

Majesco
Form 10-Q
January 29, 2016

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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
x

For the quarterly period ended December 31, 2015

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	77-0309142
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

412 Mount Kemble Ave. Suite 110C

Morristown, NJ 07960	10001
(Address of principal executive offices)	(Zip code)

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(973) 461-5200

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 22, 2016
Common Stock, \$0.002 par value per share	36,451,357 shares

MAJESCO

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	December 31, 2015	March 31, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,864	\$ 6,262
Short term investments	869	270
Restricted cash	370	305
Accounts receivables, net	13,818	7,758
Unbilled accounts receivable	6,338	5,615
Deferred income tax assets	1,335	2,168
Prepaid expenses and other current assets	3,690	2,911
Total current assets	35,284	25,289
Property and equipment, net	2,160	1,173
Intangible assets, net	10,985	3,434
Deferred income tax assets	4,358	2,182
Other assets	414	271
Goodwill	32,275	14,196
Total Assets	\$ 85,476	\$ 46,545
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Capital lease obligations	\$ 138	\$ 17
Loan from bank	9,383	1,470
Accounts payable	1,998	442
Accrued expenses and other liabilities		
Related Parties	-	3,520
Others	14,601	8,739
Deferred revenue	5,973	4,826
Total current liabilities	32,093	19,014
Capital lease obligations, net of current portion	162	31
Term loan- bank	2,625	3,000
Other	4,498	3,944
Total Liabilities	\$ 39,378	\$ 25,989
Commitments and contingencies		

STOCKHOLDERS' EQUITY

Preferred stock, par value \$0.002 per share – 50,000,000 shares authorized as of December 31, 2015 and March 31, 2015, NIL shares issued and outstanding as of December 31, 2015 and March 31, 2015	-	-
Common stock, par value \$0.002 per share – 450,000,000 shares authorized as of December 31, 2015 and 300,000,000 shares authorized as of March 31, 2015; 36,451,357 shares issued and outstanding as of December 31, 2015 and 30,575,000 shares issued and outstanding as of March 31, 2015	\$ 73	\$ 61
Additional paid-in capital	69,177	39,049
Accumulated deficit	(22,821)	(20,798)
Accumulated other comprehensive (loss) income	(331)	2,244
Total stockholders' equity	46,098	20,556
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 85,476	\$ 46,545

See accompanying notes to the Consolidated Financial Statements.

Table of Contents**Majesco and Subsidiaries****Consolidated Statements of Operations (Unaudited)****(All amounts are in thousands of US Dollars except per share data and as stated otherwise)**

	Three Months ended December 31, 2015	Three Months ended December 31, 2014	Nine Months ended December 31, 2015	Nine Months ended December 31, 2014
Revenue	\$ 29,625	\$ 21,609	\$80,996	\$57,565
Cost of revenue	17,067	12,033	44,951	34,123
Gross profit	\$ 12,558	\$ 9,576	\$36,045	\$23,442
Operating expenses				
Research and development expenses	\$ 4,244	\$ 2,366	\$11,633	\$7,868
Selling, general and administrative expenses	10,602	5,095	27,684	15,575
Reorganization costs	-	605	465	1,075
Total operating expenses	\$ 14,846	\$ 8,066	\$39,782	\$24,518
Income/(Loss) from operations	\$ (2,288	) \$ 1,510	\$ (3,737	) \$ (1,076)
Interest income	3	12	13	31
Interest expense	(113	) (33	) (241	) (60)
Other income (expenses),net	(22	) 372	353	874
Income/(Loss) before provision for income taxes	\$ (2,420	) \$ 1,861	\$ (3,612	) \$ (231)
(Benefit)/Provision for income taxes	(1,290	) 494	(1,588	) (513)
Net Income/(Loss)	\$ (1,130	) \$ 1,367	\$ (2,024	) \$ 282
Net income/(loss) attributable to Non-controlling interests	\$ —	\$ 3	\$ —	\$ 15
Net Income (Loss) Attributable to Majesco	\$ (1,130	) \$ 1,364	\$ (2,024	) \$267
Earnings (Loss) per share:				
Basic	\$ (0.03	) \$ 0.04	\$ (0.06	) \$ 0.01
Diluted	\$ (0.03	) \$ 0.04	\$ (0.06	) \$ 0.01
Weighted average number of common shares outstanding				
Basic	36,451,357	30,575,000	34,592,291	30,575,000
Diluted	36,451,357	30,575,000	34,592,291	30,575,000

See accompanying notes to the Consolidated Financial Statements.

Table of Contents**Majesco and Subsidiaries****Consolidated Statements of Comprehensive Income (Unaudited)****(All amounts are in thousands of US Dollars)**

	Three Months ended December 31, 2015	Three Months ended December 31, 2014	Nine Months ended December 31, 2015	Nine Months ended December 31, 2014
Net Income (Loss)	\$ (1,130	) \$ 1,367	\$ (2,024	) \$ 282
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	25	(326	) (2,236	) (213
Unrealized gains on cash flow hedges	35	(529	) (338	) (70
Other comprehensive income (loss)	\$ 60	\$ (855	) \$ (2,574	) \$ (283
Comprehensive Income (Loss)	\$ (1,070	) \$ 512	\$ (4,598	) \$ (1
Comprehensive income attributable to the non-controlling interest	\$ —	\$ 3	\$ —	\$ 15
Comprehensive Income (Loss) attributable to Majesco	\$ (1,070	) \$ 509	\$ (4,598	) \$ (16

See accompanying notes to the Consolidated Financial Statements.

Table of Contents**Majesco and Subsidiaries****Consolidated Statements of Cash Flows (Unaudited)****(All amounts are in thousands of US Dollars)**

	Nine Months ended December 31, 2015	Nine Months ended December 31, 2014	
Net cash used from operating activities	\$ (6,094	) \$ (5,646	)
Net cash flows from investing activities			
Purchase of Property and equipment	\$ (934	) \$ (468	)
Purchase of Intangible Assets	(107	) (64	)
Cash (used)/ proceeds from Investments	(599	) 2,596	
Consideration paid on acquisition of Mastek Asia Pacific Pte. Limited	(276	) -	
Decrease/(increase) in restricted cash	(65	) (2	)
Cash acquired in business combination	\$ 3,203	-	
Net cash provided by investing activities	\$ 1,222	\$ 2,062	
Net cash flows from financing activities			
Payment of Capital lease obligations	19	(16	)
Repayment of loans	(18,961	) -	
Receipt of loan proceeds	26,499	-	
Net cash provided /(used) by financing activities	\$ 7,557	\$ (16	)
Effect of foreign exchange rate changes on cash and cash equivalents	(83	) (137	)
Net increase (decrease) in cash and cash equivalents	\$ 2,602	\$ (3,737	)
Cash and cash equivalents, beginning of the period	6,262	7,016	
Cash and cash equivalents at end of the period	\$ 8,864	\$ 3,279	

See accompanying notes to the Consolidated Financial Statements.

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Majesco and Subsidiaries

Notes to Consolidated Financial Statements (Unaudited)

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

1. DESCRIPTION OF BUSINESS

Majesco (the “Company”) is a global provider of software solutions for the insurance industry. We offer core software solutions for property and casualty (“P&C”) and life and annuity (“L&A”) 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.

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”), 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 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’s non-insurance related business and the insurance related operations of Mastek 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, the United Kingdom, Malaysia, Singapore, Thailand and India (hereinafter referred to as the “Group”).

Merger with Cover-All Technologies Inc.

On December 14, 2014, Majesco entered into a definitive merger agreement with Cover-All Technologies Inc. (“Cover-All”), an insurance software company listed on NYSE MKT, for a 100% stock-for-stock merger of Cover-All with and into Majesco, with Majesco surviving the merger.

A proxy statement/registration statement was filed and declared effective by the U.S. Securities and Exchange Commission ("SEC"). Necessary approvals from High Courts in India were obtained for the Reorganization and the shareholders of Cover-All approved the merger at the meeting of shareholders held on June 22, 2015. Majesco consummated the merger on June 26, 2015. 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

a. Basis of Presentation

The accompanying unaudited consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP, for interim financial information and with the instructions to Form 10-Q and Article 10 of SEC Regulation S-X. The March 31, 2015 consolidated balance sheet was derived from our audited combined financial statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015, as filed with the SEC, but does not include all disclosures required by U.S. GAAP. In the opinion of management, all adjustments, consisting only of normal recurring adjustments except as otherwise noted, considered necessary for a fair statement of results of operations and financial position have been included. The results for the interim periods presented are not necessarily indicative of the results expected for any future period. The following information should be read in conjunction with the audited financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015.

In connection with the merger with Cover-All, the Group's Board of Directors and stockholders approved a one for six reverse stock split of the Group's common stock. The reverse stock split became effective June 22, 2015. All share and per share amounts in the consolidated financial statements and notes thereto have been retroactively adjusted for all periods presented to give effect to this reverse stock split, including reclassifying an amount equal to the reduction in par value of common stock to additional paid in capital.

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The consolidated financial statements for fiscal 2015 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 consolidated financial statements reflect the Group's financial position, results of operations and cash flows in conformity with U.S. GAAP. The consolidated Balance Sheet, consolidated Statement of Operations and consolidated 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.

These consolidated financial statements as of March 31, 2015 and for the three and nine months ended December 31, 2014 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 receives service and support functions from Mastek. The costs associated with these support functions have been allocated relative to Mastek 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.

