



“Onward Technologies Q2 FY22 Earnings Conference  
Call hosted by Centrum Broking Limited”

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**MANAGEMENT: MR. JIGAR MEHTA – MANAGING DIRECTOR  
MR. DEVANAND RAMANDASANI – CFO**  
**MODERATOR: MR. UDIT MAHESHWARI – CENTRUM BROKING  
LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the Onward Technologies Q2 FY22 earnings conference call hosted by Centrum Broking Limited.

As a reminder, all participants' 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 the conference call, please signal for an operator by pressing '\*' then '0' on your touch-tone phone.

I would now like to hand the conference over to Mr. Udit Maheshwari from Centrum Broking Limited. Thank you and over to you, sir.

**Udit Maheshwari:** Good evening and welcome everyone. Thanks for joining us today to discuss Onward Technologies Q2 FY22 results. The leadership team is present on this call to discuss the results. We have with us today Mr. Jigar Mehta – Managing Director and Mr. Devanand Ramandasani – CFO, and we will start the call with a brief overview of the company's performance followed by a Q&A session. With that, I would like to turn the call over to Mr. Mehta and Mr. Ramandasani.

**Jigar Mehta:** Good afternoon everybody. It's a pleasure to welcome you on the earnings call today for the 2nd quarter of financial year 2022 hosted by Centrum Broking. I hope you are all keeping well and safe. Let me start by giving you a quick background about Onward Technologies. We as a company are focused on the digital ER&D space providing services to the global manufacturing industries. Hundred percent of our revenues come from pure technology services across the 4 LOBs (lines of business) as we call it, which are digital, electronics embedded, mechanical, and enterprise IT. Our electronics embedded and digital LOBs are the fastest growing while mechanical and enterprise IT are the traditional strengths of the company for the last decade.

We have now grown to 2271 full-time employees at the end of last quarter with a net addition of 150 employees that we added in Q2. Approximately, 95% of our employee strength continues to be based in India and the balance is spread across our offices in North America and Europe. With the opening of the travel restrictions, we are now investing heavily in strengthening our infrastructure and today our teams operate from 13 global locations – six in India across Mumbai, Pune, Chennai, and Bengaluru; seven outside India which are three in North America (Chicago, Detroit, Cleveland), three in Europe (London, Frankfurt, Amsterdam) and in the last quarter, we entered a new location in Toronto to be close to our customer.

Our 2 fastest growing verticals are transportation & mobility where we have recently been selected as preferred suppliers for six out of the 10 global automotive OEMs and second vertical is industrial equipment & heavy machinery where we are direct suppliers for five out of the top 8 global heavy machinery companies in the world. The other 2 verticals where we have started investing in the pandemic over the last few quarters are healthcare and hi-tech industries where our teams have made excellent inroads & we believe it will become a very important growth driver for us in the next few years.

Onward Tech continues to be a debt-free company on the financial side with a proven track record of paying dividend for the last 6 years in a row. We bought our first office space in Pune last year in the end of November, which is a dedicated center for one of our strategic customers. And in the last quarter, we are pleased to announce that we have signed another LOI to acquire another 26,000 square feet space in Pune. We have been renting this place for the last several years supporting our offshore delivery, which we will acquire fully in Q3.

In addition, last quarter was exciting where we got our first investment from Convergent Finance led by Harsha Raghavan where they invested Rs 70.2 crores in the company for a 24.7% equity in the company. About 40% is converted and the balance will be done in the next few weeks and months. This has given us increased war chest – both our internal accruals & the additional equity infusion – to continue on the organic growth chart in the international market and to also look at the inorganic opportunities.

Coming to the to the last 90 days, July to September quarter, I want to take a quick moment to congratulate my entire team. This was a quarter where we are pleased to share the company recorded 21% year-on-year revenue growth & absolute EBITDA also grew by double digit at 26% due to better utilizations.

What is very exciting for us is that we also won & added 10 large new customers in the 3 regions across USA, Europe, and India in the 2 high-growth focused verticals (transportation & mobility and industrial equipment & heavy machinery verticals).

