



“Onward Technologies Limited
Q3 FY26 Earnings Conference Call”

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

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

Moderator: Ladies and gentlemen, good day, and welcome to Onward Technologies Limited Q3FY26 Earnings 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 this conference call, please signal an operator by pressing star, then zero on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Jyoti Gupta from EY Investor Relations. Thank you, and over to you, ma'am.

Jyoti Gupta: Thank you, Bhumi. Good evening to all of you. Welcome to the Q3FY26 Earnings Call of Onward Technologies Limited. The results and presentation have already been being mailed to you, and you can also view them on our website: www.onwardgroup.com.

To take us through the details 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 or which can be construed as a forward-looking statement must be viewed in conjunction with the risks and uncertainties that we face. These risks and uncertainties are included, but not limited to what we have mentioned in prospectus filed with SEBI and subsequent annual reports that you can find in our website.

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

Jigar Mehta: Thank you. Good evening, and a warm welcome to all of you joining us today for our Q3 earnings call. It's always a pleasure to connect with you every quarter and share the progress our teams are making across Onward Technologies. I hope you've had a chance to go through the press release and earnings deck we released post the Board meeting earlier today. Let me start with a quick overview of what we are trying to do at Onward Tech, a bit about the last nine months, and of course, the last 90 days in particular.

From an Onward Tech perspective, we shared in early 2026 that our goal is to deliver double-digit revenue growth and double-digit EBITDA growth for the next three consecutive years. At the same time, we are building a leadership team, where we move from a promoter-driven organization, that is me, to a professionally led, vertical-led leadership structure.

Let me throw some light on that. I'm very pleased to share that the entire leadership team is now in place. We have three vertical heads leading the business. The largest vertical is our IEHM vertical, where a new leader joined us last week and is currently settling in. Then, we have Pratish Mehta leading our HCLS vertical, and third is our new hire from last year, who is leading our T&M vertical based in Pune. We want them to settle in, and we'll be very happy to introduce all of them to you over the next couple of weeks and quarters. We also hope to plan an Analyst Day very soon in Mumbai. With this, I plan to step back from day-to-day operations from 10

years of driving day to day operations and focus on long-term strategy and client engagement, while the three leaders build and scale the business with existing clients.

The focus across the three businesses is very straightforward. In the IEHM vertical, the focus will be completely on delivery-led growth. As you already know, we have marquee clients and are currently focused on one geography which is North America. The key opportunity is to build an execution engine how to scale these 40 plus relationships. And second, is to expand big into Europe, which is a completely new territory for us in this vertical.

The second vertical is Transportation & Mobility, where we've had a strong presence in the GCC market in India, and now we've added a leader with U.S. and European experience who is building his team across Europe and the U.S. The first focus is to build a very strong organization, transition our existing relationships into global markets, and then offshore a significant part of the work, which will lead to substantial margin expansion. This vertical continues to remain steady. We remain focused only on few large OEM customers in USA and Europe.

The third vertical is HCLS which is relatively new for us. We've won some good client engagements, and now it's about how fast we can deepen and grow those relationships. Over the next one to three years, I believe this will be a very exciting vertical for us.

Now, coming back to the quarter, the last nine months have been historic. This has been the best period of my career, the best for my team, and the best for Onward Technologies. We delivered INR 411.8 crores in revenue, representing 11.7% growth on an annual basis, very much in line with our guidance. Our EBITDA margin has also come in much ahead, at 13.9% for the first nine months. Last year, when I spoke about double-digit EBITDA, we were expecting around 11–12%, but we are well ahead, predominantly driven by the fact that the majority of new business signed has been on offshore engagements.

In terms of the last quarter, once again, we are very happy with the final outcome. Revenue stood at INR 136.1 crores, while we were expecting to be a bit lower. If you remember, over the last two years, most of our customers, especially GCCs in India and automotive clients outside India, had huge furloughs during this period. This time, however, we budgeted more effectively, and our teams were well prepared. While customers continued with furloughs, from an annual perspective, we had already planned and budgeted at the start of the year. Obviously, we are not playing a quarterly game. Several other client engagements and contracts ramped up, bringing us very close to Q2 revenue levels. EBITDA also continued to improve, predominantly driven by offshore margin expansion, leveraging our delivery capabilities.

