recognized as the services are performed. If there is significant uncertainty about the project completion or receipt of payment for professional services, revenue is deferred until the uncertainty is sufficiently resolved. Payments received in advance of rendering professional services are deferred and recognized when the related services are performed. Work performed and expenses incurred in advance of invoicing are recorded as unbilled receivables. These amounts are billed in the subsequent month.

**Fixed price contracts** — For arrangements that do not qualify for separate accounting for the license and professional services revenues, including arrangements that involve significant modification or customization of the software, that include milestones or customer specific acceptance criteria that may affect collection of the software license fees or where payment for the software license is tied to the performance of professional services, software license revenue is generally recognized together with the professional services revenue using the percentage-of-completion method. Under the percentage-of-completion method, revenue recognized is equal to the ratio of costs expended to date to the anticipated total contract costs, based on current estimates of costs to complete the project. If there are milestones or acceptance provisions associated with the contract, the revenue recognized will not exceed the most recent milestone achieved or acceptance obtained. If the total estimated costs to complete a project exceed the total contract amount, indicating a loss, the entire anticipated loss would be recognized in the current period.

The Group also enters into multiple element revenue arrangements in which a customer may purchase a combination of a software license, hosting services, maintenance, and professional services. For multiple element arrangements that contain non-software related elements, for example the Group’s hosting services, the Group allocates revenue to each element based upon VSOE of the undelivered elements and the Group accounts for the delivered elements in accordance with the “Residual Method”. VSOE of fair value for the hosting, maintenance, and other post-contract customer support services (“PCS”) is established by a stated renewal rate charged in stand-alone renewals of each type of PCS.

## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Revenue is shown net of applicable service tax, sales tax, value added tax and other applicable taxes. The Group has accounted for reimbursements received for out of pocket expenses incurred as revenues in the combined Statement of Operations.

### Employee benefits

- i) **Provident fund and other contribution plans:** In accordance with Indian law, generally all employees in India are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently at 12% each) of the employees' basic salary. These contributions are made to the fund which is administered and managed by the Government of India. The Group also makes payments to defined contribution plans established and maintained in accordance with the local laws of its Group entities. The Group's monthly contributions to all of these plans are charged to the combined Statement of Operations in the year they are incurred and there are no further obligations under these plans beyond those monthly contributions. The Group contributed \$1,378, \$1,292 and \$921 towards all these contribution plans during the years ended March 31, 2017, March 31, 2016, and March 31, 2015, respectively.
- ii) **Superannuation plan:** The senior employees of the Indian Group entity are entitled to superannuation, a defined contribution plan (the "Superannuation Plan"). The Group makes a yearly contribution to the Superannuation Plan, which is administered and managed by the Life Insurance Corporation of India based on a specified percentage (presently at 12.5% to 15% depending on the grade of the employee) of each covered employee's basic salary. The Group contributed \$42, \$33 and \$31 towards the Superannuation Plan during the fiscal years ended March 31, 2017, March 31, 2016, and March 31, 2015, respectively.
- iii) **Pension commitments:** The Group pays contributions to a defined contribution pension scheme covering its employees for employees of the Group. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to \$30, \$25 and \$33 for the fiscal years ended March 31, 2017, March 31, 2016, and March 31, 2015, respectively.
- iv) **Gratuity plan:** The Group provides for gratuity obligation, a defined benefit retirement plan (the "Gratuity Plan") covering all employees in India who are eligible under the terms of their employment, and governed by India's Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement or upon termination of employment based on the respective employee's salary and the years of employment with the Group. The Group determines its liability towards the Gratuity Plan on the basis of actuarial valuation. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are recognized immediately in the combined Statement of Operations as income or expense. These obligations are valued by independent qualified actuaries. The Group evaluates these critical actuarial assumptions at least annually. If actual results differ significantly from the Group's estimates, the Group's gratuity expense and its results of operations could be materially impacted. The Group's aggregate obligations under the Gratuity Plan were \$(136) for fiscal 2017.
- v) **Leave encashment:** The Group has obligations with respect to the encashment of leave balances of certain of our employees in India and other countries. Leave encashment benefit comprises of encashment of leave balances is recognized using the accrual method. The Group's aggregate obligations under provision for accrued vacation (leave encashment) were \$1,735 for fiscal 2017. The Group's total obligations under leave encashment was \$4,201, as of March 31, 2017.



## Majesco

### Notes to Consolidated and Combined Financial Statements

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### Financing costs

The Group amortizes financing costs and premiums, and accretes discounts, over the remaining life of the related debt using the effective interest amortization method. The expense is included in "Interest expense" in the combined Statements of Operations. We record discounts or premiums as a direct deduction from, or addition to, the amount of the related borrowing.

### Stock-based compensation

Stock-based compensation represents the cost related to stock-based awards granted to employees. The Group measures stock-based compensation costs at the grant date, based on the estimated fair value of the award and recognizes the cost on a straight-line basis (net of estimated forfeitures) over the employee's requisite service period for the entire award. Forfeitures are estimated on the date of grant and revised if actual or expected forfeiture activity differs materially from the original estimates. The Group estimates the fair value of stock options using a Black-Scholes valuation model. The cost is recorded in Cost of Revenues, Selling, General and Administrative expenses and Research and Development expenses in the Consolidated and Combined Statement of Operations based on the employees' respective function.

### Advertising and sales commission costs

Advertising and promotion related expenses are charged to the combined Statement of Operations in the period incurred. Advertising expense for the years ended March 31, 2017, March 31, 2016 and March 31, 2015 was approximately \$1,032, \$1,350 and \$1,196, respectively.

Sales commissions are recognized as an expense when earned by the sales representative, generally occurring at the time the customer order is signed.

### Derivative instruments

All derivative instruments are recorded in the Consolidated Balance Sheet as either an asset or liability at their fair value. The Group normally enters into foreign exchange forward contracts and par forward contracts where the counter party is generally a bank, to mitigate its foreign currency risk on foreign currency denominated inter-company balances. For derivative financial instruments to qualify for hedge accounting, the following criteria must be met: (1) the hedging instrument must be designated as a hedge; (2) the hedged exposure must be specifically identifiable and expose the Group to risk; and (3) it is expected that a change in fair value of the derivative financial instrument and an opposite change in the fair value of the hedged exposure will have a high degree of correlation. The changes in the Group's derivatives' fair values are recognized in the consolidated and combined Statement of Operations unless specific hedge accounting and documentation criteria are met (i.e., the instruments are accounted for as hedges).

For items to which hedge accounting is applied, the Group records the effective portion of derivative financial instruments that are designated as cash flow hedges in Accumulated other Comprehensive Income, a separate component of Stockholders' equity, and an amount is reclassified out of accumulated other comprehensive income into earnings to offset the earnings impact that is attributable to the risk being hedged. Any ineffectiveness or excluded portion of a designated cash flow hedge is recognized in the statement of operations. The related cash flow impacts of derivative activities are reflected as cash flows from operating activities.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time for forecasted transactions, any cumulative gain or loss on the hedging instrument recognized in shareholders' funds is retained there until

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## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *continued*

the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in hedging reserve is transferred to the consolidated and combined Statement of Operations for the year.

For derivative financial instruments that do not qualify for hedge accounting, realized gains or losses and changes in the estimated fair value of these derivative financial instruments are recorded in Other Income/(Expenses).

The fair value of derivatives expiring within 12 months is classified as current assets or liabilities, and of those with longer maturity is classified as non-current assets or liabilities.

### **Income taxes**

Income taxes are accounted for under the asset and liability method. Deferred income taxes reflect the tax effect of temporary differences between asset and liability amounts that are recognized for financial reporting purposes and the amounts that are recognized for income tax purposes. These deferred taxes are measured by applying currently enacted tax laws. The effect on deferred tax assets and liabilities of a change in enacted tax rates is recognized in the Statement of Operations in the year of change.

Valuation allowances are recognized to reduce deferred tax assets to the amount that will more likely than not be realized. In assessing the need for a valuation allowance, management considers all available evidence for each jurisdiction including past operating results, estimates of future taxable income and the feasibility of ongoing tax planning strategies. When the Group changes its determination as to the amount of deferred tax assets that can be realized, the valuation allowance is adjusted with a corresponding impact to income tax expense in the period in which such determination is made.

The Group recognizes tax liabilities when, despite the Group's belief that its tax return positions are supportable, the Group believes that certain positions may not be fully sustained upon review by the tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. To the extent that new information becomes available which causes the Group to change its judgment regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact income tax expense in the period in which such determination is made. Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax expense.

### **Business combination**

The purchase price of an acquisition is allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the date of acquisition. To the extent the purchase price exceeds the fair value of the net identifiable tangible and intangible assets acquired and liabilities assumed, such excess is allocated to goodwill. The Group determines the estimated fair values after review and consideration of relevant information, including discounted cash flows, and estimates made by management. Acquisition-related costs are recognized separately from the acquisition and are expensed as incurred. The cost of an acquisition also includes the fair value of any contingent consideration. Any subsequent changes to the fair value of contingent consideration classified as liabilities are recognized in the Statement of operations.

### **Earnings per share**

Basic and diluted earnings/(losses) per share are computed as net income/(loss) divided by the weighted-average number of common shares outstanding for the period.

## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

## 3 RECENT ACCOUNTING PRONOUNCEMENTS

### Recently Issued Accounting Standards

#### Improvements on Employee Share-Based Payment Accounting

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-09, “Improvements on Employee Share-Based Payment Accounting (Topic 718)” (“ASU 2016-09”), which simplifies several aspects of the accounting for employee share-based payment transactions for both public and nonpublic entities, including the accounting for income taxes, forfeitures, and statutory tax withholding requirements, as well as classification in the statement of cash flows. The new standard is effective for annual periods beginning after December 15, 2016 and interim periods within those years. Early adoption is permitted. The standard will be effective for the Company beginning April 1, 2017. As required, the Company will make a cumulative-effect adjustment to shareholders’ equity as of April 1, 2017 for unrecognized excess tax benefits or tax deficiencies that exist as of that date. In addition, beginning April 1, 2017, excess tax benefits and tax deficiencies will be reflected as income tax benefit or expense in the Company’s consolidated statement of operations and could result in a material impact. The extent of the excess tax benefits or tax deficiencies are subject to variation in our stock price and the timing of RSU vesting and employee stock option exercises.

#### Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”, which provides guidance for revenue recognition. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance.

In August 2015, the FASB issued ASU No. 2015-14, “Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date”, deferring the effective date of this standard. As a result, the ASU and related amendments will be effective for the Company for its fiscal year beginning April 1, 2018, including interim periods within that fiscal year.

Subsequently, the FASB issued ASU No. 2016-08, Principal Versus Agent Consideration (or Reporting Revenue Gross versus Net) in March 2016, ASU No. 2016-10, Identifying Performance Obligations and Licensing in April 2016, and ASU No. 2016-12, Narrow-Scope Improvements and Practical Expedients in May 2016. These amendments clarified certain aspects of Topic 606 and will also be effective for the Company for its fiscal year beginning April 1, 2018.

The core principle of Topic 606 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. Topic 606 defines a five-step process to achieve this core principle and, in doing so, it is possible more judgment and estimates may be required within the revenue recognition process than are required under existing GAAP, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation, among others. Topic 606 also provides guidance on the recognition of costs related to obtaining customer contracts.

