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To,

<b>BSE Limited</b> <b>Phiroz Jeejeebhoy Towers,</b> <b>Dalal Street, Mumbai – 400023</b>	<b>National Stock Exchange of India Ltd.,</b> <b>Plot No. C/1 'G' Block</b> <b>Bandra – Kurla Complex</b> <b>Bandra East, Mumbai 400051</b>
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Ref: Scrip Code - **BSE: 517536** | **NSE: ONWARDTEC**

**Sub: Intimation under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Investor’s Conference**

Dear Sir,

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose the transcript of Analyst and Investor Conference Call for the quarter ended June 30, 2024, held on Friday, July 19, 2024. The link to access the transcript of the earnings conference call [Q1 FY 2024-25 Earnings Call Transcript.pdf](#)

Request you to take the same on record.

**For Onward Technologies Limited**

**Vinav Agarwal**  
**Company Secretary & Compliance Officer**  
**Membership No:- A40751**



“Onward Technologies Limited  
Q1 FY ‘25 Earnings Conference Call”

July 19, 2024



**MANAGEMENT: MR. JIGAR MEHTA – MANAGING DIRECTOR**

**MODERATOR: MS. ASHA GUPTA – E&Y LLP, INVESTOR RELATIONS**

**Moderator:** Ladies and gentlemen, good day, and welcome to the Onward Technologies Limited Q1 FY '25 Earnings Conference Call. As a reminder, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Asha Gupta from E&Y, Investor Relations. Thank you, and over to you, ma'am.

**Asha Gupta:** Thank you, Neha. Good evening to all of you. Welcome to Q1 FY '25 Earnings Call of Onward Technologies Limited. The results and presentation have already been mailed to you and you can also view them on our website at [www.onwardgroup.com](http://www.onwardgroup.com).

To take us through the results today and to answer your questions, we have with us Mr. Jigar Mehta, Managing Director of Onward Technologies Limited. He will start the call with a business update and financial performance for the quarter, which will be then followed by a Q&A session.

As usual, I would like to remind you that anything that is said on this call that reflects any outlook for the future or which can be construed as a forward-looking statement must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties are included but not limited to what we have mentioned in the prospectus filed with SEBI and subsequent annual report that you can view on our website.

Having said that, I will now hand over the call to Mr. Jigar Mehta. Over to you, Jigar.

**Jigar Mehta:** Thank you Asha, Good evening, everyone, and thank you for joining the Q1 FY '25 Earnings Call on a Friday evening. I'm glad to connect with you all again. I hope you received our Results and the Presentation that we released a couple of hours ago after the Board meeting. Before diving into the quarterly performance, I'd like to discuss some of the key highlights we laid out in our presentation. If you could refer to Slide #13, I can give you a perspective on where the last three years have been and where the next three years can potentially take us. I want to spend a couple of minutes on that today.

The last three years, post-pandemic, we saw an evolution or a change in the marketplace. Some of the largest OEMs in the world, due to the disruption caused by digital, artificial intelligence, and data analytics, opened up opportunities for young suppliers like us to make a mark. Additionally, a lot of large OEMs in the manufacturing industry realized that work which traditionally couldn't be offshored to India could now be offshored. That's where companies like Onward Technologies thrived. Traditionally, this work was done locally in the respective country or in-house in their own captive centers. They started outsourcing it, and we were fortunate to be at the right place at the right time with the right credentials.

In addition to that, we took the last three years to reposition Onward Technologies in a very structured way with key verticals and key horizontals. Today, that entire transition or

transformation has been completed. In terms of numbers, we achieved Rs 472 crore of revenue. We delivered double-digit EBITDA for the first time last year. From being a company in debt in 2019 to having cash (three months payroll) on hand today, it has changed the way we look at business. From a shareholder perspective, we have been a dividend-paying company for nine years in a row. Earlier today in the AGM, we increased the dividend from Rs. 3 to Rs. 5, which got approved by the shareholders.

Now, I'll take a couple of minutes to talk about where we are today and where the next three years will take us. We started off the financial year post-May, after the last Board meeting. Now, we focus on growth and expansion in the U.S. and Europe, and building more domain-deep capabilities in the three verticals and horizontals we operate in. You must have seen a lot of action from us as we talk about this. So, what do we have today and going into the future? We have a very strong team and an amazing Board, which is very involved in working with me and my management team in terms of policies, culture, budgets, and corporate governance. This has really helped us.

We have a very strong management team. My leadership team, my top team, direct reportees have all been stable since 2016. We've only added to the mix since then. Some people have retired, and others have been promoted or hired externally. Our entire second and third lines are stronger, with good execution backgrounds and capabilities, very highly educated, and strong in delivery.

Our company, which was internally focused in 2020 during the pandemic, now has a customer-centric approach. It's all about getting back to growth and being ahead of the curve, especially in the U.S. and Europe markets. In terms of customer engagements, we had about 250 customers three years ago. Now, we are down to 85 plus customers, aiming for a sweet spot of 60 to 75 customers to build deeper engagements and add value across our three horizontals: mechanical engineering, embedded electronics, and digital services.

