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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 and half year ended September 30, 2024, held on Friday, October 18, 2024. The link to access the transcript of the earnings conference call [Q2 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  
Q2 FY ‘25 Earnings Conference Call”

October 18, 2024

**MANAGEMENT: MR. JIGAR MEHTA – MANAGING DIRECTOR –  
ONWARD TECHNOLOGIES LIMITED**

**MODERATOR: MS. JYOTI GUPTA – E&Y INVESTOR RELATIONS**

**Moderator:** Ladies and gentlemen, good day, and welcome to Onward Technologies Q2 FY '25 Earnings Conference Call. As a reminder, all participant 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. Jyoti Gupta. Thank you, and over to you, ma'am.

**Jyoti Gupta:** Thank you. Good evening to all of you. Welcome to Q2 FY '25 Earnings Call of Onward Technology Limited. The results and presentation have already mailed to you, and you can also view them on our website of [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 the 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 future, which can be construed as a forward-looking statement must be viewed in conjunction with 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 find in our website.

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

**Jigar Mehta:** Thank you, Jyoti. Good evening, everyone, and thank you for joining our Q2 Earnings Call. It's a pleasure to speak with all of you again. I hope you've received the results and the presentation for the quarter. We had an excellent board meeting earlier this morning, and I will share some more updates on both our financial performance for the last quarter and our corporate initiatives moving forward.

For the quarter Q2, our revenues were the highest at INR 123 crores and INR 240 crores for the first six months. Our EBITDA took a dip, largely due to a slowdown in the automotive vertical, particularly in the Tier 1 segment. This was one parameter. The second parameter was the investment in building our delivery engine for growth, which we mentioned last quarter. We continue to see strong momentum and new RFQs coming our way, and last quarter we onboarded over 300 new employees, with a net hiring of 133. These employees are being trained as we speak and will start working on projects in Q3 and Q4.

Although we haven't provided projections in the past, we discussed it at the Board level and thought it would be important to share some guidance with you. We are aiming to close this financial year between INR 490 crores and INR 520 crores in terms of revenue. In terms of the bottom line, we still believe we can achieve an EBITDA margin between 9% to 11% for the year.

Why we are investing despite the macroeconomic and geopolitical challenges, because we continue to see opportunities. It's just that we have to get better with execution, as I've shared before. If the external environment remains relatively stable, we aim to reach INR 600 crores in revenue next year, with a significantly higher EBITDA than this year.

All our fixed costs have been accounted for, and big investments are made. The only additional cost we incur is related to our delivery engine and our delivery team, which is a core part of our business.

During today's Board meeting, we also finalized a new ESOP scheme (2024). This will be run through a Trust and outsourced to a professional firm in Mumbai. It will be submitted to shareholders for approval. This scheme will replace the old one, which was at a base price of INR 20 per share. As per the new scheme, ESOP will now be offered at a discount of the market price, creating greater accountability for myself and my team, and ensuring that everyone has a stake in the company's future growth.

Another important thing from the Board meeting was the support we received for our plan to build a new campus in Pune. We believe we've reached a point where our global clients, would like to see us build a comprehensive engineering center with training centers, labs, COE, tear down facilities, etc. Currently, we have three offices in Pune—We own 2 of them, and third office we recently opened a new office for our healthcare vertical. Over the next two to three years, it will be great to bring together our entire Pune team, which will exceed 1,000 employees today and growing, in a state-of-the-art campus that includes labs and other facilities. This will also be huge for our employees who will be able to get direct access to the products they are working on.

In terms of customers, we continue to work with only high-quality clients. While some have been growing, some are static or have seen negative growth this quarter. Despite all this, we are optimistic about a revenue bounce-back. Starting in October, we've seen positive momentum. Two quarters ago, I mentioned a large deal that had stalled or been delayed, but I'm happy to report that billing for this project started on October 14. Similarly, a large automotive OEM project that we signed end of last year has now started billing in Q2. These are lot of positives from the quarter which I will discuss further.

Our number of customers went from 86 to 82. It had several Tier 1s and smaller company's transactions that we were part of, that we exited, largely due to geopolitical challenges in the US and Europe. However, our customers and we are optimistic that momentum will pick up. So far, we have not seen any major budget issues, but both we and our clients are being cautious with new investments.