Preliminarily the Company plans to adopt these ASUs (collectively, Topic 606) on April 1, 2018. Topic 606 permits two methods of adoption: retrospectively to each prior reporting period presented (the “Full Retrospective Method”), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the “Modified Retrospective Method”). The Company

## Majesco

### Notes to Consolidated and Combined Financial Statements

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#### 3 RECENT ACCOUNTING PRONOUNCEMENTS continued

currently intends to apply the Modified Retrospective Method. Although the Company does not expect a material impact on revenues upon adoption, the Company is currently evaluating the impact the adoption will have on its consolidated financial statements.

The Company is continuing to evaluate the impact to its revenues related to its pending adoption of Topic 606 and its preliminary assessments are subject to change. It is also continuing to evaluate the provisions of Topic 606 related to costs for obtaining customer contracts.

#### **Business Combinations (Topic 805): Clarifying the Definition of a Business**

In January 2017, the FASB issued ASU 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business, which provides a more robust framework to use in determining when a set of assets and activities is a business. The standard will be effective for the Company beginning April 1, 2018. Based on its current assessment, the Company does not expect the adoption of this update to have a material impact on its consolidated financial statements.

#### **Statement of Cash Flows (Topic 230): Restricted Cash**

In November 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, which requires the statement of cash flows to report changes in cash, cash equivalents, and restricted cash. The standard will be effective for the Company beginning April 1, 2018. Based on its current assessment, the Company does not expect the adoption of this update to have a material impact on its consolidated financial statements.

#### **Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments**

In August 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments (ASU 2016-15), which clarifies how companies present and classify certain cash receipts and cash payments in the statement of cash flows. The standard will be effective for the Company beginning April 1, 2018. Based on its current assessment, the Company does not expect the adoption of this update to have a material impact on its consolidated financial statements.

#### **Income Tax Consequences of an Intra-Entity Transfer of Assets Other Than Inventory**

In October 2016, the FASB issued ASU 2016-16, Income Taxes — Intra-Entity Transfers of Assets Other Than Inventory, which requires entities to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The new standard must be adopted using a modified retrospective transition method which is a cumulative-effective adjustment to retained earnings as of the beginning of the first effective reporting period. The standard will be effective for the Company beginning April 1, 2018. Based on its current assessment, the Company does not expect the adoption of this update to have a material impact on its consolidated financial statements.

#### **Accounting for Leases**

In February 2016, the FASB issued ASU No. 2016-02, “Leases (Topic 842)” (“ASU 2016-02”), which requires lessees to put most leases on their balance sheets but recognize the expenses on their income statements in a manner similar to current practice. ASU 2016-02 states that a lessee would recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The standard will be effective for the Company beginning April 1, 2019. The Company is currently evaluating the impact this update will have on its consolidated financial statements.

## Majesco

### Notes to Consolidated and Combined Financial Statements

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#### 3 RECENT ACCOUNTING PRONOUNCEMENTS continued

##### **Simplifying the Test for Goodwill Impairment**

In January 2017, the FASB issued Accounting Standards Update No. 2017-04, Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment, which removes the requirement for an entity to calculate the implied fair value of goodwill (as part of step 2 of the current goodwill impairment test) in measuring a goodwill impairment loss. The standard will be effective for the Company beginning April 1, 2020. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the impact this update will have on its consolidated financial statements.

##### **Emerging growth company**

The Group is an “emerging growth company” under the federal securities laws and is subject to reduced public company reporting requirements. In addition, Section 107 of the JOBS Act also provides that an “emerging growth company” can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. The Group has taken the advantage of the extended transition period for complying with new or revised accounting standards. As a result, the Group’s financial statements may not be comparable to those of companies that comply with public company accounting standards effective dates.

#### 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group’s financial instruments consist primarily of cash and cash equivalents, short term investments in time deposits, restricted cash, derivative financial instruments, accounts receivables, unbilled accounts receivable, accounts payable, contingent consideration liability and accrued liabilities. The carrying amount of cash and cash equivalents, short term investments in time deposits, restricted cash, accounts receivables, unbilled accounts receivable, accounts payable and accrued liabilities as of the reporting date approximates their fair market value due to the relatively short period of time of original maturity tenure of these instruments.

##### *Basis of Fair Value Measurement*

Fair value is defined as the exchange price that would be received for an asset or an exit price paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The current accounting guidance for fair value measurements defines a three-level valuation hierarchy for disclosures as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level I that are observable, unadjusted quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

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**4 FAIR VALUE OF FINANCIAL INSTRUMENTS continued**

Level 3: Unobservable inputs that are supported by little or no market activity, which require the Group to develop its own assumptions. The following table sets forth the financial assets, measured at fair value, by level within the fair value hierarchy as of March 31, 2017 and 2016:

	As of March 31,	
	2017	2016
<b>Assets</b>		
<b>Level 2</b>		
Derivative financial instruments (included in the following line items in the Combined balance sheet)		
Other assets . . . . .	\$ —	\$ —
Other liabilities . . . . .	(10)	—
Prepaid expenses and other current assets . . . . .	99	180
Accrued expenses and other liabilities . . . . .	—	(4)
	<b>\$ 89</b>	<b>\$ 176</b>
<b>Level 3</b>		
Contingent consideration . . . . .		
Other liabilities . . . . .	\$ —	\$(229)
Accrued expenses and other liabilities . . . . .	(756)	(364)
	<b>\$(756)</b>	<b>\$(593)</b>
<b>Total</b> . . . . .	<b>\$(667)</b>	<b>\$(417)</b>

The following table presents the change in level 3 instruments:

	As of March 31,		
	2017	2016	2015
Opening balance . . . . .	\$(593)	\$(1,712)	\$ (628)
Additions . . . . .	—	—	(1,610)
Total (Losses)/gains recognized in Statement of Operations . . . . .	(163)	(344)	526
Settlements . . . . .	—	1,463	—
<b>Closing balance</b> . . . . .	<b>\$(756)</b>	<b>\$ (593)</b>	<b>\$(1,712)</b>

Contingent consideration pertaining to the acquisition of the consulting business of Agile Technologies, LLC, a New Jersey limited liability company (“Agile”), as of December 31, 2015 has been classified under level 3 as the fair valuation of such contingent consideration has been done using one or more of the significant inputs which are not based on observable market data. The fair value of the contingent consideration was estimated using a discounted cash flow technique with significant inputs that are not observable in the market. The significant inputs not supported by market activity included the Group’s probability assessments of expected future cash flows related to its acquisition of the consulting business of Agile during the earn-out period, appropriately discounted considering the uncertainties associated with the obligation, and calculated in accordance with the terms of the asset purchase agreement (the “Agile Agreement”), dated December 12, 2014, as amended on January 26, 2016. The total (losses)/ gains attributable to contingent consideration payable for the acquisition of the Agile business were \$(163) and \$(344) for the fiscal years ended March 31, 2017 and March 31, 2016.

## Majesco

### Notes to Consolidated and Combined Financial Statements

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#### 4 FAIR VALUE OF FINANCIAL INSTRUMENTS continued

The fair value of Derivative financial instruments is determined based on observable market inputs and valuation models. The Derivative financial instruments are valued based on valuations received from the relevant counter-party (i.e., bank). The fair value of the foreign exchange forward contract and foreign exchange par forward contract has been determined as the difference between the forward rate on the reporting date and the forward rate on the original transaction, multiplied by the transaction's notional amount (with currency matching). The Group paid \$1.1 million to Agile as earn-out consideration in the fiscal year ended March 31, 2017. The Group paid \$1.5 million to Agile as earn-out consideration in the fiscal year ended March 31, 2016. The Group paid \$0 to Agile as earn-out consideration in the fiscal year ended March 31, 2015.

#### 5 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	As of March 31,	
	2017	2016
Leasehold improvements . . . . .	\$ 549	\$ 389
Computers . . . . .	6,444	5,202
Plant and Equipment . . . . .	3,506	2,942
Furniture and Fixtures . . . . .	2,469	2,423
Vehicles . . . . .	260	215
Office Equipment . . . . .	971	815
Capital Work in Progress . . . . .	—	80
<b>Total</b> . . . . .	<b>\$ 14,199</b>	<b>\$12,066</b>
Less: Accumulated depreciation . . . . .	(10,540)	(8,604)
<b>Property and Equipment, net</b> . . . . .	<b>\$ 3,659</b>	<b>\$ 3,462</b>

As of March 31, 2017 and 2016, the Group has hypothecated assets with net carrying value amounting to \$59 and \$67, respectively. Depreciation expense was \$1,955, \$1,080 and \$859 for the fiscal years ended March 31, 2017, March 31, 2016, and March 31, 2015, respectively.

#### 6 INTANGIBLE ASSETS

Intangible assets consist of the following:

	Weighted Average amortization period (in years)	As of March 31, 2017			As of March 31, 2016		
		Gross carrying amount	Accumulated amortization	Net carrying value	Gross carrying amount	Accumulated amortization	Net carrying value
Customer contracts . . . . .	3	\$ 2,950	\$ (1,955)	\$ 995	\$ 2,950	\$(1,155)	\$ 1,795
Customer relationships . . . . .	6	6,720	(1,828)	4,892	6,720	(891)	5,829
Intellectual Property							
Rights . . . . .	3	2,299	(2,299)	—	2,251	(2,251)	—
Technology . . . . .	6	3,110	(907)	2,203	3,110	(394)	2,716
Software . . . . .	3	4,165	(3,547)	618	3,272	(3,129)	143
<b>Total</b> . . . . .	<b>4</b>	<b>\$19,244</b>	<b>\$(10,536)</b>	<b>\$8,708</b>	<b>\$18,303</b>	<b>\$(7,820)</b>	<b>\$10,483</b>

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6 INTANGIBLE ASSETS continued

All the intangible assets have finite lives and as such are subject to amortization. Amortization expense was \$2,764, \$2,762 and \$1,566 for the fiscal years ended March 31, 2017, March 31, 2016, and March 31, 2015, respectively.

The estimated aggregate amortization expense for the next five fiscal years and thereafter is as follows:

Year ended March 31,	Future Amortization
2018 .....	\$3,261
2019 .....	1,643
2020 .....	1,457
2021 .....	1,358
2022 .....	677
Thereafter .....	312
<b>Total</b> .....	<b><u>\$8,708</u></b>

7 ACCOUNTS RECEIVABLES AND ALLOWANCE FOR DOUBTFUL DEBTS

	As of March 31,	
	2017	2016
Customers (trade) .....	\$13,627	\$22,930
Less: Allowance for doubtful receivables .....	(1,400)	(427)
<b>Accounts receivables</b> .....	<b><u>\$12,227</u></b>	<b><u>\$22,503</u></b>

The Group's credit period for its customers generally ranges from 30 – 45 days. The Group has collectively and individually evaluated all of its accounts receivables for collectability.

	As of March 31,	
	2017	2016
Opening balance .....	\$ 427	\$ 564
Current period provision .....	1,017	519
Reversals during current period .....	(32)	(668)
Foreign currency translation adjustments .....	(12)	12
<b>Closing balance</b> .....	<b><u>\$1,400</u></b>	<b><u>\$ 427</u></b>

The Group entities perform ongoing credit evaluations of their customers' financial condition and monitor the credit worthiness of their customers to which they grant credit terms in the normal course of business. In their evaluation, they use certain factors like historical experience and use management judgment in assessing credit quality.



