

**Onward Technologies Limited**

BSE: 517536, NSE: ONWARDTEC

**Q2 and H1 FY20 Earnings Presentation**

CREATING A STRONGER  
FUTURE TOGETHER



- Engineering Services
- IT Consulting Services
- Product Sales & Support
- Staffing Services





# // About Us

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



- Established in the Year **1991**
- One of the Pioneers in **Engineering Design Services** and **IT Consulting** from India



**ISO 9001:2015**  
**ISO 27001:2013**



## Legacy

Founder of Onward Technologies, **Mr. Harish Mehta**, co-founded **NASSCOM**, the leading trade association of Indian IT and BPO Industry



## Execution Capabilities

**8,500+** Projects Delivered  
**50 Million** Hours of engineering work



## Employee Strength

**+2,500** employees  
**~50%** Mechanical engineers



## Flexible Business Model

**Engineering** excellence centre  
**Customised** solutions  
**Onsite** consultancy



## Client Pedigree

**Fortune 1,000** companies



## Key Financial Metrics

**5 year Revenue CAGR: 9%**  
**5 year PAT CAGR: 167%**  
**FY19 ROE: 18.3%, ROCE: 20.8%**



## Mission

Onward delights the customers by relentlessly **driving technological advancements and innovation** that become essential to stay ahead of the competition at affordable cost.



## Vision

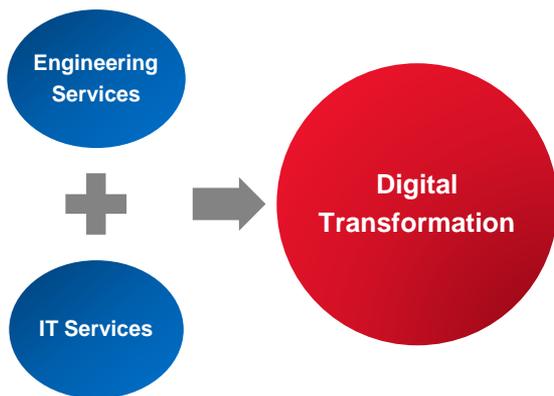
To achieve **sustained leadership position in providing superior engineering services to global manufacturing companies** cutting their time-to-market, with substantial cost savings.



## Core Values

Onward has 4 core values, **Trust, Confidentiality, Accountability, Integrity** that are embedded in its DNA, providing quality service to its customers or employees.

## What we do



## Industries we serve



Automotive



Aerospace



Off - Highway



Industrial



Auto Electric



Heavy Engg.



Locomotive



Consumer &  
Healthcare

## Growth Opportunities



Product Lifecycle Management (PLM)



Internet of Things (IoT)



Analytics



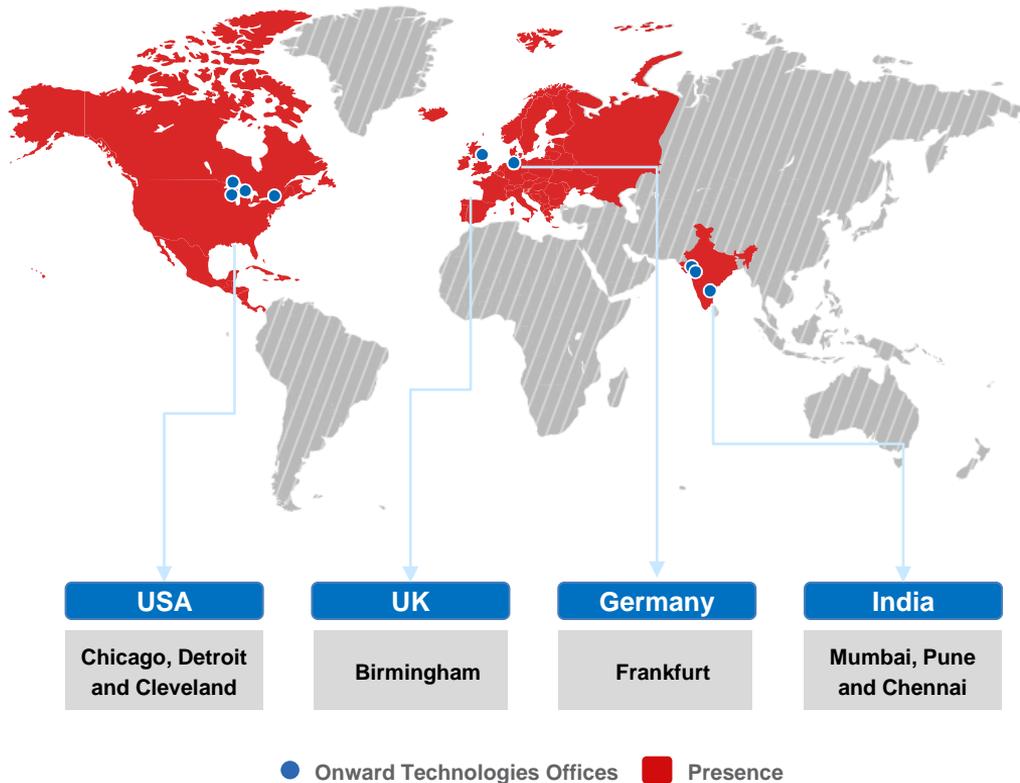
Artificial Intelligence (AI)



Robotic Process Automation (RPA)



Machine Learning



## INFRASTRUCTURE

- Secure Environment
- Over 100,000+ sq. ft. of Design & Delivery Centers
- Business Continuity and Back-up Redundancy
- Strong Ecosystem for Scanning, Prototyping, Testing and Manufacturing Support
- Dedicated Line for Data Transfer
- Video Conferencing Facility



