

**Date: July 20, 2023**

**To,**

<b>BSE Limited</b> Corporate Relations Department P J Towers, Dalal Street Mumbai 400 001	<b>National Stock Exchange of India Ltd.,</b> Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.
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**Ref:** Scrip Code - **BSE:** 517536 **NSE:** ONWARDTEC

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

Please find attached Investor Presentation for July 2023.

Request you to take the same on record.

*For Onward Technologies Limited*

**Jigar Mehta**  
**Managing Director**  
**DIN: -06829197**



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# INVESTOR PRESENTATION

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JULY 2023

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

## Disclaimer

This release may contain certain future prospects, which may be forward-looking statements. Forward-looking statements, by their nature, involve a number of risks and uncertainties that could cause actual results to differ materially from market expectations.

These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements.

*Note: All numbers have been rounded to the nearest digit for convenience of representation.*



# Agenda

- 1 Onward Technologies – A Snapshot
- 2 Transformational Path to a Digital ER&D Business
- 3 Company Overview
- 4 Case Studies
- 5 Financial Performance
- 6 Outlook



# Onward Technologies – A Snapshot

# Company at Glance

Onward Technologies is a Software Outsourcing Company Specializing in Digital and ER&D Services



**Global 2,000**  
Customers



**8/11**  
Global Top Automotive  
Players



**5/10**  
Global Top Industrial  
Equipment Manufacturers



**2,798**  
Employees



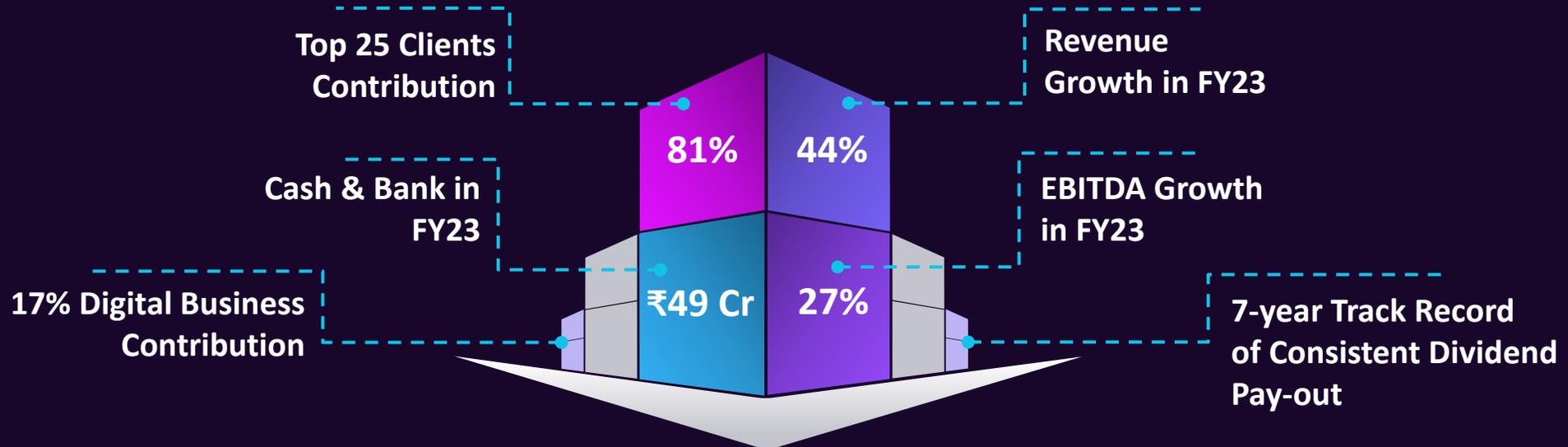
**₹441 Cr**  
Highest Ever Revenue In  
FY23



**13**  
Offices In 6 Countries



**5**  
Offshore Development  
Centers



# Transformational Path to a Digital-Focused Business

## 1991-2015

- ❑ Incorporated in August 1991 in Mumbai by Mr. Harish Mehta, a first-generation entrepreneur
- ❑ Publicly listed on BSE & NSE in 1995
- ❑ Focus on Banking Products Business for Nationalized and Co-op Banks in India; *Exited the business in 2015*
- ❑ Opened Center of Excellence (CoE) in Mechanical Engineering in Pune
- ❑ Built capabilities to support domestic manufacturing customers and captive centers of Global MNCs in India
- ❑ Opened sales offices in USA, UK, Germany

## 2016-2022

- ❑ Mr. Jigar Mehta appointed as Managing Director
- ❑ Transformed from Mechanical Engineering to ER&D and Digital Engineering services
- ❑ Exited IT Services business in India - OeSL (Onward eServices Ltd)
- ❑ Became a debt free company in 2019
- ❑ New ER&D delivery center opened in Chennai, Bangalore and Hyderabad
- ❑ Launched Embedded lab in Pune
- ❑ Infinity Direct Holdings invested 24.2% equity in July 2021
- ❑ Launched Talent Acceleration Program (TAP)

## 2023 onwards

- ❑ Transitioning from low-margin legacy business to higher-margin offshore and digital service business
- ❑ The goal is to generate \$100 million in revenue with a mid-teens EBITDA margin by FY26
- ❑ Inorganic opportunities will be a lever for growth
- ❑ Build deep domain capabilities across 3 verticals and service lines
- ❑ Global expansion in USA & Europe offices along with flexible engagement models (onshore, near-shore, offshore)

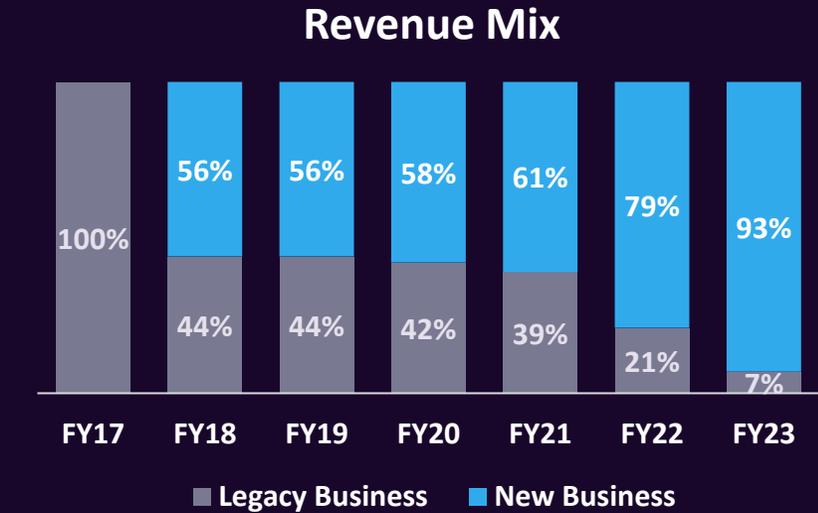
# Transformational Path to a Digital ER&D Business