The Group considers the expense allocation methodology and results to be reasonable for all periods presented. 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 nor are these costs indicative of what the Group will incur in the future.

Mastek maintained benefit and stock-based compensation programs at the parent company level. After the demerger of Mastek, which became effective with effect from June 1, 2015, the Group employees of Majesco Ltd 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 which these employees already had. The consolidated Balance Sheets do not include any outstanding equity related to the stock-based compensation programs of Mastek 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 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.

b.

Significant Accounting Policies

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For a description of significant accounting policies, see Note 2, Summary of Significant Accounting Policies, of the Notes to the consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2015 filed with the SEC on June 19, 2015. There have been no material changes to our significant accounting policies since the filing of the Annual Report on Form 10-K.

c. Principles of Consolidation

The Group's consolidated financial statements include the accounts of Majesco and its wholly owned subsidiaries, Cover-All Systems, Inc., Majesco Canada Ltd., Majesco Software and Solutions Inc., Majesco Sdn. Bhd., Majesco UK Limited, Majesco (Thailand) Co., Ltd., Majesco Software and Solutions India Private Limited and Mastek Asia Pacific Pte Ltd., as of December 31, 2015 and, for Cover-All Systems, Inc., the period subsequent to the merger. All material intercompany balances and transactions have been eliminated in consolidation.

d. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. On an on-going basis, we evaluate our estimates, including those related to revenue recognition, cash equivalents and marketable securities, accounts receivable, income taxes, goodwill, and stock-based compensation.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (ASC 606), which, when effective, will supersede the guidance in former ASC 605, Revenue Recognition. The new guidance requires entities to recognize revenue based

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on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for annual periods beginning after December 15, 2016 and interim periods within that year for public companies and effective for annual reporting periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018 for private companies. Early adoption is not permitted. The Group will adopt this standard for the year ended March 31, 2019 and interim periods of the year ended March 31, 2020. On July 9, 2015, the FASB voted to defer the effective date by one year to December 15, 2017 for the interim and annual reporting periods. The Group is currently evaluating the impact of this standard on its consolidated Financial Statements.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis", which makes changes to both the variable interest model and the voting model. These changes will require re-evaluation of certain entities for consolidation and will require us to revise our documentation regarding the consolidation or deconsolidation of such entities. ASU No. 2015-02 is effective for reporting periods after December 15, 2015 and interim periods within those fiscal years. We are currently evaluating the effect that this ASU will have on the Group's consolidated Financial Statements and related disclosures.

In April 2015, the FASB issued ASU No. 2015-06, "Earnings Per Share (Topic 260): Effects on Historical Earnings per Unit of Master Limited Partnership Dropdown Transactions (a consensus of the FASB Emerging Issues Task Force)," which applies to master limited partnerships that receive net assets through a dropdown transaction. ASU 2015-06 specifies that for purposes of calculating historical earnings per unit under the two-class method, the earnings (losses) of a transferred business before the date of a dropdown transaction should be allocated entirely to the general partner. Qualitative disclosures about how the rights to the earnings (losses) differ before and after the dropdown transaction occurs for purposes of computing earnings per unit under the two-class method also are required. ASU 2015-06 is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years and will be applied retrospectively. Earlier application is permitted. We are currently evaluating the effect that this ASU will have on the Group's consolidated Financial Statements and related disclosures.

In September 2015, the FASB issued Accounting Standards Update 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments* ("ASU 2015-16"). The FASB issued ASU 2015-16 to simplify US GAAP to require that the acquirer record, in the same period's financial statements, the effect of changes to provisional, measurement period amounts calculated as if the accounting had been completed at the acquisition date and disclose the portion of the amount recorded in current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. This guidance is effective for fiscal years beginning after December 15, 2015, including interim periods within those fiscal years. The Group does not believe that this updated standard will have a material impact on its consolidated financial statements.

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* ("ASU 2015-17"). ASU 2015-17 removes

the requirement that deferred tax assets and liabilities be classified as either current or noncurrent in a classified statement of financial position and instead considers deferred tax assets and liabilities to be classified as noncurrent. This guidance is effective for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. The Group does not believe that this updated standard will have a material impact 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 of 1933, as amended (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, our financial statements may not be comparable to those of companies that comply fully with public company accounting standards.

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 their relatively short period of time of original maturity tenure of these instruments.

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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.

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 December 31, 2015 and March 31, 2015:

	As of	
	December 31, 2015	March 31, 2015
Assets		
Level 2		
Derivative financial instruments (included in the following line items in the Condensed Combined balance sheet)		
Other assets	\$ 2	\$ 28
Other liabilities	(17)	(15)
Prepaid expenses and other current assets	83	545
Accrued expenses and other liabilities	(36)	(13)
	\$ 32	\$ 545
Level 3		
Contingent consideration		
Other liabilities	\$ (1,186)	\$ (989)

Accrued expenses and other liabilities	(870)	(723)
	\$ (2,056)	\$ (1,712)
Total	\$ (2,024)	\$ (1,167)

The following table presents the change in level 3 instruments:

	As of December 31, 2015	March 31, 2015
Opening balance	\$(1,712)	\$ (628)
Additions	-	(1,610)
Total (Losses)/gains recognized in Statement of Operations	(344)	526
Settlements	-	-
Closing balance	\$(2,056)	\$ (1,712)

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 our probability assessments of expected future cash flows related to our 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. The amount of total gains/(losses) included in the Consolidated Statement of Operations that is attributable to change in fair value of contingent consideration arising from the acquisition of the consulting business of Agile were \$(122), \$(344) and \$(101) for the three and nine months ended December 31, 2015 and the year ended March 31, 2015, respectively.

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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 our foreign exchange forward contracts and foreign exchange par forward contracts 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).

5. 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 \$44 and \$74 and related accumulated depreciation recorded under capital leases are \$54 and \$29, respectively, as of December 31, 2015 and March 31, 2015. 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 respects of assets held under capital leases were \$5 and \$15 for the three and nine months ended December 31, 2015 compared to \$5 and \$10 for the three and nine months ended December 31, 2014.

The following is a schedule of the future minimum lease payments under our capital leases, together with the present value of these net minimum lease payments as of December 31, 2015.

Year ended	Amount
2016	\$ 168
2017	149
2018	9
2019	9
2020	-
Total minimum lease payments	\$ 335
Less: Interest portion	35
Present value of net minimum capital leases payments	\$ 300

6. BORROWINGS

Bank borrowing

The Group borrowed \$3,000 in February 2015 to refinance the upfront cash payment made by Majesco for its acquisition of the consulting business of Agile. The loan is expected to be repaid over a period of 3 years. The loan is payable over four installments on August 2, 2016, February 2, 2017, August 2, 2017 and January 29, 2018 in amounts of \$375, \$375, \$375 and \$1,875, respectively. The loan bears interest at LIBOR plus 2.75% and guarantees fees of .95% of the principal amount annually. The interest rate in effect as of December 31, 2015 was 3.23%. The interest is payable for six months in advance. The loan has a roll over option at the end of its term subject to renewal of standby letters of credit and re-negotiation of the interest rate. The bank has the right to change the margin over LIBOR if in its reasonable opinion it perceives a change in risk associated with the facility and/or there is a breach of the agreement. As of December 31, 2015, the Group was in compliance with the terms of this term loan.

The aggregate amounts of principal payments under this term loan year on year are as follows:

	2015-16	2016-17	2017-18	Total	Current Portion	Long-term Portion
Maturities of Debt	—	750	2,250	3,000	\$ 375	\$ 2,625

Line of Credit

On November 18, 2014, the Group renewed 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 is three-month LIBOR plus 350 basis points. The credit facility is guaranteed by Mastek, subject to the terms and conditions set forth in the guarantee. The credit facility matured on November 11, 2015. On November 20, 2015, Majesco entered into an extension of this credit facility to February 11, 2016. In connection with this extension, Mastek also extended its guarantee of the credit facility. The extension acknowledges and agrees that the line of credit shall continue to be and remain unchanged and in full force and effect in accordance with its terms, repeats its representations and warranties, and confirms that an event of default as defined in the agreement has not occurred and if an event of default has occurred, it is not continuing. The Group paid a processing fee of \$6 with this extension. As of December 31,

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2015 and March 31, 2015, the Group had \$5,000 and \$1,470 of borrowings outstanding under this credit facility, respectively. As of December 31, 2015, the Group was in compliance with the terms of this facility.

PCFC Facility

On June 30, 2015, the Group entered into a secured Pre Shipment in Foreign Currency and Past Shipment in Foreign Currency ("PCFC") facility under which the Group may request 3 months pre-export advances and advances against export collection bills. The maximum borrowing limit is \$5,656. The interest rate on the PCFC facility is LIBOR plus 150 basis points. The interest rate on this PCFC facility is determined at the time of each advance. This PCFC facility has a first *pari passu* charge over the current assets of Majesco Software and Solutions India Pvt. Ltd., a wholly owned subsidiary of Majesco ("MSSIPL"). As of December 31, 2015, the Group had \$4,008 of borrowings outstanding under this PCFC facility. As of December 31, 2015, the Group was in compliance with the terms of this PCFC facility.

