



Q1-FY23 EARNINGS PRESENTATION

July 2022

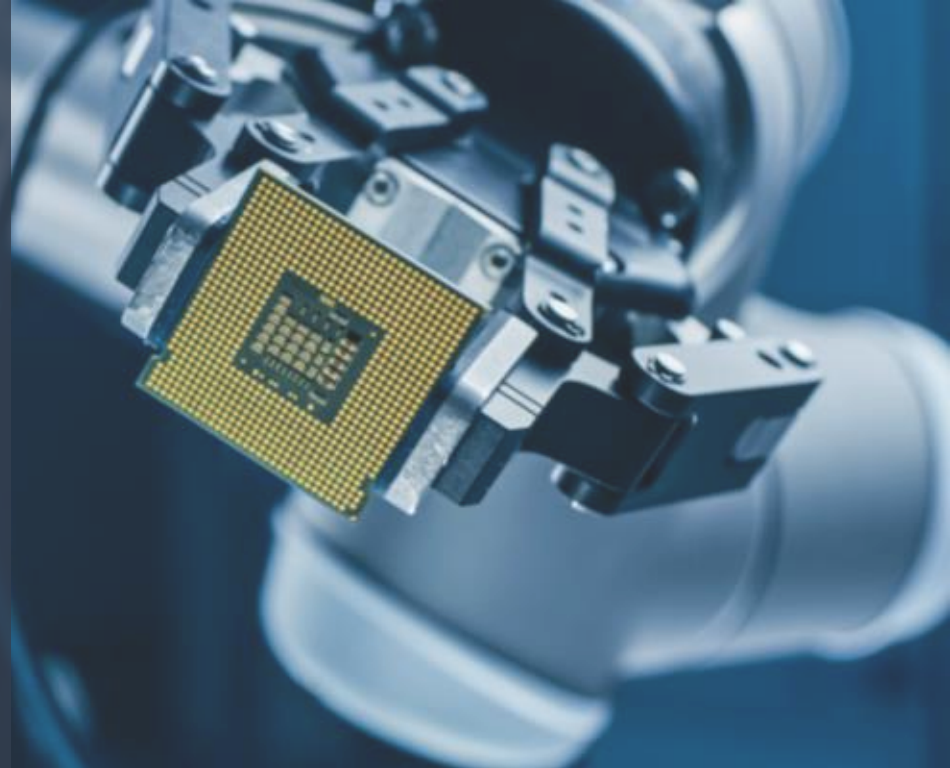


WHO WE ARE

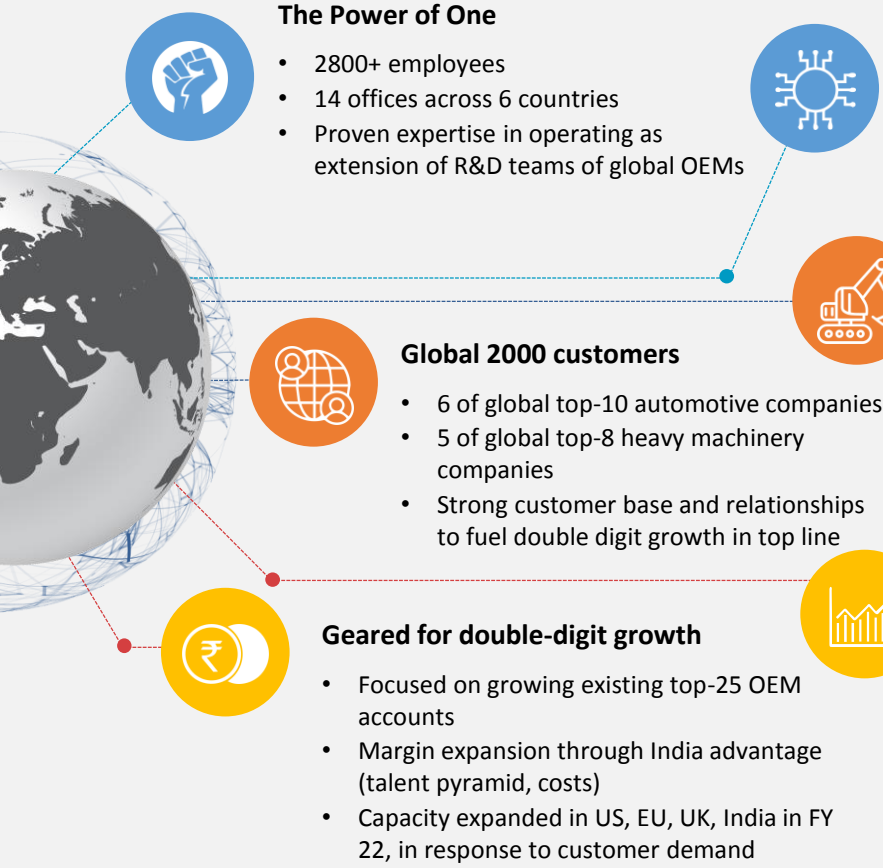
Onward Technologies

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.



Value proposition of onward tech



The Power of One

- 2800+ employees
- 14 offices across 6 countries
- Proven expertise in operating as extension of R&D teams of global OEMs

Digital play across all lines of business

- Digital engineering and outsourcing
- Electronics and Embedded
- Mechanical Engineering
- IT services

Global 2000 customers

- 6 of global top-10 automotive companies
- 5 of global top-8 heavy machinery companies
- Strong customer base and relationships to fuel double digit growth in top line

