

MANAGEMENT DISCUSSION AND ANALYSIS

I. INDUSTRY STRUCTURE AND DEVELOPMENTS

Global Economy & Information Technology

The global economy is expected to strengthen in 2018 and 2019 with the global Gross Domestic Product (GDP) estimated to rise to 4% (for both years), a rise of 0.3% from 2017, according to Organisation for Economic Co-operation and Development (OECD). The growth is anticipated to be driven by steady recovery in trade and investments, rise in consumer spends and new US tax rate policy. In 2018, the United States economy is estimated to register a growth of 2.9%, an increase from 2.3% in 2017. Subject to smooth transition of Brexit, UK economy is estimated to grow by 1.3% in 2018 and 1.1% in 2019 while it grew at 1.7% in 2017. The Euro-area is estimated to maintain a strong GDP growth at 2.5% in 2017 but will grow at moderate level to 2.3% and 2.1% in 2018 and 2019 respectively taking into account that it steadily maintains its ongoing recovery of global output and trade and accommodative monetary policies. Growth in China economy is projected to gradually slow down to 6.7% in 2018 and 6.4% in 2019 from 6.9% in 2017. Indian economy grew at 6.6% in FY2017 and continues to remain fastest growing economy globally with the forecast of GDP growth of 7.2% in FY2018 and 7.5% in FY2019.

NASSCOM has forecast the global IT-BPM (Information Technology and Business Process Management) industry to grow up to USD 4 trillion by 2025, a rise from USD 1.3 trillion in 2017. It grew at 4.3% in 2017 as against 3.9% in 2016 mainly led by increased adoption of digitization. IT services registered a growth of 2.4% majorly due to constant demand for digital solutions such as Cloud, IoT (Internet of Things), Business Intelligence and Data Analytics. The US and UK pursue to remain leading customer markets with a combined share of nearly 75% following by growing demand from APAC (Asia Pacific), LATAM (Latin America) and Middle East Asia markets.

Indian Economy & Information Technology

The wave of digitalization has taken over the Indian IT-BPM sector. India is getting ready for the new age of digital based platforms for global business and transactions. This process, however, is not as smooth as one would like it to be. The IT industry is currently being buffeted by a global slowdown in technology spending and H1B visa rules in U.S. The positivity is coming back as the industry now has diversified into more profitable digital segments such as cloud computing, Artificial Intelligence (AI) and Big Data.

According to NASSCOM, the Indian IT-BPM industry is projected to grow at 8.0% to reach over USD 167 billion in FY2018, up from USD 154 billion in FY2017. IT services grew at 12.5% to reach USD 17.1 billion driven by growth in software

testing, IS outsourcing, cloud services and rising adoption from all customer segments. Software products grew at steady level to USD 5 billion due to growing demand for cloud based solutions. The industry's contribution to India's GDP was 7.9% in FY2018. The rapid adaptation to digitization, increased consumerisation of India's economy, coupled with a pervasive Government digital agenda, rapid advancement in technology infrastructure and increasingly competitive Indian organizations are key drivers for increased technology adoption in India.

Digital transformation is driving the spending on services and outsourcing. Rapid digitization of the economy and increase of digital consumers will continue to fuel spending on mobility, followed by analytics, Cloud and Internet of Things (IoT).

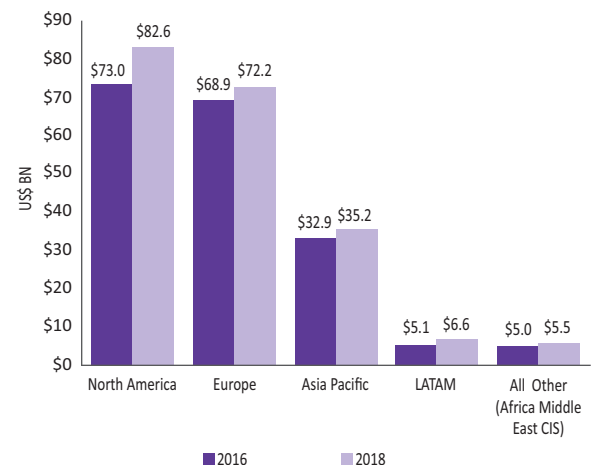
The Indian Insurance market is a steady and strongly growing market which has the potential and scope to grow massively in the coming years. The total market size of the insurance sector in India is projected to touch USD 350-400 billion by 2020. The Indian Government's announcement to launch the National Health Protection Scheme, the world's largest government-funded health care programme, is a bold and ambitious move which would help to move the needle on Insurance penetration in India.