The outstanding loans under the PCFC facility as of December 31, 2015 are as follows:

Date of loan	Repayable on	Outstanding as of December 31, 2015	Rate of interest (Libor + 1.5%)	
November 9, 2015	February 7, 2016	\$ 58	1.84	%
November 24, 2015	February 22, 2016	\$ 1,000	1.89	%
November 24, 2015	February 22, 2016	\$ 1,000	1.89	%
December 29, 2015	March 28, 2016	\$ 1,950	2.10	%
Total		\$ 4,008		

On July 27, 2015, MSSIPL entered into a Credit Arrangement Letter with ICICI Bank Limited ("ICICI") for packing credit in foreign currency and post-shipment credit in foreign currency. Under this facility MSSIPL may borrow up to 150 million Indian Rupees (approximately \$2,275 at the exchange rate on December 31, 2015) in short term borrowings for working capital, including software and related services. Interest rate on this facility is based on LIBOR plus a margin to be determined at the time of each draw by ICICI. In addition, this facility includes a bank guarantee facility of up to 5 million Indian rupees (approximately \$76 at the exchange rate on December 31, 2015) bearing a commission of 0.40% annually plus applicable service tax. This facility has a first *pari passu* charge over the current assets of MSSIPL. This facility is available until July 8, 2016 and contains covenants and customary events of default. No amounts were borrowed or outstanding under this facility as of December 31, 2015.

On August 28, 2015, MSSIPL entered into a Facility Letter with Standard Chartered Bank for pre-shipment financing and overdraft facilities. Under these facilities, MSSIPL may borrow up to 50 million Indian Rupees (approximately

\$759 at the exchange rate on December 31, 2015) in short term borrowings. Interest rate on these facilities is based on a base rate or LIBOR plus a margin to be determined at the time of each draw by the lender. These facilities have a first pari passu charge over the current assets of MSS IPL and contain restrictive covenants on MSS IPL, its direct parent and their subsidiaries, including a negative pledge covenant and restrictions on assets sales outside the ordinary course of business or other substantial changes to the business. In addition, any change in ownership or control or merger transaction of MSS IPL, its direct parent or their subsidiaries will require consent from Standard Chartered Bank. Standard Chartered Bank may cancel a loan at any time. These facilities also contain customary events of default provision and indemnification provisions whereby MSS IPL will indemnify Standard Chartered Bank against all losses or damages related to the facilities. In addition, Standard Chartered Bank has a right of first refusal on future hedging transactions, refinancing of the facilities or other similar transactions so long as any amounts remain owed to it under the facilities. MSS IPL is also obligated to reimburse all costs and expenses of Standard Chartered Bank under these facilities. No amounts were borrowed or outstanding under these facilities as of December 31, 2015.

7. DERIVATIVE FINANCIAL INSTRUMENTS

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

	Asset		Liability	
	Noncurrent	Current*	Noncurrent	Current*
As of December 31, 2015				
Designated as hedging instruments under Cash Flow Hedges				
Foreign exchange forward contracts	\$ 2	\$ 83	\$ 17	\$ 36
Total	\$ 2	\$ 83	\$ 17	\$ 36
As of March 31, 2015				
Designated as hedging instruments under Cash Flow Hedges				
Foreign exchange forward contracts	\$ 28	\$ 545	\$ 13	\$ 15
	\$ 28	\$ 545	\$ 13	\$ 15

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* The noncurrent and current portions of derivative assets are included in ‘Other assets’ and ‘Prepaid expenses and other current assets’, respectively, and the noncurrent and current portions of derivative liabilities are included in ‘Other liabilities’ and ‘Accrued expenses and other liabilities’, respectively, in the consolidated 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 of the Group which are approved by its Board of Directors.

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 principal amounts of the Group’s foreign exchange forward contracts (sell) outstanding as of December 31, 2015 amounted to \$15,810 and as of March 31, 2015 amounted to \$22,980, respectively. The outstanding forward contracts as of December 31, 2015 mature between 1 month to 15 months. As of December 31, 2015, the Group estimates that \$22, net of tax, of the net gains 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 our derivative activities are reflected as cash flows from operating activities.

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

Amount of Gain/(Loss) recognized in AOCI (effective portion)	Amount of gain/(Loss) reclassified from AOCI to Statement of Operations (Revenue)
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For nine months ended December 31, 2015

Foreign exchange forward contracts	\$ 78	\$ 25
Total	\$ 78	\$ 25

For nine months ended December 31, 2014

Foreign exchange forward contracts	\$ 230	\$ (43)
Total	\$ 230	\$ (43)

8. ACCUMULATED OTHER COMPREHENSIVE INCOME

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

	Three months ended December 31, 2015			Three months ended December 31, 2014		
	Before tax	Tax effect	Net of Tax	Before tax	Tax effect	Net of Tax
Other comprehensive income						
Foreign currency translation adjustments						
Opening balance	\$(378)	\$ -	\$(378)	\$2,321	\$—	\$2,321
Change in foreign currency translation adjustments	23	-	23	(326)	—	(326)
Closing balance	\$(355)	\$ -	\$(355)	\$1,995	\$—	\$1,995
Unrealized gains/(losses) on cash flow hedges						
Opening balance	\$(20)	\$ 7	\$ 13	\$1,152	\$(392)	\$760
Unrealized gains/(losses) on cash flow hedges	78	(27)	52	(677)	230	(447)
Reclassified to Revenue	(25)	9	(17)	(126)	43	(83)
Net change	\$53	\$ (18)	\$35	\$(803)	\$273	\$(530)
Closing balance	\$33	\$ (11)	\$22	\$349	\$(119)	\$230

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	Nine months ended December 31, 2015			Nine months ended December 31, 2014		
	Before tax	Tax effect	Net of Tax	Before tax	Tax effect	Net of Tax
Other comprehensive income						
Foreign currency translation adjustments						
Opening balance	\$1,883	\$-	\$1,883	\$2,208	\$—	\$2,208
Change in foreign currency translation adjustments	(2,238)	-	(2,238)	(213)	—	(213)
Closing balance	\$(355)	\$-	\$(355)	\$1,995	\$—	\$1,995
Unrealized gains/(losses) on cash flow hedges						
Opening balance	\$545	\$(185)	\$360	\$455	\$(155)	\$300
Unrealized gains/(losses) on cash flow hedges	(222)	75	(146)	134	(46)	88
Reclassified to Revenue	(290)	99	(192)	(240)	82	(158)
Net change	\$(512)	\$174	\$(338)	\$(106)	\$36	\$(70)
Closing balance	\$33	\$(11)	\$22	\$349	\$(119)	\$230

9.

INCOME TAXES

The Group recognized income tax benefit of (\$1,290) and (\$1,588) respectively, for the three and nine months ended December 31, 2015 and recognized income tax provision/(benefit) of \$494 and (\$513), respectively, for the three and nine months ended December 31, 2014. The benefit during the three months ended December 31, 2015 is mainly on account of creation of deferred tax assets on the losses.

The effective tax rate of 53% and 44% respectively, for the three and nine months ended December 31, 2015 differs from the statutory US federal income tax rate of 39.3% mainly due to stock based compensation, the impact of different tax jurisdictions and reversal of deferred tax created during previous periods.

10.

EMPLOYEE STOCK OPTION PLAN

Majesco 2015 Equity Incentive Plan

In the three and nine months ended December 31, 2015, we recognized \$246 and \$504, respectively, compared to \$26 and \$78, respectively, in the three and nine months ended December 31, 2014, of stock-based compensation expense in our consolidated Financial Statements.

In June 2015, the Company 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 December 31, 2015, an aggregate of 1,786,849 shares were available for grant under the 2015 Plan.

The Company 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,

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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 the Company'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.

2015

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

As of December 31, 2015, there was \$3,468 of total unrecognized compensation costs related to non-vested share-based compensation arrangements previously granted by the Company. That cost is expected to be recognized over a weighted-average period of 3.5 years.

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

	Shares	Exercise Price Per Share	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
Balance, December 31, 2015	2,056,723	\$ 4.81 – 7.72	8.85 years	\$ 5.13

Of the stock options outstanding, an aggregate of 163,390 are currently exercisable.

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 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 Financial Accounting Standards Board ("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.

Warrants

As of December 31, 2015, there were warrants to purchase 334,064 shares of common stock outstanding. A summary of the terms of the outstanding warrants as of December 31, 2015 is as follows:

	Outstanding and Exercisable Warrants	Exercise Price Per Warrant	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price
Balance, December 31, 2015	334,064	\$ 6.84 – 7.00	1.0	\$ 6.85

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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. Please see Note 17 - Cover-All Short Term Debt for a description of the balance of the outstanding warrants.

Majesco Limited Equity Incentives

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. Group employees who were having options in the earlier ESOP plan of Mastek have now been given options of Majesco Limited. Under the plan, Majesco Limited has also granted newly-issued options to the employees of MSS IPL. Options issued under the plan vest in a graded manner over a maximum period of 4 years and expire within 7 years from the date of vesting. As of December 31, 2015, there was \$732 of total unrecognized compensation cost related to non-vested share-based compensation arrangements previously granted by Majesco Limited. That cost is expected to be recognized over a weighted-average period of 4 years.

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

	2015		2014	
Expected volatility	45%-50 %		45%-50 %	
Weighted-average volatility	49.13	%	48.94	%
Expected dividends	0.00	%	2.91	%
Expected term (in years)	6 Years		6 Years	
Risk-free interest rate	7.65	%	7.90	%

The summary of outstanding options of Majesco Limited as of December 31, 2015 is as follows:

Outstanding and Exercisable	Exercise Price Per Share	Weighted-Average Remaining	Weighted-Average Exercise Price
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			Contractual Life	
Balance, December 31, 2015	1,987,591	\$ 0.1-\$6	10.00	2.61

Of the stock options of Majesco Limited outstanding and held by Group employees, an aggregate of 662,332 are currently exercisable.