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**8 PREPAID EXPENSES AND OTHER CURRENT ASSETS**

Prepaid expenses and other current assets consist of the following:

	As of March 31	
	2017	2016
Prepaid expenses . . . . .	\$1,941	\$2,020
Advance for expenses . . . . .	419	715
Loans and advance to employees . . . . .	117	83
Derivative financial instruments . . . . .	99	180
Advance tax . . . . .	1,530	1,122
Rent Deposits . . . . .	1,263	1,191
Service tax . . . . .	453	566
Other advances and receivables . . . . .	139	318
<b>Total</b> . . . . .	<b>\$5,961</b>	<b>\$6,195</b>

Advance for expenses includes foreign currency advances, travel advances and advances to suppliers. Other advances and receivables mainly include amount recoverable from statutory authorities and miscellaneous advances.

**9 CAPITAL LEASE OBLIGATIONS**

The Group leases vehicles under capital leases which are stated at the present value of the minimum lease payments. The gross stated amounts for such capital leases are \$101 and \$86 and related accumulated depreciation recorded under capital leases are \$42 and \$19, respectively as of March 31, 2017 and 2016. At the termination of the leases, the Group has an option to receive title to the assets at no cost or for a nominal payment.

Depreciation expenses in respect of assets held under capital leases were \$25, \$21 and \$19 for the years ended March 31, 2017, March 31, 2016, and March 31, 2015, respectively.

The following is a schedule of the future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of March 31, 2017.

Year ended March 31,	Amount
2018 . . . . .	\$118
2019 . . . . .	15
2020 . . . . .	14
2021 . . . . .	7
<b>Total minimum lease payments</b> . . . . .	<b>\$154</b>
Less: Interest portion . . . . .	17
<b>Present value of net minimum capital leases payments</b> . . . . .	<b>\$137</b>

The Group acquired software under a hire purchase arrangement which are stated at the present value of the minimum installment payments. The gross stated amount for such software are \$ 459 and nil and related accumulated depreciation recorded are \$ 23 and nil, respectively as of March, 2017 and 2016.

Depreciation expenses, in respect of assets held under hire purchase were \$23 and nil for the fiscal years ended March 31, 2017, March 31, 2016 respectively.

## Majesco

### Notes to Consolidated and Combined Financial Statements

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#### 9 CAPITAL LEASE OBLIGATIONS continued

The following is a schedule of the future minimum installment payment under hire purchase, together with the present value of the net minimum installment payments as of March 31, 2017.

<u>Year ended March 31,</u>	<u>Amount</u>
2018 .....	\$278
2019 .....	<u>209</u>
<b>Total minimum installment payments of hire purchase</b> .....	<b>\$487</b>
Less: Interest portion .....	<u>26</u>
<b>Present value of net minimum installments of hire purchase</b> .....	<b><u>\$461</u></b>

#### 10 BORROWINGS

##### Line of Credit

On March 25, 2011, the Group entered into a secured revolving working capital line of credit facility (the "Credit Facility") with ICICI Bank Limited ("ICICI") under which the maximum borrowing limit is \$5,000. The interest rate on the credit facility at March 31, 2016 was three-month LIBOR plus 350 basis points and increased to three-month LIBOR plus 375 basis points with the second extension of this facility described below. The interest rate was 4.75% at March 31, 2017 and 4.13% at March 31, 2016. In case of unhedged foreign currency exposure, if any, ICICI reserves the right to increase the pricing of this facility. The credit facility is guaranteed by Mastek Ltd., subject to the terms and conditions set forth in the guarantee. The credit facility initially matured on November 11, 2015.

On November 20, 2015, the Group extended this line of credit to February 11, 2016. The facility was further extended to May 9, 2016 and again extended to May 15, 2017. Majesco paid a processing fee of \$12.50 in connection with the second extension and a processing fee of \$50.83 in connection with the third extension. In connection with these extensions of the Majesco line of credit, Mastek Ltd. also extended its guarantee of such line of credit. Majesco has agreed to pay a fee and indemnify Mastek Ltd. against any payments made by Mastek Ltd. in connection with this guarantee.

This facility is secured by a continuing first priority lien on and security interest in, among other things, all of Majesco's personal property and assets (both tangible and intangible), including accounts receivable, cash, certificated and uncertificated securities and proceeds of any insurance or indemnity payable to the Group with respect to the collateral. This facility contains financial covenants, as well as restrictions on, among other things, the ability of the Group to incur debt or liens; make loans and investments; enter into mergers, acquisitions and other business combinations; engage in asset sales; or amend its governing documents. This facility also restricts the Group from paying dividends upon and during the continuation of an event of default.

On January 20, 2017, the Group paid in full the balance under this facility with proceeds from the new \$10,000 receivables purchase facility with HSBC Bank USA, National Association ("HSBC"), and this facility was terminated. On payment, the guarantee by Mastek Ltd. of this facility was also terminated and the Group's liability to Mastek Ltd. regarding this guarantee also ceased to exist.

##### PCFC Facilities

On June 30, 2015, the Group's subsidiary, Majesco Software and Solutions India Pvt. Ltd. ("MSSIPL"), entered into a secured Pre Shipment in Foreign Currency and Post Shipment in Foreign Currency ("PCFC") facility with Yes Bank under which MSSIPL may request 3 months pre-export advances and advances against export collection bills. The maximum borrowing limit is 300 million Indian

**Majesco**

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**10 BORROWINGS continued**

rupees, or approximately \$4,416 at the exchange rate in effect on March 31, 2017. The interest rate on this PCFC facility is LIBOR plus 275 basis points. The interest rate on this PCFC facility is determined at the time of each advance. This PCFC facility is secured by a first pari passu charge over the current assets of MSSIPL. Excess outstanding beyond 100 million Indian rupees is to be backed by 100% goodwill fixed deposit receipts in MSSIPL or Majesco Limited. As of March 31, 2017, the Group was in compliance with the terms of this facility. On September 27, 2016, MSSIPL extended this PCFC facility to June 17, 2017.

The outstanding loans as on March 31, 2017 and 2016 are as follows:

<u>Date of loan</u>	<u>Repayable on</u>	<u>Outstanding as of</u>	
		<u>March 31, 2017</u>	<u>March 31, 2016</u>
January 19, 2017 . . . . .	April 19, 2017	\$1,957	\$4,651

**Term Loan Facility**

On March 23, 2016, Majesco entered into a Loan Agreement (the “Loan Agreement”) with HSBC pursuant to which HSBC agreed to extend loans to Majesco in the amount of up to \$10,000 and Majesco issued a promissory note to HSBC in the maximum principal amount of \$10,000 or any lesser amount borrowed under the Loan Agreement (the “Note”, and together with the “Loan Agreement”, the “Facility”). The outstanding principal balance of the loan bears interest based on LIBOR plus a margin in effect on the first day of the relevant interest period. Until January 1, 2018, only interest will be payable under the loan. Commencing on January 1, 2018, and on each January 1 and July 1 thereafter until July 1, 2020, installments of principal in the amount of \$1,667 shall be due and payable semi-annually. All principal and interest outstanding under the Note shall be due and payable on March 1, 2021. The Facility is unsecured and supported by a letter of credit issued by a bank of \$10,000, which is secured by a cash pledge of the Group’s parent company, Majesco Limited. As of March 31, 2017, the Group had \$10,000 outstanding under this Facility.

The Facility contains affirmative covenants that require Majesco to furnish financial statements to HSBC and cause Majesco Limited to maintain (1) a Net Debt-to-EBITDA Ratio (as defined in the Loan Agreement) of not more than (a) 5.00 to 1.00 as of the last day of its 2017 fiscal year and (b) 2.50 to 1.00 as of the last day of each fiscal year thereafter, and (2) a Debt Service Coverage Ratio (as defined in the Loan Agreement) of not less than 1.50 to 1.00 as of the last day of each fiscal year. The Facility contains restrictive covenants on Majesco, including restrictions on declaring or paying dividends upon and during the continuation of an event of default, incurring additional indebtedness, selling material portions of its assets or undertaking other substantial changes to the business, purchasing or holdings securities for investment, and extending credit to any person outside the ordinary course of business. The Facility also restricts any transfer or change in, or assignment or pledge of the ownership or control of Majesco which would cause Majesco Limited to directly own less than fifty one percent (51%) of the issued and outstanding equity interests in Majesco. The Facility also restricts Majesco Limited from incurring any Net Debt (as defined in the Loan Agreement) in excess of \$25,000 at any time prior to April 1, 2017. The Facility also contains customary events of default provision and indemnification provisions whereby Majesco will indemnify HSBC against all losses or damages related to the Facility, provided, however, that Majesco shall not have any indemnification obligations to HSBC for any claims caused by HSBC’s gross negligence or willful misconduct. Majesco may use the loan proceeds solely for the purpose of refinancing existing indebtedness, capital expenditures and working capital and other general corporate purposes.

## Majesco

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#### 10 BORROWINGS continued

Majesco used the proceeds from the Facility to refinance its \$3,000 term loan with Punjab National Bank (International), to fund capital expenditures and for working capital and other general corporate purposes.

#### Receivable Purchase Facility

On January 13, 2017, Majesco and its subsidiaries MSSI, and Cover-All Systems, jointly and severally entered into a Receivable Purchase Agreement with HSBC pursuant to which HSBC may advance funds against receivables at an agreed advance rate. The outstanding aggregate amount of all advances shall not exceed the facility limit. The facility also bears interest at two (2%) per cent plus the ninety (90) day LIBOR rate. HSBC will also receive an arrangement fee equal to .20% of the facility limit and a facility review fee equal to .20% of the facility limit. Majesco will serve as HSBC's agent for the collection of receivables, and Majesco will collect and otherwise enforce payment of the receivables. The term of the Receivable Purchase Agreement is for a minimum period of twelve (12) months and shall continue unless terminated by either party. Either party may terminate the Receivable Purchase Agreement at any time upon sixty (60) days' prior written notice to the other party. The Receivable Purchase Agreement will provide additional liquidity to us for working capital and other general corporate purposes. As of March 31, 2017, Majesco had \$604 outstanding under this Facility. Majesco used proceeds from this facility to refinance the ICICI facility described above, to fund capital expenditures and for working capital and other general corporate purposes.

#### 11 ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

	As of March 31,	
	2017	2016
Accrued expenses . . . . .	\$ 3,826	\$ 4,719
Statutory payments . . . . .	1,423	780
Provision for taxation . . . . .	1,298	1,214
Leave encashment . . . . .	3,130	1,954
Derivative financial instruments . . . . .	—	4
Employee benefits . . . . .	4,739	7,972
Others . . . . .	495	58
<b>Accrued expenses and other liabilities . . . . .</b>	<b><u>\$14,911</u></b>	<b><u>\$16,701</u></b>

#### 12 DERIVATIVE FINANCIAL INSTRUMENTS

The following table provides information of fair values of derivative financial instruments:

	Asset		Liability	
	Noncurrent*	Current*	Noncurrent*	Current*
<b>As of March 31, 2017</b>				
<b>Designated as hedging instruments under Cash Flow Hedges</b>				
Foreign exchange forward contracts . . . . .	\$—	\$99	\$10	\$—
<b>Total . . . . .</b>	<b><u>\$ 0</u></b>	<b><u>\$99</u></b>	<b><u>\$10</u></b>	<b><u>\$—</u></b>

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**12 DERIVATIVE FINANCIAL INSTRUMENTS continued**

	Asset		Liability	
	Noncurrent*	Current*	Noncurrent*	Current*
<b>As of March 31, 2016</b>				
<b>Designated as hedging instruments under Cash Flow Hedges</b>				
Foreign exchange forward contracts . . . . .	\$0	\$180	\$0	\$4
<b>Total . . . . .</b>	<b><u>\$0</u></b>	<b><u>\$180</u></b>	<b><u>\$0</u></b>	<b><u>\$4</u></b>

\* The noncurrent and current portions of derivative assets are included in ‘Other assets’ and ‘Prepaid expenses and other current assets’, respectively and of derivative liabilities are included in ‘Other liabilities’ and ‘Accrued expenses and other liabilities’, respectively in the Combined Balance Sheet.

