



INVESTOR PRESENTATION

March 2023



WHO WE ARE

Onward Technologies

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

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



Leadership



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

Global 2000 customers

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



Geared for double-digit growth



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

Strong balance sheet

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



Digital play across all business lines

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

Why clients work with us

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



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

Transformation process initiated under new management



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

1991-99



- Mr. Jigar Mehta appointed Managing Director

2016



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

2019

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

2021



2022

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

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

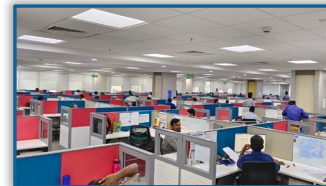
2001-05

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

2018

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

2020



TISAX[®]



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

Blended growth rate

Growth in revenue from:

1) Digital Engineering
& ER&D services

+

2) Stable income from legacy
business

Blended gross margin

Reflects cost from:

1) Digital Engineering
& ER&D services

+

2) Legacy business

+

3) New business building blocks



Multi-year client
engagements



Consistent industry-
leading growth



Steady growth in
offshore leverage

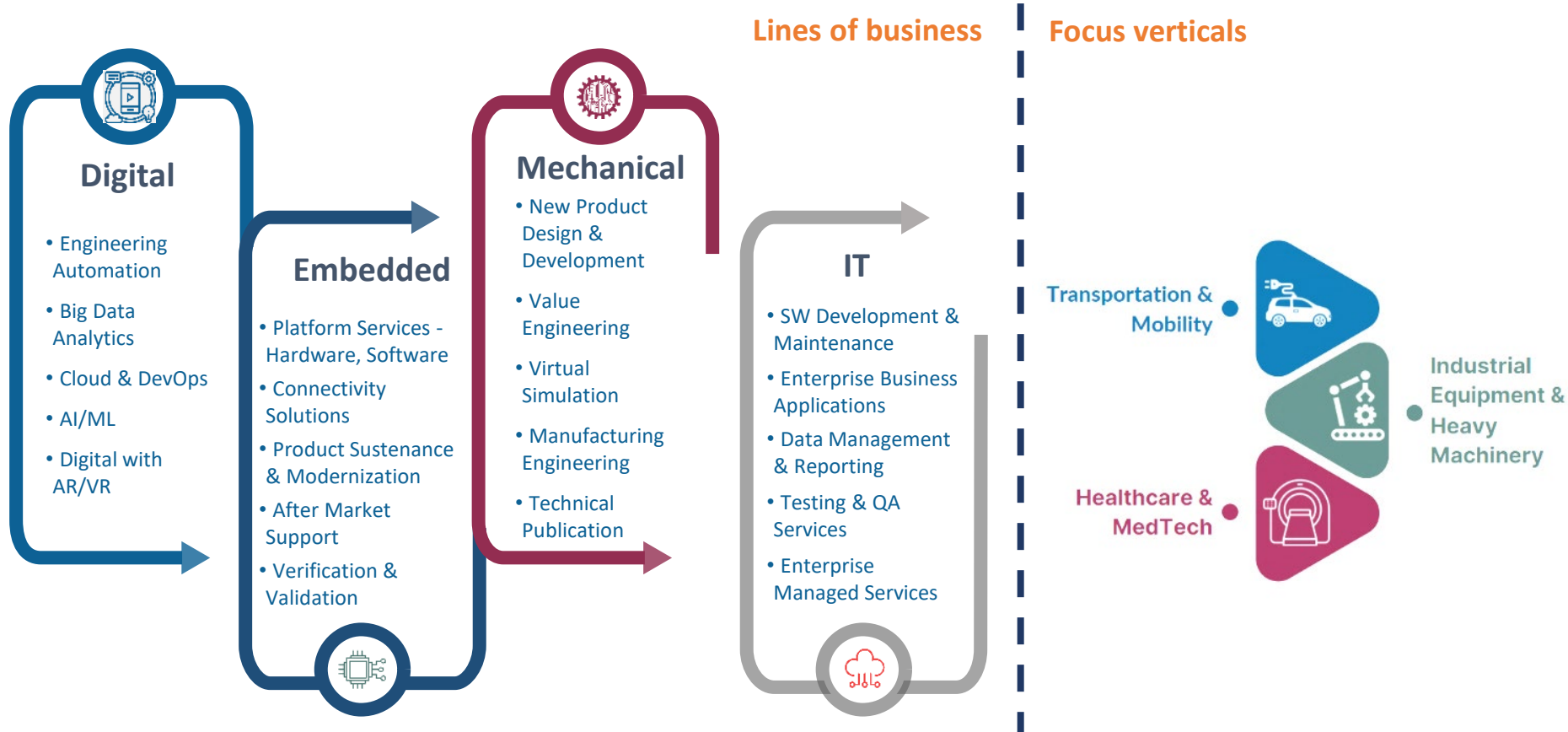
Business building costs

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

Investments in talent to address future client demand

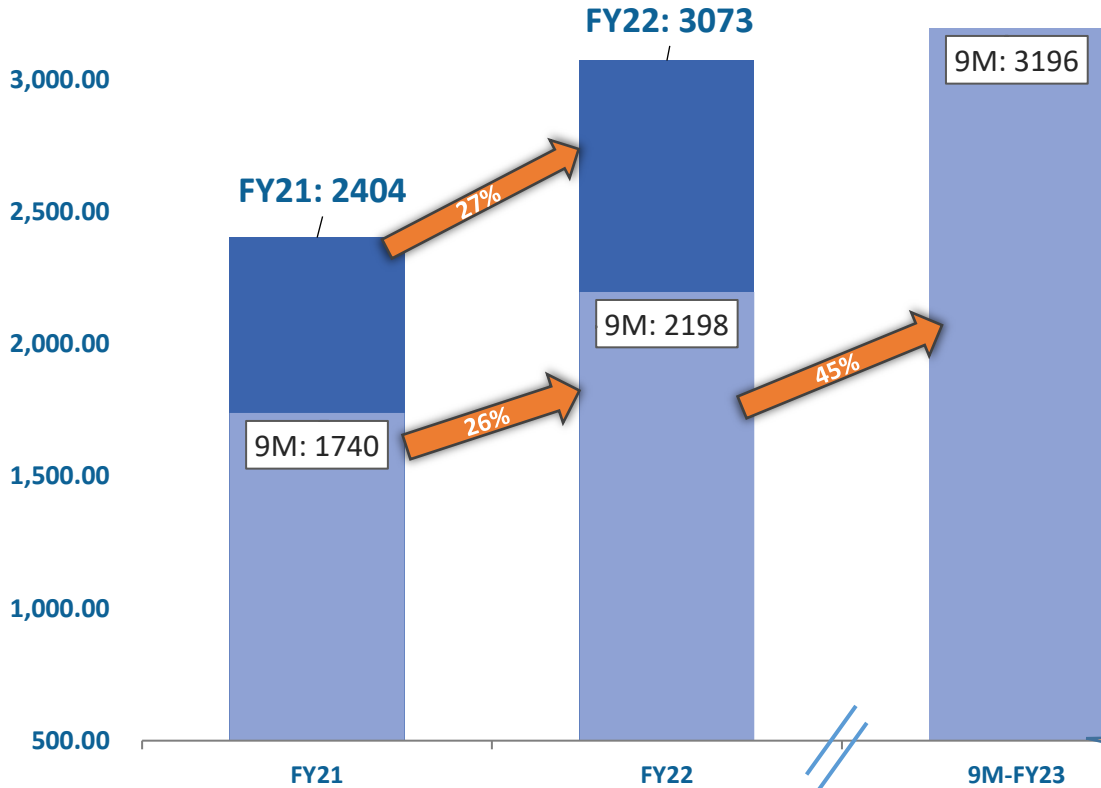
Proactive hiring engineering graduates (TAP) from top-tier institutes across the country

Strategic alignment across lines of business, focus verticals

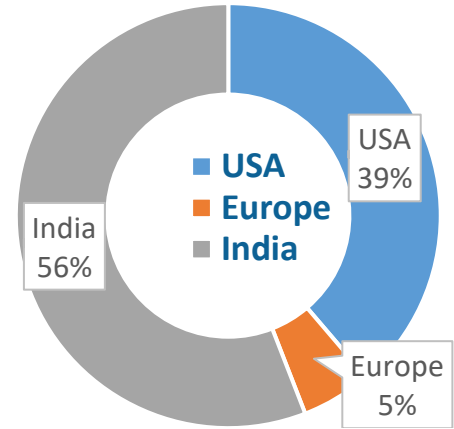


Strong growth in revenue from global operations

Revenue (INR Mn)