2 Focused industry verticals

- Transportation & Mobility
- Industrial Equipment & Heavy Machinery
- Diversification and investment in 2 high-growth verticals: Healthcare & MedTech, Hi-Tech

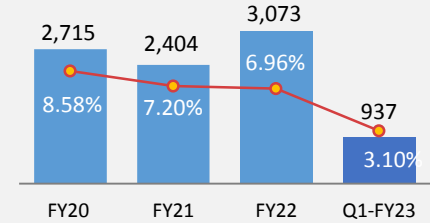
Geared for double-digit growth

- Focused on growing existing top-25 OEM accounts
- Margin expansion through India advantage (talent pyramid, costs)
- Capacity expanded in US, EU, UK, India in FY 22, in response to customer demand

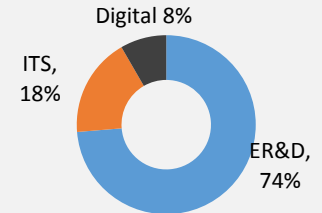
Strong financial turnaround

- Net debt-free, sound balance sheet & cash reserves
- 3-year PAT CAGR at 33%
- 6-year track-record of consistent dividend payout

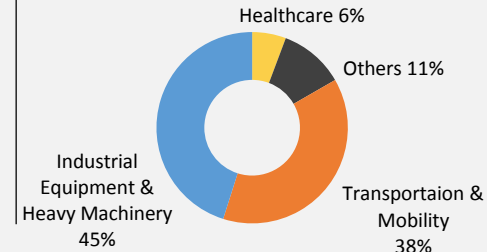
Revenue (INR Mn) & EBITDA Margin (%)