II. STRENGTHS & OPPORTUNITIES

Insurance Industry – P&C (Property and Casualty)/ L&A (Life and Annuity) Market

The global economic environment continues to be a key driver for the insurance markets. Economic recovery in a number of large-volume emerging markets will prove to be a major growth engine for the insurance industry, mainly for global property-casualty (P&C) business. Demand for life insurance (L&A) in the emerging markets is expected to remain at a high

GLOBAL IT SPENDING BY INSURANCE COMPANIES



Source: Celent

level and that growth in industrialised countries will be rather moderate.

According to Celent, the global insurance IT spending is estimated to reach USD 202.1 billion by 2018. The major trends that are bound to shape and pave the way for the development of the global insurance industry are the reinsurance rate escalation, the growth of IoT, digitalization of underwriting, distribution, data analytics, and legacy and ecosystem transformation. Different geographical markets are at various levels of maturity. Developing markets continue to remain aggressive in their focus on acquisition of new platforms and the usage of technology in support of sales distribution. More developed markets are portrayed by plans of computerized change and modernisation.

The insurance industry still prefers the traditional ways and views new innovations with dubiousness. A major growth impediment for the entire insurance industry is legacy systems. Many carriers are still running on systems that are 15 to 25 years old that cannot keep up with current evolving business demands. Over the last few years, the insurance industry has experienced a new wave of modernizing or replacing policy administration, billing, and claims systems as insurers are finally starting to view this core replacement as an opportunity to position their carrier for the future.

InsurTech companies and other technology providers are planning on introducing new technological tools and innovations to the insurance industry to make it more digitalized and advanced. With the increased adoption of InsurTech innovations the level of competition and pressure amongst traditional insurance companies, the greenfields, established technological companies and start-ups has seen a massive rise and intensification. Traditional insurance players need to adapt and invest in the new innovations so as to not be left behind by the technology players to continue to accelerate solutions which are applicable to the insurance sector. Insurer/groups which still haven't finalised a concrete contingency plan are cross checking all the available options urgently while those insurers/ groups which already have a steady and advanced contingency plan in place are deciding upon the right time to start the implementation of new technologies. Companies are also required to restructure their organisational plans to properly fit in with the dynamic state of the global economy. All these changes, is opening up new opportunity for Majesco and your Company is rightly poised to capture these momentum and grow.

Over 170 insurance companies worldwide in P&C, L&A and Group/ Employee Benefits are transforming their businesses with Majesco's solutions. The Company's market leading software, consulting and services uniquely underpin the entire

insurance value chain and empower insurers with the agility, innovation and speed needed to meet their transformation opportunities head on. Majesco's solutions include policy management, new business/ underwriting, rating, billing, claims management, distribution management, BI/ analytics, predictive modeling, digital platform with mobile and portal, testing services, cloud services, bureau and content services, transformation services, consulting services and more.

Majesco Core Software

Majesco Software for P&C, L&A and Group enables insurers' agility, innovation and speed through a combination of advanced business and technology capabilities for all lines of business on a single platform.

Majesco Digital Services

Today's business environment is characterized by constant disruption, heavy competition and growing market and customer demands. The first wave of Digital Insurance 2.0 business models are emerging and poised for growth using digital platform capabilities and ecosystems that exploit untapped markets and address under or unmet customer and risk needs that strengthen customer relationships. Majesco Digital Services enable insurers digital transformation from strategy through implementation by helping define a cohesive digital strategy that brings together the silos, maps endless customer touch points, defines and prioritizes the projects to help achieve customer and operational benefits.

Majesco Data Services

The insurance industry has started to venture into the world of big data and analytics. Majesco's Data Services help carriers accelerate data and analytics initiatives for business operations such as claims, underwriting, policy and billing.