In line with this, as shared earlier in the year, we budgeted a huge capex investment in India to support offshore expansion. We upgraded our infrastructure in Pune, Chennai, Bangalore, and Hyderabad. Pune and Hyderabad are now running at full capacity, and with the addition of Chennai, we've opened up a few hundred additional seats. This gives us enough bandwidth to grow new engagements and expand further. So, going into 2026, the majority of our new offshore headcount addition will be in Chennai.

To summarize our focus areas, on the IEHM side, the focus remains delivery-led growth, and we have an excellent leader in place whom I'm very excited to work with. He's inheriting strong teams that have delivered phenomenal CAGR over the past several years. The focus will be transitioning a majority of the business towards digital and AI services.

In the T&M vertical, the GCC business remains strong and steady and is expected to grow at a double-digit rate every year. The revenue growth will come as we open up large OEM clients in Europe and the U.S., particularly on the embedded and digital side. Initially, this work will be on-site, but over time it will transition offshore.

This is a very crowded automotive space, and we need to find our own niche. We're seeing positive traction, with a lot of meetings and workshops. We believe we'll find the right niche that can help us grow 5x, 10x from here. As shared earlier, we've already signed OEM customers in Europe and the U.S. It's going to be fun as we find our way with these OEMs, driven by hiring the right people and building a workforce that works harder and smarter than anyone else.

HCLS is fairly straightforward, we need to continue investing, building credibility, and deepening client engagements. We see an amazing runway for this vertical over the next few years.

From a financial perspective, our DSO continues to improve and now stands at 70 days at the end of Q3 FY26. Attrition has reduced to 14.73%, and our headcount stands at 2,491 employees. This is also the period when we complete a comprehensive performance and reality check across the organization which leads to reduction of the bottom 5% contributors.

We completed our appraisal process in July, and effective October 1, we implemented increments, good increments for top performers, backed by client rate increases. As a growing company, we take big bets and hire aggressively, but not everyone is successful, despite trying their best. This quarter allows us to move on from such situations.

While we take a one-time hit in Q2 and Q3, it gives individuals an opportunity to build their careers elsewhere and allows us to start fresh, as we enter a new calendar year. A significant number of senior exits happen in Q3, particularly across delivery and sales, and we bring in an equal or higher number of new leaders. As a result, Q3 is typically the busiest quarter for us. This period helps us prepare for the next calendar and financial year by learning what worked, what didn't, which customers can be scaled, and which verticals, LOBs, and product areas we should go deeper into, driven by customer feedback.

We remain fully committed to our goals. While we are currently ahead of where we want to be as of today, our goal for 2026 and 2027 continues to remain the same, which is to consistently deliver double-digit annual revenue growth and double-digit EBITDA growth year-on-year.

Thank you very much, and with this, I'll now hand the call back to the operator for the Q&A session.

Moderator:

The first question is from the line of Madhur Rath from Counter Cyclical Investments.

Madhur Rathi: Sir, I wanted to understand regarding why customers choose Onward versus their own GCC and sir what is the technology capability or the service capability that we have that these own GCCs don't have or they can't create that's why there is stickiness with Onward versus their own offices?

Jigar Mehta: let me explain the GCC model. GCC is nothing but a cost center of a global multinational in the U.S. and Europe, or other parts of the Western world, which comes to India for lower cost and a large supply base. That supply base, over a 5, 10, 15, or 20-year process, gets built into a capability center where they actually deliver solutions, products, and intellectual property.

So, there are two different parts of a GCC, but just to simplify the answer, all global companies are extremely clear that the GCC, the cost center that they have created in India, is only for particular capability. They are not meant to do everything. So, while they might come into India for AI and digital engineering, entire embedded and mechanical engineering is outsourced to several other suppliers. So, it's not only Onward Tech, there are always about five or six other suppliers. We always see the top five ER&D companies that you know of, which are all publicly traded and have been there for the last decade.

Number two, the traditional outsourcing model says 70% of the work is done in-house and 30% is outsourced. We come in on the 30% outsourcing side, and I think that flexibility and agility are what they always expect from suppliers. So, 70% of the work they will do in-house. Let's say they have a GCC of 5,000 engineers, 3,500 will be their own employees, and 1,500 will be between Onward Tech and other large ER&D service providers.

The third part of the question is on the capability side. Every customer is a unique proposition based on the three verticals that we have. For each customer, we have identified a niche area where we have built an ODC or a managed service desk that is exclusively for that customer. So, we build deep capabilities for a particular customer based on the RFQs or requirements they have for the next three to five years.