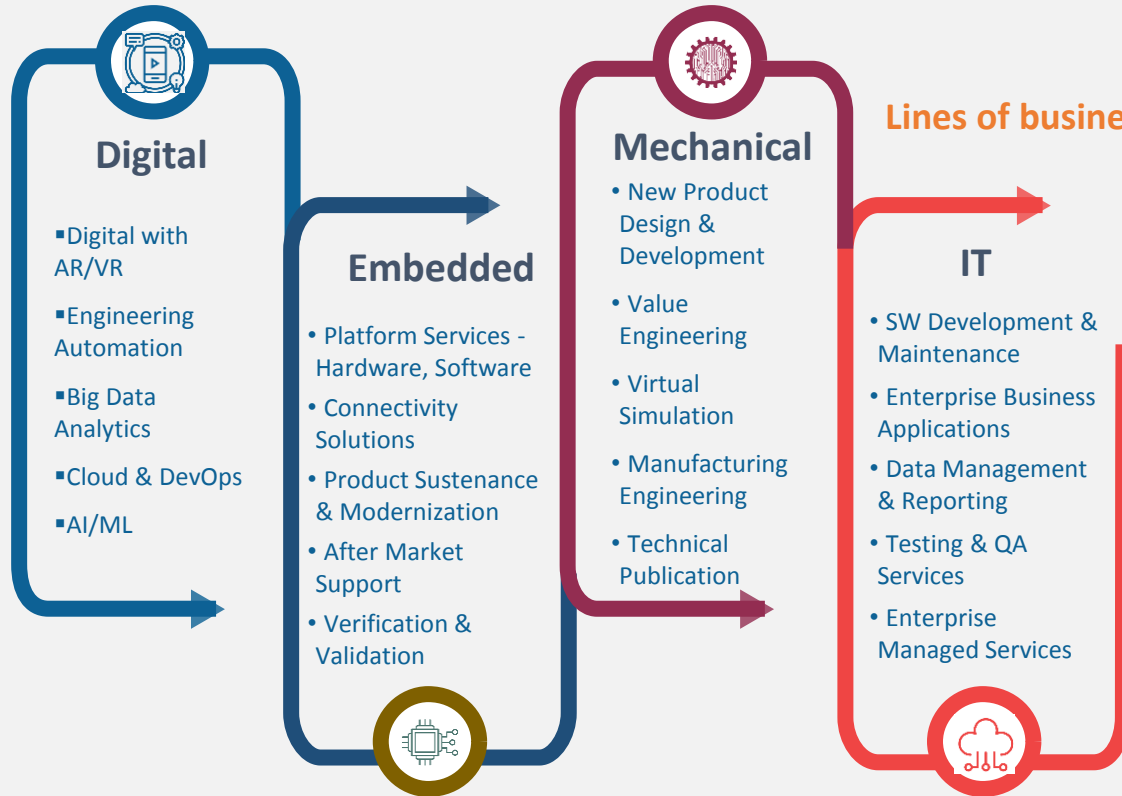


Q1-FY23 Segmental Revenue



Q1-FY23 Sectoral Revenue





Lines of business

Focus verticals

Transportation & Mobility



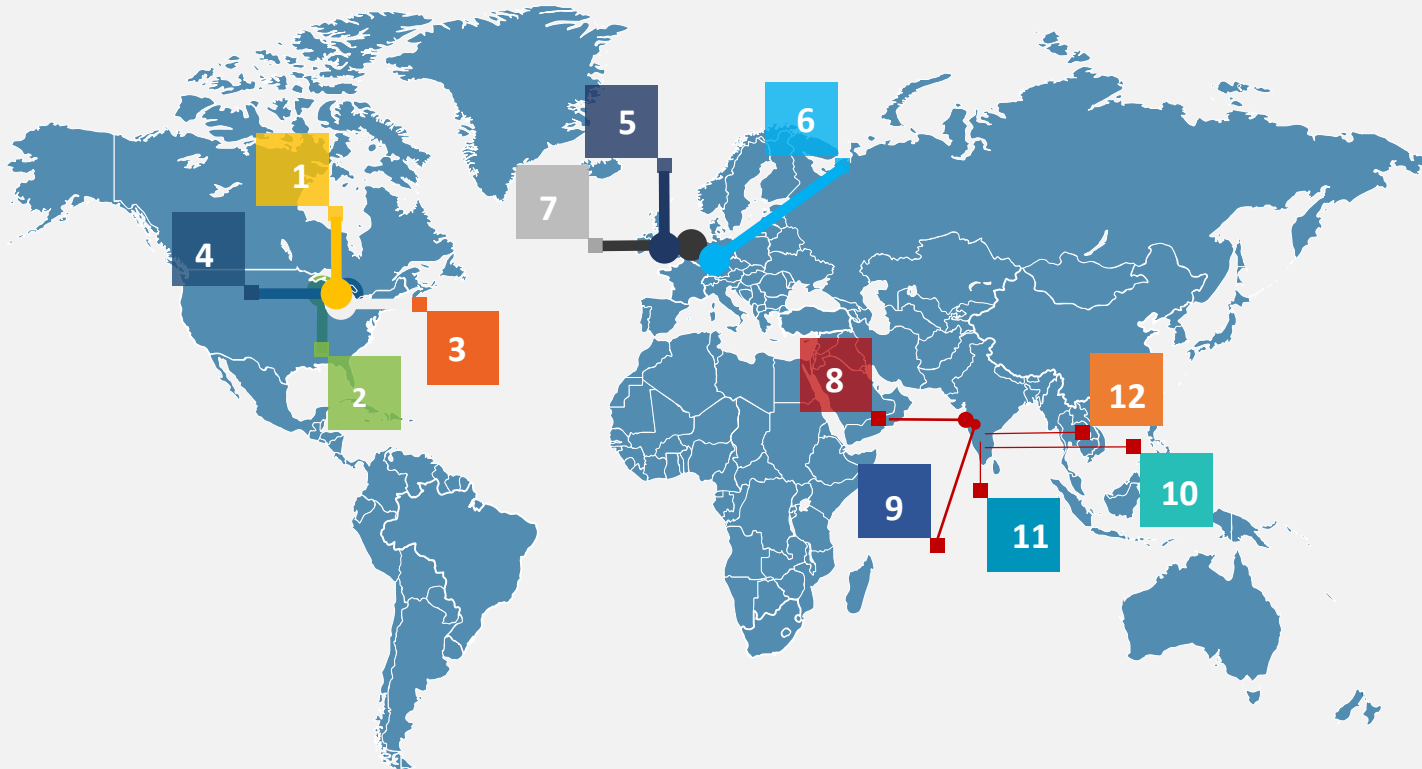
Industrial Equipment & Heavy Machinery



Healthcare & MedTech



Strategic presence across geographies



1	Detroit, MI
2	Cleveland, OH
3	Chicago, IL
4	Toronto, ON
5	London, UK
6	Frankfurt, DE
7	Amsterdam, NL
8	Mumbai, IN (Corporate HQ)
9	Pune (3 COEs*)
10	Chennai, IN
11	Bengaluru, IN
12	Hyderabad, IN

*COE: Centre of excellence

Q1-FY23 FINANCIAL OVERVIEW



Q1-FY23 Consolidated Financial Performance

INR 937 Mn

Revenue from
Operations

INR 29 Mn

EBITDA

3.10%

EBITDA Margins

INR 12 Mn

PAT

1.28%

PAT Margins

INR 0.53/Share

Diluted EPS

Q1-FY23 Standalone Financial Performance

INR 691 Mn

Revenue from
Operations

INR 39 Mn

EBITDA

5.64%

EBITDA Margins

INR 28 Mn

PAT

4.05%

PAT Margins

INR 1.26/Share

Diluted EPS

Operational Highlights

- Revenue in Q1 FY23 grew by 35% Year-on-Year and by 7% Quarter-on-Quarter, driven by increase in revenues from strategic clients in two key verticals: Industrial Equipment & Heavy Machinery (45%) and Transportation & Mobility (38%).
- 13 clients now deliver USD 1 Mn or more in revenues on an annualized basis.
- Decline in EBITDA margins on a Quarter-on-Quarter basis is primarily due to increase in Employee expenses on account of increased investments in the TAP program.
- Addition of 197 employees during the quarter of which 190 are billable employees, taking the total global headcount to 2,838.
- Setting up infrastructure for a new Digital Centre of Excellence in Navi Mumbai which will be operational from Q2-FY23.
- Company was awarded “Engineering Partner of the Year” at InnTech Awards 2022.
- In a landmark decision, Income Tax authorities awarded a refund of INR 51.7 Mn to the company this quarter for a case pertaining to 2008 and includes interest.

Commenting on the performance of the Company, Jigar Mehta – Managing Director said:

“I am pleased to share that we have recorded a robust Q1 performance driving our highest quarterly revenue at INR 934 Mn. We are seeing strong demand for our services in line with our medium-term objectives of achieving \$100 million of annual revenues.

In parallel, Onward continues to exit legacy low margin businesses while focusing on our top 25 global customers who now generate 73% of consolidated revenues. I am proud to announce that today, over half these customers generate more than \$1 million revenues per annum, with visibility to wards even higher shares of wallet in the quarters ahead.

We are undertaking business-building investments in two primary areas 1) Expansion of the sales and service teams across our 7 international offices and 2) TAP initiative to build advanced digital capacities and capabilities in line with our goal of achieving 50% of our revenues comes from high margin digital services by 2025. This initiative now has 250 engineers undergoing training across design centers in India, thereby converting into billable resources next year. These business building investments of approximately Rs 25 crores per annum will propel future growth and an improved business mix while impacting reported EBITDA margins in the short-term.”

