

**Date:** March 17, 2023

<b>BSE Ltd.</b> P. J. Towers, Dalal Street, Mumbai – 400 001	<b>National Stock Exchange of India Ltd.</b> 'Exchange Plaza', C-1, Block G Bandra Kurla Complex Bandra , Mumbai 400 051
<b>Script Code: 517536</b>	<b>Script Symbol: ONWARDTEC</b>

**Sub: Submission of Investor Presentation March 2023**

Please find attached Investor Presentation for March 2023.

Request you to take the same on record.

Thanking you,

*For* **Onward Technologies Limited**

**Shama Pawar**  
**Company Secretary**  
**M. No. A28393**



# INVESTOR PRESENTATION

March 2023



WHO WE ARE

# Onward Technologies

is a software outsourcing company specializing in **digital** and **ER&D** services.

We help global transportation, mobility, and industrial products companies improve speed to market, accelerate innovation, and maximize returns on their R&D investments.



## Leadership



- Founded by first-gen entrepreneur, seasoned IT veteran & NASSCOM founder, Mr. Harish Mehta
- Headquartered in Mumbai, India; founded in 1991
- Led by his son, Managing Director Mr. Jigar Mehta since 2016

## Global 2000 customers

- We work with 7 of global top-10 automotive & 5 of global top-10 industrial equipment manufacturers
- Top 25 clients contributed 80% of revenue in 9M FY2023
- 15 clients with annual billing run-rate of \$1M or more



## Geared for double-digit growth



- 50% revenues from USA, Europe; rest from India
- Margin expansion through offshoring
- ~90% revenues from low-risk Time & Material model
- Delivered 28% y-o-y revenue growth in FY22, 50% in Q3 FY2023

## Strong balance sheet

- Net debt-free, sound balance sheet and cash reserves
- 6-year track-record of consistent dividend payout
- Investment by Infinity Direct Holdings in 2021



## Digital play across all business lines

- Digital engineering and outsourcing
- Embedded, electronics engineering services
- Mechanical engineering services

## Why clients work with us

- Cost-effectiveness: India software outsourcing advantage
- Right-sized partnership: ease of access to both management and frontline engineers
- Agility: quick ramp up of clients' R&D teams
- Global delivery model



# A journey of transformation: From IT services to digital & ER&D

Transformation process initiated under new management



- Mr. Harish Mehta launches the company in Mumbai, Aug 1991
- Publicly Listed on BSE & NSE

1991-99



- Mr. Jigar Mehta appointed Managing Director

2016



- New offices in London, Germany
- All new embedded lab in Pune

2019

- Infinity Holdings buys 24.2% equity
- New digital center in Chennai, ER&D center in Hyderabad
- Acquired Pune offshore capability center through 100% internal accruals

2021



2022

- Digital excellence center in Navi Mumbai
- 50% revenues now generated from USA and Europe
- Digital services line of business reports double digit contribution

- 100% subsidiary set up in USA, Germany
- Branch office opened in UK

2001-05

- New ER&D delivery center in Chennai
- ISO and TISAX certifications

2018

- New ER&D delivery center in Bangalore
- Company becomes debt free

2020



**TISAX**<sup>®</sup>



# Consistent growth, steady offshore leverage, multi-year client engagements

## Blended growth rate

Growth in revenue from:

1) Digital Engineering  
& ER&D services

+

2) Stable income from legacy  
business

## Blended gross margin

Reflects cost from:

1) Digital Engineering  
& ER&D services

+

2) Legacy business

+

3) New business building blocks



Multi-year client  
engagements



Consistent industry-  
leading growth



Steady growth in  
offshore leverage

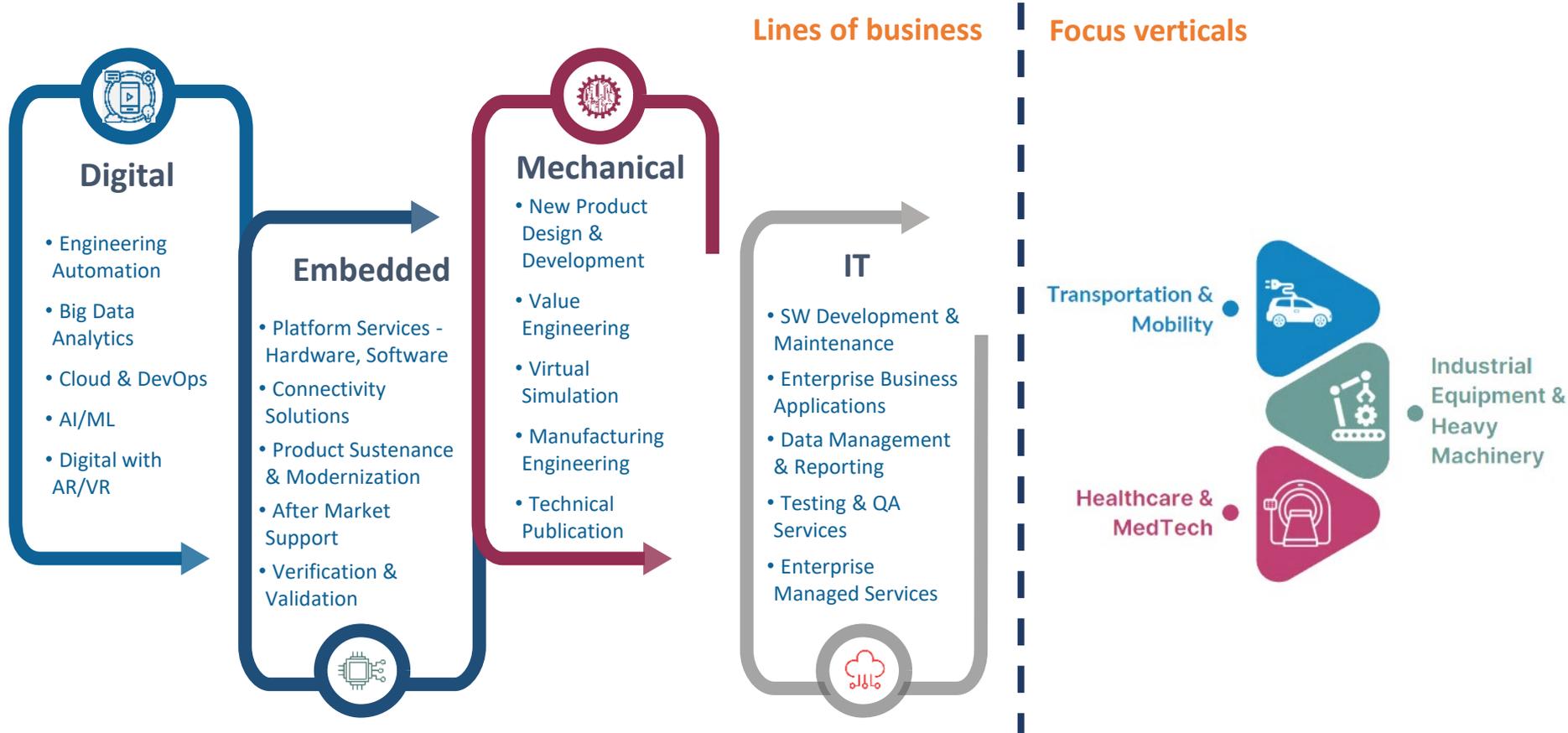
## Business building costs

International offices, Sales team expansion in USA & EU+UK, SME hiring to strengthen Delivery

## Investments in talent to address future client demand

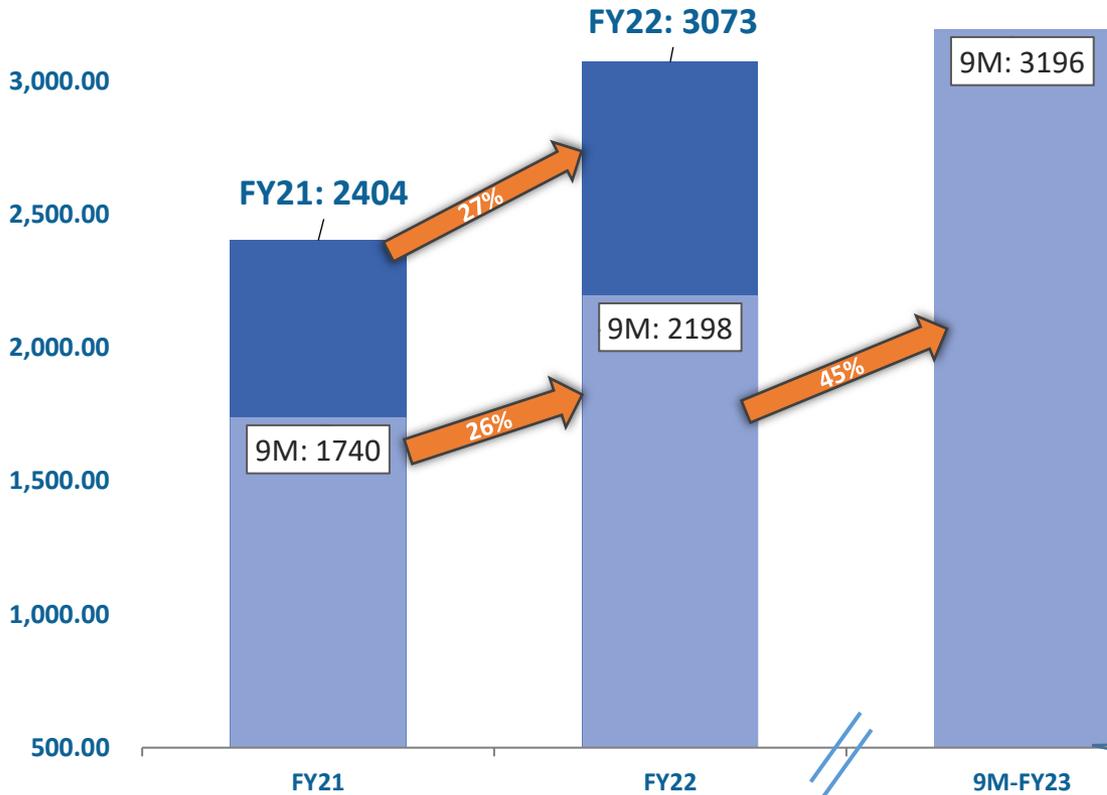
Proactive hiring engineering graduates (TAP) from top-tier institutes across the country