Madhur Rathi: Sir, my next question was on, sir, I read that currently, most of our revenue comes from time and material contract. So how do we see this mix changing from time and material to either outcome-based or IP-led contracts? So I understand that a large part of LTT growth has come from these IP-led contracts where the customer stickiness increases much more than these time and material contracts. So how do we see onward moving our revenue mix from this time and material contract to the other kind of contracts?

Jigar Mehta: As I've shared earlier, I personally have no plans to change the mix. I like time and material to be at 90%. Please keep in mind, Onward Tech is a young company. Let's say we'll end up around INR 550-odd crores of revenue.

Our goal continues to remain at 90% T&M, at least until we get to \$100 million or INR 1,000 crores of revenue. Then we will relook at the strategy for the the next INR 1,000 crores to INR 2,000 crores, But from where we are today to get to INR 1,000 crores, I think time and material is a great business model for us. It's very steady. It's very dependable. It's very sustainable.

It gives the customer a lot of flexibility, that's why customers love us. Our cash flows are very stable. You can see the cash generation we have delivered. We have been able to pay dividends to shareholders like yourselves for the last 10 years in a row, and I think we will continue to sustain that, if not grow it, over the next several years. That's the business I would like to be in, at least for now, a very sustainable, focused model where we add value to customers.

Moderator: Our next question is from the line of Dhruvin Doshi from NV Alpha.

Dhruvin Doshi: Jigar, my question to you would be, on the long-term trajectory path, we aspire to reach INR 1,000 crores of revenue. I'm assuming that there will also be a component of an inorganic growth that would come in to achieve this in order to double our revenue from currently where we are.

So, any update on acquisition that you have thought of anything that you're evaluating? And just your sense on that, how the inorganic part will play in terms of reaching this INR 1,000 crores of revenue?

Jigar Mehta: Ever since PE Convergent came in, we've always looked at acquisitions very seriously, so we continue to remain open. The best acquisition for us, as I've shared earlier, would be where we are buying out or getting an opportunity to acquire a competitor who is already serving our existing customers. We have 70-odd customers today.

So, the best strategy, the best approach, at least from where we are today, is aligned to that. We are always open to it. As of today, we continue to focus primarily on inbound opportunities, where several companies reach out to us, or our customers ask us to look at certain suppliers who may not be doing well or are looking to exit for whatever reason, and we've been open to that.

We haven't found the perfect blend yet, but we continue to engage with them. Our Board is engaged as well. The Convergent team, and Harsha and his team, have been very helpful there too. So, we remain open to opportunities. If something comes up, you will obviously be among the first to know. That said, we are not looking at buying just for the sake of revenue. When it happens, we will be the first to communicate it.

Dhruvin Doshi: Okay. Got it. So, there's no immediate update or immediate actionable on that part at least for now?

Jigar Mehta: Correct.

Dhruvin Doshi: Understood. Got it. Secondly, on the margins front, I just want to understand, I guess, ex of this onetime labor code impact cost, we've done an all-time high EBITDA margins. If you just could throw some more light on the sustainability of these margins and how do you see them going ahead?

Was it also because you mentioned about furloughs and Q3 being the busy quarter for you with a lot of layoffs also happening. So was it also led by that? I mean, because of we laid off a lot of

employees. And I just want to understand on that front, I mean, the sustainability of these margins going ahead?

Jigar Mehta:

I'll go back to my projections, or what we shared with you and everybody last year. We were at 9% EBITDA last year, and we shared that we would grow to double-digit EBITDA. At that point in time, nobody believed us, and all the analysts and investors were asking us, is it possible? We are a high-volume, low-cost company

So, our goal was, how do we get to double-digit EBITDA, 11% to 12%, which included a significant portion of investments in the H1B on-site program and offshore. The H1B program is gone, which means most customer engagements have led to substantial offshore work for us. I think our team executed a brilliant strategy where we were ready for offshore work. Our design centers were ready. We upgraded a lot of our centers, and that led to margin expansion, just to keep things practical.

On the furlough side, it was more about the fact that we had already budgeted for that from an annual perspective. So, we don't really look at Onward's numbers on a quarterly basis as such, right? Yes, we are a listed company, and we want to maintain hygiene, but our focus continues to remain on an annual basis, deliver double digit on revenue and double digit on EBITDA. Very honestly, for us, 11% to 12% was the goal for this year. So yes, 12% is what we are budgeting very well for, and that's sustainable. Everything else on top of that depends on how well our teams execute the strategy.