Majesco Performance Bonus Plan

Majesco established the Majesco Performance Bonus Plan (the “Performance Bonus Plan”). The Performance Bonus Plan is administered by the Compensation Committee of the Board of Directors of Majesco. The purpose of the Performance Bonus Plan is to benefit and advance the interests of the Group by rewarding selected employees of the Group for their contributions to the Group’s financial success and thereby motivate them to continue to make such contributions in the future by granting them performance-based awards that are fully tax deductible to the Group.

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 employee to remain in our employ.

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The ESPP provides employees with the right to purchase shares of common stock through payroll deductions. The total number shares available for purchase under the ESPP is 2,000,000. The ESPP Plan became effective January 1, 2016.

11. EARNINGS PER SHARE

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

	Three months ended December 31, 2015		Nine months ended December 31, 2015	
	2014		2014	
Net (Loss)/ Income	\$ (1,130	) \$ 1367	\$ (2,024	) \$ 282
Basic weighted average outstanding equity shares	36,451,357	30,575,000	34,592,291	30,575,000
Adjustment for dilutive potential common stock				
Options under Majesco 2015 Equity Plan	—	—	—	—
Dilutive weighted average outstanding equity shares	36,451,357	30,575,000	34,592,291	30,575,000
Earnings per share:				
Basic	\$ (0.03	) \$ 0.04	\$ (0.06	) \$ 0.01
Diluted	(0.03	) 0.04	(0.06	) 0.01

Basic earnings per share amounts are calculated by dividing net income for the year attributable to common shareholders by the weighted average number of ordinary shares outstanding during the quarter after giving effect to the additional shares issued by Majesco to the shareholders of Cover-All.

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 quarter 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 for the three and nine months ended December 31, 2015 excluded 2,390,787 shares and options granted to employees, as their inclusion would have been antidilutive.

12. RELATED PARTIES TRANSACTIONS

On July 1, 2015, in connection with the Reorganization, the Group paid \$3,457 to Majesco Limited in consideration for the acquisition of the Majesco Software and Solutions India Private Limited (“MSSIPL”) business.

The following tables summarize the liabilities to related parties:

	As of December 31, 2015	As of March 31, 2015
Reorganization consideration payable to Majesco Limited for MSSIPL business	-	\$ 3,520
	-	\$ 3,520

In connection with the Majesco Reorganization, 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 expected to be \$1,218. The lease is effective June 1, 2015.

MSSIPL also entered into a lease for facilities for its operations in Pune, India, with Mastek as lessor. The approximate aggregate annual rent payable to Mastek under this lease agreement is expected to be \$289. The lease is effective June 1, 2015. MSSIPL also entered into a lease for facilities for its operations in Ahmedabad, India, with Mastek as lessor. The approximate aggregate annual rent payable to Mastek under this lease agreement is expected to be \$2. The lease was renewed in December 1, 2015 for a new term ending on October 31, 2016.

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	As of December 31, 2015	As of March 31, 2015
Security deposits paid to Majesco Limited by MSS IPL for use of Mahape premises	\$ 640	-
Security deposits paid to Mastek by MSS IPL for use of Pune premises	\$ 145	-
Security deposits paid to Mastek by MSS IPL for use of Ahmedabad premises	\$ 455	\$ 455

Rental expenses paid by MSS IPL to Majesco Limited for use of premises for the three months and nine months ended December 31, 2015 is \$323 and \$754, respectively. Rental expenses paid by MSS IPL to Mastek for use of premises for the three months and nine months ended December 31, 2015 is \$82 and \$191, respectively.

On September 24, 2015, MSS IPL and Mastek (UK) Limited, a wholly owned subsidiary of Mastek, entered into a Joint Venture Agreement (the “Agreement”) pursuant to which the two companies agreed to work together to deliver services to third parties under the terms of the Agreement, which services comprise the delivery of development, integration and support services to third parties by use of Mastek’s development, integration and support methodologies and tools. The 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 Agreement. The consideration for each party’s performance of its obligations under the Agreement is the performance of the other’s obligations under the same Agreement, being services to the other. The services shall comprise in the case of Mastek, Mastek’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.

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 pursuant to which Majesco Malaysia agreed to purchase from Mastek 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.

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) Limited, a company registered in England and Wales wholly-owned by Mastek (“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 will consist of a monthly charge of 13,000 UK Pounds (USD \$20,000) and a pass through of actual costs of providing the services. Any support services by Mastek UK staff not included in the core services will be 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 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 amount paid for the three and nine months ended December 31, 2015 were \$49 and \$147 respectively.

13. STOCKHOLDERS EQUITY

The Company's amended and restated certificate of incorporation allows it to issue 50,000,000 shares of preferred stock. The preferred stock may be issued in one or more series with such rights, preferences and privileges and restrictions as the board of directors of Majesco may determine from time to time. Presently, Majesco does not have plans to issue any shares of preferred stock.

14. 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") is its 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. A majority of the Group's principal operations and decision-making functions are located in the United States.

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

	Three Months ended December 31. 2015	Three Months ended December 31. 2014	Nine Months ended December 31. 2015	Nine Months ended December 31. 2014
USA	\$ 25,734	\$ 16,763	\$ 69,410	\$ 44,318
UK	2,466	2,168	6,552	5,023
Canada	581	1,151	1,799	2,853
Malaysia	785	1,419	2,910	4,062
Thailand	-	108	-	565
Others	59	-	325	744
	\$ 29,625	\$ 21,609	\$ 80,996	\$ 57,565

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

	As of December 31, 2015,	As of March 31, 2015
USA	\$ 1,133	\$ 474
India	1,025	698
Canada	-	1
UK	1	—
Malaysia	1	—
	\$ 2,160	\$ 1,173

We provide a significant volume of services to a number of significant customers. Therefore, the loss of a significant customer could materially reduce our revenues. The Group had one customer and no customer for the three and nine months ended December 31, 2015 and no customer and one customer for the three and nine months ended December 31, 2014 that accounted for 10% or more of total revenue. The Group had no customer as of December 31, 2015 and no customer as of December 31, 2014 that accounted for 10% or more of total accounts receivables and unbilled accounts receivable. Presented in the table below is information about our major customers:

	Three months ended December 31, 2015		Three months ended December 31, 2014	
	Amount	% of combined revenue	Amount	% of combined revenue
Customer A				

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Revenue	\$ 2,981	10	%	\$ 1,803	8	%
Accounts receivables and unbilled accounts receivable	\$ 992	5	%	\$ 1,295	6	%
Customer B						
Revenue	\$ 1,625	5	%	\$ 1,770	8	%
Accounts receivables and unbilled accounts receivable	\$ 637	3	%	\$ 40	-	

	Nine months ended December 31, 2015			Nine months ended December 31, 2014		
	Amount	% of combined revenue		Amount	% of combined revenue	
Customer A						
Revenue	\$ 7,361	9	%	\$ 5,727	10	%
Accounts receivables and unbilled accounts receivable	\$ 992	5	%	\$ 1,295	6	%
Customer B						
Revenue	\$ 4,594	6	%	\$ 4,251	7	%
Accounts receivables and unbilled accounts receivable	\$ 637	3	%	\$ 40	-	

15.

COMMITMENTS

Capital Commitments

The Group had outstanding contractual commitments of \$717 and \$81 as of December 31, 2015 and March 31, 2015, respectively, for capital expenditures relating to the acquisition of property, equipment and new network infrastructure.

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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 \$639 and \$1,735 for the three and nine months ended December 31, 2015 compared to \$215 and \$688 for the three and nine months ended December 31, 2014, respectively. The schedule for future minimum rental payments over the lease term in respect of operating leases is set out below.

Quarter ended December 31,	Amount
2016	\$ 741
2017	2,971
2018	3,241
2019	2,754
2020	2,793
Beyond 5 years	1,747
Total minimum lease payments	\$ 14,247

Facility Leases

In connection with the Majesco Reorganization, 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 expected to be \$1,218. The lease is effective June 1, 2015. The amounts paid for the three and nine months ended December 31, 2015 were \$323 and \$754 respectively.

MSSIPL also entered into a lease for facilities for its operations in Pune, India, with Mastek as lessor. The approximate aggregate annual rent payable to Mastek under this lease agreement is expected to be \$289. The lease is effective June 1, 2015. The amounts paid for the three and nine months ended December 31, 2015 were \$73 and \$170 respectively.

MSSIPL also entered into a lease for facilities for its operations in Ahmedabad, India, with Mastek as lessor. The approximate aggregate annual rent payable to Mastek under this lease agreement is expected to be \$2. The lease was renewed in December 1, 2015 for a new term ending on October 31, 2016. The amounts paid for the three and nine months ended December 31, 2015 were \$0 and \$1 respectively.

16.

ACQUISITION

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	\$73
Additional paid-in capital	29,647
Total consideration	\$29,720

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 \$73 and additional paid in capital is increased by \$29,647.

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

	Amount
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
Goodwill	\$18,020

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 Sdn. Bhd. (MSC) entered into a Share Purchase Agreement with Mastek Limited for the purchase of the issued and authorized shares of Mastek Asia Pacific Pte Limited, Singapore.