**Cash Flow Hedges and Other derivatives**

The Group uses foreign currency forward contracts and par forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain commitments and forecasted transactions. The Group designates these hedging instruments as cash flow hedges. The use of hedging instruments is governed by the policies which are approved by Board of Directors of the Group.

Derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships are classified in Financial instruments at fair value through profit or loss.

The aggregate contracted USD principal amounts of the Group’s foreign exchange forward contracts (sell) outstanding as of March 31, 2017 amounted to nil and as of March 31, 2016 amounted to \$10,660.

The aggregate contracted GBP principal amounts of the Group’s foreign exchange forward contracts (sell) outstanding as of March 31, 2017 amounted to GBP 2,080 and as of March 31, 2016 amounted to nil.

The outstanding forward contracts as of March 31, 2017 mature between 1 to 12 months. As of March 31, 2017, the Group estimates that \$59, net of tax, of the net gains/(losses) related to derivatives designated as cash flow hedges recorded in accumulated other comprehensive income (loss) is expected to be reclassified into earnings within the next 12 months.

The related cash flow impacts of all of the Group’s derivative activities are reflected as cash flows from operating activities.

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**12 DERIVATIVE FINANCIAL INSTRUMENTS continued**

The following table provides information of the amounts of pre-tax gains/(losses) recognized in and reclassified from AOCI of derivative instruments designated as cash flow hedges:

	<u>Amount of Gain/(Loss) recognized in AOCI (effective portion)</u>	<u>Amount of Gain/(Loss) reclassified from AOCI to Statement of Operations (Revenue)</u>
<b>For the year ended March 31, 2017</b>		
Foreign exchange forward contracts . . . . .	\$ 167	\$(254)
<b>Total . . . . .</b>	<u>\$ 167</u>	<u>\$(254)</u>
<b>For the year ended March 31, 2016</b>		
Foreign exchange forward contracts . . . . .	\$(167)	\$(202)
<b>Total . . . . .</b>	<u>\$(167)</u>	<u>\$(202)</u>
<b>For the year ended March 31, 2015</b>		
Foreign exchange forward contracts . . . . .	\$ 633	\$ 543
<b>Total . . . . .</b>	<u>\$ 633</u>	<u>\$ 543</u>

**13 RETIREMENT BENEFIT OBLIGATION — GRATUITY**

Employees of the Group who are in India, participate in a gratuity employee benefit plan sponsored by MSS IPL, which is a defined benefit plan. In India, gratuity is governed by the Payment of Gratuity Act, 1972. This plan is accounted for as multi-employer benefit plan in these combined financial statements and, accordingly, the Group's Consolidated Balance Sheets do not reflect any assets or liabilities related to these plans. The Group's Combined Statements of Operations includes expense allocations for these benefits. The Group considers the expense allocation methodology and results to be reasonable for all periods presented.

Plan information is as follows:

Legal name of the plan: Majesco Software & Solutions India Private Limited Employees' Group Gratuity Assurance Scheme (C. A.)

	<u>Year ended March 31, 2017</u>	<u>Year ended March 31, 2016</u>	<u>Year ended March 31, 2015</u>
Group's Total Contributions to plan . . . . .	<u>\$2,957</u>	<u>\$2,957</u>	<u>\$1,420</u>
	<u>\$2,957</u>	<u>\$2,957</u>	<u>\$1,420</u>

Total plan assets and actuarial present value of accumulated plan benefits are as follows:

	<u>As of March 31,</u>	
	<u>2017</u>	<u>2016</u>
Total plan assets . . . . .	\$2,908	\$3,000
Actuarial present value of accumulated plan benefits . . . . .	2,449	2,780
Total contributions received by the plan from all employers (for the period ended) . . . . .	0.06	126

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14 ACCUMULATED OTHER COMPREHENSIVE INCOME

Changes in accumulated other comprehensive income by component was as follows:

	Year ended March 31, 2017			Year ended March 31, 2016			Year ended March 31, 2015		
	Before tax	Tax effect	Net of Tax	Before tax	Tax effect	Net of Tax	Before tax	Tax effect	Net of Tax
<b>Other comprehensive income</b>									
<b>Foreign currency translation adjustments</b>									
Opening balance	\$ 222	—	222	\$ 1,884	—	1,884	\$ 2,209	—	2,209
Change in foreign currency translation adjustments	(567)	—	(567)	(1,662)	—	(1,662)	(325)	—	(325)
<b>Closing balance</b>	<b><u>\$(345)</u></b>	<b><u>—</u></b>	<b><u>(345)</u></b>	<b><u>\$ 222</u></b>	<b><u>—</u></b>	<b><u>222</u></b>	<b><u>\$1,884</u></b>	<b><u>—</u></b>	<b><u>1,884</u></b>
<b>Unrealized gains/(losses) on cash flow hedges</b>									
Opening balance	\$ 176	(60)	116	\$ 545	(185)	360	\$ 455	(155)	300
Unrealized gains/(losses) on cash flow hedges	167	(57)	110	(167)	57	(110)	633	(215)	418
Reclassified to Statement of Operations	(254)	86	(168)	(202)	69	(133)	(543)	185	(358)
<b>Net change</b>	<b><u>\$ (87)</u></b>	<b><u>29</u></b>	<b><u>(58)</u></b>	<b><u>\$ (369)</u></b>	<b><u>126</u></b>	<b><u>(243)</u></b>	<b><u>\$ 90</u></b>	<b><u>(30)</u></b>	<b><u>60</u></b>
<b>Closing balance</b>	<b><u>\$ 89</u></b>	<b><u>(31)</u></b>	<b><u>58</u></b>	<b><u>\$ 176</u></b>	<b><u>(59)</u></b>	<b><u>117</u></b>	<b><u>\$ 545</u></b>	<b><u>(185)</u></b>	<b><u>360</u></b>

15 INCOME TAXES

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
United States	\$(1508)	\$ 19,189	\$(3,351)
Foreign	683	(23,938)	2,559
<b>(Loss) /Income before provision for income taxes</b>	<b><u>\$ (825)</u></b>	<b><u>\$ (4,749)</u></b>	<b><u>\$ (792)</u></b>

The Group's (provision)/benefit for income taxes consists of the following:

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
<b>Current:</b>			
U.S. Federal and state	\$ 28	\$ 753	\$ 142
Foreign	270	238	1,004
<b>Total current</b>	<b><u>\$ 298</u></b>	<b><u>\$ 991</u></b>	<b><u>\$ 1,146</u></b>
<b>Prior Period – Current Tax:</b>			
U.S. Federal and state	\$ 86	\$ 49	\$ (410)
Foreign	\$ 27	\$ —	\$ —
<b>Total Prior Period – Current Tax</b>	<b><u>\$ 113</u></b>	<b><u>\$ 49</u></b>	<b><u>\$ (410)</u></b>
<b>Deferred:</b>			
U.S. Federal and state	\$(366)	\$(2,052)	\$(1,326)
Foreign	52	(175)	449
<b>Total deferred</b>	<b><u>\$(314)</u></b>	<b><u>\$(2,227)</u></b>	<b><u>\$ (877)</u></b>
<b>Provision for income taxes recognized in Statement of Operations</b>	<b><u>\$ 97</u></b>	<b><u>\$(1,187)</u></b>	<b><u>\$ (141)</u></b>

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**15 INCOME TAXES continued**

The total income tax expense differs from the amounts computed by applying the statutory federal income tax rate of 39.3% as follows:

	<u>Year ended March 31, 2017</u>	<u>Year ended March 31, 2016</u>	<u>Year ended March 31, 2015</u>
Net (loss)/income before taxes . . . . .	(825)	(4,749)	(792)
Computed tax expense . . . . .	(324)	(1,866)	(311)
Non-deductible expenses			
– Stock based compensation & Meals & Entertainment . . . . .	697	367	97
– Others . . . . .	66	97	103
Valuation allowance . . . . .	(228)	—	302
Tax charge/(credit) of earlier year assessed in current year . . .	113	330	(172)
Net tax credit on R&D and Sec 199 deduction . . . . .	(306)	(169)	(238)
Difference arising from different tax jurisdiction . . . . .	(140)	(127)	90
Others . . . . .	<u>219</u>	<u>181</u>	<u>(12)</u>
<b>Total taxes recognized in Statement of Operations . . . . .</b>	<b><u>97</u></b>	<b><u>(1,187)</u></b>	<b><u>(141)</u></b>

Significant components of activities that gave rise to deferred tax assets and liabilities included on the Balance Sheet was as follows:

	<u>As of March 31,</u>	
	<u>2017</u>	<u>2016</u>
<b>Deferred tax assets/(liability):</b>		
Employee benefits . . . . .	1,538	1,278
Property and equipment . . . . .	38	52
Goodwill . . . . .	1,120	550
Allowance for impairment of accounts receivables . . . . .	385	76
Carry forwarded income tax losses . . . . .	4,883	6,190
Tax credit for R&D expenses . . . . .	951	645
Derivative financial instruments . . . . .	(—)	(60)
Others . . . . .	<u>(1,413)</u>	<u>(1,835)</u>
<b>Gross deferred tax assets . . . . .</b>	<b><u>7,502</u></b>	<b><u>6,896</u></b>
Less: Valuation allowance . . . . .	<u>(1,628)</u>	<u>(1,463)</u>
<b>Net deferred tax assets . . . . .</b>	<b><u>5,874</u></b>	<b><u>5,433</u></b>
Current portion of deferred tax assets . . . . .	2,018	1,847
Non-current portion of deferred tax assets . . . . .	3,856	3,586

A valuation allowance is established attributable to deferred tax assets recognized on carry forward tax losses and tax credit for R&D expenses by the Group where, based on available evidence, it is more likely than not that they will not be realized. Significant management judgment is required in determining provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against deferred tax assets. The valuation allowance is based on the Group's estimates of taxable income by jurisdiction in which the Group operates and the period over which deferred tax assets will be recoverable. The change in valuation allowance is \$165, \$353 and \$379 for the years ended March 31, 2017, March 31, 2016, and March 31, 2015, respectively.



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**15 INCOME TAXES continued**

The Group entity in Canada has recognized a valuation allowance on Deferred income tax assets recognized on carry-forward losses and tax credit for R&D expenses amounting to \$1,335 and \$NIL as of March 31, 2017, \$1,194 and \$NIL as of March 31, 2016 and \$2,368 and \$169 as of March 31, 2015, respectively because it is not probable that future taxable profit will be available against which these temporary difference can be utilized. These carry forward losses and tax credit for R&D expenses do not have any expiry date.