Pune Office

# Key Clientele

A leading American  
**Heavy Equipment  
Manufacturer**

A leading  
**German Auto  
Carmaker**

A leading  
**British  
Equipment  
Manufacturer**

A leading  
**Global Pharma  
Company**

A Global  
**Digital Leader  
and Supplier to  
Heavy Industries**

A major Swiss  
Manufacturer of  
**Escalators and  
Elevators**

A leading Manufacturer  
of Engines and  
Generators for  
Automobile Sector

A leading  
**British Luxury  
Carmaker**

12 offices worldwide, 15+ excellence centres catering to Fortune 1000 companies

# Board of Directors



**HARISH MEHTA**  
EXECUTIVE CHAIRMAN



**JIGAR MEHTA**  
MANAGING DIRECTOR



**PRANAY VAKIL**  
DIRECTOR



**NANDKUMAR PRADHAN**  
DIRECTOR



**PRACHI MEHTA**  
DIRECTOR



**RAHUL RATHI**  
DIRECTOR



**PARISH MEGHANI**  
DIRECTOR

# Management Team



## Jigar Mehta

Experience: ~17 years  
Education: B.B.A. (Boston University)

**Managing Director**



## Vignesh Kumar

Experience: ~25 years  
Education: B.E., M.B.A.

**EVP and Head - EDS**



## Satish Ramanan

Experience: ~31 years  
Education: M.Com., M.B.A.

**SVP and Head – IT Services**



## Pratish Mehta

Experience: ~14 years  
Education: B.E. (Electronics and Telecom.)

**SVP – US Operations**



## CA Devanand Ramandasani

Experience: ~15 years  
Education: Chartered Accountant

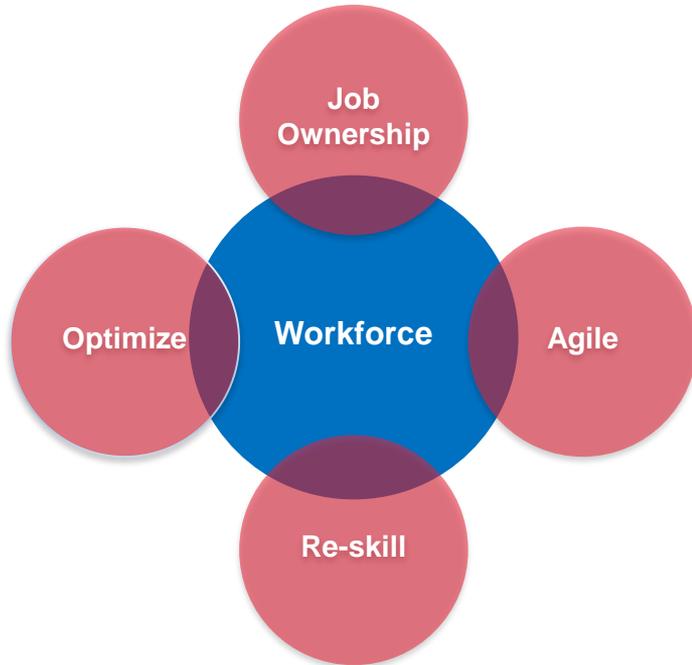
**Chief Financial Officer**



## Sujata Singh

Experience: ~21 years  
Education: M.B.A.

**SVP and Global Head - HR**

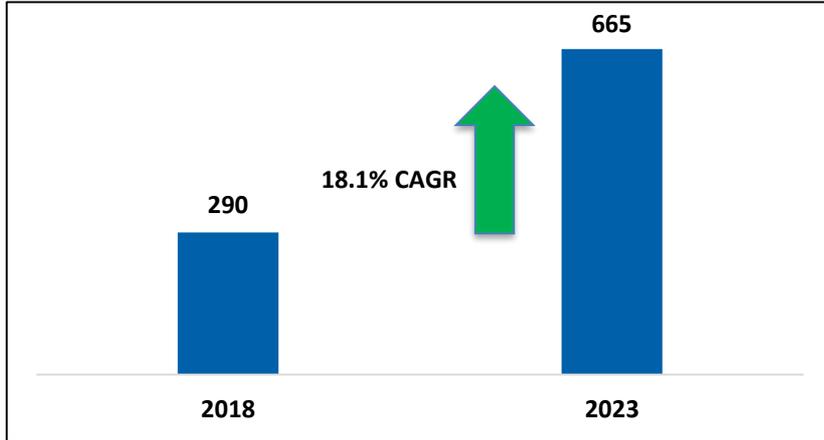


- ✓ Focus on bringing on board **top experts** with **diverse and rich experience across domains**
- ✓ **Business heads and team members to take ownership** of deliverables
- ✓ **Agile workforce** to meet dynamic needs of clients
- ✓ **Re-skill** to tap into **lucrative business** opportunities
- ✓ **Optimize teams** to build a lean and productive organization

# // Industry Trends

# Digital Transformation Market

## Digital Transformation Market Size (USD Bn.)



## Technology

- Robotics
- IoT
- 3D Printing
- Advanced Human Machine Interface (HMI)
- Big Data and Analytics
- Machine Learning and AI