Recognized amount of identifiable assets acquired and liabilities assumed

	Amount
Cash	\$ 212
Accounts receivable	18
Other assets	1
Accrued expenses	(14)
 Total fair value of assets acquired	 217
Fair value of consideration paid	276

Goodwill \$ 59

The following table summarizes the consideration paid to Mastek Limited 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 December 31, 2015	As of March 31, 2015
Opening value	\$ 14,196	11,676
Addition of goodwill related to acquisition	18,079	2,520
Closing value	\$ 32,275	14,196

No impairment loss has been recognized on goodwill.

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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	6	\$ 9,980	-

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 December 31, 2015 were \$11,182 and \$646, respectively.

Pro-Forma Financial Information (Unaudited):

The following unaudited pro-forma 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 pro-forma 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 pro-forma financial information for the nine months ended December 31, 2015 and December 31, 2014 reflects the Statement of Operations of Majesco for the nine months ended December 31, 2015 and December 31, 2014 and Cover-All for the nine months ended December 31, 2015 and December 31, 2014, respectively.

The unaudited pro-forma 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.

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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 nine months ended December 31, 2015	Unaudited Pro forma nine months ended December 30, 2014
Revenue	\$ 86,169	\$ 79,692
Net Income (Loss)	\$ (1,822	) \$ 1,642

There are no material non-recurring pro forma adjustments directly attributable to the merger included in the reported pro forma revenue and earnings. These pro-forma 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.

Short-Term Debt

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 the Company'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 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.

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SUBSEQUENT EVENTS

On January 26, 2016, Majesco entered into a Second Amendment to Asset Purchase and Sale Agreement (the “Amendment”) amending the Asset Purchase and Sale Agreement by and among Agile Technologies, LLC, a New Jersey limited liability company (the “Seller”), the members of the Seller (the “Members”), and Majesco as Buyer, dated December 12, 2014, and amended on January 1, 2015 (the “Purchase Agreement”) to amend the terms and conditions of the earn-out under the Purchase Agreement.

The Amendment added in the calculation of revenue for purposes of determining the earn-out for 2015 under the Purchase Agreement five percent of the initial order book revenue of Buyer 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 Buyer 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 Seller 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 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.

In connection with the Amendment, we also amended the employment agreement of certain former Agile executives, including William Freitag, to extend the initial terms of those employment agreements to March 31, 2018.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion together with "Selected Financial and Other Data," and the consolidated financial statements and related notes included in our Annual Report on Form 10-K for our fiscal year ended March 31, 2015 and referred to herein as the "Annual Report," and the consolidated financial statements and related notes for the quarter ended December 31, 2015 included in Part I, Item I of this report on Form 10-Q. The statements in this discussion regarding expectations of our future performance, liquidity and capital resources and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described below in "Special Note Regarding Forward-Looking Statements" and in Part II, Item 1A "Risk Factors." Our actual results may differ materially from those contained in or implied by any forward-looking statements.

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.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. 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," "would," "goal," "potential," "approximately," "estimate," "pro forma," "continue" or "pursue" or the negative of these 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 report on Form 10-Q and the other documents referred to and relate to a variety of matters, including, but not limited to, (i) the benefits expected to result from our acquisitions and the merger of Cover-All with Majesco and (ii) 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 we 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 us 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 report on Form 10-Q, and in our Annual Report. 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:

the potential value created by the merger of Cover-All with Majesco and the possibility that the projected value creation and efficiencies from the merger will not be realized, or will not be realized within the expected time period;

- our ability to raise future capital as needed to fund our operations and business plan;
- the risk that the businesses of Cover-All and Majesco will not be integrated successfully;

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· changes in economic conditions, political conditions, trade protection measures, licensing requirements and tax matters;

· the potential of our technology platform;

· our ability to achieve increased market acceptance for our product and service offerings and penetrate new markets;

· our ability to protect our intellectual property rights;

· competition from other providers and products;

· our exposure to additional scrutiny and increased expenses as a result of being a public company that is no longer a small reporting issuer; and

· our ability to identify and complete acquisitions, manage growth and integrate future acquisitions.

· our financial condition, financing requirements, prospects and cash flow;

· expectations regarding potential growth and ability to implement our short and long-term strategies;

· the risk of loss of strategic relationships;

· our ability to compete successfully;

· our dependence on a limited number of key customers;

· worldwide political, economic or business conditions;

· changes in laws or regulations affecting the insurance industry in particular;

· restrictions 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;
- Our ability to attract new clients and retain them and the risk of loss of large customers;
- the unauthorized disclosure of sensitive or confidential client and customer data and cybersecurity; and
- the ability of our customers to internally develop new inventions and competitive products.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report on Form 10-Q. We disclaim 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 report on Form 10-Q or to reflect the occurrence of unanticipated events, except as required by law.

You should also read carefully the factors described in the “Item 1A. Risk Factors” section of this report on Form 10-Q and of our Annual Report to better understand the risks and uncertainties inherent in our business and underlying any forward-looking statements. As a result of these factors, we cannot assure you that the forward-looking statements in this report will prove to be accurate. Furthermore, if our 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 us or any other person that we will achieve our objectives and plans in any specified timeframe, or at all.

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Overview

Majesco is a global provider of software solutions for the insurance industry. We offer core software solutions for P&C and L&A 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.

Strong customer relationships are a key component of our success given the long-term nature of our contracts and the importance of customer references for new sales. Our customers range from some of the largest global insurance carriers in the industry to startups, specialty, mutual companies and regional carriers. As of December 31, 2015, we served approximately 146 insurance customers on a worldwide basis.

We generate revenues primarily from the licensing of our proprietary software and related implementation, support and services 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 along with software services revenue, as the services are an integral part of software functionality and include significant modification or customization of the software.

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, and these agreements are typically renewable on an annual basis. We bill customers for license fees in accordance with the terms of the license agreement, with license fees 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.

Three and Nine Months Ended December 31, 2015 Highlights

A few of our highlights of our three months ended December 31, 2015 were:

Revenues of \$29,625 with gross profit of 42%;

\$4,244 of research and development expenses;

Net loss of \$1,130; and

Adjusted EBITDA of \$ (1,081), representing (3.65) % of revenue.

A few of our highlights of our nine months ended December 31, 2015 were:

Revenues of \$80,996 with a gross profit of 45%;

\$11,633 in research and development expenses;

Net loss of \$ 2,024; and

Adjusted EBITDA of \$177, representing 0.22 % 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 the Majesco common stock on the NYSE MKT in connection with the merger and an exceptional provision for reversal of accrued revenue in respect of a project in the India-Asia Pacific geography which could potentially be terminated by a client.

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 Majesco's operating performance, investors

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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 Majesco, 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 the three and nine months ended December 31, 2015 and December 31, 2014, see “— Results of Operations — Three and Nine Months Ended December 31, 2015 Compared to Three and Nine Months Ended December 31, 2014”.

Agile Asset Acquisition

On January 1, 2015, we acquired substantially all of the assets related to the insurance consulting business of Agile. Agile is 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 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. We funded the consideration for this acquisition and all related costs to date using available cash on hand. We subsequently refinanced a portion of the consideration for this acquisition and related costs through borrowings of approximately \$3 million under a term loan.

Through the Agile asset 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 40 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 December 14, 2014, we entered into a Merger Agreement with Cover-All pursuant to which Cover-All would merge with and into Majesco, with Majesco as the surviving corporation and Cover-All ceasing its corporate existence. The merger of Cover-All and Majesco was consummated on June 26, 2015 following approval by the stockholders of Cover-All. The merger was a stock-for-stock transaction in which 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 as the surviving company in the merger. 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 provides advanced, cost-effective business-focused solutions to the property and casualty insurance industry. Cover-All's customers include insurance companies, agents, brokers and managing general agents ("MGAs") throughout the United States and Puerto Rico. Cover-All's proprietary technology solutions and services are designed to enable its customers to introduce new products quickly, expand their distribution channels, reduce costs and improve service to their customers. In addition, Cover-All also offers an innovative Business Intelligence suite of products to enable its 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).

Our success, in the near term, will depend, in large part, on our ability to: (a) successfully integrate Cover-All and the Agile business 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.

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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., India and other economies in which we operate through increased costs of employee compensation and other operational expenses during the three and nine months ended December 31, 2015 and December 31, 2014. 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 Risks.”

Critical Accounting Policies

Our financial statements and accompanying notes are prepared in accordance with 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 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 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, 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 look at 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.

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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 account 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 tangible assets are as follows:

Owned Buildings 25 – 30 years

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

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.

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Change in Fiscal Year End

We changed our fiscal year-end from June 30 to March 31, effective with our fiscal year ended March 31, 2013.

Majesco Reorganization

The historical financial statements and information for Majesco and its subsidiaries presented in this Quarterly Report on Form 10-Q are presented on a consolidated 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.