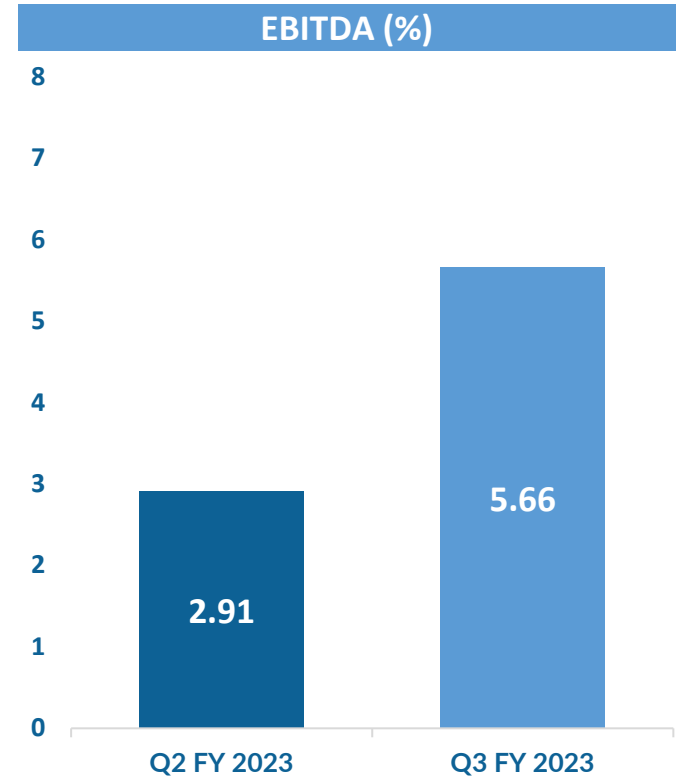
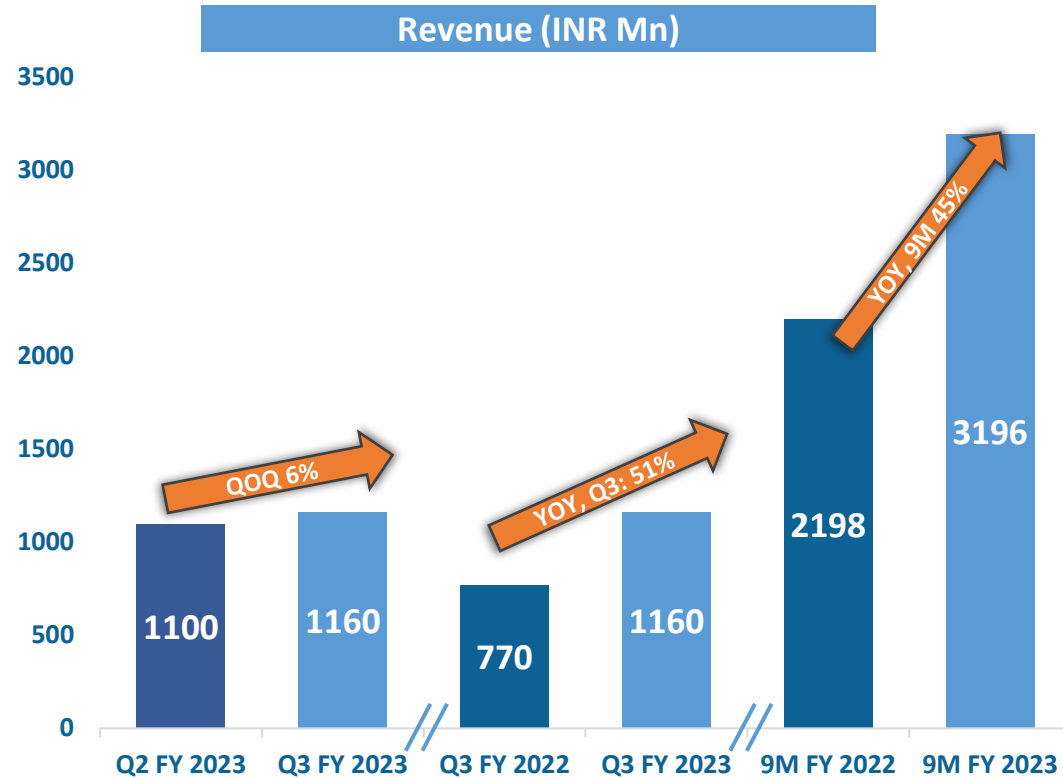


9M-FY23 Revenue by Geos (INR Mn)



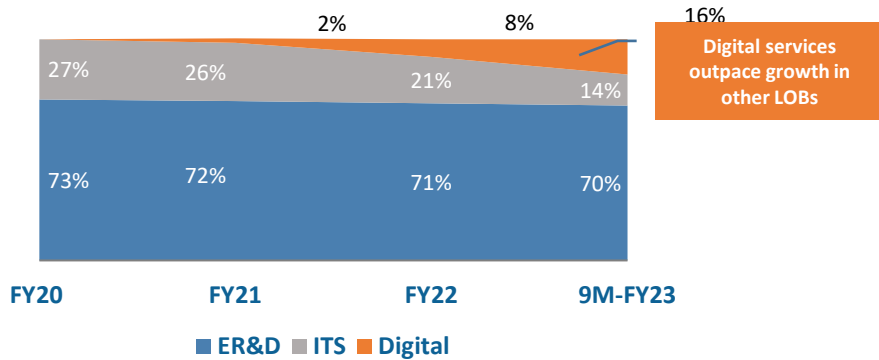
- Revenue grew 26% from INR 174 crores to INR 220 crores in 9 months FY22.
- For the same period in FY 23, it grew 45% from INR 220 crores to INR 320 crores