Revenue growth is significant, and we've looked at the strategies of some of the best successes in our industry. There are 5-6 companies much bigger than us that have done a phenomenal job in the last 20 years. We believe their strategy is right and inspired by their success we are creating our own play in the market. Instead of being a broad-based service provider, we aim to work with fewer customers and scale with them. We believe the first milestone for us, instead of having a definite number like we did before, is to have 10 customers with \$10 million or 20 customers with \$5 million each. All our investments are towards that journey.

Regarding investments, we keep getting asked if investment phase is complete. I believe we've just started. We have an amazing opportunity and pipeline, and now it's about converting and executing. We are investing in expertise, building deep domain capabilities, and going deep into areas like industrial and heavy machinery, mining equipment, construction, automotive, and mobility. We are attracting top talent from the best companies and giving them a platform to shine.

Coming back to Q1 numbers, we declared Rs 117.6 crore in revenue, which is a marginal drop from the previous quarter and slower than expected. I was hoping for a bit higher, and we are working to correct that, expecting an uptick starting from Q2. I won't dwell on the exits of old businesses as we've covered that extensively over the last three years. Now, it's all about focusing on the positives and future growth. There's nothing left to exit, making this a very progressive and exciting time for me professionally, as I can now fully concentrate on the future.

Our Q1 revenue was Rs 117.6 crore, slightly below the expectation of Rs 120 crore post-transition. On the EBITDA level, we grew 21% quarter-on-quarter, ending at a 9.9% margin. It's a bit short, but still a growth of 176 bps points. PAT was at Rs 7 crore, showing a sequential growth of 6%. Our goal remains to achieve double-digit EBITDA. We believe we will be much higher than last year's 11% on a consolidated level. Our projections and pipeline indicate that after all our investments, we will exceed this figure. We are committed to maintaining balanced, profitable growth this year, next year, and in the years ahead.

Revenue growth will start picking up from Q2 onwards. The next few quarters and years are going to be exciting as we mine existing relationships, build on our amazing hires, and strengthen our relationships, long-term contracts and higher revenue deals.

Our deal momentum remains positive across all three verticals. Although we can't share client names yet, we continue to grow with our customers. Many U.S. customers are taking us to Europe, and many of the captives we work with in India are taking us global due to the excellent work our team is doing in terms of delivery, capabilities, and quality. Some U.S. and European clients are also interested in expanding to other locations, but we are currently focused on our existing regions. This positive momentum reflects the new level of trust and relationships we are building with our customers.

In terms of the external demand environment, I remain very positive. I've just returned from a trip to the U.S. and Canada. We are opening our first physical office in Toronto on Monday. This new office is not a sales office but will focus on servicing North America, complementing our existing offices in Illinois and Michigan. Vignesh and Nirmala from our management team are currently in Toronto for the inauguration, conducting interviews, hiring, and meeting with customers and prospects, all of whom are referrals. We believe this office will become an important part of our business strategy.

We continue to see numerous opportunities on the digital side, including GenAI, data science, and data analytics. Attracting the right talent has been challenging due to high demand, but with a better brand and favorable external environment, we are now experiencing positive momentum in this area. For example, we applied for over 200 H-1Bs last year and received 25 to 30 approvals—our first approvals in six to seven years. This is a significant development, and we aim to have 200 to 300 H-1Bs available within 2-3 years, which we anticipate will drive substantial revenue growth.

Our balance sheet remains robust. For the first time, we crossed Rs 100 crore in cash on hand as of June 2024, and this number will keep improving as we continue to build a strong business model with investments in labs, centers of excellence, and delivery teams across the three verticals and horizontals.

To summarize, I would like to thank you all for being amazing partners and shareholders over the last three years of Onward Tech transition and transformation. It's been highly rewarding, and I thank you for your patience during the last few quarters as we changed our trajectory, top-line and bottom-line. We are optimistic that we will see a return to both, especially revenue growth, starting in Q2 and in the years ahead. I would also like to take this opportunity to thank my team for their hard work and dedication. We are now at 2,493 people. The reduction of 150 people is not due to attrition but due to client exits. Specifically, we exited a large client in India, which was about 80-90 engineers. We also moved out of a significant business, MEG business in the U.S., Mexico and Germany, which used to generate over Rs 20 crores annually, and exited some transactional clients in the healthcare vertical in the U.S. and Europe that were not growing fast enough and had limited potential beyond a million dollars.

Despite these exits, we are actively hiring, with 700 open positions as of today. A large number of these positions are already listed on job portals, including LinkedIn. We have established a robust team of over 90 full-time recruiters who are meeting demand and attracting the right talent. This transition reflects our shift from relying on external vendors to building our internal recruitment capabilities, and we are confident that our team will grow as we continue to strengthen our workforce.

Now, I would like to hand over the floor to the operator for questions and any clarifications. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Kaushik from AKJ Investment Group. Please go ahead.

**Kaushik:** Sir, my question is regarding the growth. Being a small player, why aren't we growing minimum 10% to 15% of growth?