# What has changed?

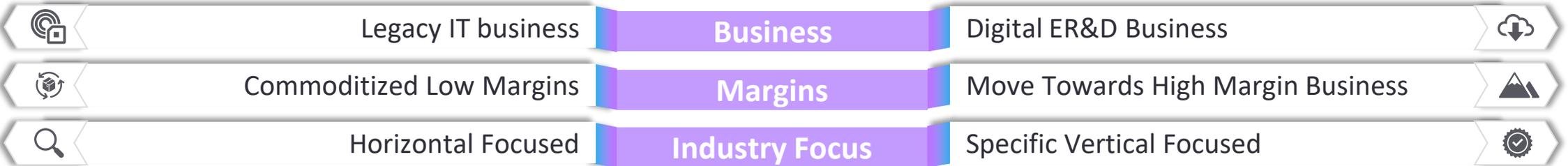
## Change in business mix from Legacy to New



- Focus on Mechanical engineering in Indian and Global markets along with IT support services to Indian accounts
- Banking Industry was the main revenue vertical supporting Nationalized Banks in India
- Invested in building capabilities in Mechanical Engineering services with CoE in Pune
- Opening subsidiaries in USA & Germany



- Transitioning IT services clients to Digital services with focus on Digital and ER&D business
- Shifted focus from India accounts to Global accounts
- Built capabilities in Embedded Software
- Multi-year, multi-million dollar marquee client engagements with an offshore focus
- Key focus verticals include Transportation & Mobility, Industrial Equipment & Heavy Machinery, Healthcare & MedTech
- New Business has grown at 25% CAGR (FY18-FY23)

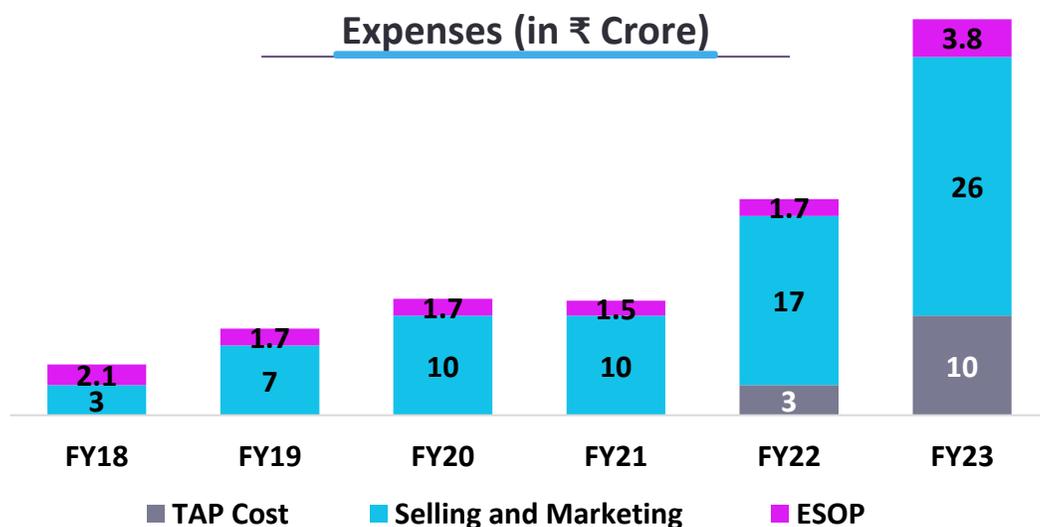


Note:

- Legacy Business - OeSL, Product Reselling Business-India, IT Staffing Business-USA
- New Business - Global ER&D and Digital Business

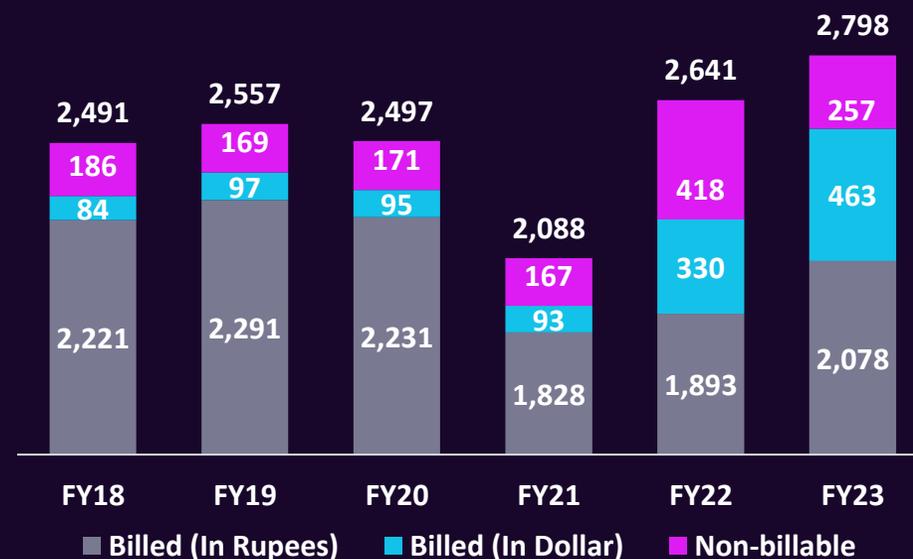
## Investments in Business Building Costs

*Powering the transformation*



- ❑ Launched the Talent Acceleration Program (TAP) in November, 2021 to upskill and reskill employees
- ❑ Talent retention through Employee Stock Option Plan 2019 (ESOP 2019)