Majesco Cloud Insurer

According to Gartner's latest report, the global public cloud services market is projected to grow at 21.4% in 2018 to total USD 186.4 billion, up from USD 153.5 billion in 2017. The fastest-growing segment of the market is cloud system infrastructure services (infrastructure as a service or IaaS), which is forecast to grow 35.9% in 2018 to reach USD 40.8 billion. Gartner expects the top 10 providers to account for nearly 70% of the IaaS market by 2021, up from 50% in 2016. Cloud Application Services (SaaS) is expected to grow 22.3% to reach USD 73.6 billion from USD 60.2 billion in 2017. Gartner expects SaaS to reach 45% of total application software spending by 2021. Cloud Application Infrastructure Services (PaaS) is projected to reach USD 15 billion in 2018 from USD 11.9 billion in 2017 reflecting a growth of 26.1%.

Continuous change in people’s behaviors and expectations, new capabilities created by advances in digital technology and the emergence of new competitors and the blurring of market boundaries are creating tremendous new challenges and opportunities for the insurance industry.

Not only do insurers need to digitize their operations to meet customer engagement expectations and needs, insurers must rapidly develop and offer innovative, customized products and services to meet the changing risk needs of their customers. Doing this requires speed to value, new capabilities and flexibility beyond what traditional core systems are capable of delivering. A new business model, Digital Insurance 2.0 that is built on a cloud business platform, is needed to succeed in this new environment.

A cloud business platform is one that can run key business applications and services in order to match the reality and requirements of the current business environment. It creates a new business model paradigm marked by collaboration via data and information sharing and subscribing (not owning). As a result, traditional boundaries between insurers, partners, third-parties and even other industries are being replaced with new market dynamics that open doors to improved operations and revenue outcomes.

The shift is toward a platform economy across all industries. Insurers are beginning to innovate new business models based in this platform economy, which enables them to leverage broad ecosystems and technology innovations such as cloud computing, artificial intelligence, machine learning, and new data sources to create a greatly enhanced customer experience. A new generation of insurance buyers with new needs and expectations creates both a challenge and an opportunity that a platform-based Greenfield and startup business model can incubate, launch and grow. The time for plans, preparation, and execution is now recognizing that the gap is widening and the timeframe to respond is closing.

Majesco has honed years of insurance industry and cloud experience along with forward looking thought leadership into a highly innovative, out-of-the-box repeatable, scalable cloud platform. Majesco CloudInsurer is a single business platform that innovate, create and manage the products and content for all insurers from greenfields, new start-ups and incubators to mid-market and tier one insurers. It helps insurers to respond to shifting customer demands and market opportunities, and to extend business with compelling digital and data capabilities.

Majesco Business Analytics

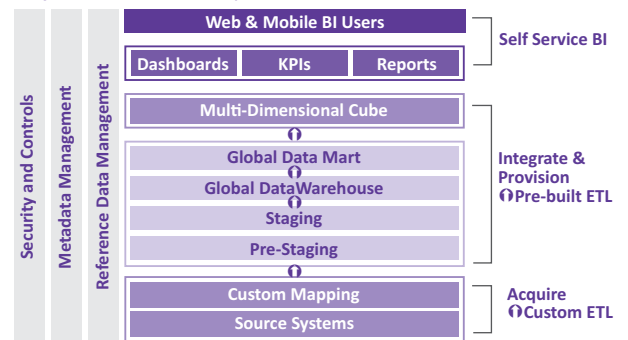
Business Analytics Market continued to grow and is expected

to rise exponentially due to the enhancement of technology in this sector. MarketsandMarkets forecasts the Global Business Analytics Market to grow from USD 40.8 billion in 2014 to USD 66.7 billion in 2019. North America is expected to be the largest market in size, while Asia-Pacific is expected to experience an increase in market traction during the forecasted period.

According to Allied Market Research report, the global Cloud-Based Business Analytics Software Market was valued at USD 28.9 billion in 2016 and is predicted to touch USD 57.1 billion by 2023, growing at a CAGR of 10.2% from 2017 to 2023. In 2016, the hybrid cloud segment accounted for the highest revenue share in the business analytics software market.