## End User Industry

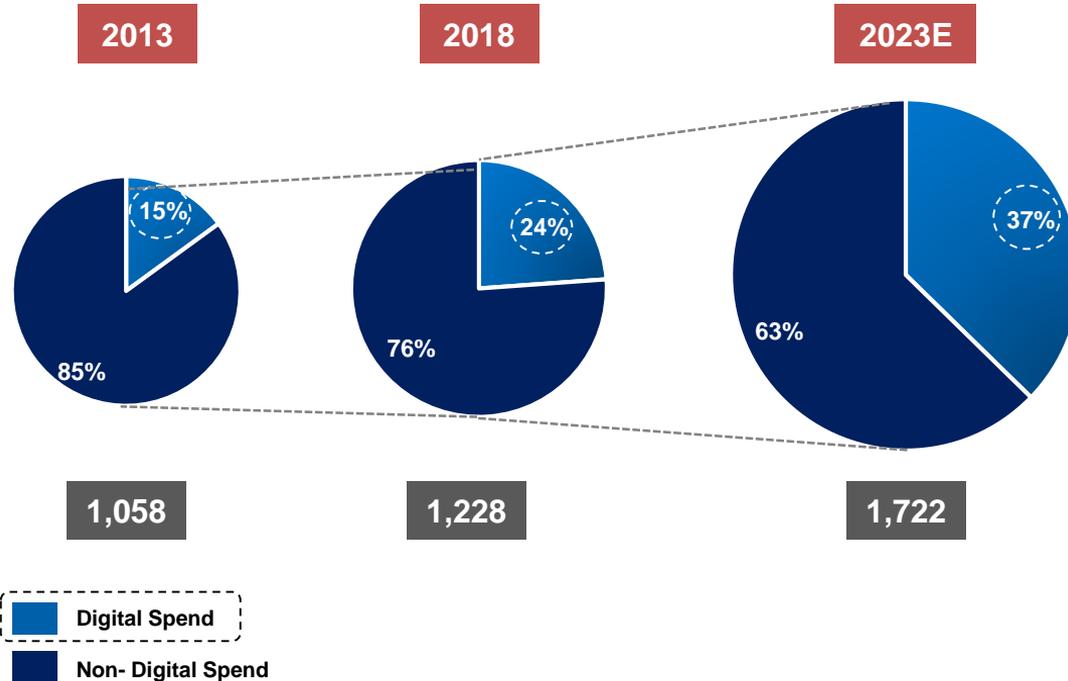
- Automotive
- Aerospace and Defence
- Pharmaceuticals
- Consumer
- Healthcare
- Electrical and Electronics

**Digitalizing business operations >> Addressing evolving customer preferences >> Higher Operational Efficiency**

**Key Drivers >> Rise in Mobile devices and Apps, Higher IoT penetration, Cloud services, Need to improve operational performance to gain competitive benefits**

# Global Engineering R&D Spend Landscape

## Global ER&D Spend (USD Bn.)



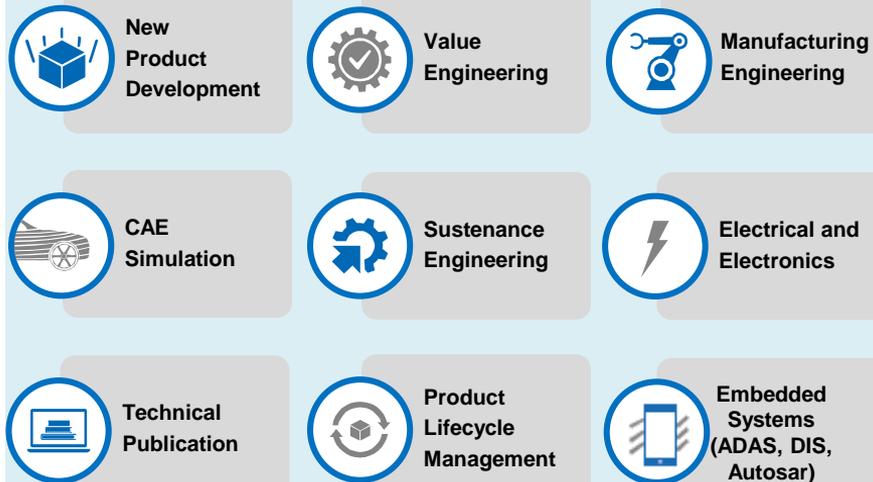
### Digital Engineering spend drivers:

- Customer Experience led **Software Platform** deals
- **Digital Product Development** (Connected Asset Management/Predictive maintenance)
- **IoT Platform Engineering** and Integration
- **API Economy**
- **Legacy migration** and modernization
- Operations/Product Support (**Analytics, V&V**, etc.)

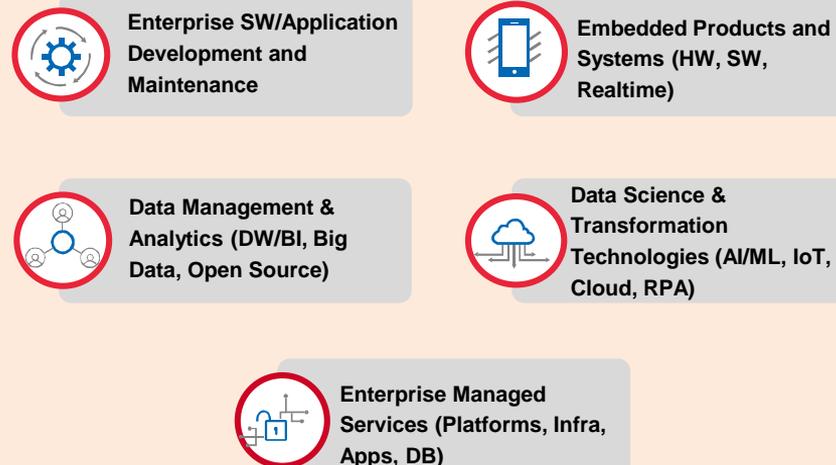
**Digital Engineering Spend to account for ~37% of ER&D spend by 2023**