# Strategic alignment across lines of business, focus verticals

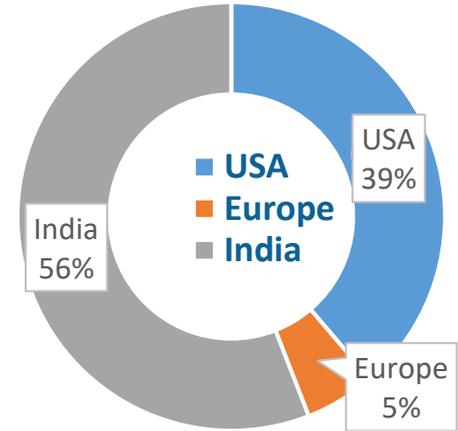


# Strong growth in revenue from global operations

Revenue (INR Mn)

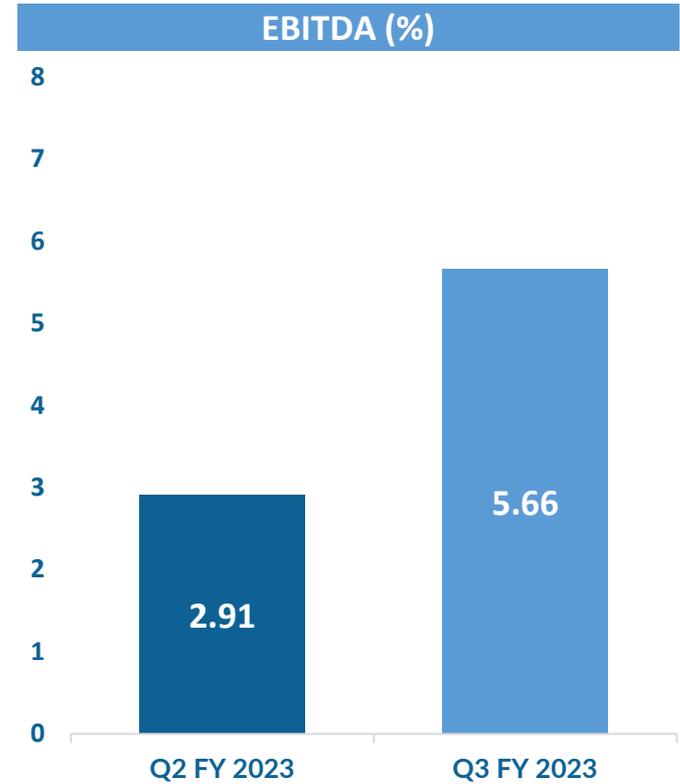
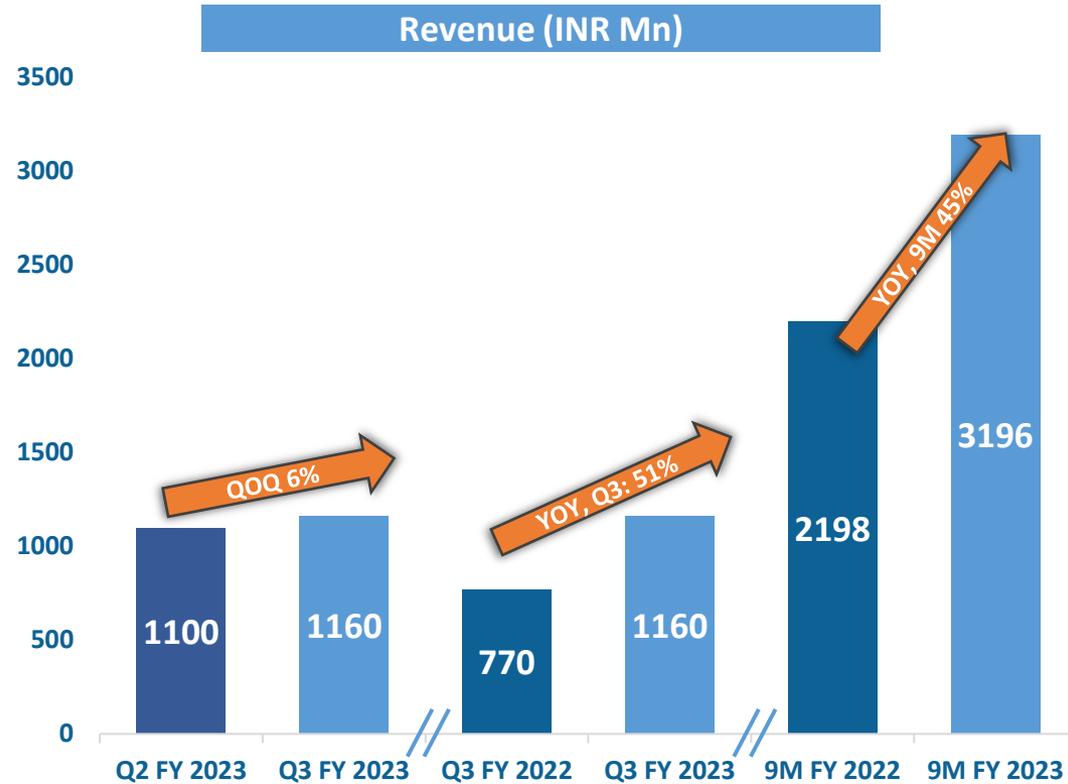