The Group entity in Thailand has recognized a valuation allowance on Deferred income tax assets recognized on carry-forward losses amounting to \$293 as of March 31, 2017, \$269 of March 31, 2016 and \$1,032 as of March 31, 2015, respectively because it is not probable that future taxable profit will be available against which these temporary difference can be utilized. These carry forward losses are subject to expiration beginning in 2020.

Changes in unrecognized income tax benefits were as follows:

	As of March 31,		
	2017	2016	2015
Opening balance . . . . .	\$441	\$310	\$172
Increase in unrecognized tax benefits – due to tax			
Positions taken in current period for prior periods . . . . .	—	131	138
<b>Closing balance . . . . .</b>	<b><u>\$441</u></b>	<b><u>\$441</u></b>	<b><u>\$310</u></b>

As of March 31, 2017, the entire balance of unrecognized income tax benefits would affect the Group's effective income tax rate, if recognized. Significant changes in the amount of unrecognized tax benefits are not reasonably possible within the next 12 months from the reporting date. The Group includes interest and penalties relating to unrecognized tax benefits within the provision for income taxes. The total amount of accrued interest and penalties as of March 31, 2017, 2016, and 2015 is \$NIL, \$NIL, and \$NIL, respectively. The amount of interest and penalties expenses for the fiscal years ended March 31, 2017, 2016 and 2015 is \$NIL, \$NIL and \$NIL, respectively.

Majesco and Majesco Software and Solutions Inc. file a consolidated income tax return, and the provision for income tax for the fiscal years ended March 31, 2017, 2016 and 2015 has been made accordingly.

There were no undistributed earnings in Majesco and its US subsidiaries as of March 31, 2017 and 2016. The remaining earnings of Majesco from its non-US subsidiaries are considered to be permanently reinvested. As of March 31, 2017 and 2016, the cumulative amounts of such undistributed earnings were \$1,848 and \$2,716, respectively.

The determination of the amount of the unrecognized deferred tax liability relating to undistributed earnings is not practicable because numerous possible methods could be used to facilitate the repatriation of earnings to the US, and each would require evaluation of withholding taxes, evaluation of the local taxability of dividends as well as an analysis of Majesco's historical tax position and the ability to use foreign tax credits. Furthermore, due to Majesco's complex legal structure, the number of jurisdictions involved, and the layers of regulatory requirements, all of which would have to be evaluated to determine the amount of allowable dividends between legal entities and ultimately to the U.S., such an effort would require significant amount of Company resources. Because any estimate would not be meaningful due to the numerous assumptions upon which it would be based, and because of the significant resources, this exercise would require, Majesco has determined that it is not practical to estimate the amount of unrecognized deferred tax liabilities.

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**15 INCOME TAXES continued**

In the US and India, the income tax returns are subject to examination by the appropriate tax authorities for the year ended June 30, 2010 and onwards and March 31, 2011 and onwards, respectively.

**16 EMPLOYEE STOCK OPTION PLAN**

**Employee Stock Option Scheme of Majesco Limited — Plan 1**

Certain employees of the Group participate in the Group's parent company Majesco Limited's employee stock option plan. The plan termed as "ESOP plan 1", became effective June 1, 2015, the effective date of the demerger of Mastek Ltd. Group employees who were having options in the earlier ESOP plans of Mastek Ltd. have now been given options of Majesco Limited. Under the plan, Majesco Limited during the year has also granted newly issued options to the employees of MSSIPL. During the year ended March 31, 2017 37,500 options were granted. The options were granted at the market price on the grant date.

As of March 31, 2017, the total future compensation cost related to non-vested options not yet recognized in the Statement of Operations was \$1,911 and the weighted average period over which these awards are expected to be recognized was 2.18 years. The weighted average remaining contractual life of options expected to vest as of March 31, 2017 is 9.19 years.

Activity in the stock options granted under the Majesco Limited's stock option plans granted to Majesco's employees during the year was as follows:

Particulars	Year Ended March 31, 2017		Year Ended March 31, 2016		Year Ended March 31, 2015	
	Number of Options	Weighted Average Exercise Price*	Number of Option	Weighted Average Exercise Price*	Number of Options	Weighted Average Exercise Price*
<b>Outstanding at the beginning of the year . . .</b>	<b>2,015,401</b>	<b>\$3.23</b>	<b>1,599,015</b>	<b>\$1.45</b>	<b>1,337,775</b>	<b>\$2.85</b>
Granted during the year . . . . .	37,500	7.96	825,000	5.82	848,389	2.37
Forfeited during the year . . . . .	(257,705)	5.57	(147,982)	2.99	(546,805)	2.94
Expired during the year . . . . .	(18,145)	2.79	(19,514)	3.37	(300)	5.07
Exercised during the year . . . . .	(153,011)	1.86	(130,522)	1.75	(143,294)	2.08
Transfer adjustment . . . . .	(—)	—	(110,596)	1.14	103,250	2.27
<b>Outstanding at the end of the year . . . . .</b>	<b><u>\$1,624,040</u></b>	<b><u>\$3.06</u></b>	<b><u>\$2,015,401</u></b>	<b><u>\$3.23</u></b>	<b><u>\$1,599,015</u></b>	<b><u>\$1.45</u></b>
<b>Exercisable at the end of the year . . . . .</b>	<b>807,695</b>	<b>\$2.18</b>	<b>560,417</b>	<b>\$1.51</b>	<b>503,156</b>	<b>\$2.33</b>

\* The per share value has been converted at year end rate 1 US\$ =Rs. 64.85, Rs. 66.255 and Rs. 62.50 as of March 31, 2017, 2016 and 2015, respectively.

The weighted average grant date fair values of options granted during the fiscal years ended March 31, 2017, 2016 and 2015 is \$4.65, \$5.70 and \$2.31, respectively, per option. The weighted average grant date fair value of vested options as of March 31, 2017 and 2016 is \$1.55 and \$1.17, respectively, per option. The Aggregate Intrinsic Value of options outstanding is \$162 and options exercisable is \$70 as of March 31, 2017.

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**16 EMPLOYEE STOCK OPTION PLAN continued**

The Group calculated the fair value of each option grant on the date of grant using the Black-Scholes pricing method with the following assumptions:

Variables (range)	As of March 31,		
	2017	2016	2015
Expected term of share options . . . . .	6 Years	6 Years	6 Years
Risk-free interest rates . . . . .	7.29%	7.61%	8.70%
Expected volatility . . . . .	51.16%	49.17%	47.77%
Expected dividend yield . . . . .	0%	0%	2.56%

The volatility is determined based on annualized standard deviation of the continuously compounded rate of return on the stock over the time to maturity of the options. The risk free interest rates are determined using the expected life of options based on the zero-coupon yield curve for Government Securities in India. The expected dividend is based on the average dividend yields for the preceding seven years. Weighted average price is based on latest available closing market price on the stock exchange with the highest trading volume on the date of grant.

Summary of outstanding options as of March 31, 2017 is as follows

Exercise Price Range*	Number of shares arising out of options	Wtd. Avg. Exercise Price*	Wtd. Avg. remaining Contractual life
\$0.1 – \$3 . . . . .	970,915	1.37	7.48
\$3.1 – \$6 . . . . .	554,125	5.05	9.43
\$6.1 – \$7 . . . . .	99,000	8.49	9.88
<b>Total</b> . . . . .	<b><u>1,624,040</u></b>	<b><u>3.06</u></b>	<b><u>8.29</u></b>

Summary of exercisable options as of March 31, 2017 is as follows:

Exercise Price range*	Number of shares arising out of options	Wtd. Avg. Exercise Price*	Wtd. Avg. remaining contractual life
\$0.1 – \$3 . . . . .	649,445	1.36	6.87
\$3.1 – \$6 . . . . .	136,000	5.05	2.58
\$6.1 – \$7 . . . . .	22,250	8.50	9.85
<b>Total</b> . . . . .	<b><u>807,695</u></b>	<b><u>2.18</u></b>	<b><u>7.38</u></b>

\* The per share value has been converted at year end rate 1 US\$ = Rs 67 as of March 31, 2017.

In accordance with SAB Topic 14, Majesco uses the simplified method for estimating the expected term when measuring the fair value of employee stock options using the Black-Scholes option pricing model. Majesco believes the use of the simplified method is appropriate due to the employee stock options qualifying as “plain-vanilla” options under the following criteria established by SAB Topic 14:

- stock options are granted at-the-money;
- exercisability is conditional only on the completion of a service condition through the vesting date;
- employees who terminate their service prior to vesting forfeit the options;

## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

#### 16 EMPLOYEE STOCK OPTION PLAN continued

- employees who terminate their service after vesting are granted limited time to exercise their stock options (typically 30 – 90 days); and
- stock options are nontransferable and nonhedgable.

Given our limited history with employee grants, we use the “simplified” method in estimating the expected term for our employee grants. The “simplified” method, as permitted by applicable regulations, is calculated as the average of the time-to-vesting and the contractual life of the options.

#### Majesco 2015 Equity Incentive Plan

In the fiscal year ended March 31, 2017, we recognized \$1,324 compared to \$748 in the fiscal year ended March 31, 2016, of stock-based compensation expense in our consolidated Financial Statements.

In June 2015, Majesco adopted the Majesco 2015 Equity Incentive Plan (the “2015 Plan”). Options and stock awards for the purchase of up to 3,877,263 shares may be granted by the Board of Directors to our employees, consultants and directors at an exercise or grant price determined by the Board of Directors on the date of grant. Options may be granted as incentive or nonqualified stock options with a term of not more than ten years. The 2015 Plan allows the Board of Directors to grant restricted or unrestricted stock awards or awards denominated in stock equivalent units or any combination of the foregoing and may be paid in common stock or other securities, in cash, or in a combination of common stock or other securities and cash. On March 31, 2017, an aggregate of 1,004,374 shares were available for grant under the 2015 Plan.

Majesco uses the Black-Scholes-Merton option-pricing model (“Black-Scholes”) to measure fair value of the share-based awards. The Black-Scholes model requires us to make significant judgments regarding the assumptions used within the model, the most significant of which are the expected stock price volatility, the expected life of the option award, the risk-free interest rate of return and dividends during the expected term.

- Expected volatilities are based on peer entities as the historical volatility of Majesco’s common stock is limited.
- In accordance with SAB Topic 14, Majesco uses the simplified method for estimating the expected term when measuring the fair value of employee stock options using the Black-Scholes option pricing model. Majesco believes the use of the simplified method is appropriate due to the employee stock options qualifying as “plain-vanilla” options under the criteria established by SAB Topic 14.
- The risk-free interest rate for periods within the contractual life of the option is based on the U.S. Treasury yields for an equivalent term at the time of grant.
- Majesco does not anticipate paying dividends during the expected term.

	2017	2016
Expected volatility . . . . .	41% – 50%	41% – 50%
Weighted-average volatility . . . . .	41%	41%
Expected dividends . . . . .	0	0
Expected term (in years) . . . . .	3 – 5 Years	3 – 5 Years
Risk-free interest rate . . . . .	0.46	0.46

**Majesco**

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**16 EMPLOYEE STOCK OPTION PLAN continued**

As of March 31, 2017, there was \$4,154 of total unrecognized compensation costs related to non-vested share-based compensation arrangements previously granted by Majesco. That cost is expected to be recognized over a weighted-average period of 3.1 years.