And the second question is on the employee. You said that you are having 700 plus open positions. Currently, our employee cost is a derivative percentage. So, you would be focusing on adding more employees rather than letting operating leverage play out in our company because the margins are low. And when you go higher, again the number inches higher, right? So, that is my second.

And the third part is, I see you are opening office in Toronto. So, what is our target of percentage of revenue coming from America do you have in mind in next two years?

**Jigar Mehta:** Thank you for the question. Can you repeat the first question? I got the third one on Canada.

**Kaushik:**

I was talking about growth, right? Currently, we are not able to grow 1% or 2%. I know that you have exited some of the businesses, but why the scale has not been happening at a big scale, right? Being a small player, I am asking about why being a small player, we are not able to scale, like 10% to 15% growth is pretty normal, right? Why we are not able to do that? And then you are envisaging that, you know that your pipeline is strong and there is tailwind in the sector also. So, which quarter or when you think that we will go on to the growth path because right now the cleaning has been done? So, whatever you want to exit, you have exited. But where do you see we scale at 10% to 15% growth since it is in the growing industry we are in?

**Jigar Mehta:**

Sure. So, as I clarified before in the opening remarks, we do believe we were expecting to grow from Q1 and we had some delays, but that's behind us now. We do believe from Q2 you will see us back on the growth side and we will build on that as we accelerate towards where we want to go with our clients.

The second question was in terms of headcount, we have that number of open positions. I just want to give you, all of you a perspective of the kind of demand that we are seeing as a young company. We have never had this kind of demand from our customers, especially in U.S. and Europe. And I think that number is only going to increase is what I see as we keep hiring more account delivery managers and account sales managers for the clients that we already serve, right? So, please keep in mind, demand is one thing, execution is second thing. For execution, I do need a lot of visas, whether it's UK, Canada, Germany, U.S., and that's something Onward does not have. That's a new business for us in the last three years. So, we are building on that and we are seeing amazing momentum towards that. Just to clarify.

Number three, this doesn't include offshore demand and that continues to be at a good momentum, which is the high margin business. And I do believe that business will also keep growing as we are upgrading all our offices, as we are upgrading all our infrastructure. Right? Just to give you a perspective, a couple of days back, we signed a Rs 6.5 crore deal with Microsoft for the next three years or something along those lines. We see that we are confident of the demand that we see for the next three years. We have bought all the Microsoft licenses, including Copilot on our team, which is the GenAI tool.

And the third question in terms of America, I have clarified before. I believe in very soon today we are 50% outside India, 50% in India. I believe the right sweet spot for us is 70% of the revenue should come from outside India. That's always been the dream and that's where all our investments has been and that gives us a good balance from a risk perspective as well over the next few, so, and that's where we are continuously investing.

**Kaushik:**

So, in the near term I see then there would be a lot of cost which will be coming in, but in the medium term to long term those will add benefits. Is my thinking, right? And at which growth has been a year and be a small player, at which growth you would be happy as an executioner? At what kind of growth you would like to see? I mean, from Q2 you are saying growth, but growth can...

**Jigar Mehta:** Kaushik, I am the happiest CEO in the history of Onward or in my industry. As I said, I am comparing three years back, company should not have existed. In three years, we are growing from zero to Rs 470 crore. Three years back we had no cash. Today we have Rs 100 crore cash on hand. Three years back we had none of these Fortune 500 companies. Today we have the best companies trusting us, engaging with us, training us, growing with us. So, as I said, three years back if you saw infrastructure, we are sitting at home. Today Onward Technologies' employees are working from the best 'A' grade infrastructure globally and wherever we are not, we are upgrading that. All our policies are getting upgraded. Salaries at all time high. So, again, there is only positives in Onward.

I understand from an external analyst perspective, people want to see much bigger growth and I am sure that will come. I think it's only a matter of time. As I said, we had a last one quarter was a blip, which I was hoping was not there. Last one year I was very clear that I was focusing on double-digit EBITDA because that changes the trajectory of the company whether you want to win somewhere else. So, that's what I have said.

Now coming back to the cost side, I mentioned earlier, I do believe our EBITDA numbers for the year will be better than last year in spite of all this cost. So, in short, that is only supported by revenue growth. So, we have to grow. We see a pipeline and we have to execute towards that.

**Moderator:** Thank you. The next question is from the line of Raaj from Arjav Partners. Please go ahead.

**Raaj:** Was there any lost sales with quarter 1 FY '25?

**Jigar Mehta:** No, we have never had a loss in the last several years.

**Raaj:** So, for FY '25, it was an execution issue from our end rather than a demand issue, right?

**Jigar Mehta:** Correct. We actually delivered 9.9% EBITDA percentage.

**Raaj:** It would have been higher ideally.

**Jigar Mehta:** Yes, it's been higher. It's been good. It's been very positive with exactly what we thought we would be at plus minus percentage. But yes, Onward as a company, I don't think there will be a loss since the blip in pandemic.