Consolidated Quarterly Financial Performance

Particulars (INR Mn)	Q1-FY23	Q1-FY22	Y-O-Y	Q4-FY22	Q-O-Q
Operational Income	937	696	34.6%	875	7.1%
Total Expenses	908	715	27.0%	812	11.8%
EBITDA	29	(19)	NA	63	(54.0)%
EBITDA Margins (%)	3.10%	NA	NA	7.20%	(410) Bps
Other Income	21	155	(86.5)%	16	31.3%
Depreciation	31	24	29.2%	27	14.8%
Finance Costs	4	2	100.0%	3	33.3%
PBT	15	110	(86.4)%	49	(69.4)%
Tax	3	11	(72.7)%	17	(82.4)%
Profit After tax	12	99	(87.9)%	32	(62.5)%
PAT Margins (%)	1.28%	14.22%	NA	3.66%	(238) Bps
Other Comprehensive Income	15	2	NA	(7)	NA
Total Comprehensive Income	27	101	(73.3)%	25	8.0%
Diluted EPS (INR)	0.53	5.78	(90.8)%	1.42	(62.7)%

Standalone Quarterly Financial Performance

Particulars (INR Mn)	Q1-FY23	Q1-FY22	Y-O-Y	Q4-FY22	Q-O-Q
Operational Income	691	516	33.9%	665	3.9%
Total Expenses	652	510	27.8%	598	9.0%
EBITDA	39	6	NA	67	(41.8)%
EBITDA Margins (%)	5.64%	1.16%	448 Bps	10.08%	(444) Bps
Other Income	29	10	NA	19	52.6%
Depreciation	30	22	36.4%	26	15.4%
Finance Costs	4	2	100.0%	3	33.3%
PBT	34	(8)	NA	57	(40.4)%
Tax	6	(2)	NA	18	(66.7)%
Profit After tax	28	(6)	NA	39	(28.2)%
PAT Margins (%)	4.05%	NA	NA	5.86%	(181) Bps
Other Comprehensive Income	(1)	0	NA	(4)	(75.0)%
Total Comprehensive Income	27	(6)	NA	35	(22.9)%
Diluted EPS (INR)	1.26	(0.37)	NA	1.72	(26.7)%

HISTORICAL FINANCIAL OVERVIEW



Historical Consolidated Profit & Loss

Particulars (INR Mn)	FY20*	FY21*	FY22	Q1-FY23
Operational Income	2,715	2,404	3,073	937
Total Expenses	2,482	2,230	2,859	908
EBITDA	233	172	214	29
EBITDA Margins (%)	8.58%	7.15%	6.96%	3.10%
Other Income	11	53	215	21
Depreciation	113	104	101	31
Finance Costs	35	23	10	4
PBT	96	98	318	15
Tax	34	25	81	3
Profit After tax	62	73	237	12
PAT Margins (%)	2.28%	3.04%	7.71%	1.28%
Other Comprehensive Income	19	(3)	(7)	15
Total Comprehensive Income	81	70	230	27
Diluted EPS (INR)	3.76	4.35	12.17	0.53

* 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)	FY20	FY21	FY22
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	80	171	366
Intangible assets	41	39	26
Intangible assets under development	-	1	-
Right of use asset	159	88	175
Financial Assets			
(i) Loans	30	31	28
Deferred tax assets	28	33	28
Income tax assets (net)	193	111	179
Other non-current assets	2	-	11
Sub Total Non Current Assets	533	474	813
Current Assets			
Financial Assets			
(i) Investment	-	1	-
(ii) Trade Receivables	498	408	666
(iii) Cash & cash equivalents	178	285	495
(iv) Bank balance other than above	44	9	109
(v) Contract assets	42	134	119
(vi) Other financial assets	1	1	4
Other Current Assets	65	64	88
Sub Total Current Assets	828	902	1,481
TOTAL ASSETS	1,361	1,376	2,294

Particulars (INR Mn)	FY20	FY21	FY22
EQUITY AND LIABILITIES			
Equity			
Share Capital	160	163	220
Other Equity	520	581	1,412
Total Equity	680	744	1,632
Non Current Liabilities			
(i) Borrowings	-	6	5
(ii) Lease liabilities	109	55	109
Provisions	25	48	34
Deferred tax liabilities	7	-	32
Sub Total Non Current Liabilities	141	109	180
Current Liabilities			
(i) Borrowings	181	146	1
(ii) Trade Payables	76	72	115
(iii) Other Financial Liabilities	133	151	203
(iv) Lease Liabilities	57	43	72
Provisions	21	14	15
Income tax liabilities	5	-	-
Contract liabilities	5	30	16
Other current liabilities	62	67	60
Sub Total Current Liabilities	540	523	482
Sub Total Liabilities	681	632	662
TOTAL EQUITY AND LIABILITIES	1,361	1,376	2,294