Majesco Business Analytics provides a robust solution that helps insurers uncover new opportunities to achieve

Majesco Business Analytics Architecture



competitive advantage. Majesco Business Analytics is an out-of-the-box business intelligence and analytics solution that reveals actionable insights across the insurance value chain for business users and executives through pre-built measures, dimensions, and KPIs, with flexibility for configuration, drill down, drill through, and drill anywhere capabilities.

III. SEGMENT WISE PERFORMANCE

Majesco in North America (“NA”)

North America business contributed around 87.7% of total revenues. Fiscal 2018 continued to focus on supporting new and existing customer growth, enhancing the product offerings, and expanding the sales and marketing infrastructure. In addition, the Company 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, the North America total sales for fiscal 2018 were marginally down by 3.3% in rupee terms mainly due to unfavorable currency exchange compared to previous year, while the cloud business delivered 50.7%

organic growth. The Company expects sales of cloud offerings will continue to grow at a faster pace, compared to other areas of the business, and is encouraged by this shift as cloud-based sales are higher-margin and recurring. The cloud model is not only an attractive business model for the Company, it is filling a critical need in the industry. The Company is encouraged by the fact that the eight of the last ten platform deals were on the cloud. With accelerating focus on product and market innovation, the industry is experiencing increasing adoption of cloud based solutions. The Company is actively embracing this trend and has 37 clients on Majesco's cloud platform. The Company will continue to make investments in research and development of platforms and solutions to boost future growth prospects. Majesco's delivery teams continued to focus on client program success. The Company had 19 clients go live and into production with its solutions. In October 2017, at the annual customer conference, Convergence 2017, the Company launched version 10.0 of the Majesco P&C Suite, including Majesco Policy, Majesco Billing and Majesco Claims; the foundation for Majesco CloudInsurer. This is evident of Majesco's continuous investment in its core systems to enable its customer's transformation and shift to a new age of insurance. Insurers increasingly are seeking speed to value including speed to implementation and speed to market – all key differentiators in today's competitive landscape of existing and InsurTech startups. During the year, the Company also launched a ground-breaking digital and micro-services based cloud-only platform solution set designed to enable the next era of new business models, new products and customer engagement. The solution is Majesco Digital1st Insurance and complements the Majesco core software suite and integrate with other core software to accelerate the value of core software solutions.

Majesco Partner EcoSystem built around Majesco CloudInsurer is designed to provide customers with strategic and operational business value by extending and expanding Company's software and services with the complementary and unique capabilities of partner's solutions across the insurance value chain. During the year, Company continued to strengthen the portfolio of offerings and expanded its partnership ecosystem with the following:

- In October 2017, Majesco entered into partnership with Denim, creator of the mobile and social media marketing platform that changes the way insurance and financial services companies advertise, engage, and sell. Denim is the first to integrate with Majesco's Digital1st EcoExchange, enabling the next era of customer engagement and supporting a new generation of business models and products.

- In August 2017, a tier one customer expanded its strategic partnership with Majesco to provide additional services including development, testing and business analysis for multi-year modernization program.

The Company continues to work with other partners such as IBM Cloud, Deloitte, Blueprint and others.

During the Fiscal 2018, North America revenue stood at Rs. 70,689 lakhs; 87.7% of operating revenue as compared to Rs. 73,114 lakhs; 88.5% of operating revenue for Fiscal 2017. The Company is seeing enough traction in this geography and is uniquely positioned to take advantage of the opportunities that would come way forward.

Revenue Analysis for NA Region

Offerings	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs. in Lakhs	% of Revenue	Rs. in Lakhs	% of Revenue
License	1,382	2.0	2,045	2.8
Professional Services	32,704	46.3	42,425	58.0
Cloud	23,985	33.9	15,914	21.8
Support	12,618	17.8	12,731	17.4
Total	70,689	100.0	73,114	100.0

Majesco in United Kingdom ("UK")

United Kingdom business contributed around 5.3% of operating revenues. During the year, UK business delivered marginal de-growth. The Company continued to maintain strong relations with its clients in UK and looking to further enhance its presence in UK through platform, data and digital offerings.

Revenue Analysis for UK Region

Offerings	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs. in Lakhs	% of Revenue	Rs. in Lakhs	% of Revenue
License	277	6.5	190	3.5
Professional Services	4,011	93.5	5,284	96.5
Cloud	-	-	-	-
Support	-	-	-	-
Total	4,288	100.0	5,474	100.0

Majesco in India and Asia Pacific ("IA")

India and Asia Pacific region contributed approximately 7.0% of total operating revenues of Majesco. Revenue for this region continued to be stable and the Company is witnessing a decent traction from its operations in this region.