Lastly, I'd like to highlight that we did a major vendor consolidation across our global offices. and committed to long terms outsourcing deals for ERP, HR, PSA, HR, Payroll, etc with contracts with Microsoft, Salesforce, LinkedIn, ADP, and others.

Additionally, our strong delivery team has developed several in-house tools and modules, customized to our future. We've already launched internal HR and recruitment tools last quarter, and we plan to roll out at least five more modules this year, all highly customized to our business processes and deeply integrated with our customer operations.

So again, a very proud moment for us. There are a lot of celebrations in terms of internally. We wish that revenue and the bottom line have been a bit better to share with you guys, but I'm sure we will bounce back. With that, I thank you all again for all your support, the belief and the trust in us.

I will now hand over to the operator to start the Q&A session. Thank you.

**Moderator:** Thank you. We will now begin the question-and-answer session. The first question is from the line of Mohit Motwani from Tara Capital. Please go ahead.

**Mohit Motwani:** My first question is on your guidance for FY '25 and '26. So, if I look at the remaining half of FY '25 and FY '26, the growth, which you're projecting for second half is about 14% and 18% for FY '26. Just want to understand what gives the confidence as –there is some slowdown in auto, many of your peers have spoken about the tough conditions in Europe. So just want to understand what gives the confidence on the growth? And secondly, which segment of your will be driving this growth? Will it be broad-based across all the sectors and verticals, or it will be some particular ramp-up of some deals which will drive this growth?

**Jigar Mehta:** Thank you for the question. Two points. First, regarding revenue growth —We're primarily talking about our order book and the confirmations and visibility we already have from our clients. In the last quarter, I shared that among our existing clients, we had 700 open positions. This quarter, we hired about 300 people, with a net addition of 133 after attrition. We're building our delivery engine capabilities towards where our clients want to go, and this is across the US, Canada, Europe, and India. So, with our existing clients, we have clear visibility into the work ahead. We haven't budgeted aggressively; instead, we've taken a conservative view based on last year's experiences with holidays, furloughs, occasional slowdowns, and even potential impacts from the geo political situation.

From what we've seen in the first two to three weeks of October, if that continues through the rest of the quarter and into early next year, we believe we can get to those numbers. In fact, we think there's even a strong chance we could better those numbers.

People are working hard, and our funnel is increasing every day. Bearing the slowdown in automotive tier 1 segment, I believe this is the strongest position and best times at Onward Tech. We've talked about the high-quality talent we have hired in the last 4 years, and they've all been doing a remarkable job in shifting from an on-site heavy business model to managed services

and offshore. Recently, we've won multiple projects and received several awards from our customers. So, it's really just a matter of time, till the revenue growth picks up better momentum.

**Mohit Motwani:** And in terms of now that you have invested aggressively behind the talent pool and also you have taken some wage hike I think in Q1, right? So, what is the guidance for the rest of the year in terms of margins and for FY '26?

**Jigar Mehta:** As I shared earlier, if everything continues with the momentum of the first two weeks of October, we should reach between INR 490 crores and INR 520 crores in revenue. On the EBITDA front, we should be still at 9% to 11%, similar to last year for this financial year. And for the next financial year, if the external environment calms down, we believe we should easily achieve INR 600 crores in revenue, with a much higher EBITDA than whatever we close with this year. There are no new one-time costs coming in for the next 12 to 18 months.

**Moderator:** The next question is from the line of Udit Desai from DES Capital . Please go ahead.

**Udit Desai:** I just wanted to understand in the next 5 years, say, where do you see Onward Technologies in 2030? And could I just have a broad overall strategy towards that goal, please? Thanks.

**Jigar Mehta:** So, the goal and vision are very straightforward, as we shared about 2.5 to 3 years ago. The first milestone is to build a \$100 million company, and we believe that the best thing for a company of our size is based on having 10 customers, each generating \$10 million in revenue. That's what we're focused on. Our focus on top customers remains strong, and that's why you see the percentage of revenues from our top 25 customers steadily growing.