A summary of the outstanding common stock options under the 2015 Plan is as follows:

	<u>Shares</u>	<u>Exercise Price Per Share</u>	<u>Weighted-Average Remaining Contractual Life</u>	<u>Weighted-Average Exercise Price</u>
Balance, April 1, 2015 . . . . .	—	\$ —	—	\$ —
Granted . . . . .	2,279,882	4.81 – 7.72	9.07Years	5.24
Canceled . . . . .	(100,497)	4.81 – 6.93		4.95
Balance, April 1, 2016 . . . . .	2,179,385	\$4.81 – 7.72	9.07Years	\$5.25
Granted . . . . .	860,331	4.79 – 6.22	9.41Years	5.56
Exercised . . . . .	(2,083)	4.92		4.92
Canceled . . . . .	(168,991)	4.81 – 7.53		5.37
Balance, March 31, 2017 . . . . .	<u>2,868,642</u>	<u>\$4.79 – 7.72</u>	8.91Years	<u>\$5.34</u>

The options granted during fiscal 2017 are distributed as follows, relative to the difference between the exercise price and the stock price at grant date:

<u>Number</u>	<u>Weighted-Average Granted</u>	<u>Weighted-Average Exercise Price</u>	<u>Fair Value</u>
Exercise Price at Stock Price . . . . .	<u>860,331</u>	<u>\$5.56</u>	<u>\$2.25</u>

The options granted during fiscal 2016 are distributed as follows, relative to the difference between the exercise price and the stock price at grant date:

	<u>Number Granted</u>	<u>Weighted-Average Exercise Price</u>	<u>Weighted-Average Fair Value</u>
Exercise Price at Stock Price . . . . .	<u>2,279,882</u>	<u>\$5.24</u>	<u>\$2.06</u>

Exercisable options at March 31, 2017 were as follows:

	<u>Number of Exercisable Options</u>	<u>Weighted-Average Exercise Price</u>
March 31, 2017 . . . . .	627,675	\$5.70
March 31, 2016 . . . . .	163,390	\$7.63

The following table summarizes information about stock options at March 31, 2017:

<u>Range of Exercise Prices</u>	<u>Outstanding Stock Options</u>			<u>Exercisable Stock Options</u>	
	<u>Shares</u>	<u>Weighted-Average Remaining Contractual Life</u>	<u>Weighted-Average Exercise Price</u>	<u>Shares</u>	<u>Weighted-Average Exercise Price</u>
\$ 4.79 – \$6.20 . . . . .	2,590,826	9.2 Years	\$5.16	471,859	\$5.06
\$ 7.53 – \$7.72 . . . . .	277,816	6.7 Years	\$7.01	155,816	\$7.61

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because our

## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

#### 16 EMPLOYEE STOCK OPTION PLAN *continued*

employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of our employee stock options.

We follow FASB Accounting Standards Codification ("ASC") 718, Accounting for Stock Options and Other Stock-Based Compensation. Among other items, ASC 718 requires companies to record the compensation expense for share-based awards issued to employees and directors in exchange for services provided. The amount of the compensation expense is based on the estimated fair value of the awards on their grant dates and is recognized over the required service periods. Our share-based awards include stock options and restricted stock awards. For restricted stock awards, the calculation of compensation expense under ASC 718 is based on the intrinsic value of the grant.

#### Majesco Employee Stock Purchase Plan

Majesco established the Majesco Employee Stock Purchase Plan (the "ESPP"). The ESPP is intended to be qualified under Section 423 of the Internal Revenue Code. If a plan is qualified under Section 423, employees who participate in the ESPP enjoy certain tax advantages. The ESPP allows employees to purchase shares of Majesco common stock at a discount, without being subject to tax until they sell the shares, and without having to pay any brokerage commissions with respect to the purchases.

The purpose of the ESPP is to encourage the purchase of Majesco common stock by our employees, to provide employees with a personal stake in our business and to help us retain our employees by providing a long range inducement for such employees to remain in our employ.

The ESPP provides employees with the right to purchase shares of common stock through payroll deductions. The total number of shares available for purchase under the ESPP is 2,000,000. The ESPP Plan became effective January 1, 2016. As of March 31, 2017, we had issued and sold 54,763 shares under the ESPP.

#### Warrants

As of March 31, 2017, there were warrants to purchase 334,064 shares of common stock outstanding. A summary of the terms of the outstanding warrants as of March 31, 2017 is as follows:

	Outstanding and Exercisable Warrants	Exercise Price Per Warrant	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
Balance, April 1, 2015 . . . . .	—			—
Granted . . . . .	334,064	6.84 – 7.00	1.7	6.85
Balance, March 31, 2016 . . . . .	334,064			\$6.85
Granted . . . . .	—			—
Balance, March 31, 2017 . . . . .	<u>334,064</u>			<u>\$6.85</u>

Exercisable Warrants at March 31, 2017 were as follows:

	Number of Exercisable Warrants	Weighted-Average Exercise Price
March 31, 2017 . . . . .	334,064	\$6.85
March 31, 2016 . . . . .	309,064	\$6.84

**Majesco**

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**16 EMPLOYEE STOCK OPTION PLAN continued**

On September 11, 2012, Cover-All entered into a Loan and Security Agreement (“Loan Agreement”) by and among Imperium Commercial Finance Master Fund, LP, a Delaware limited partnership (“Imperium”), as lender, Cover-All Systems, Inc., a wholly-owned subsidiary of Cover-All (the “Subsidiary”), as borrower, and Cover-All as guarantor. The Loan Agreement provided for a three-year term loan to the Subsidiary of \$2,000,000 and a three-year revolving credit line to the Subsidiary of up to \$250,000, evidenced by a Revolving Credit Note in favor of Imperium (together with the Term Note, the “Imperium Notes”). Prior to the merger with Majesco, Cover-All paid in full the balance of the Imperium Notes.

In connection with the Loan Agreement, Cover-All issued to Imperium a five-year warrant (the “Stock Purchase Warrant”) to purchase 1,400,000 shares of Cover-All’s common stock at an exercise price of \$1.48 per share. Cover-All also issued five-year warrants (the “Monarch Warrants”) to purchase 42,000 shares, in the aggregate, of Cover-All’s common stock at an exercise price of \$1.48 per share, to Monarch Capital Group, LLC (“Monarch”), which acted as Cover-All’s financial adviser in connection with the loan transaction, and an officer of Monarch. The Stock Purchase Warrants became exercisable on the date of the merger of Cover-All with Majesco. These issued and outstanding warrants to purchase shares of Cover-All common stock were not exercised or cancelled prior to the merger and were assumed by Majesco in accordance with their terms on the same terms and conditions as were applicable to such warrants immediately prior to the merger, with the number of shares subject to, and the exercise price applicable to, such warrants being appropriately adjusted based on the exchange ratio of 0.21641.

On September 1, 2015, Majesco issued to Maxim Partners LLC a five year warrant to purchase 25,000 shares of common stock of Majesco at an exercise price of \$7.00 per share. The warrant was issued in connection with the engagement of the holder to perform certain advisory services to the Group. The number of shares issuable upon exercise of the warrant may be reduced under certain circumstances of non-performance under the services agreement. The warrant may be exercised at any time after September 1, 2016 and will expire, if unexercised, on September 1, 2020. The warrant contains certain anti-dilution adjustment protection in case of certain future issuances of securities, stock dividends, split and other transactions affecting Majesco’s securities. The holder of the warrant is entitled to piggyback registration rights in case of certain registered securities offerings by Majesco.

**Total employee stock option plans expenses**

The total amount of compensation expense recognized in Majesco’s Statement of Operations in respect of employee stock option plans is as follows:

	<b>Year Ended March 31, 2017</b>	<b>Year Ended March 31, 2016</b>	<b>Year Ended March 31, 2016</b>
Cost of revenue . . . . .	\$ 360	\$148	\$ 41
Research and development expenses . . . . .	118	83	8
Selling, general and administrative expenses . . . . .	1,100	517	199
<b>Total . . . . .</b>	<b><u>\$1,578</u></b>	<b><u>\$748</u></b>	<b><u>\$248</u></b>

**Majesco**

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**17 OTHER INCOME/(EXPENSES)**

Other income/(expenses) consists of following:

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 2015
(Loss) on derivative instruments not designated as hedges and ineffective portion of derivative instruments designated as hedges . . . . .	\$ —	\$ —	\$ —
Foreign exchange gain . . . . .	(108)	122	187
Others . . . . .	93	167	994
<b>Other income/(expenses) . . . . .</b>	<b><u>\$ (15)</u></b>	<b><u>\$289</u></b>	<b><u>\$1,181</u></b>

**18 EARNINGS PER SHARE**

The basic and diluted earnings/(loss) per share were as follows:

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
Net income/(Loss) . . . . .	\$ (922)	\$ (3,562)	\$ (651)
Basic weighted average outstanding equity shares . . .	36,477,774	35,055,000	30,575,000
Adjustment for dilutive potential common stock Options under Majesco 2015 Equity Plan			
Dilutive weighted average outstanding equity shares . . . . .	36,477,774	35,055,000	30,575,000
<b>Earnings per share</b>			
Basic . . . . .	\$ (0.02)	\$ (0.10)	\$ (0.02)
Diluted . . . . .	\$ (0.02)	\$ (0.10)	\$ (0.02)

Basic earnings per share amounts are calculated by dividing net income for the year ended March 31, 2017, 2016 and 2015 attributable to common shareholders by the weighted average number of ordinary shares outstanding during the same periods.

Diluted earnings per share amounts are calculated by dividing the net income attributable to common shareholders by the sum of the weighted average number of ordinary shares outstanding during the periods plus the weighted average number of common shares that would be issued on the conversion of all the dilutive potential common shares into common shares.

The calculation of diluted earnings per share excluded potential equity shares and options granted to employees, as their inclusion would have been antidilutive.



**Majesco**

**Notes to Consolidated and Combined  
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**19 RELATED PARTIES TRANSACTIONS**

*Reimbursement of Expenses*

The following tables summarize the liabilities to or by related parties:

	As of March 31, 2017	As of March 31, 2016
Net reimbursable expenses payable to Majesco Limited or Mastek Limited <sup>(1)</sup> .....	\$622	\$927

- (1) The net reimbursable expenses payable at March 31, 2017 and March 31, 2016 include employee stock option charges of Majesco Limited and various expenses which are recurring in nature and attributable to shared resources with Majesco Limited or Mastek Limited that are in the process of being separated after the Reorganization, including air travel, travel insurance, telephone costs, water charges, insurance costs, administrative personnel costs, software and hardware costs and third party license costs, less receivables from Majesco Limited or Mastek Limited for similar expenses.

*Leases*

MSSIPL entered into an operating lease for its operation facilities in Mahape, India, as lessee, with Majesco Limited, Majesco's parent company, as lessor. The approximate aggregate annual rent payable to Majesco Limited under this lease agreement is \$1,253. The lease is effective June 1, 2015 and expires on May 31, 2020.