**Raaj:** Are we expecting uptick in sales and EBITDA both from Q2 FY '25?

**Jigar Mehta:** We are expecting an uptick in revenue growth from Q2. Everything else is balanced. We don't give quarterly projections, but yes, it will be how it plays out in the whole year.

**Raaj:** Because sir, since the last two to three calls, you have been putting emphasis on the capability part of the company. So, when do we exactly see this capability converting it into the figures?



**Jigar Mehta:** That's exactly what we are working on. A lot of things we get excited with as a young company, we get excited as a team that we are winning and then the project gets started a bit later. A lot of times we have signed, just to give you a perspective, we have signed an amazing, one of the best car, best automotive brands, race car brands last quarter to the billing started today or service start on Monday, sorry. We were expecting that a quarter ago, but you know it's very small, small things like that and we just have to learn to live with that and we have to learn to play better and that's what we are doing, right? And I think there is not much to it. I think it's all about we have to get back to growth. We have the customers, we have the people, we have the capability and it's all about doing it properly and knowing where to invest your time and energy.

**Raaj:** In fact, for us, how much is the ideal pipeline to order book conversion ratio?

**Jigar Mehta:** So, I will answer, that's a product company question or IT services question. I will give you my way of looking at stuff. Each customer's outsourcing budget continues to be let's say \$100 million plus. Some are \$500 million. Some are \$1 billion. Onward is not even 1% of that today, And everything else is a pipeline because no customer today is married to X, Y, Z supplier or vendor. It's about capability, There is application support and then there is new product development. Onward is not in the application support business. Onward is in the new product development business, Engineering, re-engineering, robotics, GenAI and all the projects that we do for customers, a set of R&D teams or build competencies. So, in that perspective, each customer's budget, 20% to 30% is available to us to play with. That's my pipeline.

Today, there is no salesperson or sales representative in Onward going in the market to sign new clients. We don't have a pipeline, because we already have won the customers. I hope I clarified, It's the customer's outsourcing budget. That's why my confidence is always very positive. Now it's all about, we need to execute, and we need to get a bit lucky as well, just to be very honest.

**Raaj:** And sir, are we chasing any big-ticket clients?

**Jigar Mehta:** We have stopped chasing clients for two years. We have not made a single sales call in Onward. Every client that we have signed in the last 2 years or 2.5 years has come through reference, When we do a great job for, let's say, five industrial companies, we get reference one of the three. So, all our wins has been through that. There is no sales pipeline. If you look at our CRM, which we use salesforce.com, there is nobody chasing a new client. And it is the opportunity, a prospect, it's through a reference. And reference, usually we have seen a very high percentage conversion because there is a clear demand from the OEM to add a new supplier, there is a clear demand on what they're looking at. They know Onward is only referred for doing good work in that service. Now it's all about, would they select us or they select the two other suppliers from somewhere around the world.

**Raaj:** And sir, who would be our immediate peers in all these three segments?

**Moderator:** Sorry to interrupt you, sir. I request you to come back for a follow-up question. Thank you. The next question is from the line of Sapna Jhavar from Kotak Life. Please go ahead.

**Sapna Jhawar:** Jigar, hi. So, just wanted to understand that what has been the execution challenges for us in this particular quarter which led to a flattish or a decline in sales? Has it been that we did not have the people to fulfill the projects that we have already signed or was it something else? If you could just help us understand that.

**Jigar Mehta:** Hi, Sapna. Yes, so two things from a U.S. perspective, we did not have the technical people and that's something where we lost some traction, let's say, in the month of June. And from a Europe perspective, the projects that we won, which were supposed to start billing in Q4, did not start and some are starting as I said as early as coming Monday. Because work permits took longer and something or the other. That's the first part of it and I think that's 80% of the revenue.

On the India side, we saw client budgets accelerate and which we were not ready for, because we were also seeing a lot of news clippings on that, and every company is going through that. The GCCs have started hiring at a very, very fast pace and we were not ready for that. So, we had invested all our eggs in Europe and U.S. where the demand came very big in India from the same customers and that's where we had to balance things out. So, we did catch up a lot in the last couple of days a week for the quarter, but we could have done it better. We could have seen things a bit better a quarter back because it's very hard to make an impact in the middle of the quarter for the quarter. I think you understand that in the services business.

**Sapna Jhawar:** Yes, so suffice to say that we have orders in hand. It's just got deferred to Q2 because of the lack of requisite talent in the appropriate place and they would come soon. So, 2Q should see that deferment filling up the gap. And India as it is not a focused area for us, even if the demand is high, we would be happy to let go of that sales as well, right?

**Jigar Mehta:** No, that business is gone, Sapna. So, yes, the first point is absolutely right. And I agree. Second point is the Indian customer that we have today is a very important part of our business now. What we wanted, what was not a priority, what we want to exit is all done. And I hope I never have to talk about that in my career again. It's very painful to let go of a profitable client.