Our sales funnel today is also at an all-time high from both existing customers & new prospects. We are aggressively hiring across our offices and regions today and lot of top talent from Tier-1 companies have been onboarded recently. I see this trend to continue for the next few quarters as we build up a strong execution engine. At the same time, we are starting our first program which kick starts on November 9th in Pune – E-TAP – which is on the Embedded -Talent Acceleration program. We are starting with a batch of 50 engineers & with plans to take it to 400 engineers per year to serve our existing clients. Similarly, we are planning to start our next program which is going to be called D-TAP which is Digital - Talent Acceleration Program where we hire a similar number of freshers and trainees across Mumbai, Chennai and Bengaluru. This will also give us some levy against the heavy attrition that we are seeing across our industry today.

We remain confident and very optimistic in terms of the amazing demand that we have from both our existing clients and the new customer wins. With the addition of so many new talented people, we believe we are rightly poised to deliver the growth that we had committed at the start of the year and hopefully surpass that as well.

Now, I hand over the call to our CFO, Mr. Devanand Ramandasani to give you the financial highlights. Over to you, Dev.

**Devanand Ramandasani:** Good afternoon everyone who have joined this call and let me take you through the half year performance of the company or the quarter 2 of the performance of the company at consolidated level.

Our operating top line has grew by 20% year-on-year and reached to 72.9 Cr. Our EBITDA has grown by 26% year-on-year and reached to 7.2 Cr. Net profit of the company has reached to 5.6 Cr, a significant improvement year-on-year basis.

There are some occasional one-time income I have been received by the tax authority on the employee expenditure which has been classified in Other Income.

Most of the details we have provided. I am happy to address all the questions which come to your mind.

**Moderator:** Ladies and gentlemen, we will now begin the question & answer session. We will wait for a moment while the question queue assembles. The first question is from the line of Sriram Rajan, an individual investor. Please go ahead.

**Sriram Rajan:** Jigar and team, a wonderful performance. Many congratulations to you. Very heartening to see the growth, not just year-on-year but sequentially as well. I think a sequential growth of between 4.5% to 5% is very good. And I wish you the very best for the 2nd half which I know would be even better. Just 2 questions. The segment that Onward is operating in which is ER&D plus embedded, there is a gyration towards electric vehicles space. Are we focused in that space?. And given that we are a services company, are we building artifacts, design templates, accelerators to differentiate ourselves from competition and are they growing margin and increasing revenue?

**Jigar Mehta:** We also do believe that the next 2 quarters and I think the next 12 months will be exciting based on the sales funnel and the demand that we are seeing in the market. On the EV side, again, it is a very exciting space. We have done some work there and we have had some success. This is where we have actually already started identifying and building up a much focused team, both in Michigan & Frankfurt. And we do believe in 2022, we will be ready to make a big investment and play in this particular space. Our end-customers remain the same because we already are a preferred vendor.

On the action taken on the delivery side, that is something that is still work in progress, but I think that will be a very important part of what we do going forward. We have recently added our new global delivery head, Rajesh Nikam. He has lot of experience working in Tier companies like L&T Tech, Tata Elxi, comes with a very strong electronics-embedded background. In addition to that, under him, we have added anotehr 5 leads & are looking at adding at least a dozen more specialists. These are spread across Pune, Chennai, Bengaluru, and now Hyderabad. With such strong leadership coming in from Tier-1 companies to support our existing clients and the new customer acquisition that we are going after, I do believe that our delivery team will be in a very good shape coming into next year. We have recently also bought

Touch Base product from Product Dossier to bring all our entire delivery organization under a common platform, which will improve utilization and productivity.