Moderator:

Our next question is from the line of Sarvesh Gupta from Maximal Capital.

Sarvesh Gupta:

I had a couple of questions. So, sir, one is strategy going ahead. So, like you mentioned that you are a small company and this size guiding for a double-digit growth is a little bit lower in my opinion because the size is such that you could probably grow at a much faster pace than this 10%, 11% sort of a growth trajectory.

So, wanted to understand what is the constraint when we think about growth? Why can't we, for example, double in next 3 years rather than grow by only 30%, 40% in the next 3 years. So what do you see are the constraints why we can't grow despite having a lower size?

Second question is that earlier you had mentioned that you have these 2,500-odd employees and you had the same number of employees many years back also. So, if we now think about growing from the current level, what kind of capacity addition in terms of employees do you think you want to do or what is required to be done? Or will you be able to continue getting to a different scale altogether with the same employee base? These are the 2 questions.

Jigar Mehta:

I think I've answered this earlier as well but let me re-emphasize or rephrase what I shared earlier. Where we are today is, again, the best it's ever been. And when I talk about the projections that we have given to everybody, to all our shareholders, stakeholders, and the Board, it is that we can deliver double-digit EBITDA and revenue growth based on the external factors that are there.

Can we grow faster than that? Absolutely, we can grow faster. There are no limitations. I think it's all about executing towards where we need to get to. And execution, for us, is more about building delivery capabilities, and everything needs to move into a mature cycle. Please keep in mind, we're not an IT company; we're an engineering company. On the engineering side, we've had some of the best consultants come and tell us that we are the fastest-growing organic company over the last three to four years. There's no company, bigger or smaller, that has grown faster than us organically. Yes, through acquisitions, some companies have grown much more and show bigger numbers, but not organically. In engineering, you have to build capabilities, you have to build trust, and only then do things happen. It doesn't happen overnight. And we are at that stage right now.

As I said, we have hired a very strong leadership team. They are building the second and third layers right now, while having inherited an outstanding team. They are also going to add a lot more as we migrate more and more towards digital and AI. So, it's a process that takes time. We want to make sure we are always doing a very high-quality job for our customers. In IT, it's very different, people come and go, and it's a very different mindset. Our goal is to make sure we deliver high-quality engineering solutions for our customers, where we own the SLAs and ramp up from there. So double digit is really about showing the confidence we have as a leadership team in what we can deliver over the next three years.

Sarvesh Gupta:

Last thing, headcount?

Jigar Mehta:

On the headcount side, I continue to believe we are at about 2,500-odd people. I think we have excellent teams doing a fantastic job. We've spent a lot of money on automation as well, which is simplifying workflows. So, headcount-wise, I think by the time we get to \$100 million, we should be about 3,000-odd employees. Keep in mind, the majority of the growth is going to come from the U.S. and Europe regions.

Sarvesh Gupta:

Okay. And sir, when you are competing with other vendors for various new proposals, what are you exactly competing on? Is it the past work that you have done or is it the pricing of these contracts or differentiated capabilities? So if you can throw some light on how does that selection of Onward vis-a-vis other competitors happen from the customer's point of view?

Jigar Mehta:

Let's say, for example, the first part of the engineering business is to become a qualified supplier.

To become a qualified supplier to the largest companies in each vertical we operate in, we have to do a lot of capability presentations, client references, pilot projects, POC work, financial check, credit ratings, etc ranging anywhere from three months to three years. That is strictly based on your in-house delivery capability.

You're not allowed to subcontract that. You cannot outsource it. There is no cost angle involved there, it's something you have to do. This work could be paid, or it could be complimentary, where you are investing upfront to win the customer and, more importantly, win the customer's trust.

Once you do that, the customer doesn't select you only for one particular line of business, which could be mechanical engineering, robotics, Embedded Electronics, or digital and AI. I'm giving you a very broad perspective.

Now, once a particular part of Onward is identified as being strong on, let's say, the digital side for a customer, there is a standard rate card that applies to us and the largest three companies in the world. There is no difference in terms of the rate card, that's the standard rate card the OEM gives all of us. There is no special treatment for anybody, as far as we understand. Now, based on the complexity of the work, the customer may prefer to increase the rate significantly or reduce it, because that is driven by the cost of people and personnel. That's how it works. Whether it is fixed price or time and material doesn't really matter, at least from my understanding.