But coming back to the clients that we have today, these are dream clients. We love working with them. We are growing with them. We are getting awards with them. But what is important is we didn't see the demand come up so quickly. So, they would do marginal things. And what happens is if you don't ramp up with them, then you get left behind if you don't deliver for them. So, we want to ramp up with them as well. And that's what we are getting better.

So, we had a new leader who joined us in Bangalore, for example, to head that business. He came on board from AQL, for example. We had a new leader who came on board in Pune. He came from another company. So, we are now building that as well. So, now we are in a good shape where we can make it, we can deliver to what we see is the potential for Q2, and Q3 and Q4.

**Sapna Jhawar:** So, 2Q onwards, at least talent wise, we would not have an issue. In terms of demand, we do not have an issue. In terms of any execution, are you seeing any delay per se that's happening? I

understand, I mean, we are a small company. Demand is really good. But are we seeing any deferment happening from any of your customers, be it in the automotive sector, on the mechanical side, on the IT side, anywhere at all? Have you seen any deferment happening, which would have let us high and dry in Q1 and should follow up in Q2 or any other execution challenge that you would like to highlight?

**Jigar Mehta:**

No. So, another point that you mentioned, execution challenge continues to be there for us in Europe and U.S., where after winning a project, and I have shared it before as well, customer wants to start tomorrow because every company that we are working with, and you guys all know some of the names, are very cash-rich, very powerful, very largest companies in the world, and they have huge budgets. So, when they award a project or they select you as a supplier, they want to start tomorrow. Onward Technologies does not have the necessary bench. We never did. We had a small bench. We didn't have such huge bench, with H-1B people, with German work permits, and if we had in one, let's say we had in digital, now that we are winning deals in embedded, we had in embedded, we are winning deals in mechanical. So, it's just about playing it right.

**Sapna Jhawar:**

So, how many people have we added on a net basis from Q4 to Q1?

**Jigar Mehta:**

Great question. Not Q1, I think must be 150 plus, 200 plus. I don't have the exact number, Sapna, but we can email that to you right away. But I don't know if I am allowed to share today's headcount. We must be back to about 2,550 or 2,600.

**Sapna Jhawar:**

What would be our entire plan for our net hiring for the year?

**Jigar Mehta:**

So, it's not net hiring. It's the net hiring in U.S., UK and Germany, what is important. Net hiring, I think we have shared in our projections. I think it will be between 2,700 and 2,900 people net as a consolidated basis. And what is important is can we add that 1,500 people in Europe and U.S.?

**Sapna Jhawar:**

And how soon can we do that?

**Jigar Mehta:**

I mean, demand is there tomorrow, and that's what we are working on. So, we already filed for the visas. And I said U.S. we got some success, so we are very happy about that. We just have to get the momentum going for UK, Germany and Canada and we are almost there. I think we have figured out what we need to do, how we need to execute on that side. Now it's all about making sure that we deliver on that.

**Sapna Jhawar:**

So, just last two questions from my end. One, on the cost front, you did mention your aggressive hiring plan and probably some more investments coming in. All appreciated. But in terms of cost, is there any more scope for us to improve efficiency within our own channel in terms of cost cutting? Because we have seen the sequential growth in the margins. So, that must have been and despite net hiring, if we have seen that, that must have been that from the OpEx part of it, we continue to squeeze something, be it travel or something of that sort. So, is there, if you

could just explain that what's led to this 200 bps improvement despite the revenue being flat and how will this continue going ahead?

Second, on the pricing front, since our ambition is to move towards more U.S., Europe, UK-based client, on the pricing front, is there a negotiation happening for us to get a better rate in terms of employees? Because demand is not a concern. We just have to provide the requisite bench to them. So, is there a negotiation taking place on the uptick on the prices as well? These two points.

**Jigar Mehta:**

So, to answer your first point, is there an opportunity for cost optimization? There is always an opportunity. We are not perfect. We are learning and this is the biggest size of the company we ever run. And we are always looking at that across the board, across the management team, across so many regional heads that we have. And it's a very beautifully delegated task. So, it's not going to come up to my level. Everybody's working on it every day and that's very positive.

Number two, please keep in mind also in the Q4 quarter, we had a bit of a dip in bottom line because of that one time hit on furloughs and from Visa H-1B cost that we had. And that's all behind us now. So, that's not going to come up hopefully.

**Sapna Jhawar:**

That has led to this 200 bps or 150 bps improvement in the margins?

**Jigar Mehta:**

I believe so. We don't do cost cutting. As I said, we are spending more. I am actually encouraging my managers and my team to travel more. I want them to build more relationships, learn more, because again, we are at a stage where we cannot behave like a much larger company, right, where relationships have been there for the last 20 years. We have just started the relationships and we were very unfortunate or fortunate when we started the relations three years ago, we were all doing more team calls, you know, Google Meets and whatever, Zoom. Now we are building, people are meeting each other. Trust is getting big. They are seeing my team work. And I think it's very positive.