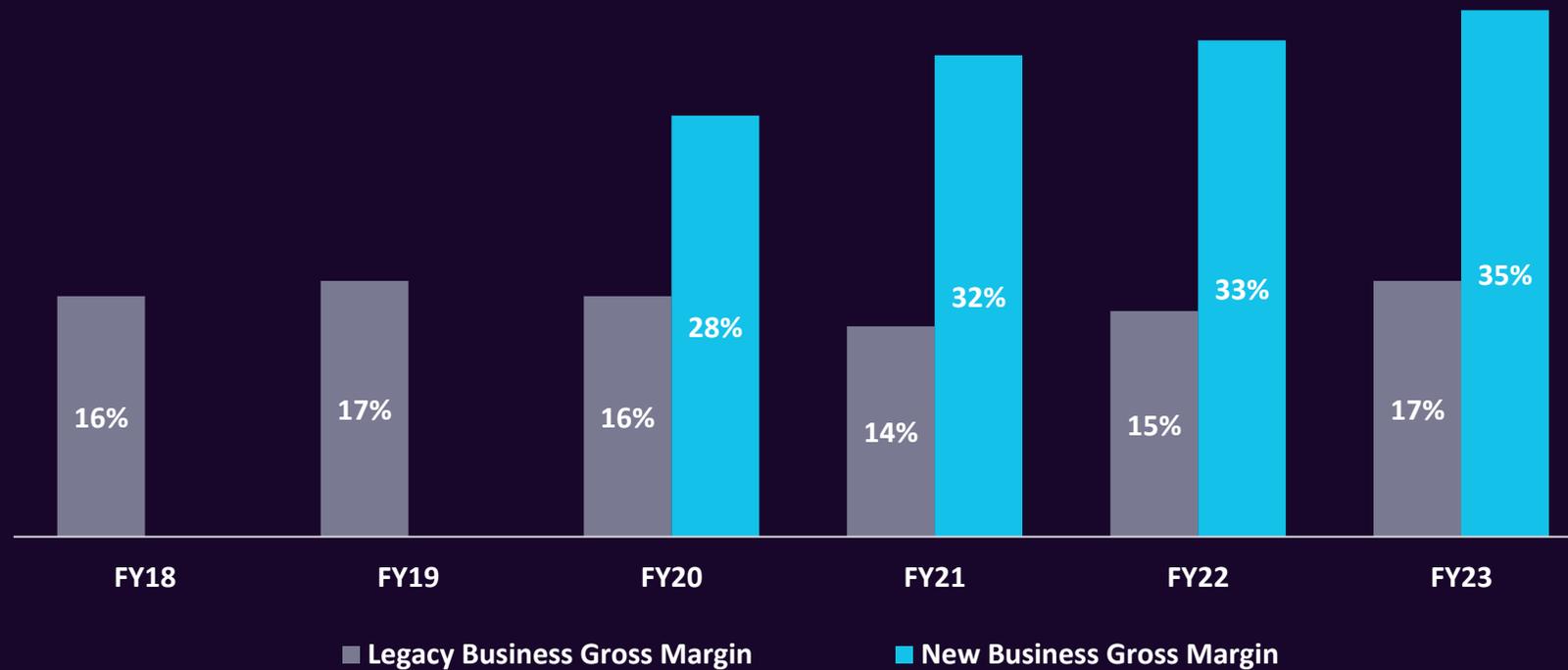
## ...While attracting Human Capital



- ❑ A sharp increase in employees billed in dollar terms from 84 in FY18 to 463 in FY23, on the back of strong demand for new-age technologies
- ❑ TAP program incurs higher training costs on freshers (GET, PGET) before they become billable. Costs streamline after the training period

# Leading to Gross Margin Movement

*Reflecting Change in Business Mix*



On the back of continued investments and exits from legacy projects, the momentum toward a higher margin is underway.

# Company Overview

# Diversified Business Lines



## Embedded & Electronics Engineering Services

- Platform services hardware, software
- Connectivity solutions
- Product sustenance & modernization
- Aftermarket support
- Verification & validation

70%



## Mechanical Engineering Services

- New product design & development
- Value engineering
- Virtual simulation
- Manufacturing engineering
- Technical publication



## Digital Services

- Engineering automation
- Big data analytics
- Cloud & DevOps
- AI/ML
- Digital with AR/VR

17%



## IT Services

- SW Development & Maintenance
- Enterprise Applications
- Data Management & Reporting
- Testing & QA Services
- Enterprise Managed Services

13%

Revenue Share  
FY23

# Industrial Equipment & Heavy Machinery



**Heavy Equipment & Machinery**



**Mining**

Snapshot

<b>% of Revenue (FY23)</b>	55%
<b>% of Revenue (Q4FY23)</b>	56%
<b>Overview</b>	Deliver equipment design and development solutions for Industrial Equipment Manufacturers



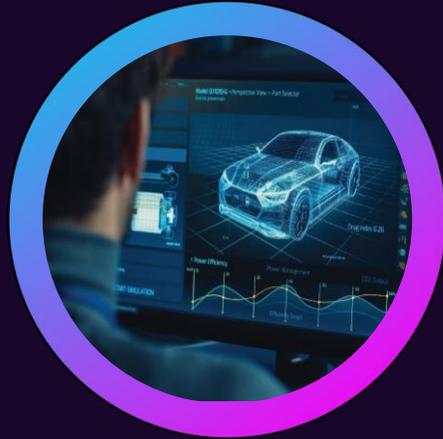
**Engineering Services**



**Digital Transformation**

Expertise

# Transportation & Mobility



**Automotive**

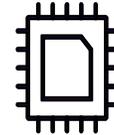


**Rail Transportation**

Snapshot

- **% of Revenue (FY23)** 31%
- **% of Revenue (Q4FY23)** 31%

**Overview** Mechanical product engineering, Embedded design, testing and digital transformations services to both automotive and rail transportation segments