Results of Operations

Three and Nine Months Ended December 31, 2015 Compared to Three and Nine Months Ended December 31, 2014

The following table summarizes our consolidated statements of operations for the three and nine months ended December 31, 2015 and December 31, 2014, including as a percentage of revenues:

Statement of Operations Data

(U.S. Dollars; dollar amounts in thousands):	Three Months Ended December		December 31, 2014	
	31, 2015	%		%
Total revenues	\$29,625		\$ 21,609	
Total cost of revenues	17,068	58 %	12,033	56 %
Total gross profit	12,558		9,576	
Operating expenses:				
Research and development expenses	4,244	14 %	2,366	11 %
Selling, general and administrative expenses	10,602	36 %	5,095	24 %

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Reorganization costs	-	605	
Total operating expenses	14,845	8,066	
Income from operations	(2,288)	1,510	
Interest income	3	12	
Interest expense	(113)	(33)	
Other income (expenses), net	(22)	372	
Income/(Loss) before provision for income taxes	(2,420)	1,861	
Income taxes (benefit)	(1,290)	494	
Net income (loss)	\$(1,130)	(4)%	\$ 1,367 6 %

	Nine Months Ended			
	December			
(U.S. Dollars; dollar amounts in thousands):	31, 2015	%	December 31, 2014	%
Total revenues	\$80,996		\$ 57,565	
Total cost of revenues	44,952	55 %	34,123	59 %
Total gross profit	36,045		23,442	
Operating expenses:				
Research and development expenses	11,633	14 %	7,868	14 %
Selling, general and administrative expenses	27,684	34 %	15,575	27 %
Reorganization costs	465		1,075	
Total operating expenses	39,781		24,518	
Income from operations	(3,737)		(1,076)	
Interest income	13		31	
Interest expense	(241)		(60)	
Other income (expenses), net	353		874	
Income/(Loss) before provision for income taxes	(3,612)		(231)	
Income taxes (benefit)	(1,588)		(513)	
Net income (loss)	\$(2,024)	(2)%	\$ 282	0 %

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

(U.S. Dollars; dollar amounts in thousands):	Three Months Ended			
	December 31, 2015	%	December 31, 2014	%
Geography: North America				
Legal Entity				
Majesco	\$6,068	20 %	\$ 2,878	13 %
Majesco Software and Solutions Inc.	14,468	49 %	13,817	64 %
Vector Insurance Services, LLC ⁽¹⁾	-	-	67	-
Majesco Canada Ltd., Canada	581	2 %	1,151	6 %
Cover-All Systems Inc.	5,198	18 %	-	-
	\$26,315	89 %	\$ 17,913	83 %
Geography: The United Kingdom				
Legal Entity				
Majesco UK Limited, UK	\$2,466	8 %	\$ 2,168	10 %
Geography: Other				
Legal Entity				
Majesco Sdn. Bhd., Malaysia	\$785	3 %	\$ 1,419	7 %
Majesco (Thailand) Co. Ltd., Thailand	-	-	116	-
Majesco Asia Pacific Pte. Ltd., Singapore ⁽²⁾	36	-	-	-
Majesco Software and Solutions India Private Limited, India	23	-	(7	)
	\$844	3 %	\$ 1,528	7
Total Revenues	\$29,625		\$ 21,609	

(U.S. Dollars; dollar amounts in thousands):	Nine Months Ended			
	December 31, 2015	%	December 31, 2014	%
Geography: North America				
Legal Entity				
Majesco	\$17,131	21 %	\$ 7,686	13 %
Majesco Software and Solutions Inc.	40,864	50 %	36,180	63 %
Vector Insurance Services, LLC ⁽¹⁾	-	-	452	1 %
Majesco Canada Ltd., Canada	1,799	2 %	2,853	5 %
Cover-All Systems Inc.	11,415	15 %	-	-
	\$71,209	88 %	\$ 47,171	82 %
Geography: The United Kingdom				
Legal Entity				
Majesco UK Limited, UK	\$6,552	8 %	\$ 5,023	9 %
Geography: Other				

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Legal Entity

Majesco Sdn. Bhd., Malaysia	\$2,910	4 %	\$ 4,062	7 %
Majesco (Thailand) Co. Ltd., Thailand	-	-	565	1 %
Majesco Asia Pacific Pte. Ltd., Singapore ⁽²⁾	36	-	-	-
Majesco Software and Solutions India Private Limited, India	289	-	744	1 %
	\$3,235	4 %	\$ 5,371	9 %
Total Revenues	\$80,996		\$ 57,565	

⁽¹⁾ Vector Insurance Services, LLC was merged into Majesco on March 5, 2015.

⁽²⁾ Majesco Asia Pacific Ptd Ltd. was acquired on November 1, 2015.

Revenues

Revenues for the three months ended December 31, 2015 were \$29,625 compared to \$21,609 for the three months ended December 31, 2014 reflecting an increase of 37.10%. The increase in revenues was primarily due to higher sales to property and casualty carriers, and the revenue contribution from the businesses of Agile and Cover-All of \$8,065.

Revenues for the nine months ended December 31, 2015 were \$80,996 compared to \$57,565 for the nine months ended December 31, 2014 reflecting an increase of 40.7%. The increase in revenues was primarily due to higher sales to property and casualty carriers, and the revenue contribution from the businesses of Agile and Cover-All of \$18,693. The previous year was also impacted by a reversal of \$1,667 due to the termination of a program on account of the internal reprioritization of the IT investment plan of a client.

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Gross Profit

Gross profit was \$12,558 for the three months ended December 31, 2015 compared with \$9,576 for the three months ended December 31, 2014, an increase of 31.14%. The increase in gross profit is primarily due to an increase in revenues due to higher sales to property and casualty carriers, increased revenue in the life and annuity unit and the revenue contribution from the businesses of Agile and Cover-All. Gross profit percentage for the three months ended December 31, 2015 decreased to 42.4% from 44.3% for the three months ended December 31, 2014 due to the increments effective October 1, 2015 for certain employees, and a one-time additional cost provision account of statutory bonus in India.

Gross profit was \$36,045 for the nine months ended December 31, 2015 compared with \$23,442 for the nine months ended December 31, 2014, an increase of 53.76%. The increase in gross profit is primarily due to an increase in revenues due to higher sales to property and casualty carriers, and the revenue contribution from the businesses of Agile and Cover-All. The prior year was also impacted by a reversal of revenue, referred to above, due to the termination of a program on account of the internal reprioritization of the IT investment plan of a client. Gross profit percentage for the nine months ended December 31, 2015 increased to 45% from 41% for the nine months ended December 31, 2014.

Salaries and consultant fees were \$13,132 for the three months ended December 31, 2015 compared to \$8,884 for the three months ended December 31, 2014. This represents an increase of 47.82% in salaries and consultant fees. We had 2,075 and 1,792 technical and technical support employees as of December 31, 2015 and 2014, respectively. As a percentage of revenues, salaries and consultant fees increased from 41.11% for the three months ended December 31, 2014 to 44.33% for the three months ended December 31, 2015.

Salaries and consultant fees were \$33,050 for the nine months ended December 31, 2015 compared to \$24,193 for the nine months ended December 31, 2014. This represents an increase of 36.61% in salaries and consultant fees. As a percentage of revenues, salaries and consultant fees decreased from 42.03% for the nine months ended December 31, 2014 to 40.80% for the nine months ended December 31, 2015.

Operating Expenses

Operating expenses were \$14,845 for the three months ended December 31, 2015 compared to \$8,066 for the three months ended December 31, 2014. The increase in operating expenses was primarily due to an increase in selling, general and administrative expenses of \$5,507 offset by a decrease in reorganization costs of \$605 due to the consummation of the Majesco Reorganization, and an increase in research and development costs of \$1,878. As a

percentage of revenues, operating expenses increased to 50% for the three months ended December 31, 2015 from 37% for the three months ended December 31, 2014. The increase in operating expenses, as a percentage of revenues, was a result of planned product investments in both property and casualty and life and annuity segments, the cost of our annual customer conference held in October 2015 and the on-boarding cost of outsourced staff of Cover-All in India.

Operating expenses were \$39,781 for the nine months ended December 31, 2015 compared to \$24,518 for the nine months ended December 31, 2014. The increase in operating expenses was primarily due to an increase in selling, general and administrative expenses of \$12,109 offset by a decrease in reorganization costs of \$610 due to the consummation of the Majesco Reorganization, and an increase in research and development costs of \$3,765. As a percentage of revenues, operating expenses increased to 49% for the nine months ended December 31, 2015 from 43% for the nine months ended December 31, 2014. The increase in operating expenses, as a percentage of revenues, was a result of planned product investments in both property and casualty and life and annuity segments, the cost of our annual customer conference held in October 2015 and the on-boarding cost of outsourced staff of Cover-All in India.

Our prior year historical financial statements include expense allocations from Mastek for certain corporate support services, which are recorded within costs of revenue and operating expenses in the consolidated Statements of Operations. The costs were allocated to Majesco using various allocation inputs, such as head count, services rendered, and assets assigned to Majesco. These allocated costs are primarily related to corporate administrative expenses, employee related costs, including gratuity and other benefits, and corporate and shared employees. Where determinations based on utilization were impracticable, we used other methods and criteria that are believed to be reasonable estimates of costs attributable to Majesco. Management believes that the basis used for the allocations is reasonable and reflects the portion of such costs attributed to the Majesco operations; however, the amounts may not be representative of the costs necessary to operate as a separate stand-alone company. Management of Majesco is unable to determine what all such costs would have been had Majesco been independent.

Following the completion of the merger with Cover-All, Majesco is performing these functions using its own resources or purchased services.

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Income from Operations

Loss from operations was \$2,288 for the three months ended December 31, 2015 compared to profit of \$1,510 for the three months ended December 31, 2014. As a percentage of revenues, net loss from operations was 8% for the three months ended December 31, 2015 compared to profit of 7% for the three months ended December 31, 2014 because of the revenue contribution from the businesses of Cover-All and Agile offset by an increase in our investments in research and development and an increase in sales and marketing expenses in the three months ended December 31, 2015.

