

**For Immediate Release**

**Clarification Note**

With respect to the financial results for the third quarter ended 31<sup>st</sup> December, 2017 (Q3FY18) for Majesco Limited, please note that the Company has adopted Indian Accounting Standard's ("IND AS") and accordingly the financial results for all the periods presented have been prepared in accordance with the recognition and measurement principles laid down in Ind AS 34 Interim Financial Reporting prescribe under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and the other accounting principles generally accepted in India. The date of transition to Ind AS is April 1, 2017. The impact of transition has been accounted for in opening reserve and the comparative period results have been restated accordingly.

## **Q3FY18 Revenue at Rs 207.3 crore; up by 4.1% QoQ basis**

- **Cloud Revenue at Rs 63.8 crore; up 5.1% QoQ and 59.2% YoY**
- **Adjusted EBITDA margin at 6.4%; up 308 bps QoQ**
- **12 month order backlog up 15.8% QoQ to USD 91.9 million**
- **Added 10 new clients; total cloud customers count at 35**

**Mumbai, 7<sup>th</sup> February, 2018:** Majesco Ltd. (MJCO), (BSE: 539289), (NSE: MAJESCO), a global provider of software, consulting and services for insurance business transformation, announced today its financial results for the **third quarter and nine months FY18** ended 31<sup>st</sup> December, 2017.

### **Review of consolidated financial performance for the quarter ended 31<sup>st</sup> December, 2017:**

On a quarter-on-quarter basis:

- The operating revenue was Rs 207.3 crore during the quarter under review as compared to Rs 199.1 crore during the previous quarter, reflecting an increase of 4.1% in rupee terms.
- Total revenue was Rs 208.9 crore during the quarter under review as compared to Rs 201.8 crore during the previous quarter, reflecting a growth of 3.6% on QoQ.
- The Company reported an adjusted EBITDA of Rs 13.3 crore (6.4% of operating revenue) in Q3FY18 as compared to adjusted EBITDA of Rs 6.7 crore (3.4% of operating revenue) in Q2FY18 reflecting an improvement by 308 bps QoQ.
- Net Loss stood at Rs 12.9 crore in Q3FY18 as against net profit of Rs 10.7 crore in Q2FY18. In the current quarter the company made an adjustment of Rs 17.4 crore to write down the company's deferred tax asset in line with the recent changes made to the US Tax Code.
- The product research & development spends during the quarter stood at Rs 29.4 crore (14.2% of operating revenue) as compared to Rs 27.7 crore (13.9% of operating revenue) in Q2FY18.

Note: Adjusted EBITDA stated above is before ESOPs cost and excluding one-time exceptional item

### For the Nine Months ended 31<sup>st</sup> December, 2017:

- The operating revenue was Rs 589.4 crore during the nine month period under review as compared to Rs 636.7 crore in the corresponding period of previous year reflecting a drop of 7.4% in rupee terms and a drop of 3.6% in constant currency.
- Total revenue was Rs 595.4 crore during the nine month period under review as compared to Rs 644.2 crore in the corresponding period of previous year, a decline of 7.6% in rupee terms.
- The company reported an adjusted EBITDA of Rs 18.8 crore (3.2% of operating revenue) in 9MFY18 as compared to an adjusted EBITDA of Rs 34.4 crore (5.4% of operating revenue) in 9MFY17.
- Net Loss stood at Rs 7.7 crore during the nine month period under review as compared to net profit of Rs 9.3 crore in the corresponding period of previous year.
- The product research & development spends was at Rs 82.6 crore (14.0% of operating revenue) during the nine month period under review as compared to Rs 88.3 crore (13.9% of operating revenue) in the corresponding period of previous year.

### Other Operating highlights during the quarter ended 31<sup>st</sup> December 2017

- **QIP Update:** The Company recently approved the issue and allotment of 4.4 million equity shares of face value of Rs 5 each to qualified institutional buyers (QIBs) at issue price of Rs 520 per share (including a premium of Rs 515 per share) aggregating to Rs 2.31 billion. Pursuant to the allotment of 4.4 million equity shares in the QIP, the paid up equity share capital of the Company stands increased to Rs 14.03 crore.
- **Cloud Revenue:** Total Revenue from cloud-based customers was Rs 63.8 crore (30.8% of operating revenue) for the quarter ended 31<sup>st</sup> December, 2017 as compared to Rs 60.7 crore (30.5% of operating revenue) in the quarter ended 30<sup>th</sup> September, 2017 reflecting a growth of 5.1% on QoQ basis and up by 59.2% as compared to Rs 40.1 crore (19.5% of operating revenue) in the corresponding quarter ended 31<sup>st</sup> December, 2016. Total Revenue from cloud-based customers was Rs 171.9 crore (29.2% of operating revenue) for the nine month period ended 31<sup>st</sup> December, 2017 as compared to Rs 123.5 crore (19.4% of operating revenue) for the corresponding period ended 31<sup>st</sup> December, 2016 reflecting a growth of 39.2% on YoY basis.
- **Clients:** The Company added 10 new clients during the quarter. Total client count as of 31<sup>st</sup> December, 2017 was 174. Total cloud customers count as of 31<sup>st</sup> December, 2017 was 35. In terms of client concentration, the top 5 constituted 27.5% to revenue and the top 10 customers constituted 43.3% to revenue for the quarter under review.