9M-FY23 Revenue by Geos (INR Mn)



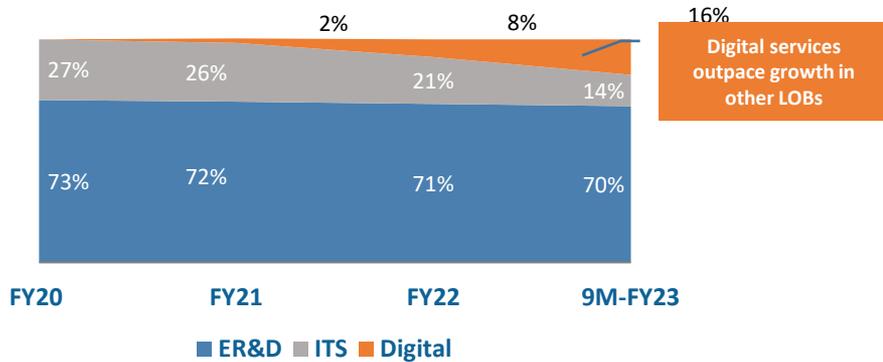
- Revenue grew 26% from INR 174 crores to INR 220 crores in 9 months FY22.
- For the same period in FY 23, it grew 45% from INR 220 crores to INR 320 crores

# Q3 FY 2023 Performance: the transformation & growth journey continues

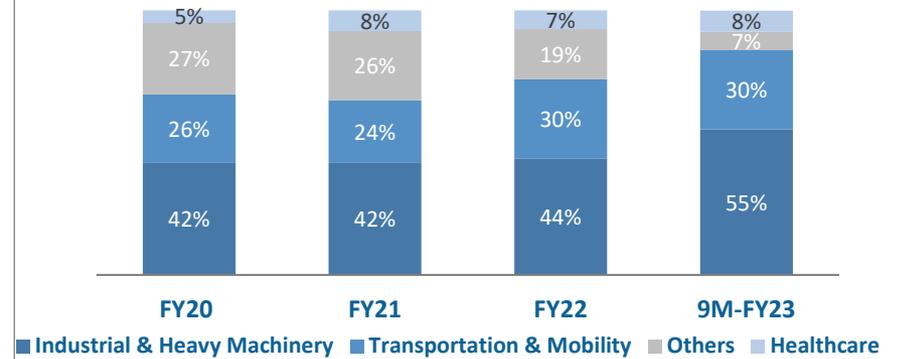


# Consolidated revenue metrics

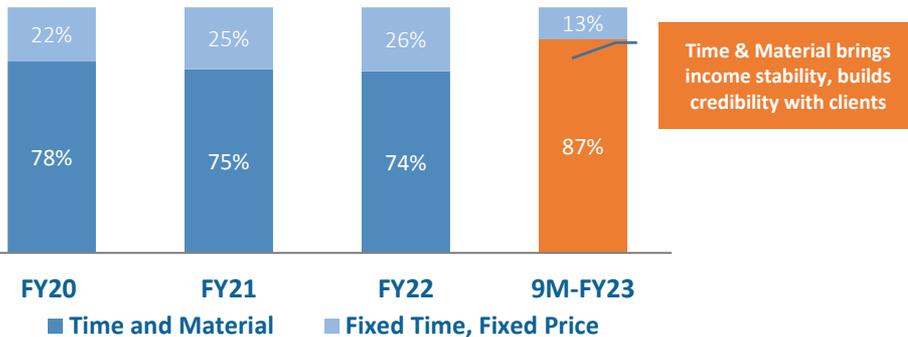
### Revenue by Business (%)