Loss from operations was \$3,737 for the nine months ended December 31, 2015 compared to \$1,076 for the nine months ended December 31, 2014. As a percentage of revenues, net loss from operations was 5% for the nine months ended December 31, 2015 compared to net loss of 2% for the nine months ended December 31, 2014 because of the revenue contribution from the businesses of Agile and Cover-All offset by an increase in our investments in research and development and an increase in sales and marketing expenses in the nine months ended December 31, 2015.

Other Income

Other income/(expenses) (net) was \$(22) for the three months ended December 31, 2015 compared to \$372 for the three months ended December 31, 2014. The decrease is mainly due to the exchange loss in the three months ended December 31, 2015.

Other income (net) was \$353 for the nine months ended December 31, 2015 compared to \$874 for the nine months ended December 31, 2014. The decrease is mainly due to the one-time settlement of a claim amounting to \$155 in the nine months ended December 31, 2014.

Tax provision

We recognized income tax benefit of \$1,290 and \$1,588, respectively, for the three and nine months ended December 31, 2015 and recognized income tax provision/(benefit) of \$494 and (\$513), respectively, for the three and nine months ended December 31, 2014. The benefit during the quarter is mainly on account of creation of deferred tax assets on the losses during the quarter ended December 31, 2015.

The effective tax rate of 53% and 44% respectively, for the three and nine months ended December 31, 2015 differs from the statutory US federal income tax rate of 39.3% mainly due to stock based compensation, the impact of different tax jurisdictions and reversal of deferred tax created during previous periods.

Net Income

Net loss was \$1,130 for the three months ended December 31, 2015 compared to net profit of \$1,364 for the three months ended December 31, 2014. Net loss per share, basic and diluted, was \$0.03 and \$0.03, respectively, for the three months ended December 31, 2015 compared to net profit per share, basic and diluted, of \$0.04 and \$0.04, respectively, for the three months ended December 31, 2014.

Net loss was \$2,024 for the nine months ended December 31, 2015 compared to net profit of \$282 for the nine months ended December 31, 2014. Net loss per share, basic and diluted, was \$0.06 and \$0.06, respectively, for the nine months ended December 31, 2015 compared to net profit per share, basic and diluted, of \$0.01 and \$0.01, respectively, for the nine months ended December 31, 2014.

Adjusted EBITDA

Adjusted EBITDA, a non-GAAP metric, was \$(1,081) and \$177 for the three and nine months ended December 31, 2015 compared to \$2,799 and \$1,749 for the three and nine months ended December 31, 2014.

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The following is an unaudited reconciliation of U.S. GAAP net income to EBITDA and Adjusted EBITDA for the three and nine months ended December 31, 2015 and the three and nine months ended December 31, 2014:

(U.S. dollars, in thousands):	Three Months ended		Nine Months Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Net Income (loss)	\$(1,130)	\$ 1,367	\$(2,024)	\$ 282
Add:				
Provision (benefit) for income taxes	(1,290)	494	(1,588)	(513)
Depreciation and amortization	992	533	2,945	1,599
Interest expense	113	33	241	60
Less:				
Interest income	(3)	(12)	(13)	(31)
Other income (expenses), net	22	(372)	(353)	(874)
EBITDA	\$(1,296)	\$ 2,043	\$(792)	\$ 523
Add:				
Reorganization costs	-	605	465	1,075
Stock-based compensation	215	151	504	151
Reversal of accrued revenue	—	—	—	—
Adjusted EBITDA	(1,081)	2,799	177	1,749
Revenue	29,625	21,609	80,996	57,565
Adjusted EBITDA as a % of revenue	(3.65)%	12.95 %	0.22 %	3.04 %

Liquidity and Capital Resources

Our cash and cash equivalent and short term investments position was \$9,733 at December 31, 2015 and \$7,588 at December 31, 2014.

Net cash used by operating activities was \$(6,094) for the nine months ended December 31, 2015 and \$(5,646) for the nine months ended December 31, 2014.

Net cash generated by investing activities amounted to \$1,222 for the nine months ended December 31, 2015 compared to \$2,062 for the nine months ended December 31, 2014 due to cash acquired from business combinations in 2015 and sale of investments in 2014.

Net cash generated by financing activities was \$7,557 for the nine months ended December 31, 2015, compared to net cash used in financing activities of \$(16) for the nine months ended December 31, 2014 mainly due to borrowings under our secured PCFC facility.

We believe our cash flows from operations and available borrowings are sufficient to meet our liquidity requirements for the next 12 months, including capital expenditures.

Financing Arrangements

We have a secured revolving working capital line of credit facility, (the “Majesco Credit Facility”) with ICICI Bank, New York Branch (“ICICI Bank”), under which the maximum borrowing limit is \$5,000. The Majesco Credit Facility matured on November 11, 2015. On November 20, 2015, we entered into an extension of this credit facility to February 11, 2016. In connection with this extension, Mastek also extended its guarantee of the credit facility. The extension acknowledges and agrees that the line of credit shall continue to be and remain unchanged and in full force and effect in accordance with its terms, repeats its representations and warranties, and confirms that an event of default as defined in the agreement has not occurred and if an event of default has occurred, it is not continuing. We paid a processing fee of \$6 with this extension. Proceeds from borrowings under the Majesco Credit Facility may be used for working capital. Outstanding principal amounts borrowed under the Majesco Credit Facility are subject to interest at a rate equal to three-month LIBOR plus 350 basis points.

The Majesco Credit 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 Majesco with respect to the collateral. The Majesco Credit Facility contains financial covenants applicable to Majesco, as well as restrictions on, among other things, the ability of Majesco to incur debt or liens; declare or pay dividends to shareholders; make loans and investments; enter into mergers, acquisitions and other business combinations; engage in asset sales; or amend its governing documents.

Majesco’s obligations under the Majesco Credit Facility are guaranteed by Mastek subject to the terms and conditions set forth in the related guarantee agreement. Mastek also entered into a subordination agreement with ICICI in connection the Majesco Credit Facility. As of December 31, 2015, we had \$5,000 of borrowings outstanding, and were in compliance with all financial covenants, under the Majesco Credit Facility.

In January 2015, we entered into a term loan agreement with PNB for the maximum principal amount of \$3,000 together with a related facility letter (the “Majesco Term Loan”). Under the Majesco Term Loan, Majesco is required to provide PNB security in the form of a standby letter of credit from YES Bank in the amount of \$3,000 for a three year term (the “SBLC”). The Majesco Term

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Loan will become due and payable 10 days before the maturity date of the SBLC, subject to an option to extend at the end of such term conditioned on renewal of the SBLC and renegotiation of the interest rate applicable to the Majesco Term Loan. Majesco may utilize the facility for a period exceeding the term described above provided such additional period does not exceed 12 months or the term of effectiveness of the SBLC. Outstanding principal amounts under the Majesco Term Loan are subject to interest at a rate equal to six-month LIBOR plus 275 basis points, subject to modification if PNB, in its reasonable opinion, perceives a change in the risk associated with the facility or in the case of a breach by Majesco, in each case, in accordance with the terms of the Majesco Term Loan. The loan is payable over four installments on August 2, 2016, February 2, 2017, August 2, 2017 and January 29, 2018 in amounts of \$375, \$375, \$375 and \$1,875, respectively. The loan also bears a guarantee fee of .95% of the principal amount annually. All interest for the Majesco Term Loan is required to be deposited with PNB in advance. Subsequent interest payments are required to be made at the end of each successive six month period following the date of disbursement of the Majesco Term Loan.

Proceeds from the Majesco Term Loan were used to refinance a portion of the consideration related to the Agile asset acquisition. As of December 31, 2015, we had \$3,000 in borrowings and are in compliance with all financial covenants under the Majesco Term Loan.

On June 30, 2015, we entered into a secured Pre Shipment in Foreign Currency and Past Shipment in Foreign Currency ("PCFC") facility under which the Group may request 3 months pre-export advances and advances against export collection bills. The maximum borrowing limit is \$5,656. The interest rate on the PCFC facility is LIBOR plus 150 basis points. The interest rate on this PCFC facility is determined at the time of each advance. This PCFC facility has a first *pari passu* charge over the current assets of MSS IPL. As of December 31, 2015, we had \$4,008 of borrowings outstanding under this PCFC facility. As of December 31, 2015, we were in compliance with the terms of this facility.

On July 27, 2015, MSS IPL, entered into a Credit Arrangement Letter with ICICI Bank Limited ("ICICI") for packing credit in foreign currency and post-shipment credit in foreign currency. Under this facility MSS IPL may borrow up to 150 million Indian Rupees (approximately \$2,275. at the exchange rate on December 31, 2015) in short term borrowings for working capital, including software and related services. Interest rate on this facility is based on LIBOR plus a margin to be determined at the time of each draw by ICICI. In addition, this facility includes a bank guarantee facility of up to 5 million Indian rupees (approximately \$76 at the exchange rate on December 31, 2015) bearing a commission of 0.40% annually plus applicable service tax. This facility has a first *pari passu* charge over the current assets of MSS IPL. This facility is available until July 8, 2016 and contains covenants and customary events of default. No amount was borrowed or outstanding under this facility at December 31, 2015.