That's where we come in. The third part, where the real differentiation comes in, is when we start bidding for larger projects. It's about how you want to bid for the project, whether as managed services, outcome-based, time and material, or by lowering your rate in the final cost. That strategy changes dynamically every day.

Some very large, multi-billion-dollar companies like to do outcome-based work. Young companies like ours prefer time and material. And then the customer has a preference. For XYZ RFQ, they might prefer time and material, that's why we win. For XYZ, they might prefer outcome-based, and someone else may win.

Sometimes, at the city level, customers are very clear that they only want to go to Pune or Hyderabad or Chennai. If we are the only supplier from that city, we get a preference. So it's very dynamic. There is no fixed thing. But standardization is based on your in-house delivery capability and your ability to continuously invest in the future. You might be great at something today, but tomorrow the customers' needs will change. You need the level of cash flows, vision, and delivery capability to ramp up, invest in new areas, and take that risk along with the customer.

Moderator: Our next question is from the line of Jayshree Bajaj from Trinetra Asset Managers.

Jayshree Bajaj: So my first question is India is accounting for 50% of revenue by geography. So that means India geography like we don't have any domestic customers. So does this indicate that half of our global contracts are being built through Indian subsidiaries of global OEMs? Or is this purely a reflection of offshore delivery center accounting?

Jigar Mehta: Yes, it's a combination of 2 points. Our revenues from our GCC client clients and revenues from our UK clients, being a branch office of the parent company.

Jayshree Bajaj: And how does this impact our tech optimization and currency hedging strategies?

Jigar Mehta: Not much, We are only hedging the balance 50%. As a company, we are conservative.

Predominantly, we are hedging our offshore revenue from the U.S. and Germany. Germany is still very small, predominantly, it's the U.S.

Jayshree Bajaj: Okay. And my second question is, we have a cash and bank reserves of INR 116 crores. As you have stated today also that we are not focusing on M&A other than competing suppliers for existing clients. So rather than can we look for acquiring specialized capabilities in high-growth areas like cybersecurity or NLP where we don't work right now?

Jigar Mehta: Absolutely, it's an opportunity, cybersecurity is a superb area, along with many other areas. So, we are open to all of that. As I said, we have looked at acquisitions, we have looked at buyback options as well. We have also discussed rational dividend options at the Board level.

We have looked at multiple other things as well, buying more assets, creating a campus in Pune and Chennai. So, we're constantly evaluating. We have a very young, dynamic team. We have a very dynamic CFO and a very strong finance team. So, we are constantly on the go, every day. But we don't want to do anything just for the short term, just to please one quarter or someone. We want to do things that are long-term and sustainable. That's what Onward Tech stands for. We have a beautiful legacy, we want to keep growing, and I know we can keep winning, as we have done over the last five years.

Jayshree Bajaj: Okay. So, can we expect something in the near future regarding this? Any acquisition or anything?

Jigar Mehta: Yes, we are evaluating. As I've said earlier, my bigger dream is to have six months of payroll cash on hand, so that what we went through as an organization, and what the whole world went through during the pandemic, should never happen again.

So, there are a lot of things we can do with positive cash flow. I think we will easily be at double where we are today, two or three years down the line. So, I think it's a very exciting phase for us. We just have to make sure we don't do anything short term.

I've been very fortunate to have an amazing Board, which is constantly guiding me in that direction.

Moderator: Our next question is from the line of Burramsetty Suresh from Burrams Financials.

Burramsetty Suresh: Sir, you are sitting on cash, but you go for acquisition and go for any special dividend or you can use the funds on expansion plans. Sir, revenue continue next quarter or other quarters also, it will be continued revenue grow around 20% is possible, sir? Sir, I know little bit English. Hope you understand.

Jigar Mehta: It's going to be a very exciting 2026. If I understood your question correctly, we have a lot of options which, as I said, the Board and the management team are reviewing every day. You can be rest assured of that. And it is always with a long-term view, and I think it's going to be very exciting.

Burramsetty Suresh: Any special dividend, sir?

Jigar Mehta: It's special only, right? I think we increased it to INR 5 a share two years ago. My job is to make sure I sustain that, if not grow it. So, we're not looking at anything one-off.