**Digital & IT Services**

**Embedded Electronics & Software Development**

**Mechanical Engineering**

Expertise

# Healthcare & MedTech



**Medical Devices**



**Pharma**

Snapshot

- **% of Revenue (FY23)** 8%
- **% of Revenue (Q4FY23)** 9%

**Overview** Verticals serviced include pharma, life sciences, healthcare, and medical equipment companies



**Product Development and Sustaining**



**Manufacturing Engineering & Quality**



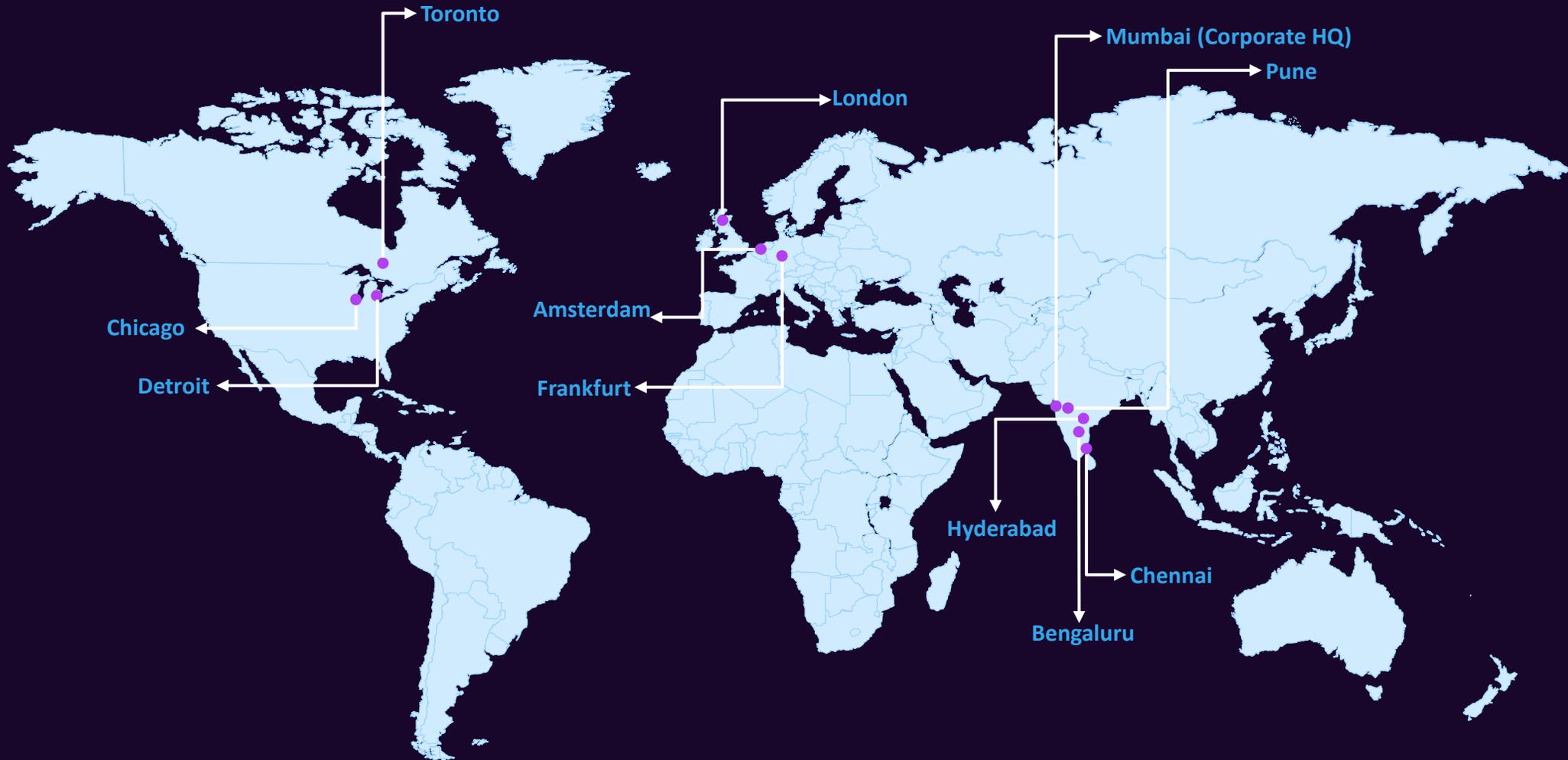
**Regulatory Compliance & Clinical**



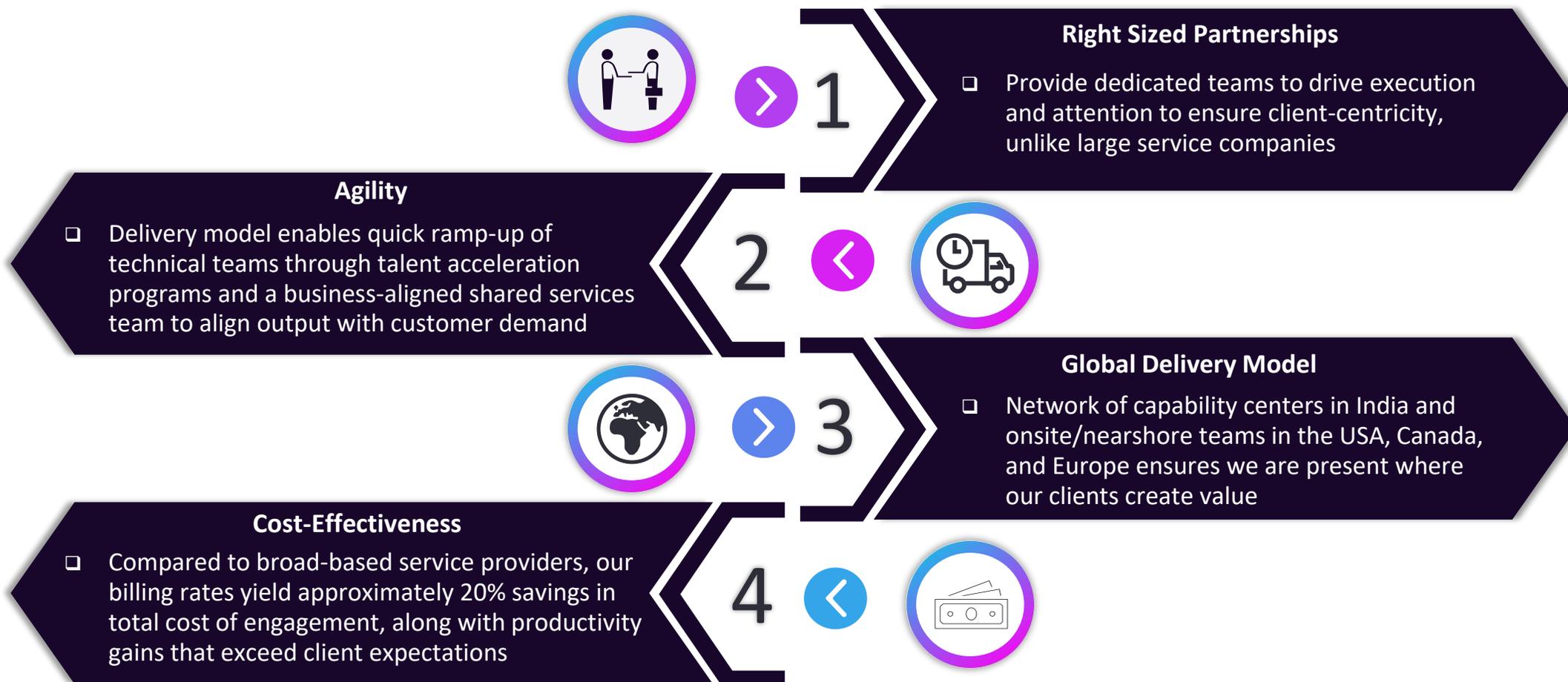
**Application Software & Digital**

Expertise

# Strategic Presence Across Geographies



# How does Onward Technologies differentiate themselves?



# Case Studies

# Key Wins

## Industrial Equipment & Heavy Machinery

- **Manufacturer in Industrial Equipment & Heavy Machinery**
- Developing software, carrying out validation, and deployment for the Electronic Controller Unit (ECU) of a Backhoe Loader

- **Manufacturers of construction equipment**
- Assisting modernization of the user interface, enhancing security features, upgrading application architecture, and data integration of an e-commerce portal

## Transportation & Mobility

- **Automotive manufacturer**, part of a top-3 European OEM
- Supporting complete interior development for the next-generation EV platform and selected digital systems

- **Electric Vehicle (EV) systems manufacturer**
- Developing software for an EU-based client, including design and development for a high-performance electric motor

## Healthcare & MedTech

- **Healthcare client**
- Developing a web application that is used to run an analytical instrument for a US-based client
- Agile development
- UX design is a major value-add

- **Pharmaceutical drug company**
- Supporting gap analysis and EU-MDR remediation project for a SaMD which is currently live in US and now getting rolled out to Europe