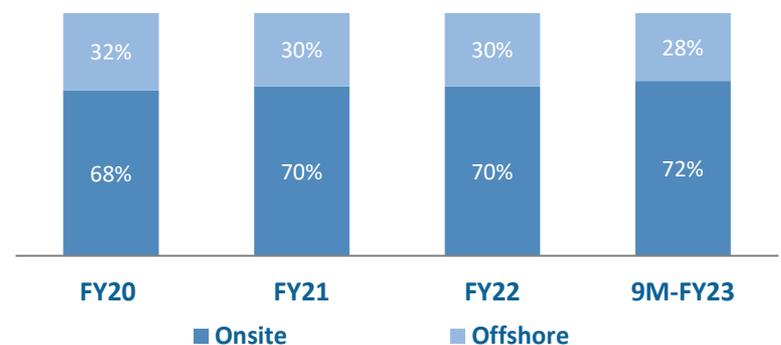
### Revenue by Industry (%)



### Revenue by Contract Type (%)

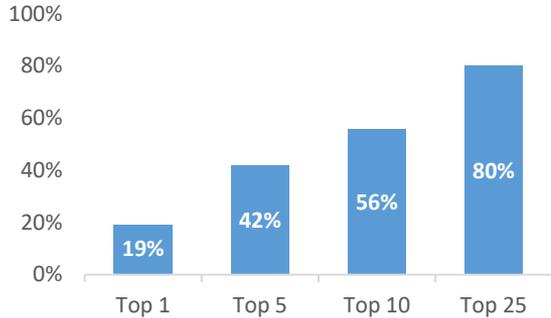


### Revenue by Engagement Model (%)

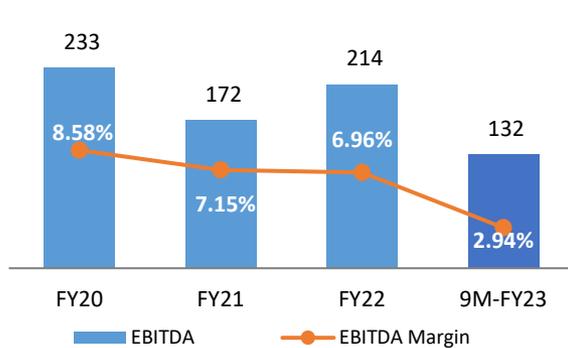


# Consolidated financial highlights

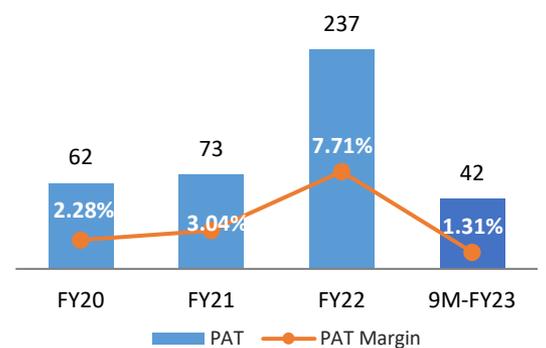
Revenue by top 1, 5, 10, 25 clients (9M FY2023)



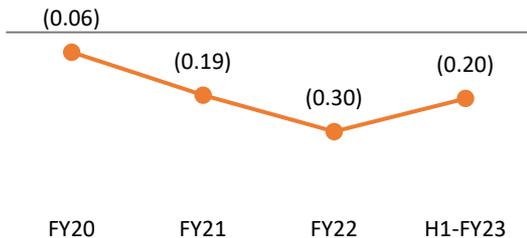
EBITDA (INR Mn) & EBITDA Margin (%)



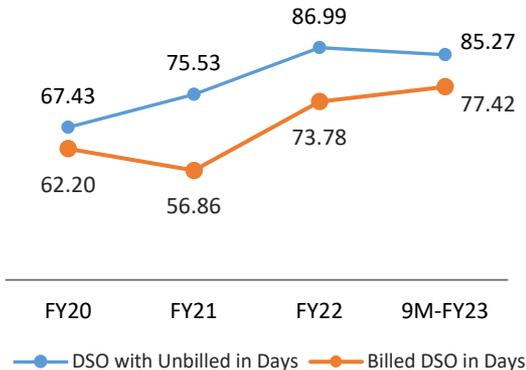
PAT (INR Mn) & PAT Margin (%)



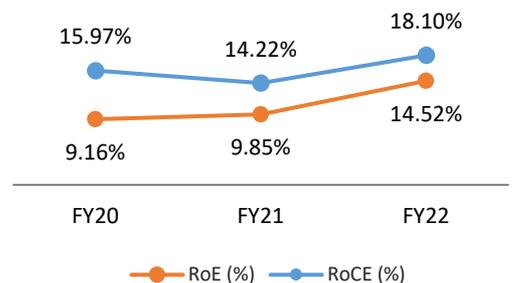
Net D/E (x)