I will give you an example. We have won a new project right now in U.S. This is more for Q2, but I can share, I was told. We signed an amazing new customer. We actually signed them in Q3 of last year. Billing was supposed to start in Q4. It did not start because of some contractual legal reasons. Now it's all behind us. We completed the paperwork and now we have figured out, instead of delivering the project from U.S., we actually were delivering the project from Canada. Just as an example, because for the customer, what really mattered when we built face-to-face relationships was, can you deliver in the same time zone? We don't want it from India or Europe. And they were as happy with Toronto as they were happy with East Coast of U.S. This is an example, right, execution. Now, I didn't know that a year ago when we were discussing on Teams. Now when you start sitting across a conference room and brainstorming on how to execute the project with the customer, a lot of interesting things pop up. So, this is one very beautiful example of how our teams got created, customers got created because everybody was working together to make it happen.

- Sapna Jhawar:** So, on the cost also, on the pricing also if you could share something?
- Jigar Mehta:** And on the pricing side, it's always a conversation because the majority of our business model, 80% or 90% of our revenue comes from time and material. So, every year, Sapna, my team and me have a conversation with all our clients, not just the top 5 clients, every client that we have on the T&M side, which is on pricing, right? And we see a lot of positives. We always see positives. When we do a good job quality-wise, the customer is proud of the work our teams are doing. When the rate is higher than other suppliers, we will be there much longer because we are the new suppliers. We always see very good clients, whether it's rate increase, or whether it's band increase. And that's a very natural progression, I believe, across the industry. On the fixed-price side, that's not how, at least for us, it doesn't work because you are still very new and you are not quoting for that many projects.
- Moderator:** Thank you. The next question is from the line of Tanmay Agarwal from Family Office. Please go ahead.
- Tanmay Agarwal:** Jigar, I basically wanted to understand, do we have any concrete deal wins in hand for which you are so confident about the growth coming in from Quarter 2? Because at this particular moment, we have been stuck at Rs 120 crore revenue for about eight quarters now. So, if you could probably answer a little deeply why exactly do you feel that now would be the quarter where we are definitive of breaking this particular problem?
- Jigar Mehta:** Just to answer the question, I think I addressed it before. We have the pipeline, we have the visibility from our customers. We have to execute. Why I am a bit more positive? One is, I am a positive person. The second is, this team has built a beautiful company in the last few years, and they have hired even smarter people in the last one year. Customers are progressing. I am always getting great feedback and now it's all about can we execute, right? That's what it's coming down to. And I shared an example in the earlier answer and these are things that we are doing to get creators who are able to execute for our clients.
- Tanmay Agarwal:** So, on the execution part, do we foresee any capability issues? Because from what I am able to see, if you look at the top 10 people that we have in the company or if you try to look at the Board of Directors that we have, barely anybody from the IT background. Even the team partner that we have is not from IT background or ER&D background. So, just on that particular segment, when we talk about execution, can you share anything, how this could be different from the last year in terms of execution?
- Jigar Mehta:** I don't know where you are seeing the people. So one, we are not an IT company. We are an engineering services company. My top 100 people are all engineering services guys. My management team are managers. They are leaders. They are not mechanical engineers or data science engineers. They are just great leaders, and they know how to work with each other over the years of experience together and have done a beautiful job. And I think they will only excel more and more in the next 3 to 5 years. You can see the next level below them. There is a management team There is a Board, which runs the organization. They are exceptional at

creating large companies. That's what their contribution and corporate governance, of course. The management team, which drives leadership, that's called the leadership team. Their job is to be a leader, hire great people to do great things, put the right culture, processes, tools, infrastructure and that's what they do very well. And look at the entire next line of people that we have which is 2,400 of them, which is just phenomenal.

**Tanmay Agarwal:** So, anything specific that you are doing which would entail better conversions or better execution?

**Jigar Mehta:** We just have to learn. We are learning. As we said before, we have never run a company of this size. We are learning. We are humble. We have feet on the ground, everybody is working very hard and we are learning. Best part about our industry which all of you guys know is none of the Indian companies compete with each other in our space. We are not IT business. Everybody has enough room to grow. Everybody has enough deal momentum. Everybody has seen visibility for the last five years and I think the next five years are going to be even better. So, it's not going to be one company win it all, right? Every customer has three to five suppliers. There are five or seven engineering companies, and I am just proud that Onward is now suddenly in the mix in large number of them and I think we will only improve as the time goes by.

**Tanmay Agarwal:** And we are very hopeful that that happens soon. Just one last question that typically in a ER&D company, we usually do have visibility for the next 9 to 12 months. So, anything that you can share in terms of what you envisage where we should exit on the revenue side this year?

**Jigar Mehta:** We don't share projections. As I said we are too young. We have to get to what we are good at and get back to work. We had a great run last 3 years and we can make next years better than the last 3 years. And that's what we all are working hard to do.

**Moderator:** Thank you. The next question is from the line of Manjeet Buaria from Solidarity Investment Managers. Please go ahead.

**Manjeet Buaria:** I have two questions. First, I wanted to understand when you win a project from a customer and there is delay due to some issues at our end, how did the customer look at that from our credibility perspective? One. And in terms of the project, second, like do they wait for us? Do they just go out and find some other vendor? And how does the long-term relationship then get impacted?

