



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


2017 ANNUAL REPORT

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



#### FORWARD LOOKING STATEMENTS

Certain statements in this annual report concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We have tried wherever possible to identify such statements by using words such as anticipate, estimate, expect, project, intend, plan, believe and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



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

# A Message from the CEO of Majesco

Dear Fellow Shareholders,

Fiscal 2017 was a year of transition of business model from on-premise to on-demand cloud driven model. This was the year in which we focused on supporting new and existing customer growth, enhancing our product offerings, and expanding our sales and marketing infrastructure. We continued to invest in expanding our cloud platform that is well positioned to take advantage of the significant changes underway in the insurance technology marketplace. As a result of these business trends, Majesco's total revenue grew by 9.3% in fiscal 2017. EBITDA margin witnessed substantial improvement and increased by 410 basis points from 1.3% of operating revenue for fiscal 2016 to 5.4% of operating revenue for fiscal 2017. Our cloud-based revenues continued to outperform and increased by 19.7% to Rs 158.9 crore for fiscal 2017. 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, which we believe will lead the next wave of innovation and investment in insurance. With our Majesco CloudInsurer platform, we have successfully partnered with over 164 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 that 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 7.4% 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. During the year, we entered into a 5-year global strategic partnership with IBM to jointly offer a new cognitive, cloud-based platform to help insurance carriers worldwide create new services on IBM Cloud. The integration of IBM Cloud and cognitive capabilities with Majesco's market-leading core system for policy, billing and claims offers new, innovative products and services for insurers. I am pleased to see that the partnership with IBM has successfully kicked off the inception work with a Tier 1 insurer, specifically on a platform-as-a-service model. Furthermore, we also added 4 new partners as part of our Majesco Partner EcoSystem, including a number of InsurTech startups such as Splice, Elafri and DropIn.

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 us differentiate our 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.

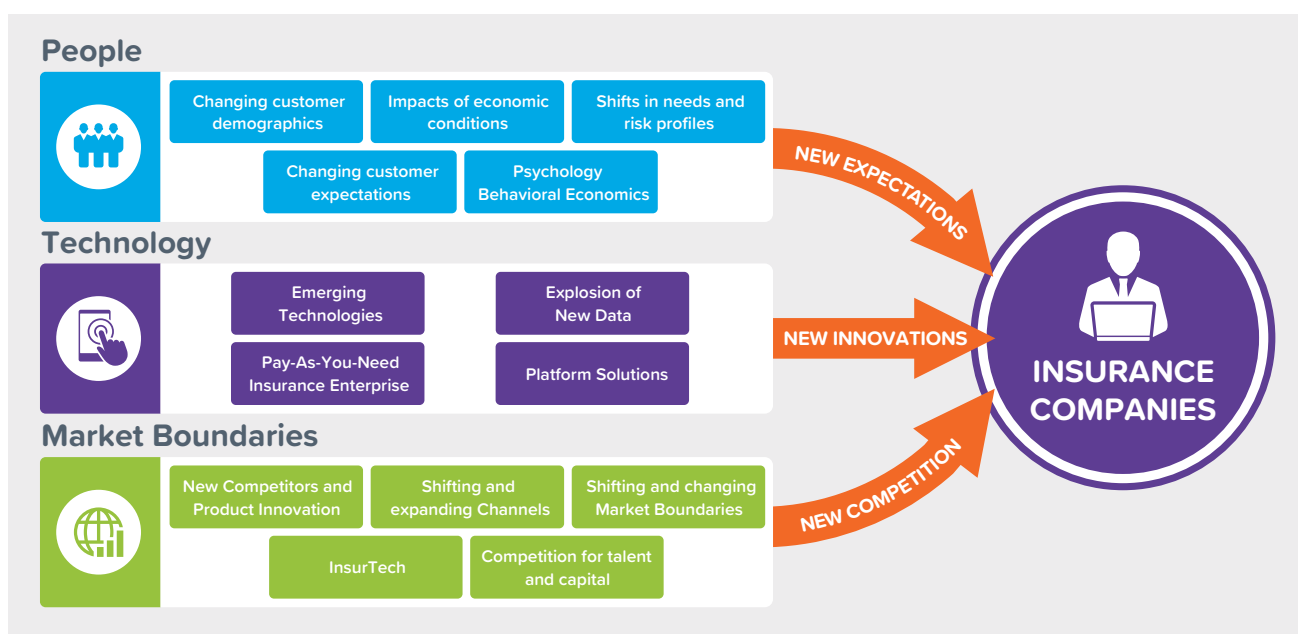


Diagram A



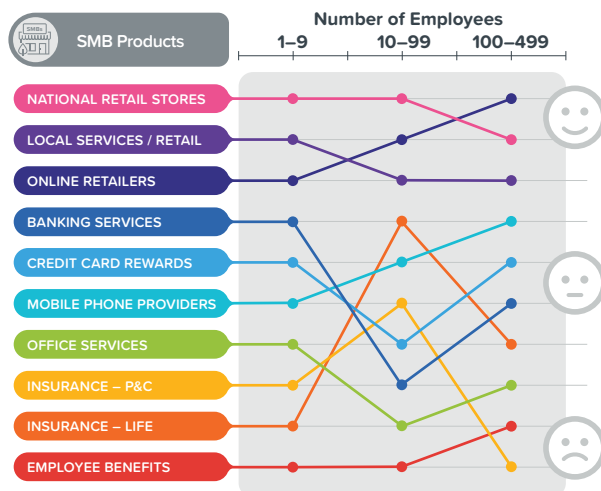


Diagram B

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.