- Moderator:** The next question is from the line of Anmol Grover from Albatross Capital. Please go ahead.
- Anmol Grover:** Congratulations on a great quarter. Sir, my first question is, can you quantify the deal wins that we had in this quarter? You said you have all-time high sales funnel. Can you quantify the total sales funnel?
- Jigar Mehta:** Anmol, on the customer wins' side, we have signed 10 global companies. So, when I say 10 customers, they are all Global 2000 companies. Onward Tech is only now focused on Global 2000 companies. We have been selected as a preferred supplier in ten of these dream customers where the invoicing has started at the end of last quarter. We will see a substantial uptick going forward from there. In terms of sales funnel order book, Dev, do you want to comment on that?
- Devanand Ramandasani:** Anmol, I would like to tell you that we are in the process of implementation of different CRM for some of the organizations which has been implemented now and running smoothly. Most of the data which we are capturing in the different spreadsheets now on the system towards. Hopefully, by this coming quarter, we will be able to publish this kind of information. Today, we are not in a position to concretely share this information on the public front.
- Anmol Grover:** My next question is, can you give us the timeline on when we can reach 100-crore quarterly run rate and revenues?
- Jigar Mehta:** We had shared this last quarter; we are on track to deliver 20% year-on-year organic growth. Our new investments is now providing us the opportunity to do much better from an organic perspective. And inorganic if you add that, it will be much faster. So, we do believe we should be there very soon. You can just calculate 20% to start with and hopefully we will accelerate up to 30% to 40% year on year.
- Anmol Grover:** My last question is, can you give a margin outlook and when we can reach the 15% margin milestone in the future?
- Jigar Mehta:** Our focus is to build a \$100 million company first, in an ideal scenario with no debt. We need to continue on our path & are committed to build on the existing client relationships. EBDITA & margin growth will be an important element of the journey. Today, we are focused on improving our execution engine a transitioning the entire company to Digital.
- Anmol Grover:** But can you still share any sort of timeline on the 15% milestone just for the outlook?
- Devanand Ramandasani:** Anmol, what I would like to tell you in summary is that we are in an investment phase where the company is focusing to acquire the right kind of talent in the organization and to retain the good talent in the organization to scale up the business from the existing level. And when we accelerate this business being services industry where the employee costs are one of the first

initial costs of the component. We will continue to invest in that. Therefore, our margin may be in the coming 2 quarters would be subdued but once they will come to organization, settle themselves, and increase the top line and bottom line. So, I would say that 2 to 3 quarters would be.... we are in the same range where we are and hopefully that will increase continuously thereafter.

**Moderator:** The next question is from the line of V P Rajesh from Banyan Capital. Please go ahead.

**V P Rajesh:** Congratulations Jigar, Dev, and the rest of the Onward team. My first question is about the strategic accounts. If you can just elaborate a little bit more on the progress made on that side, that will be helpful.

**Jigar Mehta:** Again, let me clarify that in terms of our strategic accounts, our goal is that we will have 10 customers which potentially will give us \$10 million each and that's what we are working on. In Q1, we had a run rate of 7 customers at \$1 million each. Last quarter, which is in Q2, we have reached 11 customers which will give us \$1 million each or more. Some customers are \$3 million plus as well, and I believe those details are captured in the earnings presentation. Our goal is, in the next 2 or 3 quarters is to reach 20 customer engagements. Again, these are Global 2000 manufacturing companies where the potential is enormous. For us, it's all about execution now and scaling up our delivery, training capabilities. And that's why this fresh investment in E-TAP and D-TAP program, where we will hire a lot of freshers, putting them on the 6- to 9-month intense training session utilizing our internal product and domain experts, SMEs, and external trainers. This is in parallel, where we are onboarding net 150+ engineers per quarter. In terms of service line LOBs, I mentioned earlier, it's mainly electronics and digital.

**V P Rajesh:** A further question on that Mr. Dev that the number of clients which are doing \$1 million revenue is expanding, but in terms of the highest-revenue customer, what was that number this quarter and where do you see that number let us say 4 quarters down the road?

**Devanand Ramandasani:** Mr. Rajesh, I think for your doubt, we have clarified in the slide #21 on our customer matrix. I will take the first question we are tracking the top 24 strategic customers which contribute more than 50% of my revenue. Each customer average revenue will be more than a million which we are targeting for this year. And looking at the current run rate, it is possible on that. If you see that our top 10 customers which are contributing about 47% and the first customer – the top 1 customer – is contributing 14%. If you see from financial year 19 to today 1st half of that, every year this wallet ratio has been increasing. That gives us confidence to us that our top 10 customers are satisfied with our services and they are giving us the opportunity to grow more faster pace on that. We are focused on them and we are adding a few more strategic customers and the list apart from the top 10, as on date, we are chasing the top 24 accounts as the global strategic accounts, will continue, will be our focused area on them.

**V P Rajesh:** On the attrition side, I am not sure if I saw the numbers for attrition, but if you can just talk about that, what kind of attrition if you are seeing?

