



# Onward Technologies Limited

(BSE: 517536, NSE: ONWARDTEC)

## FY20 Earnings Presentation

[www.onwardgroup.com](http://www.onwardgroup.com)





## Business Overview

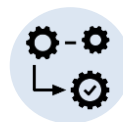
## Who is Onward?

For large global manufacturers, Onward is the Technology Services provider that translates vision into reality with flawless execution and capabilities across digital transformation suite, embedded systems, engineering services, data analytics, AI and ML



### Global Presence

India | Americas | UK | Germany



### Execution Capabilities

8,500+ Projects Delivered

15 Million Hours of Performance Delivered



### Employee Strength

+2,500 Employees



### Key Financial Metrics

5 year Total Income CAGR: 7%

5 year EBITDA CAGR: 13%

# Business Snapshot

## What we do

Deliver Experience across:

- ❑ Connected Systems
- ❑ Engineering R&D
- ❑ Digital Transformation

## Industries we serve



Automotive



Consumer & Healthcare



Off - Highway



Industrial



BFSI



Heavy Engg.



Locomotive



Aerospace

## Focus Areas



Product Lifecycle Management (PLM)



Internet of Things (IoT)



Analytics



Artificial Intelligence (AI)



Robotic Process Automation (RPA)



Machine Learning

# Execution Capabilities – example 1

World's largest off highway and construction equipment manufacturer



**Design**

2D and 3D engineering drawing supported with engineering services



**Digital**

Automated engineering design framework with container architecture on cloud



**Decision**

Process efficiency, cost savings and productivity improvement



**Design**

NPI Programs – Engineering services offered through CAD/CAM and CAE



**Digital**

Machine learning models from IOT systems to give feedback to business



**Decision**

NPI program feedback and better product designs

# Execution Capabilities – examples 2 and 3

## German based auto OEM



### Design

Diverse sales and marketing data with no insights derived



### Digital

Analytics platform built for sales and marketing function on azure data lake



### Decision

Better data insights improved sales performance

## US based medical technology firm



### Design

Re-engineered the entire hospital bed and suggested massive improvement



### Digital

Reverse engineered solution, added electronics and manufactured using 3D printing



### Decision

Patient safety factors improved designed around patient comfort

# Execution Capabilities – example 4

## Transportation and Diesel Locomotive Company



### Design

Cost engineered every part of the locomotive and suggested lowest cost possible



### Digital

Cost Engineering; BI dashboards to see where cost was more



### Decision

4 mn in overall savings to customer's business operations



## New Capabilities

- Focus on newly established capabilities in **Digital Transformation, Industrial IoT, and Industry 4.0**
- Build capabilities in sector agnostic practices



## Higher Revenues

- **Increase wallet share** of existing clients
- **70%** revenues from **Top 20** clients. Balance from new deals
- Technical collaborations & partnerships
- M&A – **capability acquisition strategy**



## Margin Expansion

- Higher margin paying practices in **EDS** and **Digital ER&D** suite
- Strict focus on further improvement of **bottom line**



## International Business

- **Increase share** of overseas business from well established **US, UK, and Germany** offices
- **Robust pipeline** for new deals with **large global manufacturers**





## FY20 Financial and Business Highlights

# Managing Director's Message



**Jigar Mehta**

Managing Director

“I’m pleased to share the FY 19-20 annual performance of the company where we achieved our top primary goal of Net Debt Zero at a consolidated level. This was possible with the phenomenal effort of our entire team globally with high level focus on customer service & providing superior quality deliverables on time- every time.

We achieved the Zero Net Debt goal in early Q3 & since then aggressively started investment in hiring large number of talented people for new practice lines. Covid-19 took us by complete surprise & we were not prepared for the total client shutdown in March and early Q1 of FY 20-21. This had a major impact on our Q4 performance along with the one-time hit of pre-planned closure of loss-making initiatives. Since then, we have taken corrective steps of bringing down the operation and infrastructure costs quickly to provide the flexibility and adaptability our clients expect from us.