# // Business Overview

## Engineering Services



## IT Services



Objective >>> Leverage Core Engineering + Advanced IT Capabilities >>> Digital Transformation for Clients

## 1 Auto-embedded/ Electronics

- Navigation & Connectivity
- HMI, Head-Unit & Infotainment
- Lighting, Seat, Keyless entry
- EMS/BMS
- EV-Motor/Gen./ Trans. Control
- ABS, ESP, ESC, Suspension/ Steering, EPAS

## 2 Product Design

- Project Scoping
- Benchmarking
- Concept design engineering
- Design Feasibility
- Prototyping
- Manufacturing drawing

## 3 Manufacturing

- BIW Fixture design
- Weld Fixture design
- Line Automation
- SPM design
- Robotics Engineering
- Industrial Engineering
- Process Optimization

## 4 FEA/CFD

- Meshing
- Structural & Thermal FEA
- Durability & Fatigue
- Crash Analysis
- NVH Analysis
- CFD Analysis

## 5 Technical Publications

- Technical Authoring
- Illustrations
- Animation
- App development
- Translations

## 6 Should costing and VAVE

- Product Costing
- Part Redesign
- Weight Optimization
- Alternate Material
- Process Re-Engineering
- Reverse Engineering
- Standardization

## 1 App Development & Maintenance

- Developing New Applications
- Full Fledged ERP for the Primary
- Agricultural Society (PACS)
- ERP for Textile Industry
- Web Centric Application for Financial Services
- Point of Sales
- Production Management System
- Custom Software development

## 2 Enterprise Manged Services

- Microsoft
- Oracle
- AP
- Open Source
- Infosys - Finacle
- Customer Relationship Management (CRM)
- Management (CRM)
- Supply Chain Management (SCM)
- Data Warehousing
- Business Intelligence Services

## 3 Embedded Products and Systems

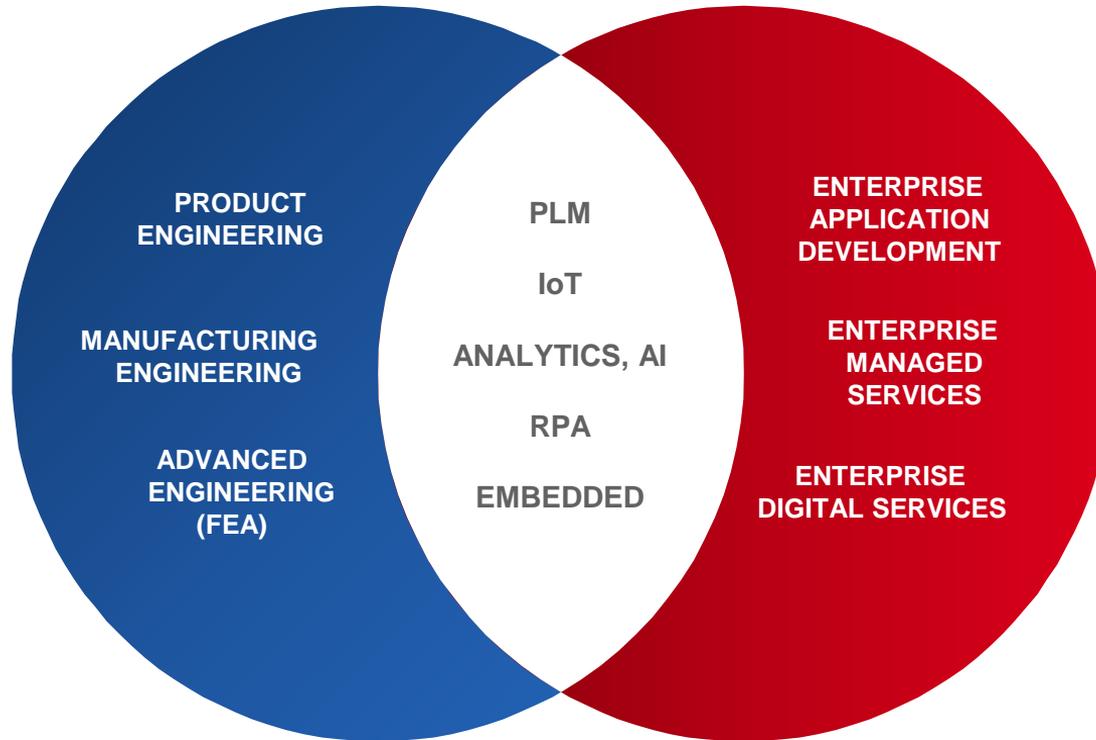
- Hardware Engineering
- Firmware & S/W Engineering
- New Product Development
- Obsolescence Management
- Engineering
- S/W - Health Monitoring System

## 4 Social Mobility Analytics Cloud (SMAC)

- Infrastructure Management Services
- Consulting
- Cloud
- Software Development /
- Mobile Apps Development
- Software Testing
- Big Data Analytics

## 5 Digital Transformation (Internet of Things)

- Connected Products
- Connected Healthcare
- Digital Manufacturing
- Remote Monitoring
- Smart Cities



Convergence of Engineering and IT Capabilities >> Transformational Digital Solutions across the spectrum

# // Strategy and Outlook



## 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 **Global 1000 companies**

Right size organization  
to provide

**Stability**



as well as

**responsiveness**

with executive attention



Exclusive focus on  
design thinking, **digital  
transformation** and  
**product engineering**