- Jigar Mehta:** We track it on a quarterly basis, and we have not seen a very big jump this quarter compared to the previous quarter. It is high, we are close to about 25% to 30% in terms of attrition, but the majority of exits is in businesses where we have exited or where our contracts are coming to an end. We are very new in the digital engineering space as you are aware of. We have been tracking the company for the last 12 months. In that space, majority of our team members are very new. That's where for us, we have been saved the onslaught of very high attrition, but we know its coming and our teams are gearing up.
- V P Rajesh:** Dev, on the balance sheet, just a couple of housekeeping questions. I assume that 11 lakh shares were issued to Convergent, we got around 15 crores of cash on the books from that; and since the balance sheet shows roughly around 30 crores between investment and cash, is it fair to say that the cash we did not build up a whole lot this quarter or in the last 6 months rather?
- Devanand Ramandasani:** Rajesh, if I understood your question properly, the Convergent shares of 11 lakhs is correct as well as they have paid for the 25% of the warrant money. Exact amount is 28 Cr they have paid to the company, the funds have been infused. If you see our balance sheet, what we did was we kept some money in the cash as well as we parked the funds in the mutual funds to the tune of 14 Cr.
- If you want to track the cash, cash plus mutual fund you have to add and you will find the answer.
- V P Rajesh:** Between these two categories of investment and cash, you have roughly 30 crores on the balance sheet as of September 30th, correct?
- Devanand Ramandasani:** As on 30th September balance sheet, we have 36 crores in cash and 14 crores we have investment; 50 crores we have cash.
- V P Rajesh:** Okay, so I stand corrected. And you still have to receive the 15-crore tax refund?
- Devanand Ramandasani:** Yes correct
- Jigar Mehta:** Yes, V P, 40 crores from new equity, 15 crores from tax Dev - you can take a minute and talk about the transfer pricing case that came in our favor, I think it was a point in the last earnings call.
- Devanand Ramandasani:** Mr. Rajesh, just to update you that 50-crore cash lying in the books of accounts as on today, 40 crores yet to become from the additional equity plus around 15 crores from the income tax yet to come because we received the favorable outcome from the ITAT level. There were 3 cases which were pending at the ITAT level. We got all the 3 favorable outcomes. It is just a matter of time where an order needs to be passed by the AO and do the refund and the documentation which we are anticipating in the next 4 to 5 months it will get completed. Plus, you know that **SEIS** scheme has been released by the government and now the window is open. So, the company is filing for an additional 1.5 Cr to 2 Cr expecting from the government on that. So,

put together around 50 to 55 crore more will come in the coming quarters plus additional accruals of legal business on that front.

**V P Rajesh:** Jigar, on the M&A side, if I put all these numbers together, you are trading less than one-time sales, roughly speaking. And I was listening to your larger competitor's con-call before this call and they were saying that the M&A market for these type of Services Company is quite hot and the valuations are high. I am just curious how you are thinking about your M&E strategy?

**Jigar Mehta:** V P, spot on again. M&A is something we have looked at a lot of companies recently. Again, for us, organic continues to be the priority because we are seeing a huge opportunity. With our new investors and partners, we have started looking at several cases and opportunities jointly. As I said, it's still very early stage. We have looked at companies in India, we have looked at companies in Europe, and I believe we are narrowing down on the path forward. What we are looking for, a perfect company that we would acquire is a company which is already supporting our existing customers. Step 1 is companies that are supporting our existing customers so post acquisition we have larger market share of customers outsourcing budget.

**V P Rajesh:** Lastly, the question on the margin, Dev. Is it fair to conclude from your comments that perhaps by the end of Q4 next year fiscal year 23, we can see 15% kind of a margin?

**Jigar Mehta:** V P, we are already there. We clarified last quarter. If you look at this quarter as well, we are already at a double-digit EBITDA margin from an operations perspective. What we are doing is, we are continuously investing in building up the digital and electronics practice .and that's why you see a large number of inductions that we are doing at a very senior level. We are strengthening a lot of practices across Pune, Bengaluru, Chennai, and Hyderabad. Starting January, we will add at least 7 more senior sales experienced professionals from Tier-1 companies in Europe and US. From April, my top 5 performers from India are moving to Toronto, Chicago, Frankfurt, London, etc. I am just giving some cities where we have existing client relationships and we need to strengthen our local presence in those markets. We are in the process of adding at least 40 new recruiters and lead generation people. So, the numbers are getting much bigger and exciting for us and we are taking this full opportunity to invest in that. What's also helping us and was actually making us invest much more confidently is obviously we have the war chest with us now to charter a growth journey.