Work from home (WFH) as engagement model is becoming new normal and our customers are accepting the change. We have successfully put entire ODCs under this model & are delivering with same effectiveness. This needed special focus on trainings, team and work management, data security aspects in terms of protecting customer IP, and necessary compliance agreements. The quick and bold BCP initiatives received lot of our client’s appreciation including new client wins which will help strengthen our relationship in the long run”

# FY20 Financial Highlights

- Onward Technologies Limited is now a long term debt free company
- Onward eServices Limited, a 100% subsidiary, repaid working capital facilities through internal accruals and is 100% debt free
- At a consolidated level, turned around the net debt position from (Rs. 12.6 crores) to positive net cash of Rs. 3.9 crores
- Cash/share increased from Rs. 3.3 in FY19 to Rs. 14.0 in FY20
- Book Value/share increased from Rs. 39.1 in FY19 to Rs. 42.9 in FY20

# FY20 Business Highlights



## Marquee clients added:

- Leading US based Life Sciences Company
- German Luxury Car Manufacturer, one of the World's Largest Car Maker
- World's largest auto tier 1 supplier

## Region wise updates:

Vertical	Key initiatives
US Business	<ul style="list-style-type: none"><li>• Deepened presence into food processing and manufacturing industry in the mid west region – a large food supply chain hub</li><li>• Increased revenue share from one of our large clients, one of the big three auto OEMs</li></ul>
OeSL Domestic Business	<ul style="list-style-type: none"><li>• Deployed resources from data analytics team, one of the newer practices, into industries spanning across automotive, pharmaceuticals, shipping and logistics etc.</li></ul>
Germany Business	<ul style="list-style-type: none"><li>• Achieved significant breakthrough with two large auto OEMs. Expect work to begin in product design and automotive interiors in existing product range and in the area of autonomous vehicles</li></ul>

# FY20 Business Highlights



## Client

## Solution

UK based Luxury  
Automotive OEM

- For one of their premium models, supported design and development of interior & exterior parts for their facelift and future models
- Support provided right from feasibility of concepts, design & development of various parts, for tool kick-offs and then for series production

Leading Global Industrial  
Equipment  
Conglomerate

- Automation of their engineering drawings using technologies to reduce cost and bring in efficiencies
- Built a thermal analysis simulation for a nickel sodium based battery for one of their companies to analyse how temperature is distributed across their battery

Leading US based Life  
sciences and Lab  
furniture product  
company

- Engineering design services for biological safety cabinets, laboratory work stations & fume hoods, -80°C lab freezers, also known as ultra-low temperature freezers (ULT)
- Solutions for equipment and instruments used in labs working towards fighting covid-19

# FY20 Business Highlights



Client	Solution
Leading US based child seat manufacturer	<ul style="list-style-type: none"><li>• Involvement right from development of concepts, detail design and supporting this design to series production</li></ul>
Leading US based medical technology firm	<ul style="list-style-type: none"><li>• Reverse engineered the entire hospital bed basis on only the photo of the hospital bed without any CAD models/drawings</li><li>• Applied the reverse engineering concept, added new embedded electronic part to make the bed go up and down as per patient weight automatically. Designs were compatible with 3D printing</li></ul>
Leading Transportation company	<ul style="list-style-type: none"><li>• Cost engineered their entire diesel locomotive to manufacture in the lowest possible cost and also helped them in finding vendors who can manufacture them at the lowest cost</li></ul>
Leading tier 1 supplier in Germany	<ul style="list-style-type: none"><li>• Design &amp; development of advanced driver assisted system functions for the vehicles with trailers</li><li>• Detection of various types of trailers, sufficiency of sensor systems and simulations for park assists</li></ul>