Proven expertise in delivering  
Engineering Services and  
IT Solutions to

**Global 1000**

companies

A capable leadership to



**guide | mentor  
provide maturity**

and ensure success

Ability to



**ramp-up on-demand**  
**across the globe**

on a short notice

Flexible business and  
engagement model to  
provide

**agility** and

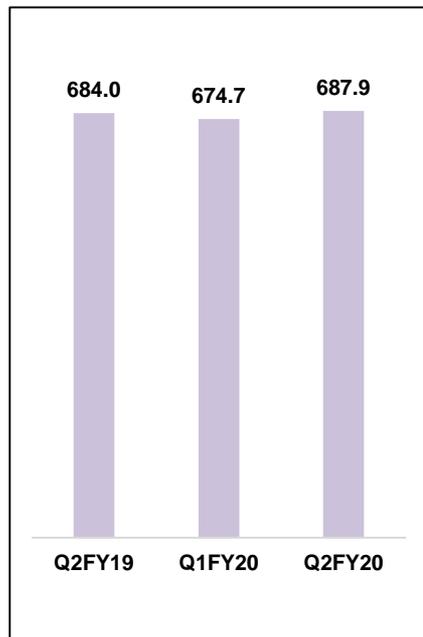


**cost effectiveness**

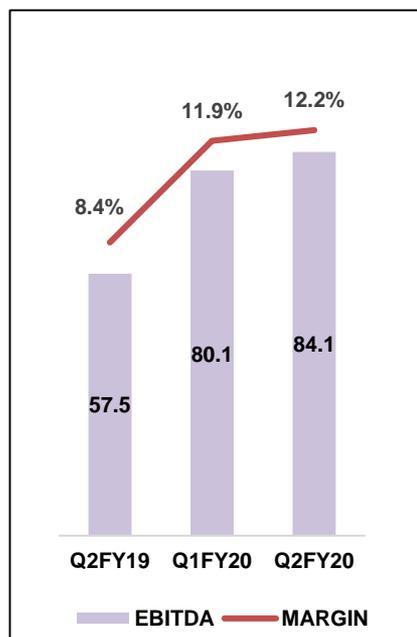
# // Quarterly Highlights

# Consolidated Financial Summary – Q2 FY20

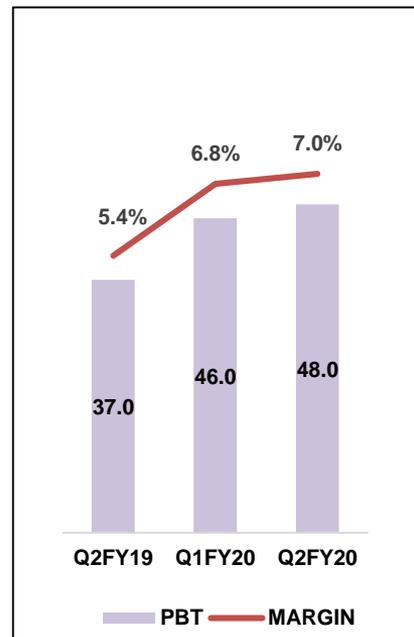
## Operating Revenue



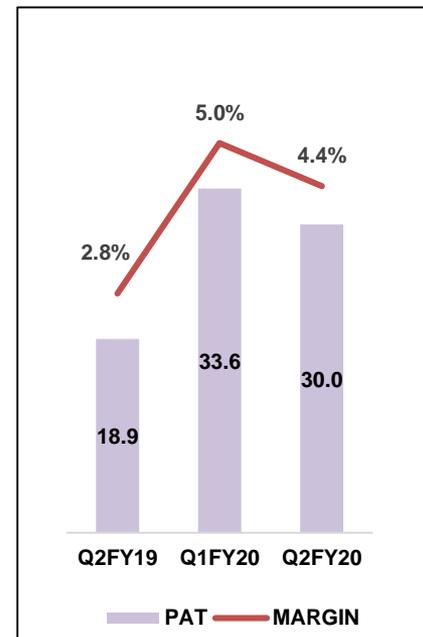
## EBITDA\*



## PBT



## PAT



In Rs. Million

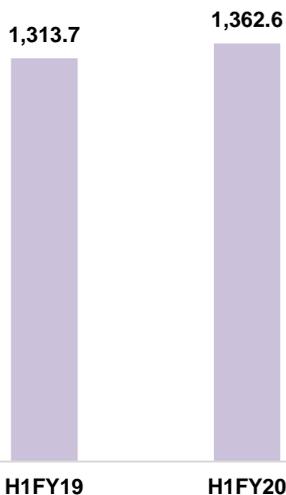
**Focus on Improving Profitability >>> PBT up ~30% and PAT up ~59% Year on Year (YoY) in Q2FY20**

\*EBITDA = PBT + Interest + Depreciation – Other Income

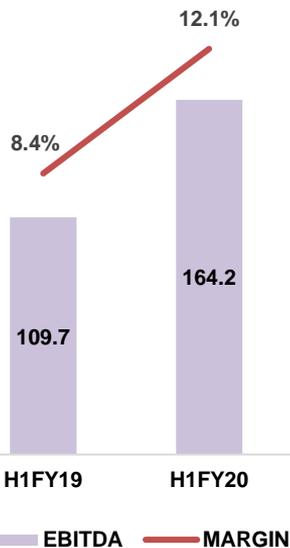
Note: Post transition to INDAS 116, Depreciation and Tax Expense for this quarter is not comparable to previous periods. Refer note on slide number 25