Historical Standalone Profit & Loss

Particulars (INR Mn)	FY20*	FY21*	FY22	Q1-FY23
Operational Income	1,806	1,727	2,344	691
Total Expenses	1,660	1,531	2,168	652
EBITDA	145	196	176	39
EBITDA Margins (%)	8.03%	11.35%	7.51%	5.64%
Other Income	65	85	56	29
Depreciation	102	93	92	30
Finance Costs	33	21	10	4
PBT	75	167	130	34
Tax	21	40	37	6
Profit After tax	54	127	93	28
PAT Margins (%)	2.99%	7.35%	3.97%	4.05%
Other Comprehensive Income	3	1	(5)	(1)
Total Comprehensive Income	57	128	88	27
Diluted EPS (INR)	3.26	7.50	4.79	1.26

* 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.

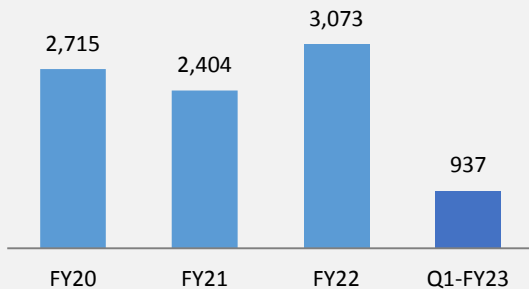
Historical Standalone Balance Sheet

Particulars (INR Mn)	FY20	FY21	FY22
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	70	164	184
Intangible assets	41	39	26
Intangible assets under development	-	1	-
Right of use asset	146	83	171
Financial Assets			
(i) Investments	121	121	320
(ii) Loans	29	-	-
(iii) Other Financial Assets		28	30
Deferred tax assets	27	23	21
Income tax assets (net)	193	111	176
Other non-current assets	1	-	12
Sub Total Non Current Assets	628	570	940
Current Assets			
Financial Assets			
(i) Investments		1	-
(ii) Trade Receivables	339	283	464
(iii) Cash & cash equivalents	75	119	395
(iv) Bank balance other than above	42	10	108
(v) Contract assets	32	127	146
(vi) Other financial assets	3	2	8
Other Current Assets	58	61	83
Sub Total Current Assets	549	602	1,204
TOTAL ASSETS	1,178	1,172	2,144

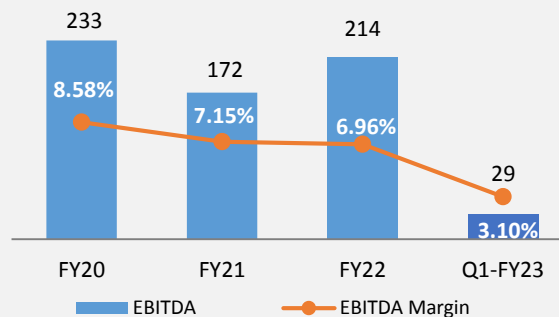
Particulars (INR Mn)	FY20	FY21	FY22
EQUITY AND LIABILITIES			
Equity			
Share Capital	160	163	220
Other Equity	455	573	1,262
Total Equity	615	736	1,482
Non Current Liabilities			
(i) Borrowings	-	6	5
(ii) Lease liabilities	104	55	113
Employee benefit obligations	25	46	34
Sub Total Non Current Liabilities	129	107	152
Current Liabilities			
(i) Borrowings	68	-	1
(ii) Trade Payables	96	78	97
(iii) Other Financial Liabilities	92	126	178
(iv) Lease Liabilities	48	38	64
Provisions	20	11	11
Contract liabilities	58	28	103
Other current liabilities	52	48	56
Sub Total Current Liabilities	434	329	510
Sub Total Liabilities	563	436	662
TOTAL EQUITY and LIABILITIES	1,178	1,172	2,144