# Consolidated Profit and Loss Statement

Details (Rs. cr.)	Q4 FY20	Q4 FY19	YoY (%)	FY20	FY19	YoY (%)
Income from operations	65.6	65.7	(0.1)%	271.5	261.0	4.0%
Other Income	0.2	0.9	(74.3)%	1.1	1.2	(10.6)%
<b>Total Income</b>	<b>65.8</b>	<b>66.5</b>	<b>(1.1)%</b>	<b>272.6</b>	<b>262.2</b>	<b>4.0%</b>
Cost of Income	56.0	48.5	15.4%	211.4	193.1	9.5%
<i>Cost of Income (%)</i>	<i>85.1%</i>	<i>73.0%</i>	<i>1,214 bps</i>	<i>77.6%</i>	<i>73.6%</i>	<i>391 bps</i>
Other Expenses	10.2	11.7	(13.0)%	36.7	45.5	(19.2)%
EBITDA	(0.4)	6.3	-	24.4	23.6	3.5%
<i>EBITDA Margin (%)</i>	<i>(0.6)%</i>	<i>9.5%</i>	<i>(1,002) bps</i>	<i>9.0%</i>	<i>9.0%</i>	<i>(4) bps</i>
Depreciation and Amortisation	2.7	1.3	106.1%	11.3	5.7	100.1%
EBIT	(3.1)	5.0	-	13.1	17.9	(26.9)%
<i>EBIT Margin (%)</i>	<i>(4.7)%</i>	<i>7.5%</i>	<i>(1,216) bps</i>	<i>4.8%</i>	<i>6.8%</i>	<i>(203) bps</i>
Finance Costs	0.8	0.8	1.6%	3.5	2.7	26.4%
Profit Before Tax	(3.9)	4.2	-	9.6	15.2	(36.6)%
<i>PBT Margin (%)</i>	<i>(5.9)%</i>	<i>6.3%</i>	<i>(1,219) bps</i>	<i>3.5%</i>	<i>5.8%</i>	<i>(226) bps</i>
Tax Expenses	(0.9)	1.0	-	3.4	5.1	(32.8)%
<i>Effective Tax Rate (%)</i>	<i>23.1%</i>	<i>23.7%</i>	<i>61 bps</i>	<i>35.3%</i>	<i>33.3%</i>	<i>199 bps</i>
Net Profit	(3.0)	3.2	-	6.2	10.1	(38.4)%
<i>Net Profit Margin (%)</i>	<i>(4.5)%</i>	<i>4.8%</i>	<i>(934) bps</i>	<i>2.3%</i>	<i>3.9%</i>	<i>(158) bps</i>
Basic EPS (Rs.)	(1.9)	2.0	-	3.9	6.5	(39.5)%

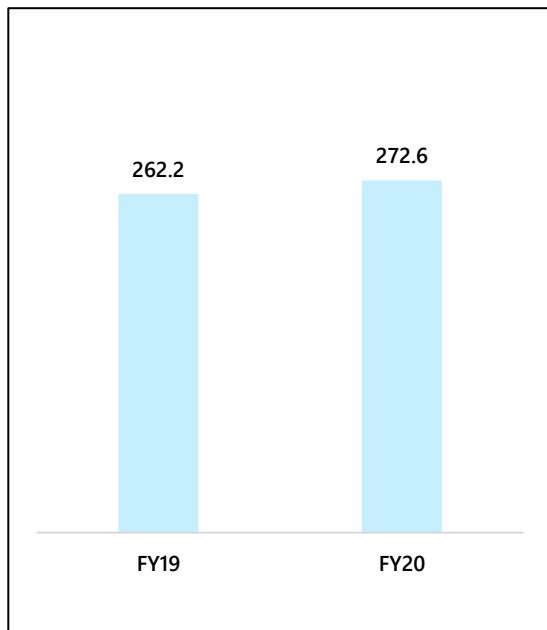
Note:

1) Impact of adopting IND AS 116 has resulted in an increase in finance costs by Rs. 1.8 cr, increase in depreciation and amortisation expenses by Rs. 6.2 cr and decrease in other expenses by Rs. 6.7 cr for the twelve months ended March 31, 2020

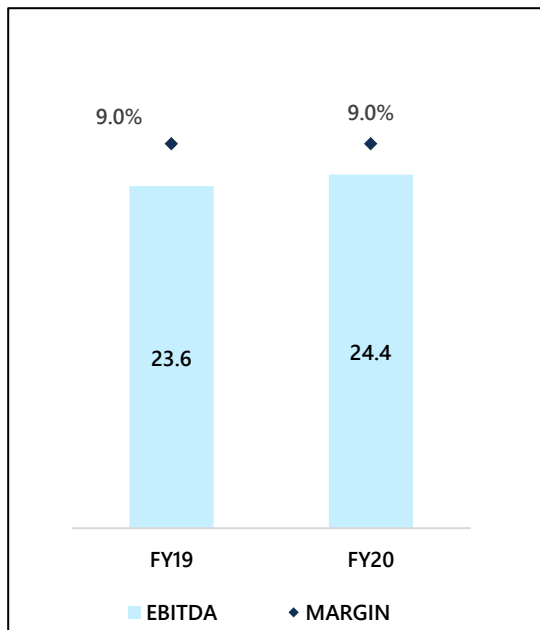
# Consolidated Financial Summary – FY20

In Rs. cr.