Revenue Analysis for IA Region

Offerings	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs. in Lakhs	% of Revenue	Rs. in Lakhs	% of Revenue
License	14	0.2	50	1.2
Professional Services	5,613	99.8	3,979	98.8
Cloud	-	-	-	-
Support	-	-	-	-
Total	5,627	100.0	4,029	100.0

IV. REVIEW OF FINANCIAL AND OPERATING PERFORMANCE, PEOPLE STRENGTH

During the year, the Company continued to transition its business from an on-premise business model to a cloud-based operating model. The Company has had 24 clients successfully go into production which is a matter of great pride and accomplishment for the clients and Majesco.

The Cloud-based revenues increased by 50.7% from Rs. 15,913 lakhs to Rs. 23,985 lakhs during twelve-month period and the Company expects that this growth momentum will continue. The Company also expects to see improvement in non-cloud business as well, as a result of additional demand for its data and digital related solutions. Total recurring revenue which includes Annual or Term License, recurring subscriptions and maintenance was Rs. 21,538 lakhs for the fiscal 2018 compared to Rs. 19,667 lakhs in fiscal 2017.

Financials**Operating Revenue**

On a consolidated basis, the Company registered total operating revenue of Rs. 80,604 lakhs for the year ended March 31, 2018 as compared to Rs. 82,617 lakhs for the year ended March 31, 2017. Analysis of Operating Revenue, Region-wise, Offerings-wise and Line of Business-wise is mentioned below.

Break-up of Operating Revenue by Regions

Region	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs. in Lakhs	% of Revenue	Rs. in Lakhs	% of Revenue
North America	70,689	87.7	73,114	88.5
United Kingdom	4,288	5.3	5,474	6.6
India & Asia Pacific	5,627	7.0	4,029	4.9
Total Operating Revenue	80,604	100.0	82,617	100.0

Break-up of Operating Revenue by Offerings

Offerings	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs. in Lakhs	% of Revenue	Rs. in Lakhs	% of Revenue
License	1,673	2.1	2,285	2.8
Professional Services	42,328	52.5	51,688	62.6
Cloud	23,985	29.8	15,913	19.3
Support	12,618	15.6	12,731	15.3
Total Operating Revenue	80,604	100.0	82,617	100.0

Break-up of Operating Revenue by Line of Business

Line of Business	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs. in Lakhs	% of Revenue	Rs. in Lakhs	% of Revenue
Property & Casualty	61,689	76.5	66,920	81.0
Life & Annuities	17,754	22.0	14,375	17.4
Non-Insurance	1,161	1.5	1,322	1.6
Total Operating Revenue	80,604	100.0	82,617	100.0

Profitability

The profit for the year ended March 31, 2018 and March 31, 2017 attributable to equity shareholders of the Group is Rs. 629 lakhs and Rs. 506 lakhs respectively. The gain/ (loss) under other comprehensive income for the year ended March 31, 2018 and March 31, 2017 attributable to equity shareholders of the Group is Rs. 403 lakhs and Rs. (482) lakhs respectively. Other comprehensive income includes changes in fair value of cash flow hedge, exchange gain/ (losses) on translation of foreign operations and re-measurement gain on gratuity plan. The gain under total comprehensive income for the year ended March 31, 2018 and March 31, 2017 attributable to equity shareholders of the Group is Rs. 1,033 lakhs and Rs. 24 lakhs respectively.

Balance Sheet Items**Non-current Assets****A) Fixed Assets**

Tangible assets as at March 31, 2018 were Rs. 2,955 lakhs as compared to Rs. 3,490 lakhs as on March 31, 2017. This included a gross addition of Rs. 943 lakhs for purchase of computers, furniture and fixtures, vehicles, etc. and after considering depreciation of Rs. 1,467 lakhs for the financial year ended March 31, 2018.

