

MAJESCO HOLDINGS INC
Form 424B1
January 26, 2005
Filed Pursuant to Rule 424(b)(1)
Registration File No.: 333-120103

PROSPECTUS

6,000,000 Shares

Common Stock

We are selling 3,682,176 shares of our common stock and the selling stockholders are selling 2,317,824 shares. We will not receive any of the proceeds from the sale of shares by the selling stockholders.

Our common stock will begin trading on the Nasdaq National Market under the symbol "MJES" commencing January 26, 2005. Previously, our common stock was quoted on the OTC Bulletin Board. The last sale price of our common stock as reported on the OTC Bulletin Board on January 24, 2005 was \$16.25 per share.

Investing in our common stock involves risks including those described in the "Risk Factors" section beginning on page 6 of this prospectus.

PRICE \$12.50 PER SHARE

	Per Share	Total
Public offering price	\$ 12.50	\$75,000,000
Underwriting discounts and commissions	\$ 0.8125	\$ 4,875,000
Proceeds, before expenses, to us	\$ 11.6875	\$43,035,432
Proceeds, before expenses, to the selling stockholders	\$ 11.6875	\$27,089,568

The underwriters may also purchase up to an additional 540,000 shares from us and 360,000 shares from selling stockholders at the public offering price, less the underwriting discount and commissions, within 30 days from the date of this prospectus to cover over-allotments, if any.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares of common stock will be ready for delivery in New York, New York on or about January 31, 2005.

RBC CAPITAL MARKETS
HARRIS NESBITT

JMP SECURITIES
WEDBUSH MORGAN SECURITIES INC.

January 25, 2005

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of common stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock. Unless the context requires otherwise, in this prospectus the terms "we," "our," "us," "the Company" and "Majesco" refer to Majesco Holdings Inc. and its wholly-owned subsidiary, Majesco Sales Inc.

We own, have rights to, or have applied for the trademarks and trade names that we use in conjunction with our business, including Majesco and our logo. All other trademarks and trade names appearing in this prospectus are the property of their respective holders.

Industry data in this prospectus has been gathered from published sources that were not specifically prepared or approved for use in this prospectus, is used by permission, and is subject to copyright by the sources cited, with all

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PROSPECTUS SUMMARY

The following summary highlights information we present more fully elsewhere in this prospectus. This prospectus contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of factors described under the heading "Risk Factors" and elsewhere in this prospectus.

Our Business

We are an innovative provider of diversified offerings for digital entertainment platforms. Our offerings include video game titles, video content titles and digital media peripherals and applications. Our diverse products provide us with multiple opportunities to capitalize on the large and growing installed base of digital entertainment platforms and an increasing number of digital entertainment enthusiasts. We sell our products directly and through resellers primarily to U.S. retail chains, including Best Buy, Electronics Boutique, GameStop, Kmart, Target, Toys "R" Us and Wal-Mart. We have developed our retail and distribution network relationships over our 18-year history.

Our Market and Offerings

The digital entertainment product industry is comprised of video game hardware platforms, video game software, video content and digital media peripherals and applications. Within this industry, worldwide sales of video game hardware and video game software were approximately \$23 billion in 2003 and are expected to grow to over \$31 billion in 2009, according to DFC Intelligence.

We provide offerings for all major current-generation interactive digital entertainment hardware platforms, including Nintendo's Game Boy Advance, or GBA, and GameCube, Sony's PlayStation 2, or PS2, Microsoft's Xbox and the personal computer, or PC. We are also developing offerings for next-generation home game consoles, including Sony's PlayStation 3, Microsoft's Xbox 2 and next-generation portable handheld game devices, including Nintendo's DS and Sony's PSP.

Our video game titles are targeted at various demographics at a range of price points, from lower-priced "value" titles to premium-priced "frontline" titles. Our value titles include proprietary properties, such as Quad: Desert Fury and Texas Hold 'Em, and well-known licensed properties, such as Frogger's Adventure and Pac-Man Collection. We expect to continue to release new value titles on a regular basis. Our frontline titles include BloodRayne, which has sold more than 600,000 units worldwide, and its sequel, BloodRayne 2, which was released in October 2004. We collaborate and enter into agreements with leading content providers and video game development studios for the development of our frontline titles. We expect to expand our frontline titles by releasing several new titles in 2005, including, Advent Rising, which is anticipated to be the first in a trilogy of epic science fiction games developed in collaboration with award-winning science fiction author Orson Scott Card, Jaws, which is based on the well-known classic film and Psychonauts, which is being developed by Double Fine Productions, a studio founded and managed by award-winning game designer Tim Schafer.

Our GBA Video content titles, which utilize our proprietary video compression technology, allow GBA users to view up to 45 minutes of video content on each of our GBA Video cartridges. Nintendo's GBA North American installed

base was approximately 29 million units as of September 2004, according to Nintendo. Since the retail launch of our GBA Video titles in May 2004, we have released more than 20 of these titles and sold more than three million units. Our GBA Video cartridges were the first such products sold, and we are currently the only third party to have obtained approval from Nintendo to sell GBA Video products. We offer a variety of GBA Video titles today that are primarily targeted at the youth market and are based on popular Cartoon Network, Disney, FUNimation and Nickelodeon characters, such as Code Name: Kids Next Door, Dragon Ball GT, Fairly OddParents, Kim Possible, Lilo & Stitch and SpongeBob SquarePants. We intend to actively pursue licenses for new, top-quality video content, introduce new GBA video cartridges that contain up to 90 minutes of video and expand our product line to include titles appealing to a broader demographic market.