- Burramsetty Suresh:** Shareholder side, I am asking. But stock market wise price vary, 2, 3 years back, INR 800, it will trade around Onward. Company is growing good, but I am not asking price increase. But why is the market will take Onward is the price not take good shape?
- Jigar Mehta:** I'm not an expert on the market. I enjoy building an organization, and I think that's what I can focus on. But I'm sure the price recovery will happen as my team and I continue delivering good, positive, progressive results every day. The rest I will leave to the Board to guide us, if there's anything that comes up in the Q4 Board meeting.
- Burramsetty Suresh:** Any buyback options are there in near future. You have told. But promoters, any buyback or any announcements are there?
- Jigar Mehta:** the option is under consideration and as I said, we are progressively always looking at the best options for Onward Tech and all our shareholders.
- Moderator:** Our next question is from the line of Prasenjit Paul from Paul Asset.
- Prasenjit Paul:** So, my first question is regarding the court order. So as we can see in the footnote that there is an ex parte order from the Circuit Court, and there are some frozen cash. So kindly help me to understand like what are the chances of getting favorable order? And in case of ultimately, we receive some unfavorable order, what's the maximum hit we can take on profit and loss account in any quarter?
- Jigar Mehta:** I don't think, it's a case of an ex-employee who left on his own due to non-performance. That's all I know. He was a sales guy in my in my U.S. organization. We're just following the legal process. One of our Board members is guiding us. We've hired the best lawyers to defend us, and we have all the supporting documentation with us.
- As for everyone on our side, we have all the supporting to show that we have done nothing wrong. All dues have been paid. Everything is exactly as per our contract. The rest is being handled by my HR team and my sales leadership, they are in touch with the lawyers. So, we have not heard back anything yet.
- In terms of impact, we will follow the legal course. It's not about whether we can afford it or not. I believe, we should win as we have followed the right process. We've never had a legal case against Onward Tech in our history. If it goes wrong against ujs, then we have to figure out why it went wrong and make sure it never happens again. But so far, from where I stand, what I have seen, what the Board has seen, and what our lawyers have seen, we have all the supporting to show that we have paid this ex-employee just as we have paid thousands of other ex-employees across the world on time, with very strong documentation.
- Prasenjit Paul:** Okay. So, in case the worst possible outcome, so what would be the hit on the P&L we can get?
- Jigar Mehta:** I would not know. As I said, it's too early to say any of these things because we will keep fighting. There's nothing going to be decided today or tomorrow. So, I can only share what we know. Both the lawyers of this ex-employee have already quit after our lawyers submitted all the documentation to the courts. So far, that's all the information we have.

- Prasenjit Paul:** Okay. And sir, next question is, so we are finally at around 14%, 15% kind of EBITDA margin. But just answering to some previous participant, you mentioned you had targeted around 11%, 12% and anything top of that is a bonus. So, can we expect going forward, the margin will come down to 11%, 12% or this 15% kind of range is sustainable?
- Jigar Mehta:** Again, I'm not playing a daily, weekly, or quarterly game. Annually is what I projected a year ago, or nine months back. I'm very pleased with my team's performance, and the Board also acknowledged that they are very happy with our team's performance. That's what we are focusing on. Next year, our goal is, again, whatever number we are at, to be at double digits. That's what the budgeting reflects as we speak. Budgeting will be closed, as we always do, by February 15th.
- Prasenjit Paul:** Okay. So that is still maintaining this mid-teen kind of margin goal over the longer run or like instead of mid-teen, you are expecting 11%, 12% kind of if I consider the long-term goal?
- Jigar Mehta:** yes, as percurrent visibility, we'll aim to deliver double-digit revenue and EBITDA growth from the previous year organically.
- Moderator:** Our next question is from the line of Harsh Chaurasia from Orbit Exports Family Office.
- Harsh Chaurasia:** I had one question, sir. Mainly, I wanted to understand how is the demand environment working broadly in the 3 verticals which you are working on? Apart from that, one of the calls in like the peer companies in India, ER&D, they called out like the demand is improving, but it is in some pockets of technology where the clients are doing the spending.
- So, wanted to understand in our top 5 or top 10 clients, what kind of spending or area of spending they're looking out? And is Onward well positioned to get benefit out of that? So that was my first question.
- Jigar Mehta:** The demand is improving every day. I don't think Onward Tech has ever had a challenge in terms of demand because we are not trying to get new customers, we are focusing on existing customers. We are not even 1% of our customers' outsourcing budget today. So, you can understand the runway for the next several years.
- It's about building trust, capability, and deep domain expertise in various markets. Just because I'm supporting a customer in the U.S. doesn't mean I will get the same business from the same customer in the U.K. You have to build the U.K. capabilities and the whole process that goes with it.
- From our perspective, I think demand has always been positive.
- Harsh Chaurasia:** When I see the current bandwidth of the organization is like we can't go to every client and get all the revenue potential we have. So are we targeting like set of customers like top 25, top 30 customers where we are going to penetrate significantly in the next 2 to 3 years. And how are we going to do that? And what kind of investments we are doing from a technology perspective or improving our team?