Intangible assets other than Goodwill, as at March 31, 2018 were Rs. 488 lakhs as compared to Rs. 402 lakhs as on March 31, 2017. This included an addition of Rs. 392 lakhs and after considering amortization of Rs. 307 lakhs for the financial year ended March 31, 2018 and foreign exchange translation adjustment of Rs. 1 lakh.

B) Non-current financial loans and other financial assets

Non-current financial loans and financial assets were Rs. 436 lakhs as on March 31, 2018 as compared to Rs. 334 lakhs as on March 31, 2017.

Current Assets

A) Current Investments and Cash and Bank Balances

The total current investments and cash and bank balances as on March 31, 2018 was Rs. 39,857 lakhs as compared to Rs. 17,565 lakhs in the previous year. Net cash used in operations is Rs. 2,276 lakhs and payment for purchase of fixed assets of Rs. 1,289 lakhs during the financial year ended March 31, 2018. Proceeds from issue of equity shares of Rs. 23,188 lakhs for the year ended March 31, 2018.

B) Trade Receivables

Trade receivables as at March 31, 2018 stood at Rs. 12,832 lakhs as compared to Rs. 8,300 lakhs as at March 31, 2017.

C) Current financial loans, financial assets and other current assets

The current financial loans and financial assets were at Rs. 6,600 lakhs as at March 31, 2018 as compared to Rs. 5,594 lakhs as at March 31, 2017. Other current assets were at Rs. 2,735 lakhs as at March 31, 2018 as compared to Rs. 2,291 lakhs as at March 31, 2017.

Shareholders' Funds

Total Shareholders' funds as at March 31, 2018 stood at Rs. 54,329 lakhs as compared to Rs. 29,313 lakhs as at March 31, 2017. The increase was mainly on account of increase of Rs. 23,108 lakhs in Securities premium reserve due to issue of new equity shares.

Non-current Liabilities

A) Non-current financial liabilities

Total non-current financial liabilities stood at Rs. 5,617 lakhs as at March 31, 2018 as compared to Rs. 7,664

lakhs as at March 31, 2017. The decrease was mainly on account of reduction in non-current borrowings by Rs. 2,142 lakhs.

B) Non-current other liabilities

The total non-current other liabilities stood at Rs. 2,831 lakhs as at March 31, 2018 as compared to Rs. 2,815 lakhs as at March 31, 2017.

Current Liabilities

A) Financial liabilities

The total current financial liabilities as at March 31, 2018 was Rs. 15,150 lakhs as compared to Rs. 11,721 lakhs as at March 31, 2017. The increase was mainly due to the increase in current borrowings by Rs. 1,767 lakhs, trade payables by Rs. 167 lakhs, other financial liabilities by Rs. 1,495 lakhs.

B) Other current liabilities and provisions

The total other current liabilities and provisions as March 31, 2018 was Rs. 7,718 lakhs as compared to Rs. 6,275 lakhs as at March 31, 2017. The increase was mainly due to increase in other current liabilities by Rs. 881 lakhs.

Client Wins during the year

The Company added 13 clients during the year, as given below. The client profile includes some marquee names across verticals in NA, UK, and IA.

- i. In March 2018, a tier 1 global property and casualty insurer selected Majesco Billing for its greenfield small commercial products following a rapid 5 month process. The insurer has been a client of Majesco for over 12 years.
- ii. In March 2018, an InsurTech start-up selected Majesco Policy for P&C and Majesco Billing on the Majesco CloudInsurer platform to support their launch and growth strategies in a SaaS model.
- iii. In March 2018, Raffles Health Insurance ("RHI"), a leading healthcare insurance company based in Singapore, selected Majesco's Health Core platform to transform their business by creating a compelling, integrated experience for their customers and stakeholders.
- iv. In March 2018, Kookmin Best Insurance Company US Branch (KBICUS), the US operation of KB Financial Group

selected Majesco CloudInsurer to provide modern business platform for KBICUS' growth strategies.