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We design, manufacture and market a line of innovative digital media peripherals and applications, which we also refer to as "gadgets," including GBA wrap-around style headphones, GBA "wireless link" and "wireless messenger" applications and stand-alone TV Arcade "plug-and-play" video game systems. We are the only third party that Nintendo has approved to sell GBA headphones and we believe we are currently the only seller of wireless applications for the Nintendo GBA. Our GBA headphones were launched in May 2004 and our GBA wireless applications and stand-alone TV Arcade "plug-and-play" video game systems were launched during the 2004 holiday season. Since their launch, we have sold more than 800,000 TV Arcade "plug-and-play" products.

Our Strengths

Our key strengths include:

- Diversified range of offerings across platforms, target markets and price points;
- Established relationships with platform manufacturers, content providers and third-party developers;
- Access to shelf space and broad exposure for our products through well-developed retailer network;
- Ability to innovate and rapidly commercialize products; and
- Seasoned management team and strong Board of Directors.

Our Strategy

Our objective is to be an innovative and leading provider of diversified offerings for digital entertainment platforms. Our strategy to achieve this objective is to:

- Leverage our industry relationships and entrepreneurial environment to continue to bring innovative products to market;
- Capitalize on our first-to-market position in GBA Video;
- Introduce frontline titles with high-margin, franchise potential;
- Maintain focus on diversification and managing risk; and
- Grow through international expansion, new strategic partnerships and acquisitions.

Corporate Information

Majesco Sales Inc. was incorporated in 1986 under the laws of the State of New Jersey. On December 5, 2003, Majesco Sales Inc. completed a reverse merger with ConnectivCorp, then a publicly traded company with no active

operations. ConnectivCorp was incorporated in 1998 under the laws of the State of Delaware. As a result of the merger, Majesco Sales Inc. became a wholly-owned subsidiary and the sole operating business of the public company. On April 13, 2004, the public company changed its name from "ConnectivCorp" to "Majesco Holdings Inc." to better reflect its current operating business. Our principal executive offices are located at 160 Raritan Center Parkway, Edison, NJ 08837, and our telephone number is (732) 225-8910. Our web site address is www.majescogames.com. The information contained on our web site is not incorporated by reference in this prospectus.

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The Offering

Common stock offered by us	3,682,176 shares
Common stock offered by the selling stockholders	2,317,824 shares
Common stock to be outstanding after this offering	22,104,141 shares

Use of proceeds	We currently intend to use the proceeds of this offering to fund the growth of our business and for general corporate purposes, including working capital and to satisfy a litigation settlement. Proceeds could also be used to acquire products, technologies, content or businesses that are complementary to our business. We have no current plans, agreements or commitments for acquisitions of any businesses, products or technologies.
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Nasdaq National Market symbol	"MJES"
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Common stock to be outstanding after this offering is based on 16,724,834 shares of common stock outstanding as of January 24, 2005 and 1,697,131 shares to be issued upon exercise of warrants with an exercise price of \$7.00 per share at the closing of this offering, but does not include:

- 1,562,102 shares subject to warrants outstanding with a weighted average exercise price of \$11.72;
- 1,689,748 shares subject to stock options outstanding with a weighted average exercise price of \$17.52; and
- 453,109 shares available for future grant or issuance under our stock option plan, which amount includes the increased amount reserved for issuance under the plan as consented to by our stockholders pursuant to a written consent.

On December 31, 2004, we effectuated a 1-for-7 reverse stock split. Accordingly, all share amounts including conversion and exercise prices contained in this prospectus are stated and have been calculated on a post-split basis, unless otherwise indicated.

Except as otherwise indicated, all of the information in this prospectus assumes no exercise of the underwriters' over-allotment option.

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Summary Consolidated Financial Information

The following tables summarize certain selected consolidated financial data, which should be read in conjunction with our audited consolidated financial statements and the notes thereto and with management's discussion and analysis of financial condition and results of operations included elsewhere in this prospectus. On December 5, 2003, Majesco Sales Inc. completed a reverse merger with ConnectivCorp, then a publicly traded company with no active operations. As a result of the merger, Majesco Sales Inc. became a wholly-owned subsidiary and the sole operating business of the public company. All financial information presented reflects our results as if we had acquired ConnectivCorp on December 5, 2003 and as though we had effectuated retroactively at the beginning of the periods presented a 1-for-7 reverse split of our common stock, which occurred on December 31, 2004.

	2004	Year Ended October 31,				2000
		2003	2002	2001		
		(in thousands except share data)				
Consolidated Statement of Operations Data:						
Net revenues	\$ 120,984	\$ 46,608	\$ 49,688	\$ 60,566	\$	46,034
Cost of sales	86,242	30,803	31,992	40,923		33,372
Gross profit	34,742	15,805	17,696	19,643		12,662
Operating expenses (1)	22,630	24,545	16,153	15,619		11,004
Operating income (loss)	12,112	(8,740)	1,543	4,024		1,658
Interest and financing costs	2,806	2,077	2,093	2,702		1,483
Other non-operating expense (income)						
(2)	19,068	24	201	1,215		(510)
Income (loss) before income taxes	(9,762)	(10,841)	(751)	107		685
Provision for income taxes	1,424	—	—	—		—
Net income (loss)	\$ (11,186)	\$ (10,841)	\$ (751)	\$ 107	\$	685
Net income (loss) attributable to common stockholders (3)	\$ (15,388)	\$ (10,841)	\$ (751)	\$		