**Jigar Mehta:** Great questions. Again, let's classify the customers. There are customers where we have had an engagement for more than 5 years. Now with those customers, they will get creative with you as a supplier because they take you part of their ecosystem. And those are the kind of companies we love working with. They have a clear understanding. They are the customer. We are the supplier, and they grow. They want you to grow with them. Right? So, they will hand hold you and they will get creative. So, that's the first part. There are some customers who are a reference client. We are just trying them last one year for one project or two projects and now there is a third requirement, third RFP come out and let's say Onward being done on capability but we are not able to execute. Those customers will definitely not wait for us. Let's say, the project

has to start on I am just giving a number, a date August 1st and Onward is not ready. They might wait till August 5th or 10th. If not, then they go to the L2 vendor. The second vendor who was in the race. And that's how it works and we also benefit sometimes by that when some large engineering companies are not able to deliver, customer goes to whoever the number two was, and a lot of places Onward is number two. So, that's the second part of it.

How does it impact the relationship? On the first one, I think it's never good on a relationship when what you have promised, you don't deliver. But I think what my team does a good job and we are getting better every day is we at least we are very honest with the customer. We know it's not possible. If you remember, I don't know if you were tracking Onward about 18 months back, we had an RFP of 5,000 people and we actually walked away from the RFP. And every other Indian engineering company has come has quoted. We walked away from it. We just didn't have 5,000 people on bench, and we did not think Onward can ever ramp up to 5,000 engineers in one month. It was too much, too high a thing for us.

So, I think we are as honest as we can be. We like to stretch ourselves a bit, but that's what we are trying to get better. We had another customer who wanted to ramp up, who wanted Onward to execute projects only in the West coast and we did not want to do that because all our engineering centers are in India and we have some capability in the Midwest of U.S. and we shied away from that. I think that could have been a huge opportunity.

So, just coming back to your answer, when you delay a project or you screw up a project, it's never good for any relationship. But at least it's very important that we communicate in writing, we communicate transparently and directly with the customer. And I have seen in the long run, most of them appreciate that.

**Manjeet Buaria:**

And when you look at the second bucket, you mentioned that the relationship is probably young, you know, one-year, two-year old relationship. When they come out with newer RFQs, do they participate us in this? Do they sort of blacklist us, or do they sort of put us down? Or it's again even and you start on the same page as any other vendor in that case?

**Jigar Mehta:**

So, interesting question. So, it's, you know, we are again talking about OEMs or large companies, the biggest companies in the three verticals that we are part of. You have to understand from their perspective, and I think you might know that as well, Manjeet, is it's very expensive for them to add a new supplier. They are not new companies. Most of them have 10, 20, 100-year legacies. So, for them to add a new supplier, they have to have a really compelling reason to add a supplier. Their demand could be soaring or there is big technology disruption or whatever. Or they have bought a company or did an M&A. So, there is no concept of blacklist. But you know, that's why you need account managers. And that's why we keep saying for the last several years that we have not done with investing. We want to hire a lot of ADMs, which is account delivery managers. We hire a lot of ASMs, account sales managers. And what I encourage my team all the time is instead of hiring a young manager by his experience, hire a VP for the same position and with 20 year's experience. Pay him three times more because that will help you build or accelerate your transition into the client trust or trying to meet client



engagement. And that's what we are doing. We have never seen this blacklist thing in our careers at least in Onward unless you really screw up projects, but those are project-based companies, and we are not into that business anymore.

**Manjeet Buaria:** One last question, Jigar, I had was I was trying to cut the FY '23 and FY '24 revenue in two buckets. One was your legacy business which you are not interested in, you are winding down or you are already shutting down and the other is all the business you want to focus on, which is GCC, the good GCC plant in India, the onshore business and all of that. So, if you could just help me with that, out of Rs 441 crore in FY '23, in rupees crores what is the business which you really didn't want to pursue and if it is to be shut down or it is already shut down? And what is the same number for FY '24? Because you know I am just trying to appreciate the hard work you have been putting in growing the core business which is your focus.

**Jigar Mehta:** Good question. We have all the data, I believe, on our investor deck or the earnings deck, but just from a timing perspective, Manjeet, if it is okay, we can have our team send you all the data after this call. It is very readily available. So, it is substantial.

**Manjeet Buaria:** I have been trying to visit that for my decks, but you know it is not very clear, but I will get in touch with the team in the interest of time and hopefully they will get back to me.

**Jigar Mehta:** Yes, please do, and if not, we will make sure you have the data by Monday.

**Moderator:** Thank you. The next question is from the line of Amrish, an individual investor. Please go ahead.

**Amrish:** My question is related to attrition. Now that the IT services business has more or less been separated or exited, is there any color you can give us on how is the attrition within the core business now, especially between India and non-India? Because we are running quite hard to recruit, so just to understand if we have anything to worry about on the attrition side.