# Consolidated Financial Summary – H1 FY20

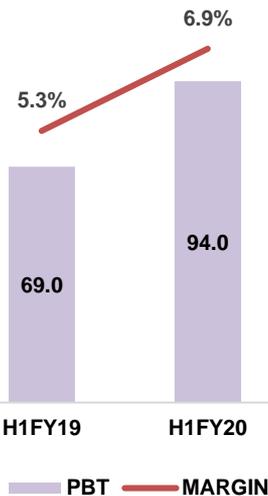
## Operating Revenue



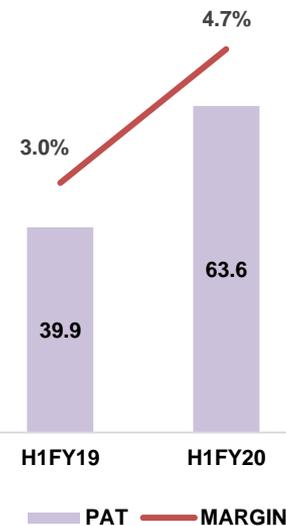
## EBITDA\*



## PBT



## PAT



In Rs. Million

**Focus on Improving Profitability >>> PBT up ~36% and PAT up ~59% Year on Year (YoY) in H1FY20**

\*EBITDA = PBT + Interest + Depreciation – Other Income

# Consolidated Profit and Loss Statement

Details (Rs. Mn.)	Q2 FY20	Q2 FY19	YoY	H1 FY20	H1 FY19	YoY
<b>Income from operations</b>	<b>687.9</b>	<b>684.0</b>	<b>0.6%</b>	<b>1,362.6</b>	<b>1,313.7</b>	<b>3.7%</b>
Purchase of traded goods	0.1	25.4		2.8	41.7	
Employee Benefit Expenses	514.8	472.8		1,017.7	925.2	
Other Expenses	88.8	128.3		177.8	237.1	
<b>EBITDA</b>	<b>84.1</b>	<b>57.5</b>	<b>46.3%</b>	<b>164.2</b>	<b>109.7</b>	<b>49.7%</b>
<b>EBITDA Margin (%)</b>	<b>12.2%</b>	<b>8.4%</b>	<b>383 bps</b>	<b>12.1%</b>	<b>8.4%</b>	<b>370 bps</b>
Depreciation and Amortisation	28.7	14.8		57.6	28.8	
<b>EBIT</b>	<b>55.5</b>	<b>42.7</b>	<b>29.7%</b>	<b>106.6</b>	<b>80.9</b>	<b>31.7%</b>
<b>EBIT Margin (%)</b>	<b>8.1%</b>	<b>6.2%</b>	<b>181 bps</b>	<b>7.8%</b>	<b>6.2%</b>	<b>166 bps</b>
Finance Costs	9.0	6.0		18.4	13.2	
Other Income	1.6	0.2		5.8	1.2	
<b>Profit Before Tax (PBT)</b>	<b>48.0</b>	<b>37.0</b>	<b>29.8%</b>	<b>94.0</b>	<b>69.0</b>	<b>36.2%</b>
<b>PBT Margin (%)</b>	<b>7.0%</b>	<b>5.4%</b>	<b>157 bps</b>	<b>6.9%</b>	<b>5.3%</b>	<b>165 bps</b>
Tax Expenses	18.0	18.1		30.4	29.1	
<i>Effective Tax Rate (%)</i>	37.4%	48.9%		32.4%	42.1%	
<b>Net Profit</b>	<b>30.0</b>	<b>18.9</b>	<b>59.0%</b>	<b>63.6</b>	<b>39.9</b>	<b>59.2%</b>
<b>Net Profit Margin (%)</b>	<b>4.4%</b>	<b>2.8%</b>	<b>161 bps</b>	<b>4.7%</b>	<b>3.0%</b>	<b>163 bps</b>
Basic EPS (Rs.)	1.9	1.2	56.7%	4.0	2.6	56.5%

Note: Due to transition to INDAS 116 the nature of expenses in respect of operating leases has changed from "lease rent" to "depreciation cost" and "finance cost" for the right to use assets and for interest accrued on lease liability respectively, and therefore these expenses for the current period are not comparable to the previous periods disclosed.

# Consolidated Balance Sheet Statement

ASSETS (Rs. Mn.)	H1FY20	FY19	EQUITY AND LIABILITIES (Rs. Mn.)	H1FY20	FY19
<b>Non-current assets</b>			<b>Equity</b>		
PP&E	86.2	97.8	Share Capital	159.8	158.0
Intangible Assets	53.4	56.6	Other equity	495.2	452.1
Intangible Assets under Development	0.0	1.8	<b>Sub total - Shareholders' fund</b>	<b>655.0</b>	<b>610.2</b>
Right of use asset	187.8		<b>- Non-current liabilities</b>		
Financial Assets			Financial Liabilities		
Loans	31.1	28.6	Borrowings	-	6.5
Deferred Tax Assets	18.2	17.0	Lease liabilities	129.2	-
Income Tax Assets	158.2	158.1	Employee Benefit Obligations	26.3	22.7
Other Non-current Assets	4.5	6.2	Deferred Tax Liabilities	5.7	5.2
<b>Sub total - Non current assets</b>	<b>539.4</b>	<b>366.1</b>	<b>Sub total - Non current liabilities</b>	<b>161.1</b>	<b>34.4</b>
<b>Current Assets</b>			<b>Current liabilities</b>		
Financial Assets			Financial Liabilities		
Trade Receivables	463.9	489.1	Borrowings	127.1	154.5
Cash and Cash Equivalents	46.5	43.4	Trade Payables		
Bank Balances other than above	12.8	8.3	a) Total Outstanding Dues of Micro Enterprises and Small Enterprises	6.9	4.4
Contract Assets	137.3	85.5	b) Total Outstanding Dues of Creditors other than above (a)	56.3	56.2
Other Financial Assets	4.2	10.6	c) Other Financial Liabilities	5.1	26.6
Income Tax Assets	0.2	19.4	d) Lease liabilities	60.0	-
Other Current Assets	47.7	44.2	Employee Benefit Obligations	19.9	20.9
			Income Tax Liabilities	1.4	-
			Contract Liabilities	-	0.6
			Other Current Liabilities	159.0	158.7
<b>Sub total - Current assets</b>	<b>712.6</b>	<b>700.6</b>	<b>Sub total - Current liabilities</b>	<b>435.9</b>	<b>422.0</b>
<b>TOTAL</b>	<b>1,252.0</b>	<b>1,066.6</b>	<b>TOTAL</b>	<b>1252.0</b>	<b>1066.6</b>