DSO Days



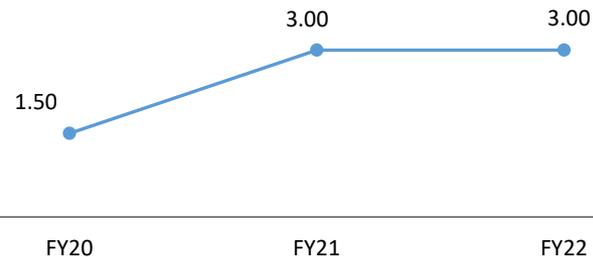
ROE and ROCE (%)



## Stock Market Performance (as on 31<sup>st</sup> December, 2022)



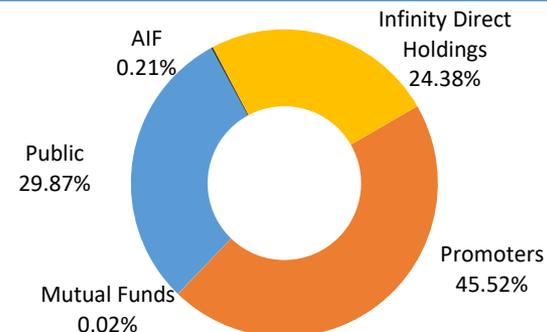
## Dividend per Share (INR)



## Price Data (as on 31<sup>st</sup> December, 2022)

Face Value	10.0
Market Price	304.75
52 Week H/L	428.15/223.00
Market Cap (INR Mn)	6,751.03
Equity Shares Outstanding (Mn)	22.15
1 Year Avg. Trading Volume ('000)	32.72
1 Year Avg. Net Turnover (Mn)	10.52

## Shareholding Pattern (as on 31<sup>st</sup> December, 2022)



# FINANCIAL OVERVIEW



## Historical Consolidated Profit & Loss

Particulars (INR Mn)	FY20*	FY21*	FY22	9M-FY23
<b>Operational Income</b>	<b>2,715</b>	<b>2,404</b>	<b>3,073</b>	<b>3,196</b>
Total Expenses	2,482	2,230	2,859	3,064
<b>EBITDA</b>	<b>233</b>	<b>172</b>	<b>214</b>	<b>132</b>
<b>EBITDA Margins (%)</b>	<b>8.58%</b>	<b>7.15%</b>	<b>6.96%</b>	<b>4.13%</b>
Other Income	11	53	215	37
Depreciation	113	104	101	97
Finance Costs	35	23	10	13
<b>PBT</b>	<b>96</b>	<b>98</b>	<b>318</b>	<b>59</b>
Tax	34	25	81	17
<b>Profit After tax</b>	<b>62</b>	<b>73</b>	<b>237</b>	<b>42</b>
<b>PAT Margins (%)</b>	<b>2.28%</b>	<b>3.04%</b>	<b>7.71%</b>	<b>1.31%</b>
Other Comprehensive Income	19	(3)	(7)	8
<b>Total Comprehensive Income</b>	<b>81</b>	<b>70</b>	<b>230</b>	<b>50</b>
Diluted EPS (INR)	3.76	4.35	12.17	1.87

\* FY20 and FY21 numbers have been restated after inclusion of Onward eServices Ltd, a wholly owned subsidiary, which has been merged with Onward Technologies Ltd as on March 25, 2021.

# Historical Consolidated Balance Sheet

Particulars (INR Mn)	FY21	FY22	H1-FY23	Particulars (INR Mn)	FY21	FY22	H1-FY23
<b>ASSETS</b>				<b>EQUITY AND LIABILITIES</b>			
<b>Non-Current Assets</b>				<b>Equity</b>			
Property, Plant & Equipment	171	366	377	Share Capital	163	220	221
Intangible assets	39	26	34	Other Equity	581	1,412	1,399
Intangible assets under development	1	-	-	<b>Total Equity</b>	<b>744</b>	<b>1,632</b>	<b>1,620</b>
Right of use asset	88	175	174	<b>Non Current Liabilities</b>			
Other Financial Assets	31	28	30	(i) Borrowings	6	5	4
Deferred tax assets	33	28	28	(ii) Lease liabilities	55	109	98
Income tax assets (net)	111	179	199	Provisions	48	34	33
Other non-current assets	-	11	10	Deferred tax liabilities	-	32	22
<b>Sub Total Non Current Assets</b>	<b>474</b>	<b>813</b>	<b>852</b>	<b>Sub Total Non Current Liabilities</b>	<b>109</b>	<b>180</b>	<b>157</b>
<b>Current Assets</b>				<b>Current Liabilities</b>			
Financial Assets				(i) Borrowings	146	1	1
(i) Investment	1	-	-	(ii) Trade Payables	72	115	90
(ii) Trade Receivables	408	666	959	(iii) Other Financial Liabilities	151	203	226
(iii) Cash & cash equivalents	285	495	334	(iv) Lease Liabilities	43	72	87
(iv) Bank balance other than above	9	109	7	Provisions	14	15	17
(v) Contract assets	134	119	-	Contract liabilities	30	16	-
(vi) Other financial assets	1	4	3	Other current liabilities	67	60	60
Other Current Assets	64	88	104	<b>Sub Total Current Liabilities</b>	<b>523</b>	<b>482</b>	<b>482</b>
<b>Sub Total Current Assets</b>	<b>902</b>	<b>1,481</b>	<b>1,407</b>	<b>Sub Total Liabilities</b>	<b>632</b>	<b>662</b>	<b>639</b>
<b>TOTAL ASSETS</b>	<b>1,376</b>	<b>2,294</b>	<b>2,259</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,376</b>	<b>2,294</b>	<b>2,259</b>