# Case Study 1

## Fleet Management for a Large Off-Highway OEM



### Business Challenges

- ❑ Validation of 40+ Platform API changing micro batch features as part of FM 2.0 to 3.0 migration
- ❑ System integration and end-to-end testing of all APIs along with data and features
- ❑ Validating the APIs / services with different user entitlements, i.e., customers, dealers and the OEM
- ❑ Build and maintain automation test suites integrate with CICD pipelines for faster delivery



### Key advantages

- ❑ Quality deliverables with all required artifacts such as test plan, strategies, test scenarios, and test cases
- ❑ Automated test suites that cover test scenarios for both INT and PROD environments



### Solutions Provided

- ❑ SIT plan and strategy with agile scrum methodology
- ❑ Automation testing of SIT using Karate Java Framework
- ❑ ADO dashboards to share daily and weekly status updates



### Tools Used

- ❑ MS Azure Dev Ops
- ❑ Karate framework
- ❑ Gherkin, Java and Java Script
- ❑ IntelliJ IDEA



### ROI

- ❑ Improved 'on-time delivery'
- ❑ Total visibility
- ❑ Improved results
- ❑ Increased productivity & profits
- ❑ Better test coverage

## Case Study 2

### AC Motor Development and Control for Hybrid, Electric and Fuel-Cell Vehicles

Design and development of various AC motors and controls used for e-boosters and traction control applications for a European EV systems manufacturer



#### Business Challenges

- ❑ Sensor-less controls for high-speed motors over complete operating range
- ❑ Adherence to safety standards for projects which range from ASIL-B to ASIL-D
- ❑ Electromagnetic simulation & development of a new high speed, high efficiency traction motor



#### Benefits

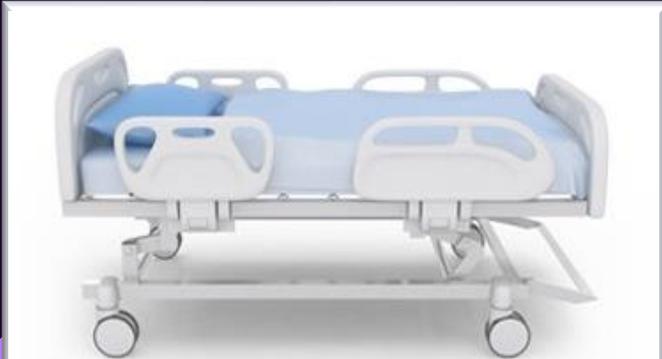
- ❑ Motor control software for e-turbocharger, e-compressor, fuel-cell compressors and traction-motors
- ❑ Motor controls applied for hybrid, EV and fuel-cell vehicles
- ❑ New state-of-art motor development competing with other EV manufacturers



#### Solutions Provided

- ❑ System as well as software development & validation for customer series projects
- ❑ Process & safety standard adherence
- ❑ Electromagnetic simulation & design

# Success Stories in Healthcare



Re-engineering and redesign of hospital bed



Sustenance engineering for diagnostic imaging equipment



Design support for automatic medical syringe assembly machine



NPD (New Product Development) support for patient mobility product



Value engineering for lab equipment



REACH (Registration, evaluation, authorisation and restriction of chemicals and RoHS (Restriction of (the use of certain) Hazardous Substances) compliance for radiation therapy

# Financial Performance

# Consolidated Financial Summary – Q4FY23

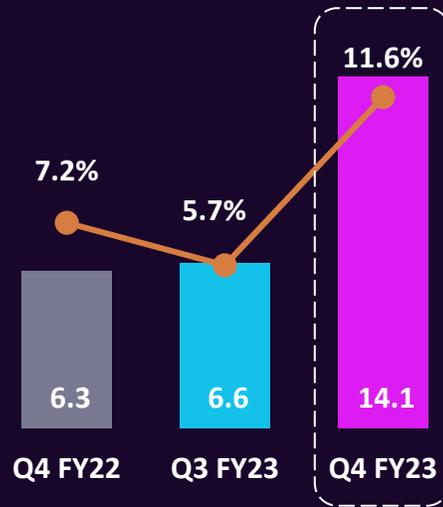
(Figures In ₹ Crore)