On August 28, 2015, MSS IPL entered into a Facility Letter with Standard Chartered Bank for pre-shipment financing and overdraft facilities. Under these facilities MSS IPL may borrow up to 50 million Indian Rupees (approximately \$759 at the exchange rate on December 31, 2015) in short term borrowings. Interest rate on these facilities is based on a base rate or LIBOR plus a margin to be determined at the time of each draw by the lender. These facilities have a

first pari passu charge over the current assets of MSS IPL and contain restrictive covenants on MSS IPL, its direct parent and their subsidiaries, including a negative pledge covenant and restrictions on assets sales outside the ordinary course of business or other substantial changes to the business. In addition, any change in ownership or control or merger transaction of MSS IPL, its direct parent or their subsidiaries will require consent from Standard Chartered Bank. Standard Chartered Bank may cancel a loan at any time. These facilities also contain customary events of default provision and indemnification provisions whereby MSS IPL will indemnify Standard Chartered Bank against all losses or damages related to the facilities. In addition, Standard Chartered Bank has a right of first refusal on future hedging transactions, refinancing of the facilities or other similar transactions so long as any amounts remain owed to it under the facility. MSS IPL is also obligated to reimburse all costs and expenses of Standard Chartered Bank under these facilities. No amount was borrowed or outstanding under this facility at December 31, 2015.

Dividends and Redemption

Majesco has declared and paid a cash dividend on its common stock only for its fiscal year 2000. It has otherwise 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

In the normal course of our business, we are party to a variety of contractual obligations as summarized in our Annual Report. These contractual obligations are considered by us when assessing our liquidity requirements. There have been no material

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changes to our contractual obligations as disclosed in the Annual Report, other than those which occur in the ordinary course of business. We borrowed \$4,008 under the PCFC facility and had borrowed \$5,000 under our Majesco Credit Facility at December 31, 2015 from \$1,470 on March 31, 2015.

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.

Emerging growth company

We are an “emerging growth company” under the federal securities laws 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 the 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 fully with public company accounting standards.

Item 3. Quantitative And Qualitative Disclosures About Market Risks

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 primarily 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 our interest rate exposure. Our cash and cash

equivalents and investments as of December 31, 2015 were \$8,864 and \$869, 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 the Majesco Credit Facility, Majesco Term Loan and PCFC facility which were in effect as of December 31, 2015, are variable and are based on LIBOR plus a fixed margin. As of December 31, 2015, we had \$5,000 and \$4,008 in borrowings outstanding under the Majesco Credit Facility and PCFC facility, respectively. We also had \$3,000 borrowings under the Majesco Term Loan. Because of the short-term nature of our borrowings, 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, Malaysian ringgit and Singapore dollar. The volatility of exchange rates depends on many factors that we cannot forecast with reliable accuracy.

We generated approximately 11.18% and 17.10%, respectively, of our gross revenues outside of the United States for the three months ended December 31, 2015 and 2014 compared to 12.08% and 18.06%, respectively, for the nine months ended December 31, 2015 and 2014. The effect of foreign exchange rate changes on cash and cash equivalents resulted in a loss of \$(79) and a loss of \$(116) for the three months ended December 31, 2015 and December 31, 2014, respectively, compared to a loss of \$(4) and a loss of \$(21) for the nine months ended December 31, 2015 and December 31, 2014, respectively. For the three months ended December 31, 2015 and December 31, 2014, we had a foreign exchange gain/(loss) of approximately \$(0.22) and \$397.28, respectively, compared to a foreign exchange gain of approximately \$179.07 and \$433.78, respectively, for the nine months ended December 31, 2015 and December 31, 2014.

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 Majesco's

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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 U.S. dollar principal amounts of foreign exchange forward contracts (sell) outstanding as of December 31, 2015 amounted to \$15,810. The outstanding forward contracts as of December 31, 2015 mature between 1 month to 15 months. As of December 31, 2015, we estimate that \$22, net of tax, of the net gains/(losses) related to derivatives designated as cash flow hedges recorded in accumulated other comprehensive income (loss) are expected to be reclassified into earnings within the subsequent 12 months. The outstanding foreign exchange forward contracts in U.S. dollars as of December 31, 2015 are designated as in hedge relationship and there will be no impact on our statement of operations due to a strengthening or weakening of 10% in the foreign exchange rates.

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:

	Asset		Liability	
	Noncurrent		Noncurrent	
	Current*		Current*	
As of December 31, 2015				
Designated as hedging instruments under Cash Flow Hedges (in thousands)				
Foreign exchange forward contracts	\$ 2	\$ 83	\$ 17	\$ 36
Total	\$ 2	\$ 83	\$ 17	\$ 36

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

For more information on foreign currency translation adjustments and cash flow hedges and other derivative financial instruments, see Notes 7 and 8 to our consolidated financial statements for the three and nine months ended December 31, 2015.

Item 4. 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 Securities Exchange Act of 1934, as amended (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 December 31, 2015. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of December 31, 2015, our disclosure controls and procedures were effective at the reasonable assurance level.

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.

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PART II: OTHER INFORMATION

Item 1A. Risk Factors.

Risk factors that affect our business and financial results are discussed in Part I, Item 1A “Risk Factors,” in our Annual Report. There have been no material changes in our risk factors from those previously disclosed in our Annual Report. Several of the risk factors related to the merger with Cover-All are no longer relevant, as the merger was consummated on June 26, 2015. You should carefully consider the risks described in our Annual Report, which could materially affect our business, financial condition or future results. The risks described in our Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected.

Item 5. Other Information.

On January 26, 2016, Majesco entered into a Second Amendment to Asset Purchase and Sale Agreement (the “Amendment”) amending the Asset Purchase and Sale Agreement by and among Agile Technologies, LLC, a New Jersey limited liability company (the “Seller”), the members of the Seller (the “Members”), and Majesco as Buyer, dated December 12, 2014, and amended on January 1, 2015 (the “Purchase Agreement”) to amend the terms and conditions of the earn-out under the Purchase Agreement.

The Amendment added in the calculation of revenue for purposes of determining the earn-out for 2015 under the Purchase Agreement five percent of the initial order book revenue of Buyer 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 Buyer 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 Seller 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 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.

In connection with the Amendment, we also amended the employment agreement of certain former Agile executives, including William Freitag, to extend the initial terms of those employment agreements to March 31, 2018.

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Item 6. Exhibits.

**Exhibit
No. Description**

- 10.35 Share Purchase Agreement dated October 31, 2015, between Mastek Limited and Majesco SDN BHD (incorporated by reference from Majesco's current report on Form 8-K filed on November 3, 2015)
- 10.36 Services Agreement dated December 2, 2015, between Mastek (UK) Limited and Majesco UK Limited (incorporated by reference from Majesco's current report on Form 8-K filed on December 3, 2015)
- 10.37 Credit Arrangement Letter dated July 27, 2015, between Majesco Software and Solutions India Private Limited and ICICI Bank Limited (incorporated by reference from Majesco's current report on Form 8-K filed on November 19, 2015)
- 10.38 Facility Letter dated August 28, 2015, between Majesco Software and Solutions India Private Limited and Standard Chartered Bank (incorporated by reference from Majesco's current report on Form 8-K filed on November 19, 2015)
- 10.40 Extension Letter of the Credit Facility Agreement between ICICI Bank Limited and Majesco, dated as of November 20, 2015 (incorporated by reference from Majesco's current report on Form 8-K filed on November 24, 2015)
- 10.41 Extension of the Guaranty Agreement between ICICI Bank Limited and Mastek Limited, dated as of November 24, 2015 (incorporated by reference from Majesco's current report on Form 8-K filed on November 24, 2015)
- 10.42* Second Amendment to Asset Purchase and Sale Agreement, dated as of January 26, 2016 amending the Asset Purchase and Sale Agreement by and among Agile Technologies, LLC, a New Jersey limited liability company, the members of the Seller and Majesco, dated December 12, 2014, and as amended on January 1, 2015
- 10.43+ First Amendment dated January 26, 2016 to the Employment Letter Agreement between Majesco and William Freitag, dated as of January 1, 2015
- 31.1 Certification of Chief Executive Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Chief Financial Officer pursuant to Securities Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2015 formatted in extensible Business Reporting Language (XBRL):

- 101.1** (i) Consolidated Balance Sheets as of December 31, 2015 (Unaudited) and March 31, 2015; (ii) Consolidated Statements of Operations for the three and nine months ended December 31, 2015 and 2014 (Unaudited); (iii) Consolidated Statements of Cash Flows for the nine months ended December 31, 2015 and 2014 (Unaudited); and (iv) Notes to Consolidated Financial Statements (Unaudited).

+ Denotes a management contract or compensatory plan.

* Confidential treatment has been requested to a portion of this exhibit, and such confidential portion has been deleted and filed separately with the SEC pursuant to Rule 24b-2 of the Securities Exchange Act of 1934.

** Furnished herewith. Pursuant to Rule 406T of Regulation S-T, the Interactive Data Files in Exhibit 101.1 hereto are not to be deemed "filed" or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, and are not to be deemed "filed" for purposes of Section 18 of the Exchange Act, and otherwise are not subject to liability under those sections, except as shall be expressly set forth by specific reference in such filing.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MAJESCO

Date: January 29, 2016 By: /s/ Ketan Mehta

Ketan Mehta, President and Chief Executive Officer

Date: January 29, 2016 By: /s/ Farid Kazani

Farid Kazani, Chief Financial Officer and Treasurer