## Historical Standalone Profit & Loss

Particulars (INR Mn)	FY20*	FY21*	FY22	9M-FY23
<b>Operational Income</b>	<b>1,806</b>	<b>1,727</b>	<b>2,344</b>	<b>2,271</b>
Total Expenses	1,660	1,531	2,168	2,126
<b>EBITDA</b>	<b>145</b>	<b>196</b>	<b>176</b>	<b>145</b>
<b>EBITDA Margins (%)</b>	<b>8.03%</b>	<b>11.35%</b>	<b>7.51%</b>	<b>6.38%</b>
Other Income	65	85	56	63
Depreciation	102	93	92	95
Finance Costs	33	21	10	13
<b>PBT</b>	<b>75</b>	<b>167</b>	<b>130</b>	<b>100</b>
Tax	21	40	37	24
<b>Profit After tax</b>	<b>54</b>	<b>127</b>	<b>93</b>	<b>76</b>
<b>PAT Margins (%)</b>	<b>2.99%</b>	<b>7.35%</b>	<b>3.97%</b>	<b>3.35%</b>
Other Comprehensive Income	3	1	(5)	(8)
<b>Total Comprehensive Income</b>	<b>57</b>	<b>128</b>	<b>88</b>	<b>68</b>
Diluted EPS (INR)	3.26	7.50	4.79	3.34

\* FY20 and FY21 numbers have been restated after inclusion of Onward eServices Ltd, a wholly owned subsidiary, which has been merged with Onward Technologies Ltd as on March 25, 2021.

## Historical Standalone Balance Sheet

Particulars (INR Mn)	FY21	FY22	H1-FY23
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant & Equipment	164	184	197
Intangible assets	39	26	34
Intangible assets under development	1	-	-
Right of use asset	83	171	163
Financial Assets			
(i) Investments	121	320	320
(ii) Loans	-	-	-
(iii) Other Financial Assets	28	30	34
Deferred tax assets	23	21	21
Income tax assets (net)	111	176	193
Other non-current assets	-	11	10
<b>Sub Total Non Current Assets</b>	<b>570</b>	<b>940</b>	<b>972</b>
<b>Current Assets</b>			
Financial Assets			
(i) Investments	1	-	-
(ii) Trade Receivables	283	464	689
(iii) Cash & cash equivalents	119	395	252
(iv) Bank balance other than above	10	108	7
(v) Contract assets	127	146	-
(vi) Other financial assets	2	8	4
Other Current Assets	61	84	97
<b>Sub Total Current Assets</b>	<b>602</b>	<b>1,204</b>	<b>1,049</b>
<b>TOTAL ASSETS</b>	<b>1,172</b>	<b>2,144</b>	<b>2,022</b>

Particulars (INR Mn)	FY21	FY22	H1-FY23
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	163	220	221
Other Equity	573	1,262	1,250
<b>Total Equity</b>	<b>736</b>	<b>1,482</b>	<b>1,471</b>
<b>Non Current Liabilities</b>			
(i) Borrowings	6	5	4
(ii) Lease liabilities	55	113	98
Employee benefit obligations	46	34	28
<b>Sub Total Non Current Liabilities</b>	<b>107</b>	<b>152</b>	<b>130</b>
<b>Current Liabilities</b>			
(i) Borrowings	-	1	1
(ii) Trade Payables	78	97	85
(iii) Other Financial Liabilities	126	178	192
(iv) Lease Liabilities	38	64	77
Provisions	11	11	14
Contract liabilities	28	103	-
Other current liabilities	48	56	51
<b>Sub Total Current Liabilities</b>	<b>329</b>	<b>510</b>	<b>420</b>
<b>Sub Total Liabilities</b>	<b>436</b>	<b>662</b>	<b>550</b>
<b>TOTAL EQUITY and LIABILITIES</b>	<b>1,172</b>	<b>2,144</b>	<b>2,022</b>

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**Mr. Anuj Sonpal**  
**Valorem Advisors**  
Tel: +91-22-4903 9500  
Email: [onward@valoremadvisors.com](mailto:onward@valoremadvisors.com)



# THANK YOU

Onward Technologies (ONWARDTEC: NSE) is a software outsourcing company specializing in digital and ER&D services. We help global OEMs improve speed to market, accelerate innovation, and maximize returns on their R&D investments.