MSSIPL also entered into a lease for facilities for its operations in Pune, India, with Mastek Ltd. as lessor. The lease is effective June 1, 2015 and expires on May 31, 2020. MSSIPL has also entered into a supplementary lease for its operations in Pune, India, with Mastek Ltd. as lessor. The lease is effective April 1, 2016 and expires on May 31, 2020. The approximate aggregate annual rent payable to Mastek Ltd. under these lease agreements is \$394.

MSSIPL also entered into a lease for facilities for its operations in Ahmedabad, India, with Mastek Ltd. as lessor. The approximate aggregate annual rent payable to Mastek Ltd. under this lease agreement is \$2. The lease was renewed in December 1, 2015 for a new term ending on October 31, 2016, and further extended to December 31, 2016. The lease has not been renewed.

	As of March 31, 2017	As of March 31, 2016
Security deposits paid to Majesco Limited by MSSIPL for use of Mahape premises .....	\$648	\$634
Security deposits paid to Mastek Ltd. by MSSIPL for use of Pune premises .....	\$224	\$163
Security deposits paid to Mastek Ltd. by MSSIPL for use of Ahmedabad premises .....	\$ —	\$ 1

Rental expenses paid by MSSIPL to Majesco Limited for use of premises for the years ended March 31, 2017 and March 31, 2016 was \$1,259 and \$ 1,066, respectively. Rental expenses paid by MSSIPL to Mastek Ltd. for use of premises for the years ended March 31, 2017 and March 31, 2016 was \$397 and \$272, respectively.

*Joint Venture Agreement*

On September 24, 2015, MSSIPL and Mastek (UK) Limited, a wholly owned subsidiary of Mastek Ltd. ("Mastek UK"), entered into a Joint Venture Agreement (the "Joint Venture Agreement") pursuant to

## Majesco

### Notes to Consolidated and Combined Financial Statements

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#### 19 RELATED PARTIES TRANSACTIONS continued

which the two companies agreed to work together to deliver services to third parties under the terms of the Joint Venture Agreement, which services comprise the delivery of development, integration and support services to third parties by use of Mastek Ltd.'s development, integration and support methodologies and tools. The Joint Venture Agreement is effective September 24, 2015 and will remain in force, unless terminated by either party upon three months' notice in writing to the other of its intention to terminate the Joint Venture Agreement. The consideration for each party's performance of its obligations under the Joint Venture Agreement is the performance of the other's obligations under the same agreement, being services to the other. The services comprise in the case of Mastek Ltd., Mastek Ltd.'s development, integration and support methodologies and tools and business development services. In the case of MSS IPL, the services comprise the provision of leading edge technical expertise and advice. The parties will also exchange technical, business and other information.

#### *Purchase of Singapore Subsidiary*

On October 31, 2015, Majesco Sdn. Bhd., a company incorporated under the laws of Malaysia and wholly-owned subsidiary of Majesco ("Majesco Malaysia"), entered into a Share Purchase Agreement with Mastek Ltd. pursuant to which Majesco Malaysia purchased from Mastek Ltd. all of the issued and outstanding shares of Mastek Asia Pacific Pte. Limited, a company incorporated under the laws of Singapore, for a total cash purchase consideration of 381,800 Singapore Dollars (USD \$276,000). The acquisition closed on November 1, 2015. Mastek Asia Pacific Pte. Limited has since been renamed "Majesco Asia Pacific Pte. Limited."

#### *Services Agreements*

On December 2, 2015, Majesco UK Limited, a company registered in England and Wales wholly owned by Majesco ("Majesco UK"), entered into a Services Agreement with Mastek UK, pursuant to which Mastek UK provides certain corporate and operational support services to Majesco UK, including managed office accommodation and facilities; managed office IT infrastructure and networks; and corporate support services, insurance coverage and subscription to professional associations and publications. The charges for these core services consist of a monthly charge of 13 UK Pounds (USD \$20) and a pass through of actual costs of providing the services. Any support services by Mastek UK staff not included in the core services is charged on a basis to be determined separately between both parties but before provision of such services. Either party may at any time, by notice in writing to the other party, terminate this agreement for breach or if the other party becomes subject to insolvency issues. Either party for any reason or no reason may also terminate this agreement by providing the other party written notice of the termination ninety (90) days in advance. The Services Agreement contains customary representations, warranties and indemnities of the parties. The effective date of this Services Agreement is January 1, 2015. The expense by Majesco UK to Mastek UK under the Services Agreement for the years ended March 31, 2017 and March 31, 2016 was \$138 and \$203, respectively.

On March 1, 2016, Majesco, and Digility Inc., a Delaware corporation ("Digility") wholly-owned by Mastek UK, entered into a Services Agreement, pursuant to which Majesco will provide certain management and operational support services to Digility, including managed office accommodation and facilities, managed office IT infrastructure and networks, and corporate support services. The charges for these services consist of an initial set-up fee of \$1, a monthly fee of \$4 and a pass through of actual costs of providing the services incurred in excess of the monthly fee. Either party may at any time, by notice in writing to the other party, terminate the Services Agreement for breach or if the other party becomes subject to insolvency issues. Either party for any reason or no reason may terminate the Services Agreement by providing the other party written notice of the termination thirty (30) days in advance. The Services

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#### 19 RELATED PARTIES TRANSACTIONS continued

Agreement contains customary representations, warranties and indemnities of the parties. The effective date of the Services Agreement is March 1, 2016. Service charges received from Digility for the years ended March 31, 2017 and March 31, 2016 was \$45 and \$0, respectively.

On August 2, 2016, Majesco Limited and MSS IPL entered into a master service agreement, effective as of June 30, 2016 pursuant to which MSS IPL will provide software development services to Majesco Limited. Under this agreement, MSS IPL will charge Majesco Limited cost plus a margin for the services rendered. Software development charges charged by MSS IPL under the agreement for the years ended March 31, 2017 and March 31, 2016 was \$823 and \$0, respectively.

#### *Sublease*

On March 1, 2016, Majesco and Digility entered into a Sublease Agreement (the "Sublease Agreement"), pursuant to which Majesco sublets the premises located on the first floor of 685 Route 202/206, Bridgewater, New Jersey to Digility. Digility will pay monthly \$1 for rent to Majesco during the term of the Sublease Agreement. Digility will also reimburse Majesco for any costs charged by the landlord, Route 206 Associates, a New Jersey partnership, for additional services requested by Digility. The term of the Sublease Agreement commenced on March 1, 2016 and will expire on July 31, 2017, unless terminated at an earlier date. Either party for any reason or no reason may terminate the Sublease Agreement by providing the other party written notice of the termination thirty (30) days in advance. The Sublease Agreement contains customary representations, warranties and indemnities of the parties. Rental charges received from Digility for the years ended March 31, 2017 and March 31, 2016 was \$14 and \$1, respectively.

#### *Guarantee*

During the fiscal years ended March 31, 2017 and March 31, 2016, Majesco paid \$213 and \$0, respectively, to Majesco Limited as arrangement fees and guarantee commission for the guarantee given by Majesco Limited to HSBC and ICICI Bank for the facilities taken by Majesco and its subsidiaries.

#### *Intellectual Property License*

On August 2, 2016, Majesco Limited and MSS IPL entered into a Memorandum of Understanding (the "MOU") pursuant to which MSS IPL granted Majesco Limited a perpetual, royalty-free right to use the intellectual property rights of MSS IPL in "Elixir", including any improvements and upgrades, in connection with Majesco Limited's India insurance business.

#### 20 SEGMENT INFORMATION

The Group operates in one segment as software solutions provider for the insurance industry. The Group's chief operating decision maker (the "CODM") of the Group is the Chief Executive Officer. The CODM manages the Group's operations on a consolidated basis for purposes of allocating resources. When evaluating the Group's financial performance, the CODM reviews all financial information on a consolidated basis. Majority of the Group's principal operations and decision-making functions are located in the United States.

Majesco

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20 SEGMENT INFORMATION continued

The following table sets forth revenues by country based on the billing address of the customer:

	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2015
USA .....	\$107,077	\$ 98,209	\$62,084
UK .....	8,167	8,935	6,828
Canada .....	1,748	2,175	3,209
Malaysia .....	3,625	3,672	5,347
Thailand .....	0	0	448
Singapore .....	59	73	0
India .....	1,092	238	700
Others .....	0	0	666
	<u>\$121,768</u>	<u>\$113,302</u>	<u>\$79,282</u>

The following table sets forth the Group's property and equipment, net by geographic region:

	As of March 31,	
	2017	2016
USA .....	\$1,812	\$1,668
India .....	1,835	1,788
United Kingdom .....	11	5
Malaysia .....	1	1
Canada .....	0	0
	<u>\$3,659</u>	<u>\$3,462</u>

We provide a significant volume of services to many customers. Therefore, a loss of a significant customer could materially reduce our revenues. The Group had no customer for the fiscal year ended March 31, 2017, one customer for the fiscal year ended March 31, 2016 and no customer for the fiscal year ended March 31, 2015 that accounted for 10% or more of total revenue. The Group had no customer as of March 31, 2017 and one customer as of March 31, 2016 that accounted for 10% or more of total accounts receivables and unbilled accounts receivable. Presented in the table below is information about our major customer:

	Year ended March 31, 2017		Year ended March 31, 2016		Year ended March 31, 2015	
	Amount	% of combined revenue	Amount	% of combined revenue	Amount	% of combined revenue
<i>Customer A</i>						
Revenue .....	\$9,106	7.5%	\$11,540	10.2%	\$6,884	8.7%
Accounts receivables and unbilled accounts receivable .....	\$ 697	3.4%	\$ 4,295	14.4%	\$ 41	0.3%
<i>Customer B</i>						
Revenue .....	\$6,511	5.3%	\$ 6,166	5.4%	\$5,903	7.4%
Accounts receivables and unbilled accounts receivable .....	\$ 243	1.2%	\$ 923	3.1%	\$ 378	2.8%

## Majesco

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## 21 COMMITMENTS

### Capital Commitments

The Group had outstanding contractual commitments of \$358 and \$842 as of March 31, 2017 and 2016, respectively for capital expenditures relating to acquisition of property, equipment and new network infrastructure.

### Operating Leases

The Group leases certain office premises under operating leases. Many of these leases include a renewal option on a periodic basis at the Group's option, with the renewal periods extending in the range of 2 – 5 years. Rental expense for operating leases amounted to \$3,348, \$2,788 and \$2,379 for the fiscal years ended March 31, 2017, 2016 and 2015, respectively. The schedule for future minimum rental payments over the lease term in respect of operating leases is set out below.

Year ended March 31,	Amount
2018 .....	2,991
2019 .....	3,003
2020 .....	3,087
2021 .....	709
2022 .....	278
Beyond 5 years .....	701
<b>Total minimum lease payments</b> .....	<b><u>\$10,769</u></b>

## 22 ACQUISITIONS

On December 14, 2014, Majesco entered into a definitive merger agreement with Cover-All. The merger was completed on June 26, 2015. Cover-All licenses and maintains software products for the property/casualty insurance industry throughout the United States and Puerto Rico. Majesco merged with Cover-All to expand its insurance business in the United States.