**Jigar Mehta:** So, not much to worry about attrition side. The reason we have not captured or we don't monitor attrition for the last three years in particular, especially during the pandemic, which was through the roof, is predominantly driven by the desire to exit so many or move away from the legacy business, right? It's very hard to calculate what goes in attrition and what doesn't go in attrition. But I would like to believe, as to the feedback given by my HR head or discussions at the management level, attrition is normal, like the other companies in the industry, ER&D companies. But there is always room for improvement, right?

One of the best things about a young company like us is we are not small anymore. We were smaller, Rs 50, Rs 100 crore before the pandemic. We are at Rs 470 crore now. So, a lot of data out there, a lot of branding out there. Our ability to attract is very good. Our ability to retain is very good. Our ability to give people international career opportunities is very high. And I am just talking about from where we were three years ago, not knowing what the world was. And for us, that's a very proud thing of where we are. We have to keep getting better. And I always tell my HR head, we should become the best paying company in our industry. That should be



our dream for you, for the HR organization in Onward. During this, conversation on the attrition, all that doesn't come. We should not be the lowest paying. We should actually be the best paying. I go to that level.

**Amrish:** That's helpful. I would request just a consideration whether going forward a couple of metrics could be included. One is on attrition, just to have that. The other, I don't know whether it's a sensible, whether something like a total contract value is a sensible metric for you to talk about, or does it not apply? And some other companies do it. That's more on the revenue side, right? The total contracted value?

**Jigar Mehta:** Sure. So, we don't share the TCV and ACV yet. Pricing, we are a bit too, we are not ready for that. But I am sure we will start sharing as we make progress in the next few years.

**Moderator:** Thank you. The next question is from the line of Parth Desai, an individual investor. Please go ahead.

**Parth Desai:** Sir, if I look at the India business, that's still grown quarter-on-quarter, and rest of world is actually degrown. And you have explained some of the drivers behind that already. What I am trying to get to is how is this demand from the India GCC shared with Onward? Is it via RFPs, or is it more headcount-based demand? And if it's RFPs, the time cycle for RFP is typically one month plus. So, why aren't we able to plan in advance and grasp that opportunity?

**Jigar Mehta:** So, every demand to Onward or any ER&D company only comes through RFP, right? There is no other means. Whether it is for headcount or it's for a project or it's for managed services, right, there are only three buckets which are there. Pricing can change how we want to do it. Right? So, there is only RFP process. There is no other conversation.

So, if a customer looking to add 500 people headcount only, it's RFP based, right? Because you still have to go through technical capabilities, domain capabilities, pilot projects, infrastructure. Even if the customers plan to do the entire work in his or her premise, right? So, it comes through RFP. I have never seen it any other way in my career. So, that was the main question.

And second is, why is it tough for Onward? And I genuinely believe what I shared at the starting of the communication and I have been saying it for last three years and discussing and learning in the whole process is you have too many customers. So, what happens is when 80 customers have demand and I have only 20 managers in place today, 20 teams in place, they are all over the place, right? And if I look at the success story for the larger industry peers who I shouldn't call them, it's a larger industry ER&D companies which have done exceedingly well, they are three or four or five. That's it. 90% of their profit or revenue comes from three, four, five companies, customers. So, they are able to align their best people towards the best customers.

So, my team today I feel already is very stretched. So, while demand is exceedingly high, what is happening to us is all 80 or maybe I shouldn't say 80, 65 will have demand tomorrow. And all 65 demand is different, different territories, different locations. Some places there is

commonality, but that's what it comes down to. So, more and more we get focused, more and more we show the customer the love, we show the customer the commitment, the attention, we think the same customers will give us that as well. And that's what we are seeing.

Just to summarize your point as one more factual thing I thought would be important is, like, we had large number of million dollar plus clients, about two years ago or one year ago. In the last several quarters, we actually moved away from a significant number of them because we realized they can never go from \$1 million to \$5 million, but it needed the relationship was either at my level or my management team level. So, it needed all our attention and we have actually moved away from that, and you will see a lot more getting added in the next few months or next few quarters, but the revenue percentage of our top 5 clients, 10 clients, 25 plus will not change in spite of some million dollar clients going away, which we chose to move out from. I hope I am addressing a question with some factual data.

**Parth Desai:** Yes, that's helpful.

**Jigar Mehta:** Right. So, for us is to qualify, have few customers, go deep with them, show them the commitment, keep investing behind them, and then hope they will reciprocate as well. And we are seeing that everywhere.

**Moderator:** Thank you. Ladies and gentlemen, we will take this as the last question and I will hand the conference over to the management for closing comments.

**Jigar Mehta:** So, thank you again, everybody for joining. I know it's Friday evening and luckily, it's not pouring in Bombay at least. We have started off the year. It's only the first quarter, and we do believe we have an exciting future. So, thank you for the support for the last three years. Thank you for this quarter. And we are positive. Our next three years will be much better than the last three years and we only have strengths to take forward. And in some the cases that we need to share data, we will make sure we share the data to you guys by Monday latest. Thank you again, and have a lovely evening and a good weekend.

**Moderator:** Thank you. On behalf of Onward Technologies Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

*Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.*