Secondly, in terms of focus, we continue to focus on the 3 by 3 metrics that we shared last quarter. That's the new Onward Technologies, post the completion of the transformation and the transition from the legacy business. The two large verticals: Industrial Equipment and Heavy Machinery, and Transportation and Mobility, which together constitute about 95% of our revenue. The third, new vertical that we incubated, started in April under a new leadership team, is Healthcare and Life Sciences. These are our key verticals. As for key horizontals, Mechanical Engineering continues to be the backbone of the company accounting for about 50% of our revenue. The second is Digital Engineering, and the third is Embedded Engineering services. We are seeing momentum and RFQs in all three areas, and it's all about continuously investing and staying ahead of the curve from a delivery perspective. And we are trying to do that every day

In simple summary, the 3x3 metrics, focusing on 10 large customers which can generate \$10 million in revenue per year, will get us to \$100 million. That should be a 15% to 20% EBITDA. If my team can execute this with our state-of-the-art delivery centers that we have opened in Pune, Chennai, Bangalore, and Hyderabad, I think we will be in good shape.

All the heavy lifting and investments have been completed. We have strong leadership teams in Europe and the U.S., and our operational engine is performing well. Automation is now completely under our control with in-house automation team, which was in delay mode because we are constantly buying market products and trying to integrate them.

We currently have around 2,600 employees, and we don't need to hire more to achieve our goals. The delivery engine is already in place. We must continue to invest in training and L&OD to customize for our respective client projects/ RFQs.

**Moderator:** The next question is from the line of Sriram Rajan, who is an Individual Investor.

**Sriram Rajan:** I think the previous call or the one prior to that FY '24, I had asked this question saying whether there's going to be a revenue that's linear and you were saying that it is more of getting still resources on-site than adding volume engine in India. But it looks like, again, the hiring is back. Is this going to continue quarter after quarter? Or what's your sense about this?

**Jigar Mehta:** So, it's exactly what we've shared over the last year, and I think in a couple of quarters, including last quarter. The hiring is back—both. When we say we hired about 300-odd people, it's not only in India. We've actually grown in the U.K. Our Germany business has grown marginally, and our U.S. and Canada business has grown as well.

So, we are hiring a lot of people there. A lot of the hiring we've done over the last year, where costs were loaded, was for account managers, account sales managers, account delivery managers, and building the leadership team in Europe and the U.S. The majority of that has been completed now.

The rest will be for replacements and stuff. The new hiring we did last quarter came from a lot of large customers, especially the GCCs, who opened up many positions. For Onward, where we used to be ranked #7 or #8 with some customers, we are now in the top 5 or top 3, which opens up more opportunities for us to grow. A lot of our work, which used to be on-site over the last 3 to 5 years, is now moving offshore.

Hence, we are strengthening our delivery engine and infrastructure as well. It's all the same thing. I think it's all about—well, we decided to push, as soon as the Board approved it. It's a perfect time for us to build our delivery engine, consolidate our operations internally, and then going after scale. What we didn't anticipate was the sudden slowdown that hit us in September. Otherwise, revenue and margins would have been much higher.

**Sriram Rajan:** So do you think this number would stay in the 2,600 range or you foresee a similar hiring in the subsequent quarters as with Q3, Q4 of this year?

**Jigar Mehta:** I think the number we had given as 2,700 by the end of March. And I think that's a good number for us to be, unless the India business ends up growing much faster in Q4. Today, India has been

the best country to be in. I think you would agree with me in terms of stability, in terms of geopolitics, in terms of everything. So, there is a momentum building up here that we had not anticipated, and we want to make sure we capture that if it does come up, right? The GCCs are growing, they are expanding, and things are looking very positive.

**Sriram Rajan:**

I agree. I run my own business, so I understand this, yes. So, Jigar, just that the EBITDA has been a little below par from where we had forecasted it to be. And I think the September slowdown perhaps is a cause. And the cost of those 300 resources or net 150, 180 that's come in, is going to get actually loaded in Q3. So, will this have a bearing on the overall EBITDA and given that the guidance of 9% to 11% for the year, will this all, that means you are looking at a much higher EBITDA in Q3, Q4, despite the cost getting loaded in Q3 completely? Is it correct understanding of mine?

**Jigar Mehta:**

I think it's—September was a slowdown, but what I see from the market and our customers in October is that suddenly we are seeing positivity again, right? It's a very drastic shift, as you've seen. I would like to believe that other companies must be seeing something similar. And that's where we are at. So, we do believe that will increase. Also, if you look at H1, I think it's been about 8%, so it's not that bad. We were hoping to be at 11% or 12%, and that's where we are now, right? So, it's not that big a change.