**V P Rajesh:** Just a clarification, Jigar; you said on an operating level, you are already at that level, but my question is more putting everything together because I understand your IT business is low margin and therefore the reported number let us say this quarter was 10%. I am just trying to understand that reported numbers which in this quarter was 10%, could it be by Q4 fiscal year 23 be around 15%? Or if not in that quarter, if you can just give some directional guidance whether it will be the following year when we can see a quarter where you are achieving that 15% margin, fully recognizing the focus is shifting towards taking the revenue higher first.

**Jigar Mehta:** To clarify again, the IT business is also at a very good margin. It's a double-digit EBITDA margin. The business that we had to exit in IT, we have already exited that at the end of Q1. So,



we have a very good enterprise IT business today that will also grow 20% year-on-year & probably much faster because now we are cross selling these capabilities to our Digital engineering – manufacturing companies.

**V P Rajesh:** Actually, I was just going to ask you that. Does the timeline to achieve that \$100 million target comes closer meaning rather than fiscal year 24, could we see that in fiscal year 23 itself?

**Jigar Mehta:** This is the first year where we will actually turn around how the company & on track to deliver double digit growth. We are building a winning team, building a winning culture, and hopefully from there, with the right customers and right investments, I think we can do a much better job in terms of execution. It's only about execution so we can scale faster.

**Moderator:** The next question is from the line of Vineet Jain, an individual investor. Please go ahead.

**Vineet Jain:** Thanks again for the great set of numbers. Hope the team is all well. Sir, I have a few questions and I would request some additional time at least because number of questions are more. My first question is, I have seen in the standalone results, we have done a software licensing worth 1 lakh approximately. My question is, how many more such licenses would we see going forward? because that would intend that that technology is at a higher adoption. Would you answer that?

**Devanand Ramandasani:** If I understood properly, you are saying that there is a purchase of product you are talking about is Rs. 1 lakh, that's the question?

**Vineet Jain:** Yes.

**Devanand Ramandasani:** Actually, this is a bundled deal. When we deal with a customer, there are sometimes we have to do the bundled deal along with the product. The main swing if you ask me, the 99% revenue comes from the service domain perspective. However, sometimes you have to compose your deal in such a manner where there is some product you have to buy on behalf of the customer and deliver along with your services. That is a one-time exception you can rarely find in the last 2-3 quarters. That is one kind of a structure. This is not a recurring kind of a structure. Expenses neither it is material part of it.

**Vineet Jain:** My second question is, we have many OEM customers. They are also incurring a lot of raw material cost. I mean, all the raw material costs for them also have increased and so would be increasing the ER&D expenses also for them. So, what is the risk do you see and how are you trying to mitigate it?

**Devanand Ramandasani:** From my perspective, the raw material cost and this will be impacting those companies who are supplying the goods or the raw material to them. We are purely domain the service company and actually from our perspective or the NASSCOM, ZINNOV published a recent report which is talking about the India would be the engineering and digital hub for the globe because there are ample availability of resources who can deliver their projects. If you ask me, from the demand

perspective, Indian companies will see the demand will uptick side and a lot of demand, especially from the digital ER&D perspective. I would not see that there is a rate compromise on this aspect. Raw material and rendering of the services can't be compared in one yardstick.

**Vineet Jain:** Would you see any churning of clients as well just in case if at all it is possible?

**Devanand Ramandasani:** No. Actually, if you ask me, we deal with only OEMs. Our stickiness with the customer is.... Out of top 10 customers, 7 customers are more than 10 years and the remaining customers are more than 5 years. When any company delivery the OEMs, the client stickiness will always be on the higher side. So, we don't see any challenges so far from any of the customers any churning on that side.