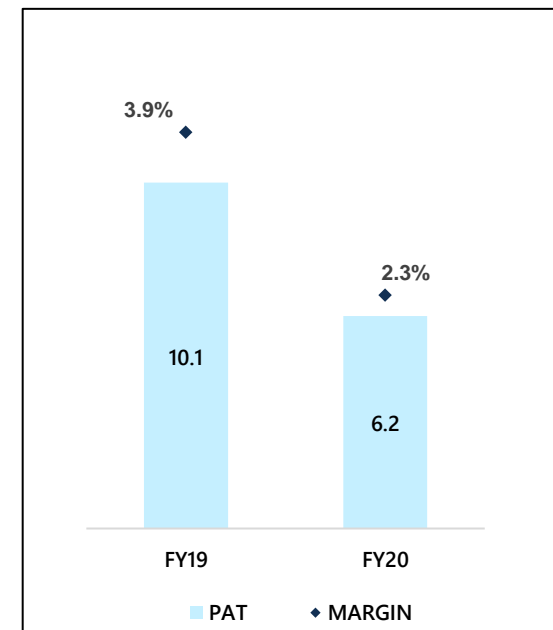
## Total Income



## EBITDA\*



## PAT



\*EBITDA = PBT + Interest + Depreciation



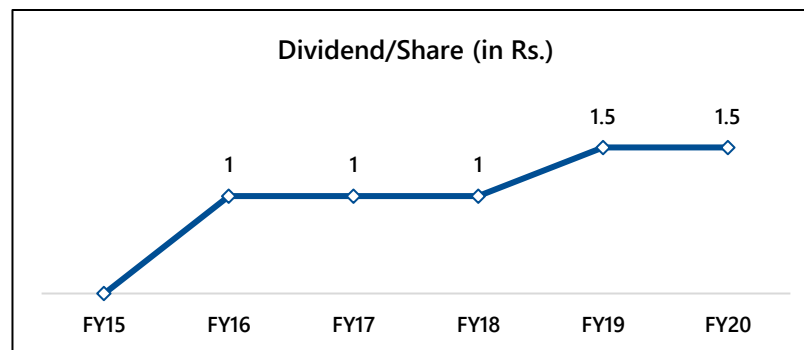
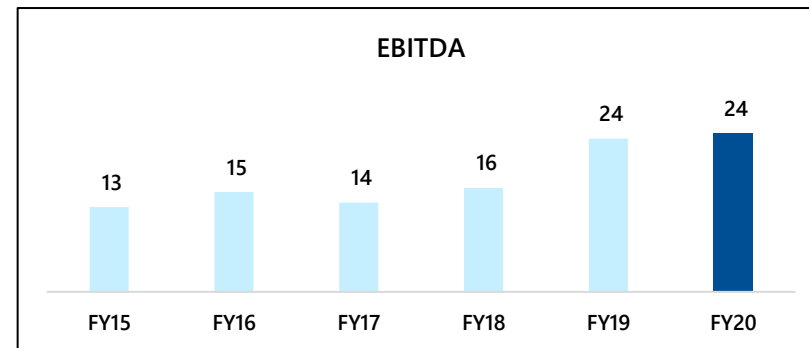
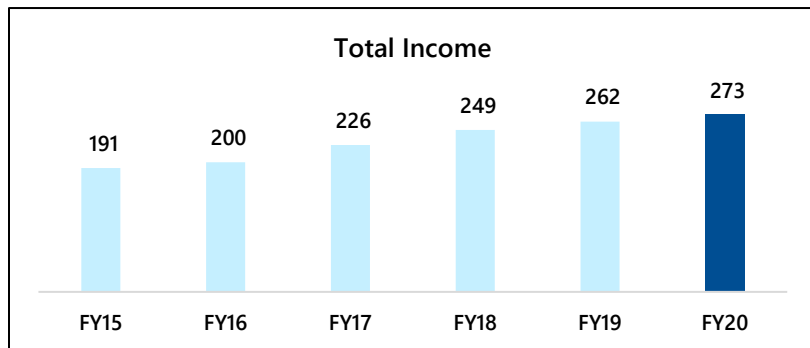
# Consolidated Balance Sheet

In Rs. cr.