- v. In March 2018, the leading insurer in Malaysia selected Majesco Digital solutions to automate the pre-inspection risk survey for their fire and burglary/theft insurance lines of business.
- vi. In March 2018, the health insurer, part of a leading diversified financial services group in India, implemented Majesco Distribution Management and a portal using Majesco Digital Solutions to manage their various distribution channels and enhance online engagement with their distributors and other stakeholders.
- vii. In January 2018, Reliance Nippon Life Insurance, an India based life insurance carrier selected Majesco Distribution Management, to enable speed to market and optimize their agent channel.
- viii. In November 2017, New York State Insurance Fund (NYSIF) selected Majesco Billing on Majesco CloudInsurer; implementation is one of the first for a workers compensation state fund.
- ix. In July 2017, American Capital Assurance Corp. selected Majesco P&C Suite, Majesco Distribution Management, Majesco Business Analytics and Majesco Enterprise Data Warehouse to transition from an outsourced provider.
- x. In July 2017, leading global tier 1 Life Insurer selected Majesco CloudInsurer platform to transform their collections operations across multiple geographies.
- xi. In July 2017, Shelter Insurance went live on Majesco Billing for its new brand, say Insurance, focused on delivering a digital auto insurance product.
- xii. In April 2017, the IMT Group selected Majesco Billing in the Cloud as their enterprise solution supporting all personal and commercial lines of business.
- xiii. In April 2017, a tier two specialty insurer renewed its application management services agreement with Majesco for three years to support a number of key operational systems.

Days Sales Outstanding (DSO)

DSO as at March 31, 2018 is 81 days as compared to 79 days as at March 31, 2017. Increase in DSO is attributed to major billing that took place with a large customer at the end of March 2018.

Order Backlog during the year

The 12 Month Order Backlog as of March 31, 2018 was at Rs. 60,649 lakhs as compared to Rs. 44,040 lakhs for the year ended as of March 31, 2017. Total Value of Orders booked during FY 2017-18 was Rs. 143,609 lakhs as compared to Rs. 86,589 lakhs in FY 2016-17.

People Strength

As on March 31, 2018, the Company had a total headcount of 2,472, of which about 19% were based on-site while the remaining were at various offshore locations. The Company continues to recruit fresh talent and intends to add more technical resources at various levels during the fiscal year.

V. BUSINESS OUTLOOK

Today, the Insurance industry is penetrating towards speed-to-value, low upfront cost, and pay-as-you-grow model. The Insurance industry is in the early stages of Digital Insurance 2.0. These insurtech explosion and resulting disruption is expected to continue in 2019 as well. Majesco in Fiscal 2018 witnessed a significant transformation of business model from on-premise to on-demand cloud model to meet new industry demands. This is illustrative with the Company's improved performance of business during the year. The management continued to remain focused on its core cloud business across key verticals – Property & Casualty (P&C) and Life & Assurance (L&A). The growth drivers for the business include following:

- a) Penetrating existing client accounts with opportunities through cross sell and up sell;
- b) Acquisition of new clients across core areas namely enterprise billing, commercial line policy administration, group life system and growth & innovation platform;
- c) Launch of the new Digital 1st Insurance Platform;
- d) Expanding in new and adjacent geographies; and
- e) Mergers and Acquisitions.

The Company, with its size, scale, domain expertise and the platforms, is well poised to capitalize the opportunities to support its new and existing customers' transition to the Insurance 2.0 journey and grow in fiscal 2019 and beyond. The Company has exceptional leadership team and dedicated work force that continue to drive growth while penetrating existing clients with opportunities through cross sell and up sell. It will continue to focus on enhancing its capabilities and investing in its innovative growth platform going forward.

VI. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

A strong internal control system is pervasive in the Company. The Company has documented a robust and comprehensive internal control system for all the major processes to ensure reliability of financial reporting.

Majesco's systems for internal control and risk management go beyond what is mandatorily required to cover best practice reporting matrices and to identify opportunities and risks with regard to its business operations.

The Company's internal control systems are supplemented by an internal audit program and periodic reviews by the management. Majesco has appointed an independent audit firm as its Internal Auditors and the Audit Committee reviews its findings and recommendations at periodic intervals. Majesco's internal control system is adequate considering the nature, size and complexity of its business.

VII. THREATS, RISKS & CONCERNS

Majesco has also put in place a strong enterprise risk management function which oversees the risk management of the Company on an ongoing basis. The primary objective of the Enterprise Risk Management (ERM) function is to:

- Provide a framework that enhances risk response decisions
- Reduce operational surprises and thereby losses
- Identify and manage cross-enterprise risks

The ERM policy, approved by the Board, lays down the risk management process, expected outcomes, governance and reporting structure. The policy also stresses on the importance of having a strong risk culture for Company's ERM to succeed.