The following table summarizes the consideration paid in the merger of Cover-All into Majesco and the amounts of identified assets acquired and liabilities assumed at the merger date:

### Fair value of consideration transferred

Common stock .....	\$ 12
Additional paid-in capital .....	<u>\$29,708</u>
<b>Total consideration</b> .....	<b><u>\$29,720</u></b>

The merger of Cover-All and Majesco was a stock-for-stock merger with each share of Cover-All common stock issued and outstanding immediately prior to the merger converted into the right to receive the number of shares of Majesco common stock multiplied by the exchange ratio. The exchange ratio in the merger was 0.21641. Accordingly, at the closing of the merger, Cover-All in the aggregate represented 16.5% of the total capitalization of the combined company.

In the merger, 5,844,830 shares of Majesco common stock were issued to the shareholders of Cover-All and 197,081 equity incentives were issued to the holders of options and restricted stock units of Cover-All. Consequently, common stock of Majesco is increased by \$12 and additional paid in capital is increased by \$29,708.

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**22 ACQUISITIONS continued**

**Recognized amount of identifiable assets acquired and liabilities assumed**

	<b>Amount</b>
Cash . . . . .	\$ 2,990
Accounts receivable . . . . .	1,592
Prepaid expenses and other current assets . . . . .	629
Property, plant and equipment . . . . .	454
Other assets . . . . .	148
Customer contracts . . . . .	2,410
Customer relationships . . . . .	4,460
Technology . . . . .	3,110
Defer tax asset on NOL . . . . .	459
Accounts payable . . . . .	(1,120)
Accrued expenses . . . . .	(623)
Deferred revenue . . . . .	(2,515)
Capital lease liability . . . . .	(294)
Total fair value of assets acquired . . . . .	11,700
Fair value of consideration paid . . . . .	29,720
<b>Goodwill</b> . . . . .	<b>\$18,020</b>

The goodwill of \$18,020 arising from the merger consists largely of the synergies and economies of scale expected from combining the operations of Majesco and Cover-All. Further, though workforce has been valued, it is not recognized separately, but subsumed in goodwill. Goodwill deductible for tax purpose amounts to \$NIL.

On October 31, 2015, Majesco Malaysia entered into a Share Purchase Agreement with Mastek Ltd. for the purchase of the issued and authorized shares of Mastek Asia Pacific Pte. Limited, which was renamed Majesco Asia Pacific Pte. Limited.

**Recognized amount of identifiable assets acquired and liabilities assumed**

	<b>Amount</b>
Cash . . . . .	\$212
Accounts receivable . . . . .	18
Other assets . . . . .	1
Accrued expenses . . . . .	(14)
Total fair value of assets acquired . . . . .	217
Fair value of consideration paid . . . . .	276
<b>Goodwill</b> . . . . .	<b>\$ 59</b>

**Majesco**

**Notes to Consolidated and Combined  
Financial Statements**

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

**22 ACQUISITIONS continued**

The following table summarizes the consideration paid to Mastek Ltd. and the amounts of identified assets acquired and liabilities assumed at the effective date:

The changes in the varying amount of goodwill are as follows:

**Changes in carrying amount of the goodwill**

	As of March 31, 2017	As of March 31, 2016
Opening value . . . . .	\$32,275	14,196
Addition of goodwill related to acquisition . . . . .	—	18,079
Changes on account of current fluctuation . . . . .	1	—
Impairment of Goodwill . . . . .	(60)	—
<b>Closing value . . . . .</b>	<b><u>\$32,216</u></b>	<b><u>32,275</u></b>

Due to uncertainty in the future business of Majesco Asia Pacific Pte. Limited, which indicated the potential impairment of goodwill, the Group decided to impair the amount of goodwill recognized earlier in the acquisition of this entity as at March 31, 2017.

Details of identifiable intangible assets acquired are as follows:

	Weighted average amortization period (in years)	Amount assigned	Residual value
Customer contracts . . . . .	3	\$2,410	—
Customer relationships . . . . .	8	4,460	—
Technology . . . . .	6	3,110	—
Total . . . . .	<u>6</u>	<u>\$9,980</u>	<u>—</u>

Revenues and earnings specific to the Cover-All business for the period June 26, 2015 to June 30, 2015 were \$233 and \$47, respectively. Revenues and earnings specific to the Cover-All business for the period July 1, 2015 to March 31, 2016 were \$17,636 and \$1,260, respectively.

**Pro-Forma Financial Information (Unaudited):**

The following unaudited proforma financial information is presented to illustrate the estimated effect of the Cover-All merger and Mastek Asia Pacific Pte. Limited acquisition, the related financing of funds and tax effects from these transactions. The unaudited proforma information for the periods set forth below gives effect to 2015 and 2014 transactions as if they had occurred as of April 1, 2014. Majesco has a fiscal year end of March 31st and Cover-All has a fiscal year end of December 31st. The unaudited proforma financial information for the twelve months ended March 31, 2017 and March 31, 2016 reflects the Statement of Operations of Majesco for the twelve months ended March 31, 2017 and March 31, 2016 and Cover-All for the twelve months ended March 31, 2017 and March 31, 2016, respectively.

The unaudited proforma financial information is presented for illustrative purposes only, and is not necessarily indicative of the financial condition or results of operations of future periods or the financial condition or results of operations that actually would have been realized had the entities been combined during the periods presented.

## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

#### 22 ACQUISITIONS continued

The following unaudited pro-forma summary presents consolidated information of Majesco as if the business combination had occurred on April 1, 2014:

	Unaudited Pro forma year ended March 31, 2016	Unaudited Pro forma year ended March 31, 2015
Revenue . . . . .	118,475	86,262
Earnings/(loss) . . . . .	(3,360)	(748)

There are no material nonrecurring pro forma adjustments directly attributable to the merger included in the reported pro forma revenue and earnings. These proforma amounts have been calculated after applying Majesco's accounting policies and adjusting the results of Cover-All to reflect the additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had been applied from April 1, 2014 with consequential tax effects.

#### 23 NON CONTROLLING INTEREST

As of March 31, 2016, all the subsidiaries are 100% subsidiaries through direct and step down holdings and hence non-controlling interest is Nil.

Until December 2014, the Group held a 90% equity interest in Vector Insurance Services LLC ("Vector"). On January 21, 2015, Vector bought back 10% shares held by the minority shareholders for a consideration of \$5. Subsequent to this buy-back, Vector signed an agreement of merger with Majesco dated February 15, 2015. The merger was effected on March 5, 2015. This merger has no impact on the Group's financial position or results of its operations.

#### 24 QUARTERLY RESULTS

	(Unaudited) Quarter ended			
	June 30, 2016	September 30, 2016	December 31, 2016	March 31, 2017
Revenue . . . . .	32,554	31,046	30,012	28,156
Income/(loss) from operations . . . . .	(435)	271	192	(267)
Net Income . . . . .	(550)	217	209	(798)
Net income/(loss) attributable to Owners of the Company . . . . .	(550)	217	209	(798)
Basic EPS . . . . .	(0.02)	0.01	0.01	(0.02)
Diluted EPS . . . . .	(0.02)	0.01	0.01	(0.02)

	(Unaudited) Quarter ended			
	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016
Revenue . . . . .	23,163	28,208	29,625	32,306
Income from operations . . . . .	91	(1,540)	(2,288)	(729)
Net Income . . . . .	82	(976)	(1,130)	(1,538)
Net income/(loss) attributable to Owners of the Company . . . . .	82	(976)	(1,130)	(1,538)
Basic EPS . . . . .	(0.00)	(0.03)	(0.03)	(0.04)
Diluted EPS . . . . .	(0.00)	(0.03)	(0.03)	(0.04)



## Majesco

### Notes to Consolidated and Combined Financial Statements

(All amounts are in thousands of US Dollars except per share data and as stated otherwise)

#### 25 RECENT DEVELOPMENTS

On May 9, 2017, MSS IPL and Standard Chartered Bank entered into an Export Invoice Financing Facility, Working Capital Overdraft Facility, Short Term Loans Facility, Bonds and Guarantees Facility and Pre Shipment Financing Under Export Orders Facility (the “Combined Facility”) pursuant to which Standard Chartered Bank agrees to a Combined Facility of up to INR 200,000,000 (\$3,092,760 at exchange rates in effect on the date of the agreement).

The Export Invoice Financing Facility is for the financing of MSS IPL’s sale of goods, as evidenced by MSS IPL’s invoice to the customer. Each amount drawn is required to be repaid within 90 days. The interest on this facility is based on the marginal cost of funds based lending rate (“MCLR”) plus a margin to be agreed with Standard Chartered Bank at the time of each drawdown. The MCLR is to be determined on the date of each disbursement and be effective until repayment. Interest will accrue from the utilization date to the date of repayment or payment of that utilization.

The Working Capital Overdraft Facility and the Short Term Loans Facility are for working capital purposes and subject to sub-limits. The interest on these facilities is based on the MCLR plus a margin to be agreed with Standard Chartered Bank at the time of each borrowing. The MCLR is to be determined on the date of each disbursement and be effective until repayment or maturity. Interest will accrue from the draw down date up to the repayment or maturity date.

The Bonds and Guarantees Facility is for the issuance of guarantees and subject to commissions as agreed with Standard Chartered Bank from time to time.

The Pre Shipment Financing Under Export Orders Facility is for the purchase of raw material, processing, packing, transportation, warehousing and other expenses and overheads incurred by MSS IPL to ready goods for sale. The interest on this facility is based on the MCLR plus a margin to be agreed with Standard Chartered Bank at the time of each borrowing. The MCLR is to be determined on the date of utilization and be effective until repayment. Interest will accrue from the utilization date up to the repayment date.

The interest under the Combined Facility may be changed by Standard Chartered Bank upon the occurrence of certain market disruption events. The Combined Facility is secured by a first pari passu security interest over the current assets of MSS IPL.

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## Principal Officers

### **Ketan Mehta**

President and Chief Executive Officer

### **Edward Ossie**

Chief Operating Officer

### **Farid Kazani**

Chief Financial Officer and Treasurer

### **Prateek Kumar**

Executive Vice President, P&C Business

### **Manish Shah**

Executive Vice President, Products

### **Chad Hersh**

Executive Vice President, L&A Business

### **Bill Freitag**

Executive Vice President, Consulting

### **Ganesh Pai**

Executive Vice President, Consulting Services Business

### **Tilakraj Panjabi**

Executive Vice President, P&C Delivery

## Board of Directors

### **Arun K. Maheshwari**

Chairman of the Board of Directors

### **Earl Gallegos**

Vice Chairman of the Board of Directors

### **Ketan Mehta**

President and Chief Executive Officer of Majesco

### **Sudhakar Ram**

Director

### **Atul Kanagat**

Director

### **Steven R. Isaac**

Director

### **Robert P. Restrepo, Jr**

Director

### **Westley Thompson**

Director

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## Additional Information

### **Common Stock Quotation Service**

NYSE MKT: MJCO

### **Transfer Agent and Registrar**

American Stock Transfer & Trust Company

59 Maiden Lane

New York, New York 10038

PH: (800) 937-544

### **Majesco on the Internet**

[www.majesco.com](http://www.majesco.com)

### **Stockholders Communications E-mail**

[proxy@majesco.com](mailto:proxy@majesco.com)

### **Counsel**

Pepper Hamilton

620 Eighth Avenue, 37th Floor

New York, New York 10018

PH: (212) 808-2700

### **Independent Auditors**

MSPC

An independent firm associated with Moore Stephens International Limited

### **Majesco Corporate Headquarters**

412 Mt. Kemble Avenue, Suite 110C

Morristown, NJ 07960

PH: (973) 461-5200



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