ASSETS	FY20	FY19	EQUITY AND LIABILITIES	FY20	FY19
<b>Non-current assets</b>			<b>Equity</b>		
PP&E	8	10	Share Capital	16	16
Intangible Assets	4	6	Other equity	52	45
Intangible Assets under dev.	-	0	<b>Sub total - Shareholders' fund</b>	<b>68</b>	<b>61</b>
Right of use asset	16	-	<b>Non-current liabilities</b>		
<b>Financial Assets</b>			<b>Financial Liabilities</b>		
Loans	3	3	<b>Borrowings</b>	-	1
Deferred Tax Assets	3	2	Other Non Current Liabilities		
Income Tax Assets	19	16	Lease liabilities	11	-
Other Non-current Assets	0	1	Employee Benefit Obligations	2	3
<b>Sub total - Non current assets</b>	<b>53</b>	<b>37</b>	Deferred Tax Liabilities	1	1
<b>Current Assets</b>			<b>Sub total - Non current liabilities</b>	<b>14</b>	<b>5</b>
<b>Financial Assets</b>			<b>Current liabilities</b>		
Trade Receivables	50	49	Financial Liabilities		
<b>Cash and Cash Equivalents</b>	<b>18</b>	<b>4</b>	Borrowings	18	15
<b>Bank Balances other than above</b>	<b>4</b>	<b>1</b>	Trade Payables		
Contract Assets	4	9	a) Total Outstanding Dues of Micro Enterprises and Small Enterprises	0	0
Other Financial Assets	0	1	b) Total Outstanding Dues of Other Creditors	7	6
Income Tax Assets	-	2	c) Other Financial Liabilities	13	14
Other Current Assets	6	4	d) Lease liabilities	6	-
			Employee Benefit Obligations	2	1
			Income Tax Liabilities	1	-
			Contract Liabilities	0	0
			Other Current Liabilities	6	4
<b>Sub total - Current assets</b>	<b>83</b>	<b>70</b>	<b>Sub total - Current liabilities</b>	<b>54</b>	<b>41</b>
<b>TOTAL</b>	<b>136</b>	<b>107</b>	<b>TOTAL</b>	<b>136</b>	<b>107</b>

# Consistent Operating Performance – Last 5 years

In Rs. cr.

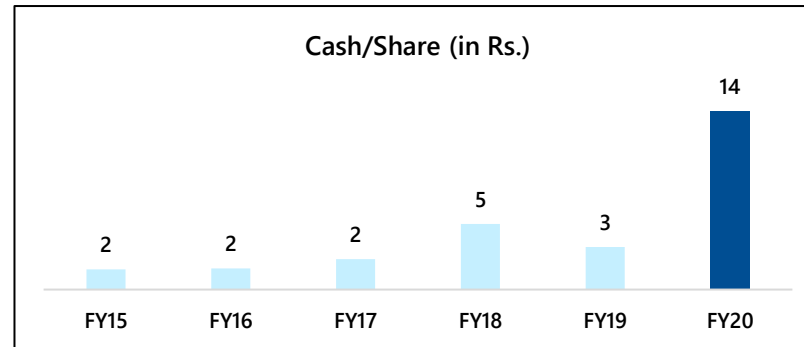
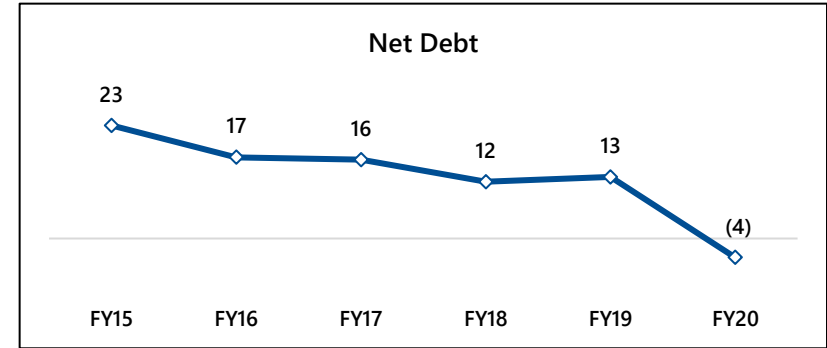
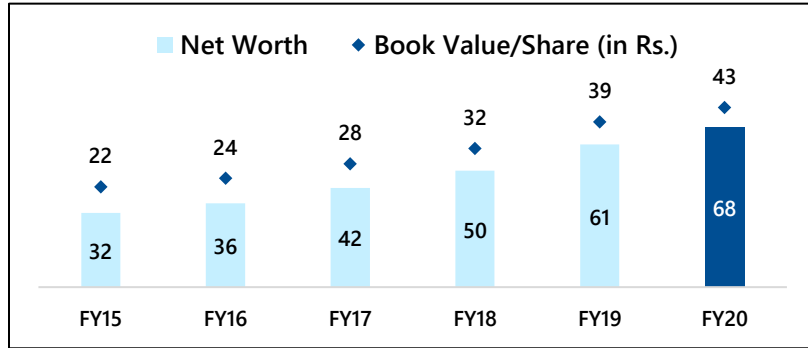