Risk Governance Structure: Majesco has put in place a strong risk governance model to ensure risk management principles are followed throughout the organization and a risk culture inculcated. This ERM process and policy is executed through the Risk Management Committee (RMC) represented by the business and functional heads within Majesco. The RMC is responsible for:

- Being the primary champion of risk management at strategic and operational level
- Setting policy and strategy for enterprise risk management
- Ensuring that risk management policies are implemented with the right spirit through a monitoring mechanism

- Building a risk aware culture within the organization including appropriate trainings
- Informing the Board (through the Audit Committee) about the ERM status and top risks of the Company on a timely basis

Risk Champions: The RMC is supported by the risk champions who are responsible for:

- providing oversight to line managers who manage risk on a day-to-day basis
- promoting risk awareness within their operations
- ensuring that risk management is incorporated right from the conceptual stage of projects and opportunities
- ensuring compliance to the risk management procedures
- providing periodic reports to the RMC

A discussion of key risks and concerns, and measures aimed at mitigating them, are discussed in the following paragraphs.

Strategic risks: The Company could be susceptible to strategy, innovation, and business or product portfolio related risks if there is any significant and unfavorable shift in industry trends, customer preferences, or returns on R&D investments. Majesco does have the benefit of being very well entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client concentration related risks are mitigated to an extent. The Company's investments in intellectual property creation too are being done in a measured manner and are focused more on extending and strengthening existing offerings rather than on new business or end-use/application areas.

Macro-economic risks: Risks emanating from changes in the global markets such as the recent financial meltdown, regulatory or political changes, and alterations in the competitive landscape could affect the Company's operations and outlook. Any adverse movements in economic cycles in the Company's target markets and volatility in foreign currency exchange rates could have a negative impact on the Company's performance. This risk is mitigated to some extent due to the Company's presence in multiple, diverse markets from Europe to Malaysia and India. The Company also takes necessary steps such as forex hedging to mitigate exchange rate risks.

Competition-led risks: Majesco operates in a highly competitive industry, and competes with much bigger competitors, in both India and abroad. Shifts in clients' and

prospective clients' dispositions could affect its business. While the Company has strong domain expertise, robust delivery capabilities, and significant project experience, there is no guarantee that it will always get the better of competition.

Dependence on Key Personnel: Majesco has one of the best management teams in the industry and this has been a critical enabler of its operating successes. Any loss of personnel through attrition or other means may have an impact on the Company's performance. Majesco does endeavor to have an effective succession plan in place to mitigate these risks.

Client and account risks: The Company's strategy is to engage with a few strategic customers and build long-term relationships with them. Any shift in customer preferences, priorities, and internal strategies can have an adverse impact on the Company's operations and outlook. Majesco does have the benefit of being very well entrenched with many of its customers, involved in their critical and strategic initiatives. Therefore, client concentration related risks are mitigated to an extent.

Cyber Security Risks: Cyber Security Risk has emerged as a high category risk across the Information Technology industry as organizations are moving to newer areas of engagement such as cloud driven business model, mobile computing etc. The Company has implemented best security practices across multiple domains, for safeguarding the information, as well obtained insurance coverage as necessary.

Contractual, execution and delivery related risks: The Company's operating performance is subject to risks associated with factors that may be beyond its control, such as the termination or modification of contracts and non-fulfillment of contractual obligations by clients due to their own financial difficulties or changed priorities or other reasons. Majesco does have mechanisms in place to try and prevent such situations, as well as insurance coverage as necessary.

Acquisition/M&A related risks: Well-considered, properly evaluated and strategic acquisitions form part of the Company's growth strategy. There is no guarantee, however that an acquisition will produce the business synergies, revenues and profits anticipated at the time of entering into the transaction although the Company would undertake all due care and diligence in the process of making any acquisition.

In addition to the aforementioned issues, there are multiple other risk factors that the Company believes it will need to consider and manage. The Board and management team continually assess the operations and operating environment to identify potential risks and take meaningful mitigation actions.

The Company does take necessary insurance or related coverage in cases as necessary.