And apart from that, I wanted to understand in the top 5 clients, like on an average, we have INR 50 crores to INR 55 crores of revenue per client. So how much would be your wallet share in top 5 clients?

And when you look to the client, the opportunity presented to you, do you find any low-hanging fruit like where Onward can do the investments and accelerate their growth in top 5 clients? Because historically, we have seen in all the R&D companies, there are 3 to 4 anchor clients where they do the majority of the lift up. So that's how the perspective is coming.

Jigar Mehta:

I've shared this earlier as well. So, what are the top 25 clients? Top 25 clients is not a fixed set of 25 companies that exist the same every year. For us, or any other services company, the top 25 clients can change every year.

We do budgeting with customers last quarter, with others this quarter, based on their cycles and how their governance meetings are scheduled. Then the customer comes back and says, Okay, Onward Technologies, we love the work you've done in so-and-so area. We didn't like what you did in XYZ area. And in the areas where you're doing a great job, we want to make sure you can ramp up capacity and capability by 30% or 40%. So, in this way, you have meetings with all 70 customers.

From those, you identify which companies are counting on you, which are progressive, and where you can grow much faster. These are the ones that eventually deliver the double-digit revenue and EBITDA growth we share with our shareholders. We sit together as leadership teams and go deep into that. So, we don't try to win all 70 battles, it's impossible. It's always about budgeting.

Number two, please keep in mind, we're an engineering company, not IT. Budgeting doesn't happen every day. Once it happens, you're part of it. Within the 70 customers, we're probably not even part of the budgeting exercise in the bottom 20–30%, because there might be new suppliers. We have to build trust, build credibility, and establish a presence in those customer accounts. We're still transactional there. They just add us as a challenger and say, show us what you can do. That's where we are. So, for us, that's how we are structured.

In terms of low-hanging fruits, there are many opportunities.

Moderator:

Our next question is from the line of Abhijit from PI Asset.

Abhijit:

You mentioned that the majority of the business going forward will come from U.S. In this quarter, U.S. accounted for 30% of the revenue. So, what is your internal target for this mix over the next 2 to 3 years? Are you looking at say, 50% contribution?

Jigar Mehta:

Yes, there is a clear opportunity in the US region.

Abhijit:

Yes. The reason I ask is because if the contribution increases, the impact on the blended margin will be higher. So, does the U.S. margin has higher margin as compared with the other geographies?

- Jigar Mehta:** No, I have not seen that. I'm personally more comfortable in the USA region, having studied there and knowing the size/ scale of opportunity there.
- Moderator:** Our next question is from the line of Amrish, an Individual Investor.
- Amrish:** This is a follow-up to an earlier question on USD invoicing. I'm just trying to understand constant currency growth. To look at USD invoicing, is on-site share a good proxy? Is that something one can track to see what proportion is USD and what proportion is INR of our invoicing?
- Jigar Mehta:** Can you elaborate, please?
- Amrish:** So, part of our invoicing is in USD and part is in INR, and I'm trying to find a way to track this a bit better. So, I was wondering whether on-site share of revenue is a good proxy for USD invoicing. At the end of this is, I'm trying to assess constant currency growth versus INR growth.
- Jigar Mehta:** Sure. Our IR managers at E&Y can get back to you on that. I think there are too many questions in one. To clarify, everything that we do outside India, besides the U.K., which is a branch office, is invoiced in foreign currency. Even the U.K. is invoiced in pounds, whether it's on-site or offshore. That's just how the subsidiary and transfer pricing work. So maybe we can share the specifics separately, and E&Y can get back to you right away.
- Amrish:** That would be helpful. Another request just as a point on the guidance. I know you're suggesting a double-digit revenue and EBITDA growth, and you've given a range in the past of 10% to 12% revenue number. If there's any more color you could provide on EBITDA going forward because with operating leverage, to get double-digit revenue growth, we should get double-digit EBITDA growth. So, there's any additional color you can provide when you provide our guidance next quarter, that would be helpful?
- Jigar Mehta:** That's all we have right now, and we've given ourselves enough room to surprise you on the positive side, like we've done for the last two quarters in a row.. The potential is enormous. It's all about execution. Can we grow much faster? We've said yes. Can EBITDA be improved substantially more and grow from here? Absolutely, yes. But at least from a projection perspective, we need to be consistent. We want to make sure we deliver on that, and we give ourselves enough room to surprise ourselves and you, by executing better.
- Moderator:** Amrish please come back for follow-up question. Our next follow-up question is from the line of Madhur Rathi from Counter Cyclical Investments.
- Madhur Rathi:** Thank you for the opportunity once again. Sir, in FY '24, we had mentioned that we would like the export business to be 70% of our revenue and the India business to be 50% of our revenue. But that doesn't happen. So is it because that GCC business that was earlier considered to be export has shifted to India. That's why this is at 50-50 or we haven't been able to grow that pie as a whole?
- Jigar Mehta:** No, that's not correct. The GCC business, if you look at the industry reports in 2023 and '24, was supposed to remain flat. Then the U.S. government changed, and GCC expansion in 2024,