Calculation Methodology:

1) EBITDA = PBT + Interest + Depreciation

# Robust Balance Sheet – Last 5 years

In Rs. cr.

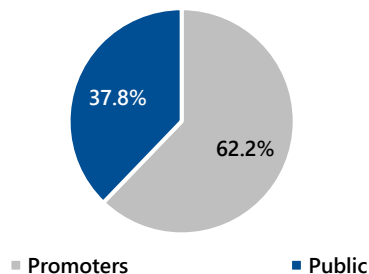


Calculation Methodology:

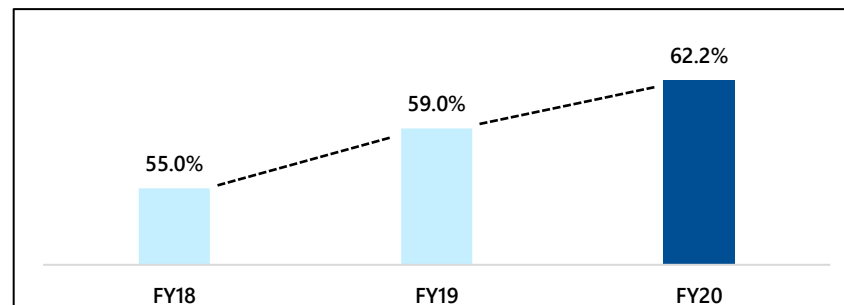
- 1) Net Debt = Long Term Borrowings + Short Term Borrowings – Cash
- 2) Cash includes cash equivalents and bank balances

Market Data	As on 15.05.2020 (BSE)
Market Capitalisation	Rs. 65.5 cr.
Market Capitalisation Free Float (~35%)	Rs. 22.9 cr.
Closing Price	Rs. 40.7
No. of shares outstanding	1.6 cr.
52 week High – Low (Current Price % of high)	Rs. 76.9 – 36.0 (~53%)
Promoter Pledge	Nil

### Shareholding Pattern (%)



### Promoter Shareholding Trend (%)



*This presentation contains statements that contain “forward looking statements” including, but without limitation, statements relating to the implementation of strategic initiatives, and other statements relating to Onward Technologies future business developments and economic performance. While these forward-looking statements indicate our assessment and future expectations concerning the development of our business, a number of risks, uncertainties and other unknown factors could cause actual developments and results to differ materially from our expectations. These factors include, but are not limited to, general market, macro-economic, governmental and regulatory trends, movements in currency exchange and interest rates, competitive pressures, technological developments, changes in the financial conditions of third parties dealing with us, legislative developments, and other key factors that could affect our business and financial performance. Onward Technologies undertakes no obligation to publicly revise any forward-looking statements to reflect future / likely events or circumstances.*



**Investor Relations Contact:**

**Prasan Abichandani – VP (Corporate Finance and IR)**  
Email ID: [prasan\\_abichandani@onwardgroup.com](mailto:prasan_abichandani@onwardgroup.com)

**Rohan Rege – Churchgate Partners**  
Email ID: [onward@churchgatepartners.com](mailto:onward@churchgatepartners.com)  
Contact No.: +91 22 6169 5988

**Onward Technologies Limited**  
2nd Floor, Sterling Centre, Dr A.B. Road,  
Worli, Mumbai – 400018  
CIN: L28920MH1991PLC062542

[www.onwardgroup.com](http://www.onwardgroup.com)