I think it's more about the projects that were stalled for the last 3 to 6 months. In some places, we've seen positive movement, while in others, we're still hoping to see positive movement. These are large projects, right? Some of the biggest projects we have won, or customers that have shortlisted us.

It's about getting the momentum right. We've suddenly had people flying to the U.K., Canada, and the U.S. in the last few weeks. So, things are moving, and I think it can only get better from where we are today. That's why I felt comfortable sharing some guidance with you as well, so you understand that this isn't bad. I think it's just about the right timing, a few days here and there.

**Sriram Rajan:**

So last question, I'm just asking it as an order of magnitude question. For example, if the guidance is towards INR 600 crores for FY '26 and say, close to INR 520 crores, you've given a band which is INR 490 crores to INR 520 crores, but let's assume you get above INR 520 crores. Are these internal targets for the leaders and reps adding up to this and more? Or how does it work?

**Jigar Mehta:**

It's always more for the sales team. Please keep in mind that the majority of our sales team in Europe and the U.S. has been hired or transferred in the last two years. They have had the time to settle down, build credibility with the customers, and get to know the customers' buying patterns, the sales cycle, and the process.



We were expecting that this year, right? So, there are no two ways about that. We thought there would be momentum based on our deal pipeline and the visibility we had at the start of the year. Things got delayed because of a lot of external factors, which are beyond our control. We do believe that next year will continue to remain strong, and I think it can be even better, but we must execute. I don't want to overpromise. I want to make sure that we are able to execute this seamlessly.

**Moderator:** The next question is from the line of Sanjeev Damani from SKD Consulting.

**Sanjeev Damani:** Actually, you have just now mentioned that anticipating a very good growth in Indian business. Actually, that was my question, that how much we will be able to help the Indian manufacturing getting into international supplies that is in the engineering design and engineering facilitation. And how much is AI business that is taking place in manufacturing will help us get more business? My two questions, sir.

**Jigar Mehta:** These are great questions, but unfortunately, I don't think I can answer any of them because the work we do for our customers is very confidential, and they don't allow us to share specifics about what is AI and what is non-AI. What I can tell you is about our India business; we are only working with multinational companies that have captive centers or GCCs in India

So, we don't work with Indian companies that are going global. Now, from a GCC perspective, things were very slow and calm for us in the last 12 to 18 months. What we are seeing, because of the global geopolitical situation and because of so many things happening in the world today—and I hope that there is peace soon—there is a huge opportunity opening up with the GCCs for existing suppliers who have built credibility in the last 3 to 5 years. That's where we've taken our hiring; we've done some aggressive hiring in Q2, and I think that's going to help us in terms of customer satisfaction and improving our capability with the customer.

So, that's what we are focused on. The GCCs, I believe, the customers we work with, which are some of the biggest brands and companies in the world. I think they're going to grow and invest 2x to 3x in India in the next few years. This is a massive opportunity opening up for everybody who is building capabilities. Number two, the value play on the technology side is that we're not a staffing or payroll vendor.

A lot of those vendors are getting rebadged toward engineering services companies, and many large engineering companies that have never focused on the GCC business are now entering aggressively. So, all in all, it's very positive. The market is growing, and there's a lot of

opportunity for you to grow. I think the external environment in Europe and the U.S. will only fuel GCC growth even further. That's what we are getting ready for.

**Sanjeev Damani:** And sir, this GCC word I could not follow sir, if you can kindly clarify what is this GCC, the word that you used?

**Jigar Mehta:** It's the Global Capability Center, the Global Captive Center, or the Global Cost Center for multinationals in India. There's a lot of different terminology for it.

**Moderator:** The next question is from the line of Sriram Rajan, who is an Individual Investor.

**Sriram Rajan:** So, my experience with GCC is that the margins are much lesser than what we get for fixed player on-site contracts. I don't know how it's for you but will that have a bearing on the overall EBITDA. You've factored that in when you gave your guidance, but I just thought I will ask it.

**Jigar Mehta :** The guidance that we have given is after consideration of all of the above. Absolutely, the GCC business margin will be much lower than what you would do directly with the customer in the U.S. or Europe.

So, I think there are no more questions, so I can quickly summarize. Again, a big thank you to everybody who joined today. We are looking forward to the next two quarters, and I am very happy to hopefully share some more progress at the end of Q3. I wish you all a very happy Diwali, and thank you for your continued support. Have a lovely evening. Thank you.

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

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