Consolidated Financial Highlights

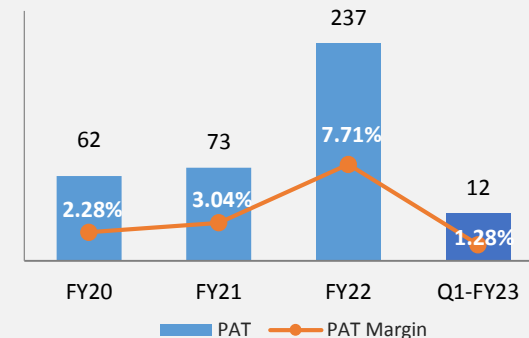
Revenue (INR Mn)



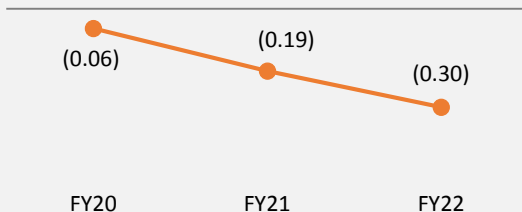
EBITDA (INR Mn) & EBITDA Margin (%)



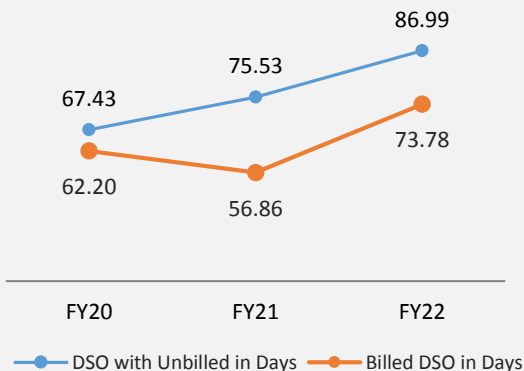
PAT (INR Mn) & PAT Margin (%)



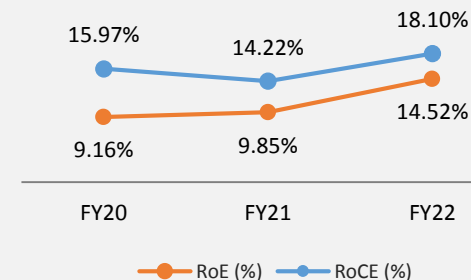
Net D/E (x)



DSO Days

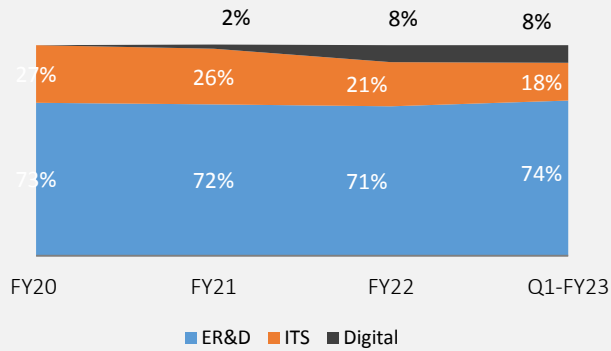


ROE and ROCE (%)

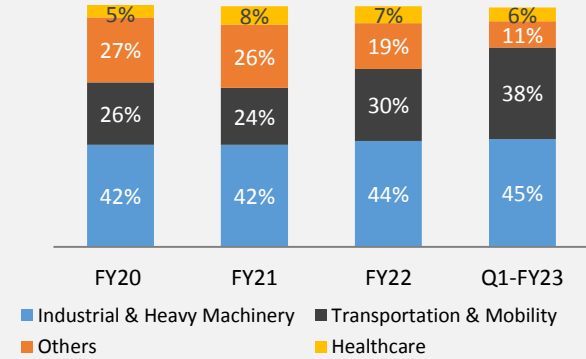


Revenue Metrics (Consolidated)

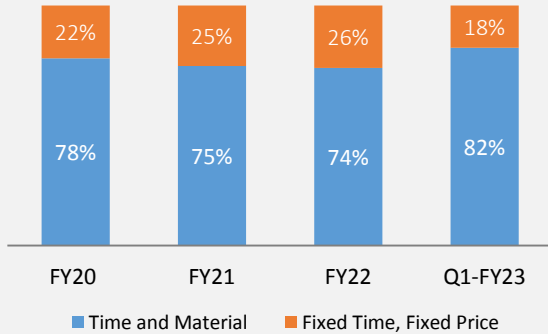
Revenue by Business (%)