**Vineet Jain:** I can see the domestic sales is higher comparatively. Then, how could the offshore price increase?

**Devanand Ramandasani:** This company initially in the last couple of years is domestic front ended where international market is a secondary focus area. Now, for the last 1 year, we have changed, shifted the focus where the offshore – it means my export-oriented business or the foreign territory business – will improve. So, we have hired the respective sales force in the respective territory to grow this business. India business since we have a good relationship with the OEMs and the GCC companies. Because of our proven capability with the customer, we are getting the larger pie from the business. So, that is making value addition. However, the expansion and the margin always come from the export business because the cost arbitrage is one of the biggest factor or biggest advantage for the Indian companies where outsourcing from the foreign territory to India will increase your margin on that. So, we are very focused on that and this offshore percentage will continue to grow from quarter-on-quarter every quarter.

**Vineet Jain:** In the last con-call, you had suggested there would be a couple of more additions in the client list and you had also said that you would be trying to convert the existing clients to a little larger size. How far are we succeeding on that?

**Jigar Mehta:** I clarified earlier we have 7 customers which were giving us a million dollar plus run rate last quarter. Now, we have reached 11 customers at the end of Q2, which will go to 20 in the next few quarters based on the visibility & sales funnel today. It's all about execution and building up the infrastructure to support the demand. In terms of the new customer wins, we have signed 10 new customers in Q2.

**Vineet Jain:** A follow-up on this particular thing. How do these new customers give orders? I mean, is it on a pilot basis or at once they give as a big order or how is it so? And how is the duration that it takes to conclude it on a project basis?

**Jigar Mehta:** Correct. We go through number of pilot projects, customer site visits, presentations, other client references before an end OEM awards a supplier status. Once you have successfully delivered number of projects on time and quality, you qualify for a larger budget and so on. We as suppliers

have to always be on our toes to invest in new technologies ahead of customer so there is value addition when they are looking for a new service to be outsourced. Our Sales cycle is usually 16 months to 18 months to become a supplier and another 2-3 years to become a preferred supplier. Duration of the contract with OEMs is usually 3-5 years

**Vineet Jain:** Sir, you have been saying on embedded and mobility and all, but any update if at all the company is working on OTT space, media, and all?

**Jigar Mehta:** No, we don't do any of that space.

**Vineet Jain:** One last question to you only sir. A previous participant was putting his concern – even it is my concern – about the valuations. I can just put on my idea what market is behaving like. Most of the companies are getting higher valuations – be it Tata Elxsi, be it LTTS, similar in Peers, numbers are already getting factored because they disclose their future numbers FY24, 23, whatsoever. We are not able to guide those particular numbers in a structured way. That could be one reason that we are so heavily undervalued. I would request the management to increase the presentation what technologies we are adopting and need to share some more things this way so that we can have a better understanding because investors may think there are many few items that LTTS or Tata Elxsi are able to do and Onward is not able to do or such thing but maybe we are already doing on that space. That is one concern I had. Your remarks on that, please.

**Jigar Mehta:** Thank you for the feedback, but again, I cannot control valuations and how the market moves. What we can do is keep performing. As I said, it has been an exciting 12 months for us and we are committed to actually keep building on this. Please visit the social media, LinkedIn, or our website; you will see a lot of traction about us. And as Dev has already committed, we will keep giving more and more information at the right time going forward.

**Moderator:** The next question is from the line of Varun Jain, an individual investor. Please go ahead.

**Varun Jain:** My question is that in the last con-call I was reading and Sir you just mentioned that by the end of this year, we could get a client which would be contributing \$10 million revenue a year. Where are we on that guidance?

**Jigar Mehta:** We did not say that. We said our dream is, our goal is that we will have 10 customers, the way we are structured as an organization and as a team which is 2200+ employees is 10 customers which will give us \$10 million each which will take us towards our journey of \$100 million. When we say we have signed a new customer, that customer has the potential to give us that much. So, obviously Onward Tech has to ramp up the delivery and execution capabilities.

**Varun Jain:** In the initial stage, it would be around \$1 million revenue a year, then it would increase and the potential is \$10 million revenue a year, right?