'25, and '26 started growing very, very fast. So, all our customers with GCCs, which were supposed to be flat or see negative growth, started to grow much faster. As a result, we actually grew our GCC business with them.

Because of that, all our businesses started growing again. Earlier, we assumed that only our U.S. business would grow, and that's where we were investing. But keep in mind, we already have significant investments in India and in Europe. So it's really about all three geographies growing at the same time, and if that happens, I think all three will grow even faster.

Madhur Rathi:

Got it. And sir, if you can just help us understand regarding the project profile that we have so I'm trying to understand, sir, the top 10 customers are less than 50% of our revenue in FY '22, that has grown to close to 70% right now. So if you could just help us understand how the project profile of these clients have changed and sir, you mentioned that you would like to move into embedded vehicle software, more of the software element, more of the electronic sensors capabilities on that front.

So if you could just help us understand how has the project profile changed over the years? And how has that helped us to increase the share of customers or top 10 customers either on project stickiness side or from the complexity of the order that we are getting?

Jigar Mehta:

Post the pandemic, we were a purely mechanical engineering company that started investing on the digital side. That's where Convergent, the PE firm, came in and partnered with us on that journey. Today, a substantial portion of our revenue growth comes from the digital side. So, our entire digital revenue comes from some of our large clients.

What has changed, and what has led to margin expansion over the last five years consistently, is that when you start a new client engagement, a lot of the work is initially on-site at the client premises, or remote or hybrid, especially during the pandemic. Today, a lot of the work that we do for the same clients, especially the top 10 or top 25 clients, is offshore.

I think in the next three to five years, if we continue to do a good job, execute very well, and keep investing in infrastructure, data security, processes, and automation, the entire growth will be offshore. There will be managed services and ODCs for those clients, which will lead to significant capex investments at a single site, something we are ready for because we have the cash reserves. It will also lead to margin expansion, because offshore billing rates are obviously much higher than on-site billing rates. On-site billing rates are traditionally low single digits, and offshore rates are double digits, at least for us today.

Madhur Rathi:

Got it. Sir, just a final question, sir, what would take our margins towards high teen levels from the 13%, 14% that we are doing currently?

Jigar Mehta:

We've crossed 5:00, so please come over to the office or visit any of our centres. We'd be very happy to show you around and address as many questions as possible.

Moderator:

Ladies and gentlemen, that was the last question for today. I would now like to hand the conference over to Mr. Jigar Mehta for closing comments.

Jigar Mehta:

Thank you. Thank you so much again. I hope I was able to answer most of your questions. If there is any factual data that I was not able to share, please reach out to our managers at Ernst & Young, and they will be able to provide that to you right away. We are very excited about the progress we have made in 2025. As I look forward to 2026, it looks even better, given the tremendous effort, the amount of work, and the quality of the team that we have today.

So, with that, I look forward to partnering with all of you on this journey, and I'm excited to connect with you again a quarter from now, when we can share additional progress we've made. Thank you again and have a lovely weekend.

Moderator:

Thank you. On behalf of Onward Technologies Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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