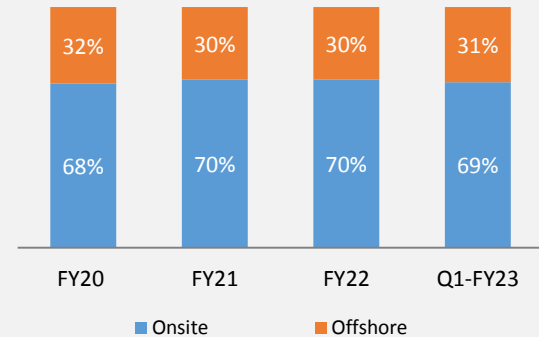
Revenue by Industry (%)



Revenue by Contract Type (%)



Revenue by Engagement Model (%)



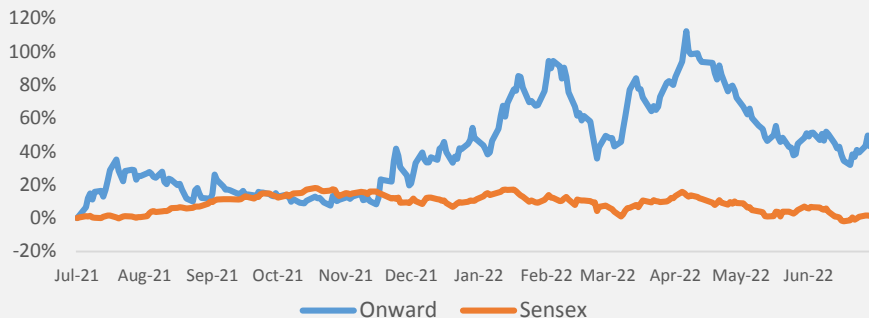
Hedging & Other Metrics

Other Ratios	FY20	FY21	FY22	Q1-FY23
Carpet Area	71,948	65,285	87,576	87,576
Number of seats	906	847	1,200	1,200
PBT to Revenue%	3.55%	4.08%	10.35%	1.60%
Number of active clients	210	184	145	97

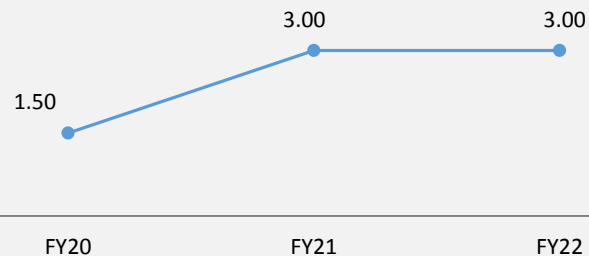
Hedging Details for Q1-FY23*	Hedge Rate	Hedge Amount (Mn)	Actual Rate Achieved	Gain Over 50% Hedge rate (INR, Lakh)
USD	77.37	2.23	77.07	(1.82)
EUR	87.92	0.50	85.92	(5.40)
GBP	102.15	0.53	104.33	4.05

*The performance is benchmarked against a 50% hedge rate - average of Day 1 forward rate and spot on maturity/current MTM for outstanding exposure.

Stock Market Performance (as on 30th June, 2022)



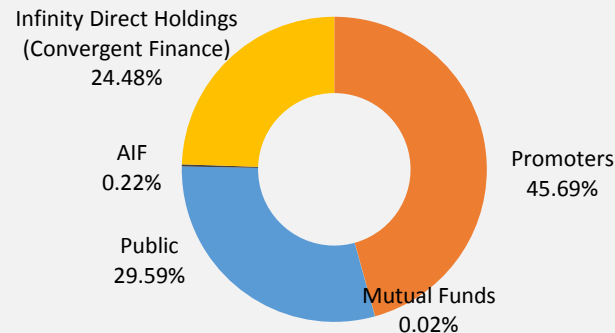
Dividend per Share (INR)



Price Data (as on 30th June, 2022)

Face Value	10.0
Market Price	279.1
52 Week H/L	428.2/193.1
Market Cap (INR Mn)	6,157.8
Equity Shares Outstanding (Mn)	22.07
1 Year Avg. Trading Volume ('000)	47.15
1 Year Avg. Net Turnover (Mn)	13.79

Shareholding Pattern (as on 30th June, 2022)



Onward Technologies Limited

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THANK YOU