Headquartered in Mumbai, India, we are an employer of choice driving positive change as a responsible corporate citizen. With over 2800 employees across 14 offices in 6 countries and offshore capability centers in India, we support multiple businesses in Transportation, Mobility, Industrial Products, Heavy Machinery and Healthcare verticals.

To learn more, write to [info@onwardgroup.com](mailto:info@onwardgroup.com)





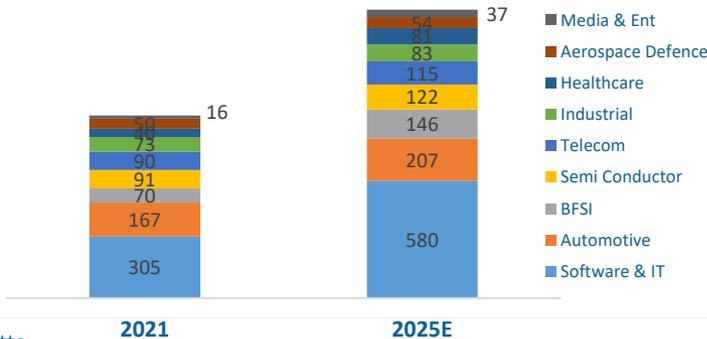
# Appendix: Industry updates



# Engineering R&D Service Industry

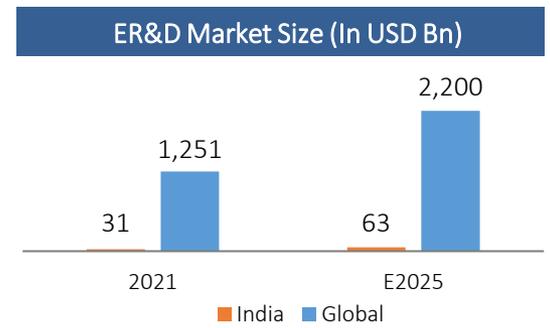
- The global Engineering and R&D market has had a good start to the new decade; spending increased by 5.7% Y-o-Y to exceed USD 1.3 Tn in 2021.
- ER&D Spending has recovered quickly despite economic uncertainties and evolving geopolitical landscapes and will continue to grow at a CAGR of 17% over 3 years reaching USD 2,325 Bn by 2025.
- India accounted for a third of the USD 120 Bn global ER&D sourcing market
- The renewed interest in R&D led growth has shifted the focus on identifying the most suitable locations to expand ER&D operations.
- E R&D GCC's have matured to drive end-to-end ownership for products. From executing less complex engineering work to achieve cost reduction, the ER&D GCC's have become innovation centers and strategic partners developing new products and owning the entire product value chain as well as driving global innovation and developing future technologies and domains such as AI/ML, IoT, automation and robotics.
- E R&D talent accounts for 42% of the 1.38 Mn GCC talent pool in India in 2021.

ER&D Spend - Industry Trend (USD Bn)



Source: Nasscom, Deloitte

- USD 120 Bn** 2021 Global ER&D Spend  
Expected future CAGR of 7%
- USD 41 Bn** Indian ER&D Exports  
18-20% share of Indian IT industry revenue
- 1.4 Mn+** ER&D employees  
12-13% share of industry workforce
- +1,500** Global Capability Centres in India



# Digital Transformation

- Digital Engineering spend in 2025, will be nearly as high as the overall ER&D spend of 2018 growing at a CAGR of 18% (2018-2025) touching at USD 1,278 Bn.
- India is leading the shift from hardware to software across sectors due to relatively abundant availability of skills in emerging technologies and the presence of a large ER&D ecosystem. This is expected to result in a higher share of digital engineering spend towards India within the ER&D industry.
- Key industries for growth in digital engineering expenditure include software and internet, industrial, telecom, consumer electronics and automobile.
- By 2025, digital technologies are estimated to comprise 40% of all manufacturing tech spend
- Indian Manufacturing has Started Pivoting to Digitalization, with \$5.5 - \$6.5 Bn Spent on Industry 4.0 in FY21
- 50% of the tech spend by Indian manufacturers is on Industry 4.0 technologies, a high proportion, but from a fraction of the sector's total representation 50% of the Industry 4.0 spend is on foundational tech - Cloud and IoT.
- Today, the share of digital to total revenue stands at 30-32% with 1 in 3 employees being digitally skilled stamping India's position as the Global Digital Talent Nation. These factors have pushed India's share in global sourcing market to 59% - a testament to India's new tech value proposition.
- Even as enterprises continue to balance the twin priorities of employee safety and wellness and enterprise digital transformation, they plan to spend big on digital – 60% companies plan 6% higher technology spend in FY2022.
- Indian software industry body Nasscom forecasts 15-20% CAGR growth in digital transformation spend globally. Enterprise digital transformation spend globally is currently at USD 1.04 Trillion.