**Jigar Mehta:** Correct.

- Varun Jain:** In how many years, we could achieve that?
- Jigar Mehta:** I think it is going to be very soon the way the market is and the way we are able to ramp up and the way our teams are working so hard diligently across various offices and locations. I believe there are a number of customers already at \$3 million plus.
- Varun Jain:** In the last con-call, you said by the Q2, we would have 11 to 12 customers at \$1 million of revenue and you achieved that. I was reading the last line and you just said that we do believe at least the first client will contribute \$10 million and it would be as early as next year.
- Jigar Mehta:** Everything is possible. We are bidding for multi-million dollar deals today. We are getting an opportunity to bid for larger RFQs, we have reached the last round in several opportunities and are pipeline is growing quickly. Now in parallel, we are investing in delivery and execution capabilities to provide a healthy customer service. Our experienced team today has the ability, confidence and the resources to make it happen.
- Varun Jain:** The final question is, where are we on that page like in the last con-call you had mentioned that you are targeting 20 territories and \$10 million revenue from each territory. It is your first target to achieve. How many territories we have yet covered and they are yet to be covered? Can you give a guidance on that?
- Jigar Mehta:** Sorry, I am not sure about the territory part. We are only focused on 3 territories or 3 regions – North America, Europe, and India.
- Varun Jain:** With territory, I meant that you said 20 odd accounts that you were targeting.
- Devanand Ramandasani:** Yes, we have identified top 25 customers which are a combination of OEMs and Tier 1 companies.
- Varun Jain:** So, you are basically focused on focusing on customers and trying to get as much revenue as you can get in the coming years? Like you will start from \$1 million and then you will ramp it up and you will try to target as many as you can such customers and it has to come from a very large company, right?
- Devanand Ramandasani:** Yes, our focus is to increase the wallet share from these top 25 customers.
- Moderator:** We will proceed with the next question from the line of Sriram Rajan, an individual investor. Please go ahead.
- Sriram Rajan:** Wonderful discussions Jigar and Dev, I think. What I really appreciate is the information has been extremely consistent meeting after meeting and I think there is tremendous progress. On the question on electric vehicles, is there any specific area inside the electric vehicles you are trying to focus on? Is it ADAS or is it battery cooling or swapping solutions? Question #2 is

crossing this marathon of pre-RFP, POC, POT, and then you get shortlisted. Are these contracts fixed scope, fixed price contracts or are these time & materials contracts?

**Jigar Mehta:** Sriram, on the EV side as I said, give us till early 2022 when we will be ready to share more information because we are at a stage where a lot of the team members are coming on board right now. We will be a bit premature to share at this stage, but yes, it's going to be an exciting thing & I think it will be a substantial investment from our side.

On the second question, our goal is we are moving more and more from fixed price towards time & materials. So, a substantial portion of our revenue today comes from T&M and we believe that's the way it's going to go forward whether it's going to be on-site, offshore, or remote.

**Sriram Rajan:** A related question, Jigar. When you do a T&M contract, client kind of takes a bunch of Onward's resources or anybody else – could be some other vendor – and they kind of run the show. They take your people, they put a supervisory layer on top, and then they run the outcomes. Do we still get a sense of the artifacts being delivered by the team; the capabilities that are being put into the account so that they are recyclable in some other places?

**Jigar Mehta:** Absolutely. Some places you do, some places you don't, but that's been our way focus for most of 2021. Because otherwise, your engineer as you rightly said becomes completely customer dependent, and we don't even know sometimes what they are working on. With the guidance & support of our customers, as they also don't want that; we have committed Rs 2 crores of investment in FY 20-21 to make Onward Tech – 100% Digital. And next year, our budget would be 2x of our investment and so on moving forward, which will put us all under one umbrella and we can utilize the scale of 2271 employees for everything we do.

**Moderator:** Ladies and gentlemen, that was the last question for today. I would now like to hand the conference back to the management for closing comments.

**Jigar Mehta:** Thank you all for participating in our earnings call for the second quarter. I hope we have been able to answer your questions satisfactorily. If you have any further questions or would like any more information about the company, please feel free to reach out to our investor relation managers at Valorem Advisors. We are also back in office full-time both at Worli and in Pune. If anybody wants to visit us, we will be more than happy to welcome you in with the right precautions. Please stay safe and healthy. We look forward to seeing you in the next call. Thank you so much.

**Moderator:** On behalf of Centrum Broking Limited, we conclude today's conference. Thank you all for joining. You may now disconnect your lines.