# // Financial Overview

# FY19 Consolidated Financials Snapshot

FY19

Revenue

Rs 2,595.0 mn

EBITDA

Rs 208.9 mn

EBITDA Margin

8.1%

PAT

Rs 101.3 mn

PAT Margin

3.9%

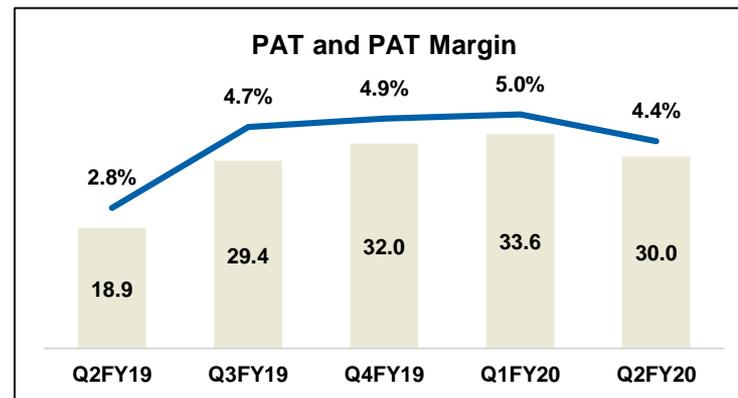
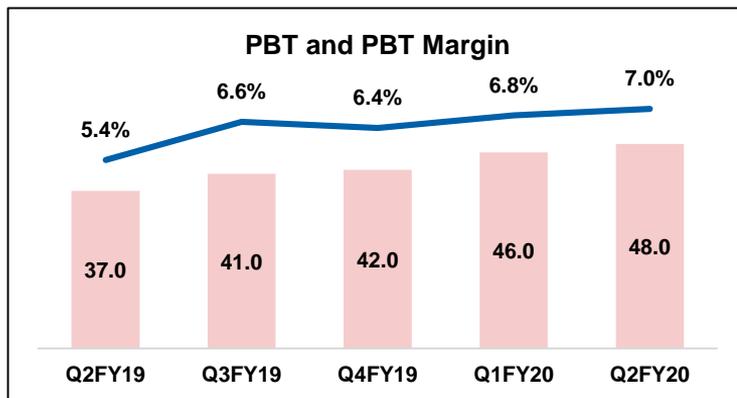
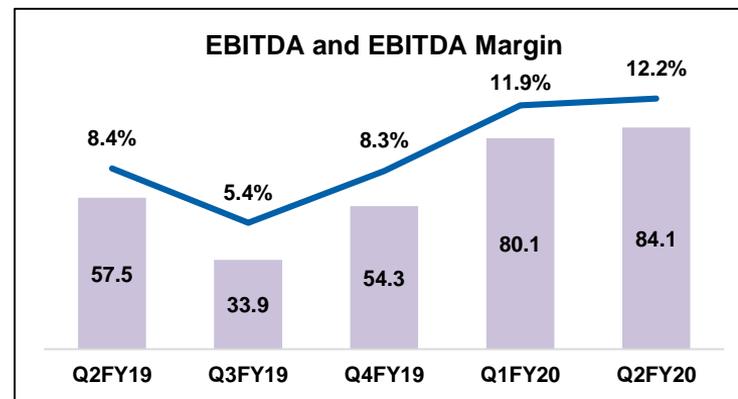
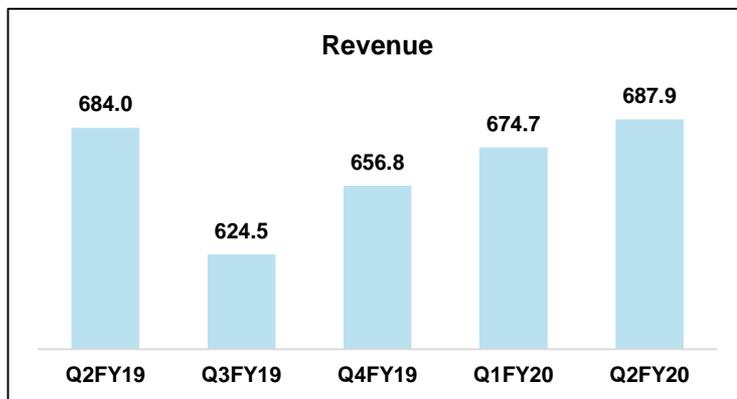
Long-term debt free