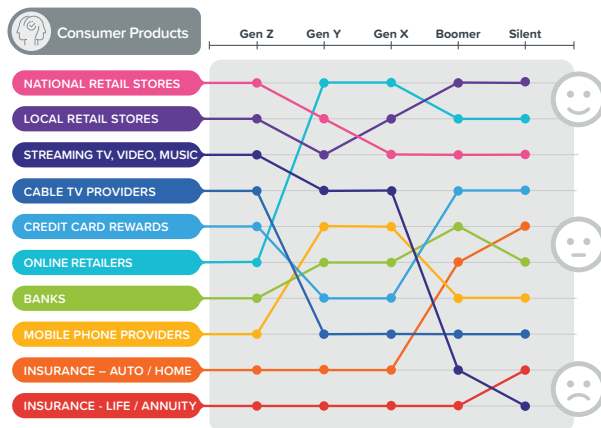


Diagram C

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.

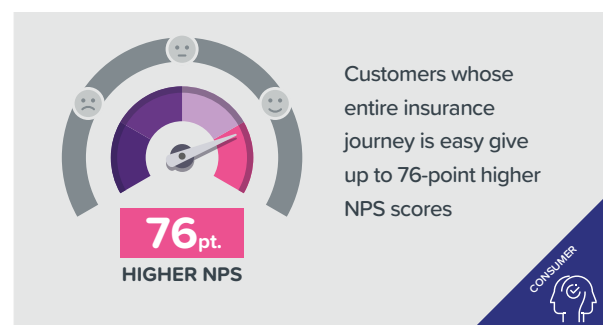


Diagram D

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.

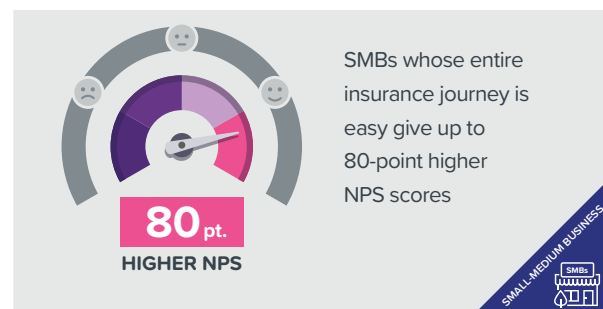


Diagram E



## 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.

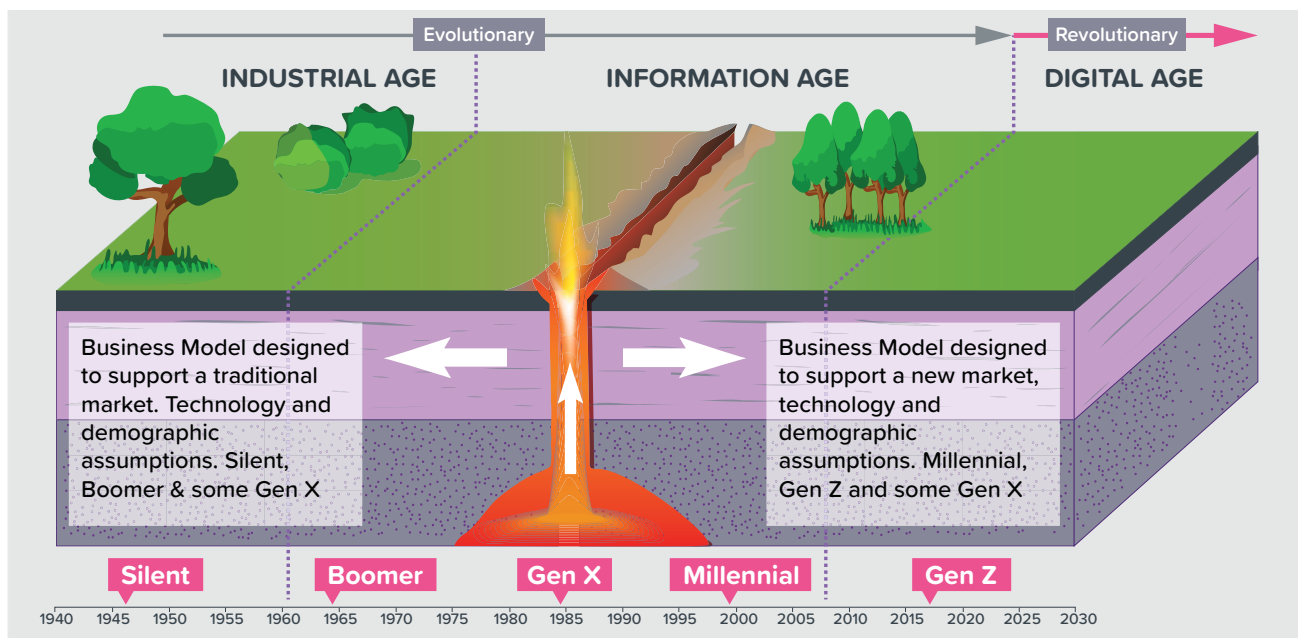


Diagram F

# 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.”