## Revenue from Operations



▲ 4.8% QoQ  
▲ 38.8% YoY

## EBITDA & EBITDA %



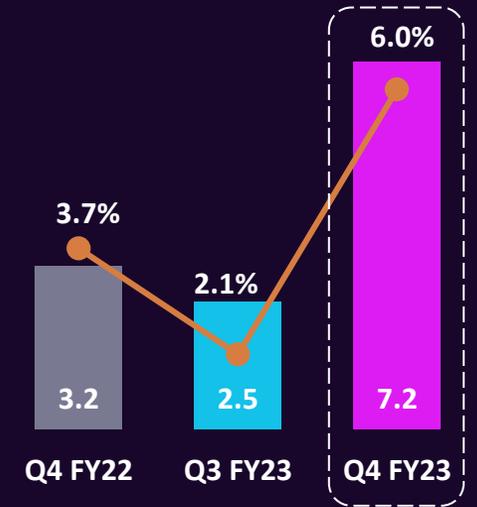
▲ 114.6% QoQ  
▲ 122.0% YoY

## PBT & PBT %



▲ 215.9% QoQ  
▲ 145.7% YoY

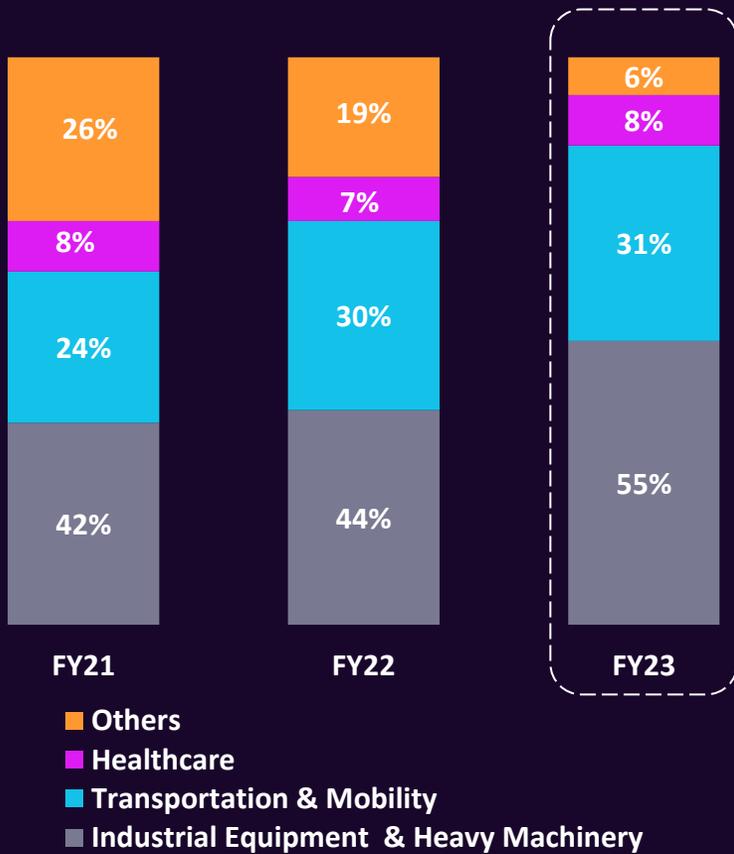
## PAT & PAT %



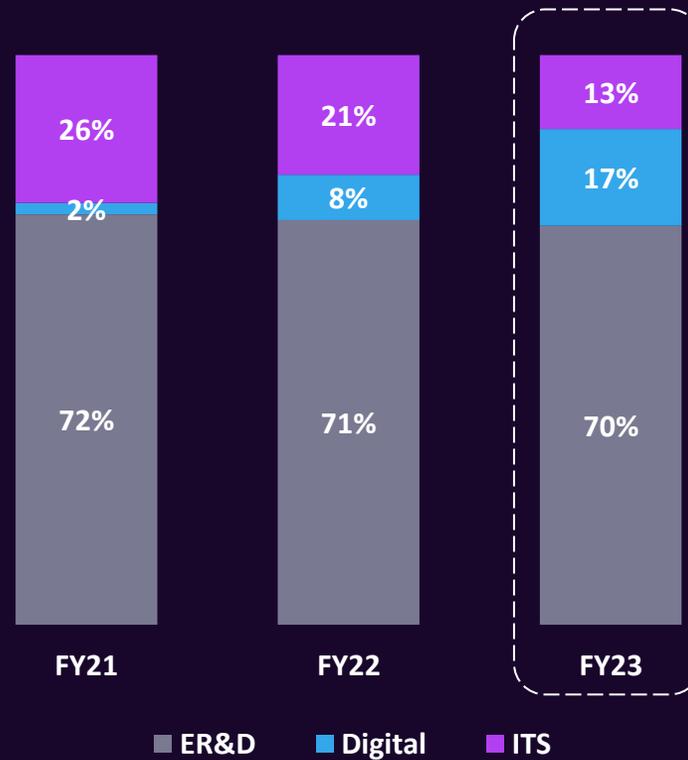
▲ 194.4% QoQ  
▲ 124.5% YoY

# Revenue Metrics

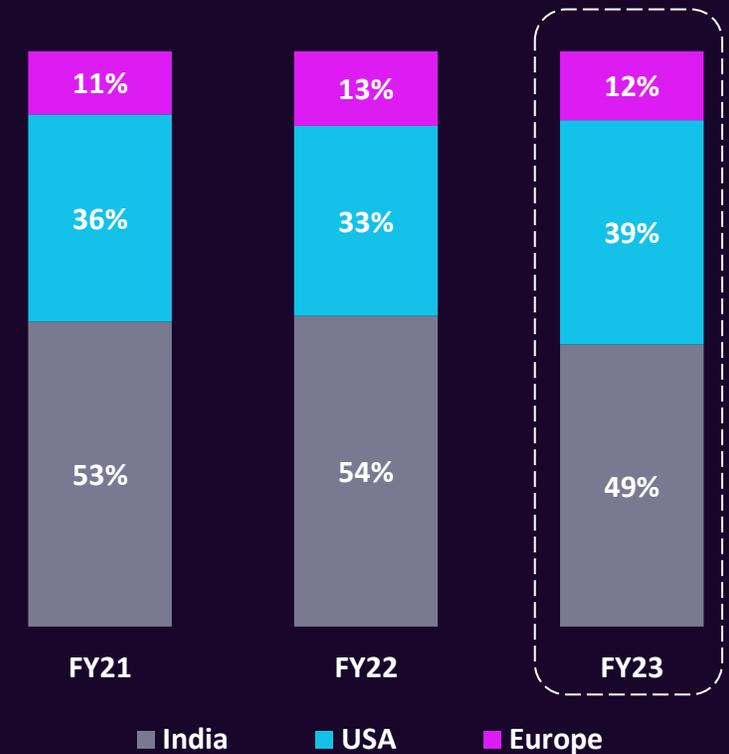
## Revenue by Industry



## Revenue by Business

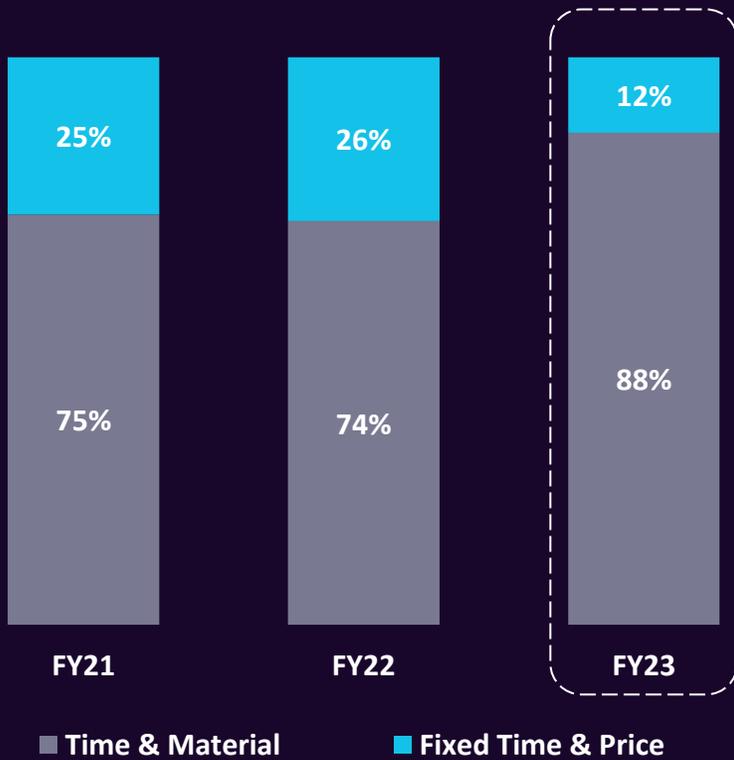


## Revenue by Geography



# Revenue Metrics

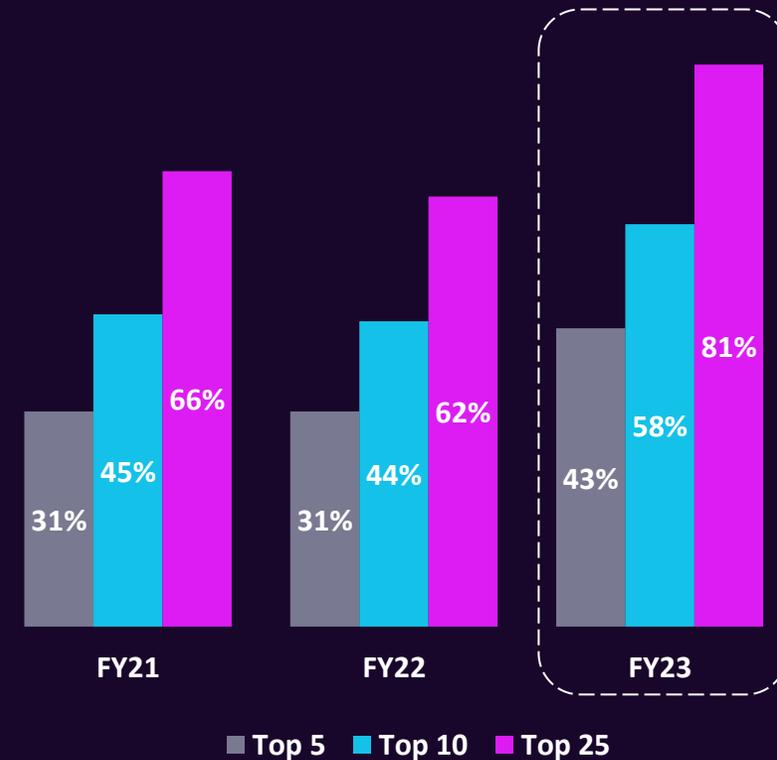
## Revenue by Contract Type



## Revenue by Engagement Model

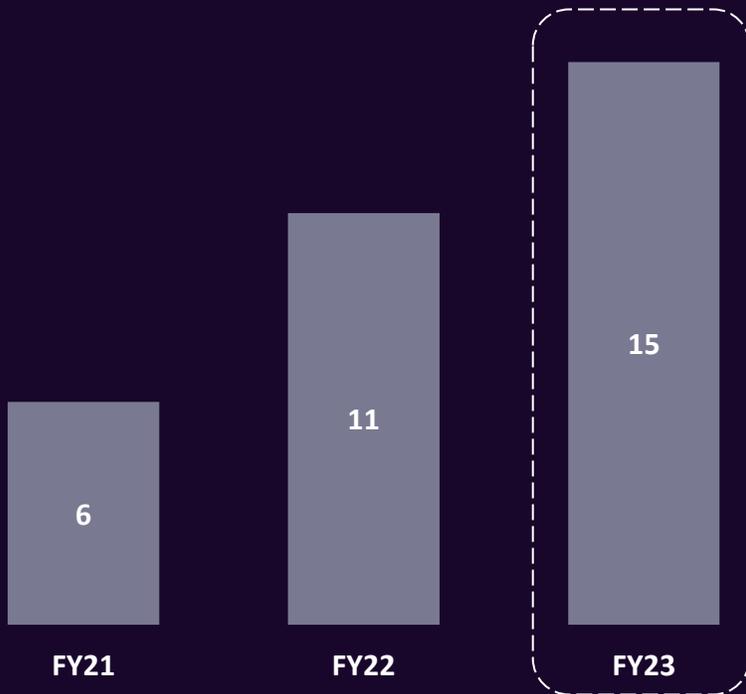


## Revenue by Client

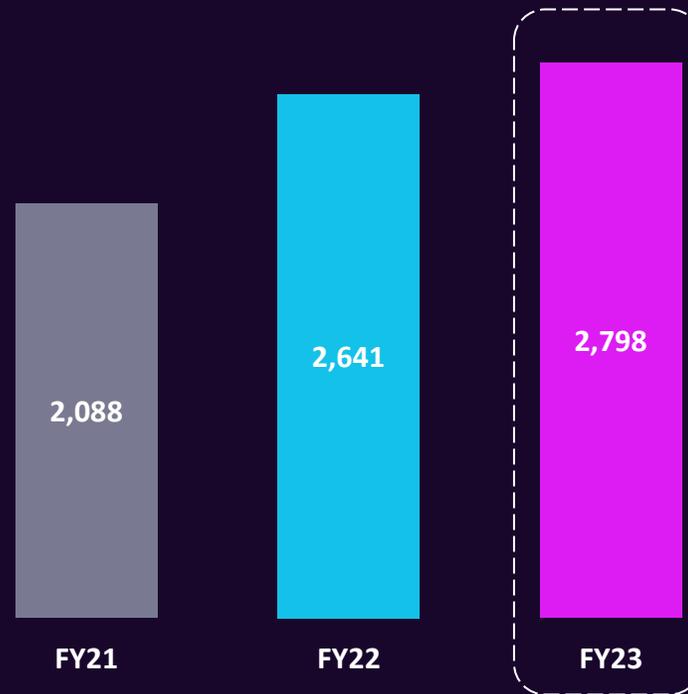


# Operating Metrics

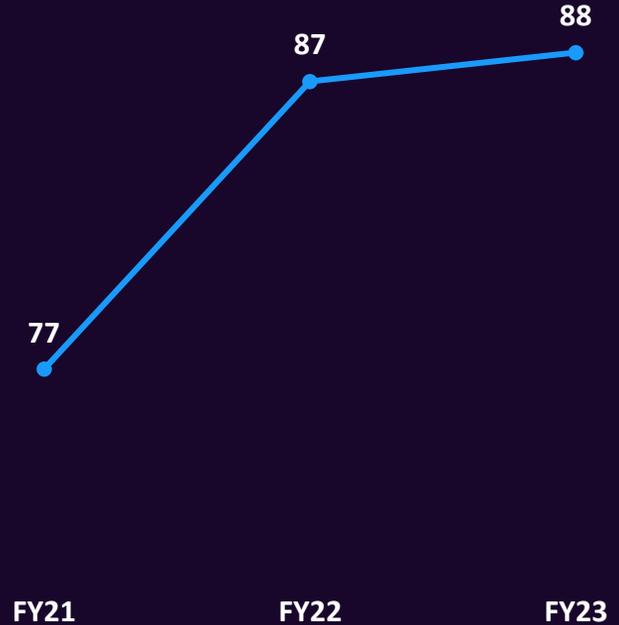
Clients with Annual Billing >USD 1mn



Total Headcount



Days Sales Outstanding (DSO)\*



\* DSO includes billed and unbilled

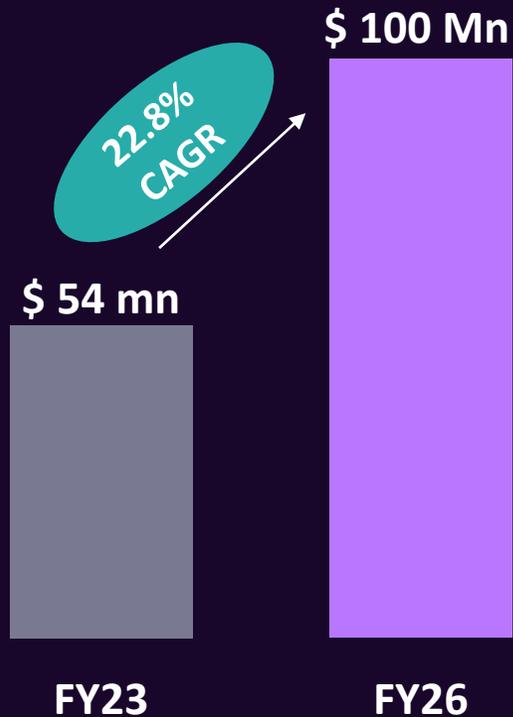
## Key Performing Indicators

Particulars (In ₹ Crore)	FY21	FY22	FY23	Reasons