DSO: 62 days  
Improving Trajectory

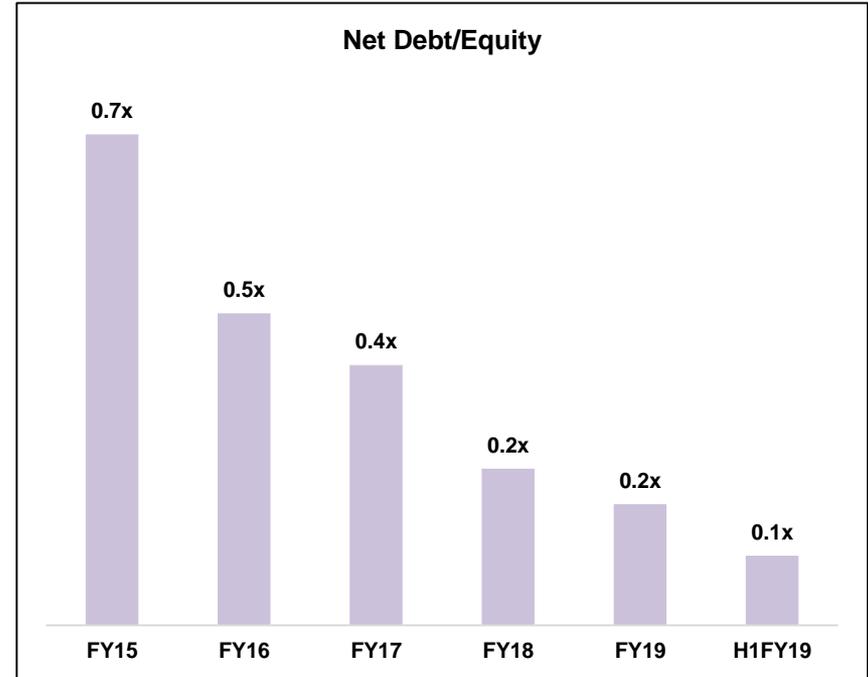
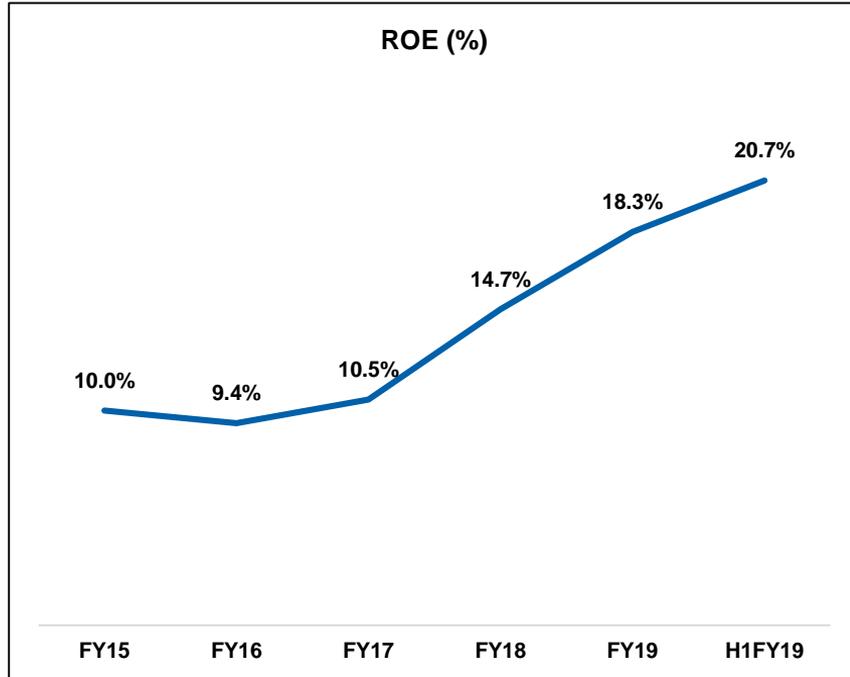
Leverage Fixed Costs

Dividend  
Rs. 1.5  
(up 50% YoY)

# Quarterly Consolidated Financials Trend



# Annual Consolidated Key Metrics Trend



# Investor Snapshot

## Last One Year Share Price Performance

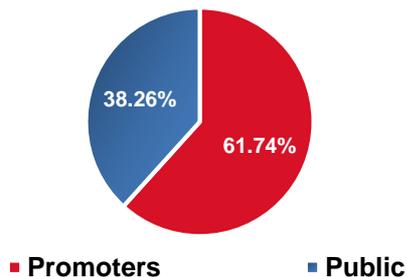


## Market Data

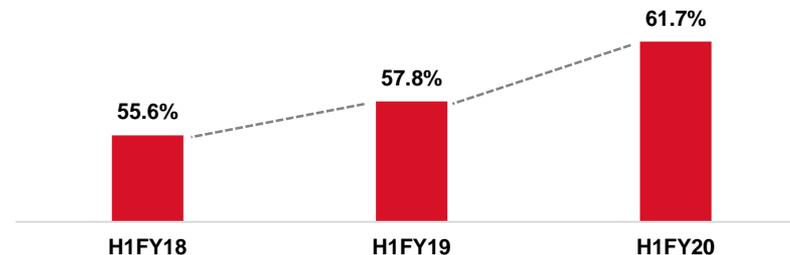
As on 23.10.2019 (BSE)

Market Capitalisation	Rs. 1,069.7 mn
Market Capitalisation Free Float (~38%)	Rs. 409.3 mn
Price	Rs. 67.0
No. of shares outstanding	15.98 mn
52 week High – Low (Current Price % of high)	Rs. 79.0 - 45.6 (~85%)
FY19 P/E Multiple (x)	10.6x
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.*



# // THANK YOU

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Onward Technologies Limited is a global player in Mechanical engineering design and IT consulting services. Onward offers a range of engineering design services including product design, engineering analysis, engineering documentation and maintenance, and manufacturing solutions, and training for automotive, off highway, aerospace, industrial equipment and consumer goods. The Company has its footprints with operations in India, North America, Germany & UK. Its global design & delivery centers are present in Pune, Chennai, Mumbai & Bangalore. OTL has grown to 2000+ employees globally servicing Fortune 1000 companies.

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