- **Highlights of customer wins by region include:**
  - For the North America region, we had six new wins including:
    - New York State Insurance Fund (NYSIF) selected Majesco Billing on Majesco CloudInsurer platform;
    - a commercial lines insurer selected Majesco P&C Suite on Majesco CloudInsurer platform;
    - a mid-market insurer selected Majesco Business Analytics;
    - a new start-up carrier selected Majesco Policy for P&C and Majesco Billing on Majesco CloudInsurer platform;
    - a health insurer selected Majesco Data Services; and
    - a health insurance provider management company selected Majesco Consulting Services to support a custom application development initiative.
  - For the Asia Pacific region, we had two new wins including:
    - a health insurance company selected Majesco Policy for L&A and Group; and
    - a life insurance company selected Majesco Distribution Management.
  - For the UK region, we had two new wins including:
    - a Managing General Agent (MGA) selected Majesco Suite for P&C on Majesco CloudInsurer Platform; and
    - a Tier-one insurer selected Majesco Data Services
- **12 month Order Backlog:** The 12-month order backlog stood at Rs 587.3 crore (\$91.9mn) as on 31<sup>st</sup> December, 2017 and in constant currency stood at Rs 598.3 crore as compared to Rs 518.4 crore (\$79.4mn) at the end of Q2FY18, reflecting an increase of 13.3% Q-o-Q in rupee terms and 15.8% in dollar terms.
- **Employees:** As on 31<sup>st</sup> December, 2017, the company had a total of 2,473 employees, of which 2,003 employees were based offshore in India while the rest were at various onsite locations outside India. Employee count at the end of 30<sup>th</sup> September, 2017 was 2,423.
- **Cash & Cash Equivalents:** The total cash & cash equivalents in Consolidated Majesco Group was at Rs 183.4 crore as on 31<sup>st</sup> December, 2017 as compared to Rs 176.9 crore at the end of 30<sup>th</sup> September, 2017.
- **Borrowings:** Total borrowings at Consolidated Majesco Group as on 31<sup>st</sup> December, 2017 was Rs 73.0 crore as compared to Rs 115.0 crore as at 30<sup>th</sup> September, 2017.

**Mr. Ketan Mehta, Founder and CEO, Majesco, said:** “The quarter gone by was inline with our expectations. I am pleased with the performance of business during the quarter across all fronts especially with our new deal momentum as we added a record 10 new customer wins globally during the quarter. We experienced a 59.2% year-over-year growth in cloud (subscription & implementation) revenue representing 30.8% of our business up from 19.5% for the same quarter a year ago, reflecting the strategic and fundamental change in our business model towards the cloud.”

“Our growing business momentum validates our strategy and the specific solutions offered to the market. Our pipeline of potential new customers remains strong and I am excited by the opportunities to support our customers’ transition to the Insurance 2.0 journey.”

**Mr. Farid Kazani, Managing Director, Majesco Ltd., said:** “The quarter exhibit’s good growth momentum with our topline growth of 4.1% and adjusted EBITDA margin of 6.4%, up 308 bps on QoQ driven by growth from all regions. Our 12-month order backlog increased by 15.8% to \$ 91.9 million on QoQ basis driven by 10 new client wins globally in Q3. We are seeing significant traction in Cloud business in the US and expect the growth momentum to continue going forward.”

## About Majesco

Majesco enables insurance business transformation for over 150 global customers by providing technology solutions which include software products, consulting and IT services. Our customers are carriers from the Property and Casualty, Life, Annuity and Group insurance segments worldwide. Majesco delivers proven software solutions and IT services in the core insurance areas such as policy administration, billing, claims, distribution and analytics. For more information, please visit us on the web at [www.majesco.com](http://www.majesco.com)

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## **Cautionary Language Concerning Forward-Looking Statements**

*This press release contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act. 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, therefore, be considered in light of various important factors, including those set forth in Majesco’s reports that it files from time to time with the Securities and Exchange Commission and which you should review, including those statements under “Item 1A – Risk Factors” in Majesco’s Annual Report on Form 10-K for the year ended March 31, 2017.*

*Important factors that could cause actual results to differ materially from those described in forward-looking statements contained in this press release include, but are not limited to: integration risks; changes in economic conditions, political conditions, trade protection measures, licensing requirements and tax matters; technology development risks; intellectual property rights risks; competition risks; additional scrutiny and increased expenses as a result of being a public company;*

*the financial condition, financing requirements, prospects and cash flow of Majesco; loss of strategic relationships; changes in laws or regulations affecting the insurance industry in particular; restrictions on immigration; the ability and cost of retaining and recruiting key personnel; the ability to attract new clients and retain them and the risk of loss of large customers; continued compliance with evolving laws; customer data and cybersecurity risk; and Majesco's ability to raise capital to fund future growth.*

*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. If such forward-looking statements prove to be inaccurate, the inaccuracy may be material. 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. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. 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 press release or to reflect the occurrence of unanticipated events, except as required by law.*