Revenue from Operations	240.4	307.3	440.9	Revenue growth was mainly led by a rise in outsourcing by top clients along with increase in wallet share from existing strategic clients on the back of strong demand
<i>Other Income</i>	5.3	21.5	5.4	
<b>Total Income</b>	<b>245.7</b>	<b>328.8</b>	<b>446.3</b>	
<i>Employee Benefit</i>	189.0	238.8	353.1	Substantial investment in the talent pool to increase global footprint
<i>Other expenses</i>	32.4	47.0	60.6	Includes TAP Cost and Sales & Marketing expense
EBITDA	17.3	21.4	27.3	
EBITDA Margin (%)	7.2%	7.1%	6.2%	
<i>Depreciation and amortisation</i>	10.4	10.1	13.0	
PBT	9.8	31.8	18.0	FY22 includes the waiver of a loan of ₹ 15 Crore under the Paycheck Protection Plan (PPP) Scheme in the USA
PBT Margin (%)	4.1%	10.4%	4.1%	
PAT	7.4	23.7	11.5	The decrease in FY23 PAT is due to the inclusion of gain on account of government grants/subsidies received in onsite entities towards employee cost incurred during Covid-19 pandemic in FY22
PAT Margin (%)	3.1%	7.7%	2.6%	
EPS (₹) - Diluted	4.4	12.2	5.1	

# Outlook

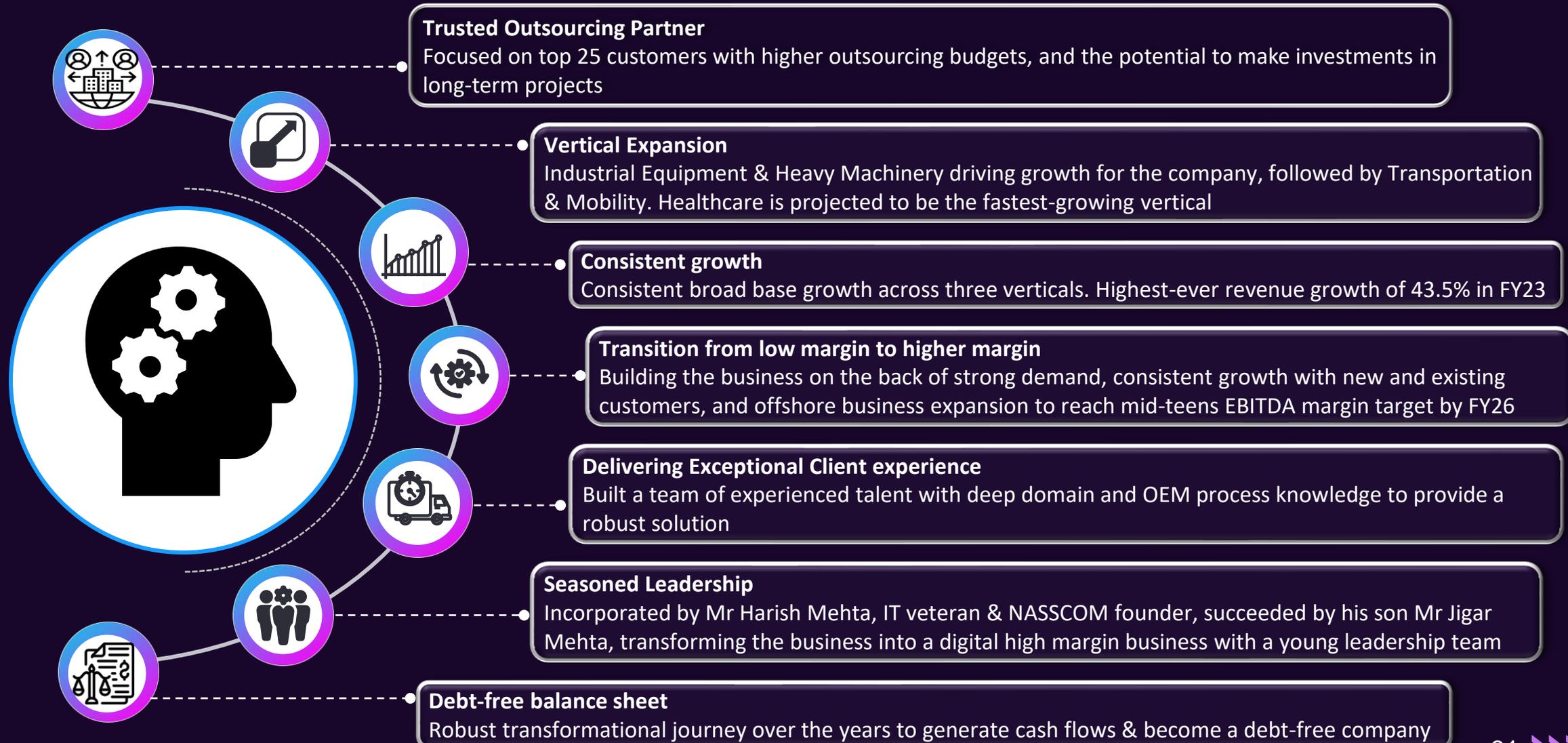
# Future Outlook

## Revenue (in \$ Mn)



- Aspiration to reach US\$ 100 mn revenue by organically mining strategic accounts. Any bolt-on inorganic opportunity will be an added bonus
- Levers to achieve mid-teens EBITDA margin target by FY26
  - Initial Investments in TAP have started bearing fruits, going forward the investments will be reduced
  - Increase focus to expand offshore higher-margin business
  - Improve operational parameters
- Balance growth from top clients and across all 3 lines of Business –
  - Digital Services to contribute 50% revenue by FY26 (v/s 17% in FY23)
  - Embedded & Mechanical to contribute remaining 50% revenue by FY26 (v/s 70% in FY23)
  - Exit ITS business fully (13% in FY23)
- Continue to remain focused in USA and Europe markets
- Focus on execution and scale all 3 verticals
- Invest in emerging technologies, build capabilities and capacity for existing clients

# Investment Rationale



# Thank you



For Further Information, Please Contact:



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