Q3 FY 2023 Performance: the transformation & growth journey continues

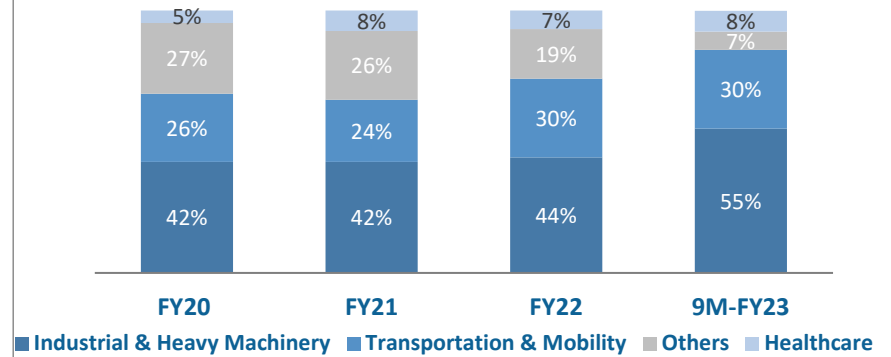


Consolidated revenue metrics

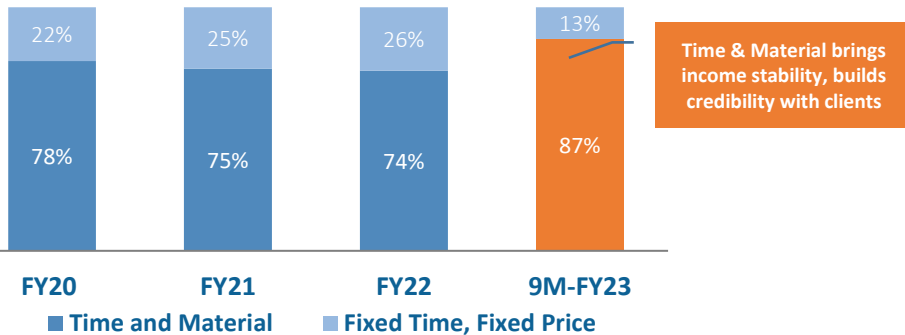
Revenue by Business (%)



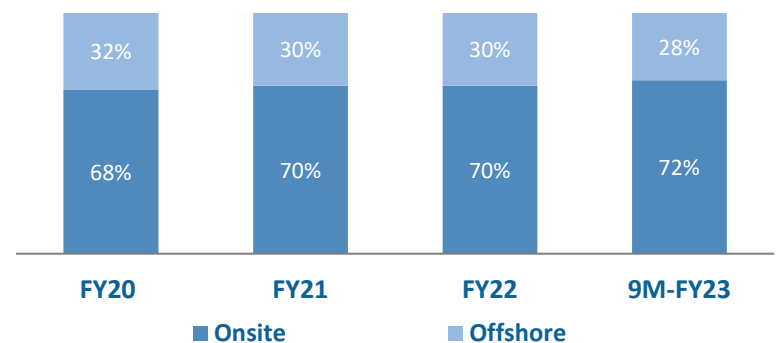
Revenue by Industry (%)



Revenue by Contract Type (%)

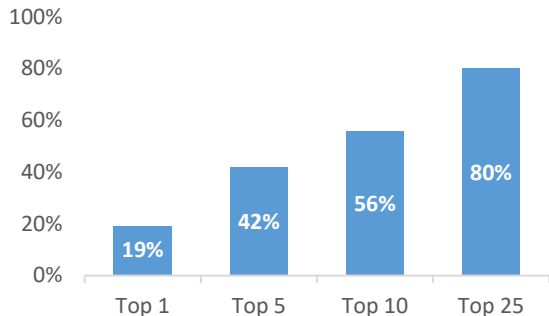


Revenue by Engagement Model (%)

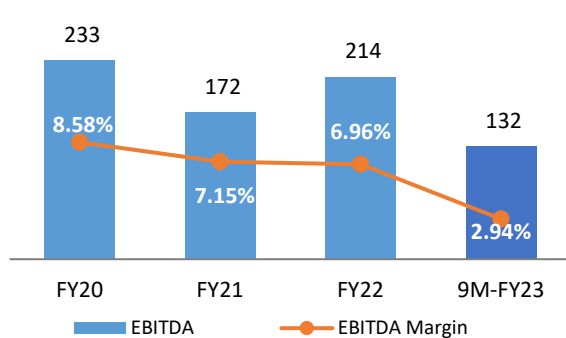


Consolidated financial highlights

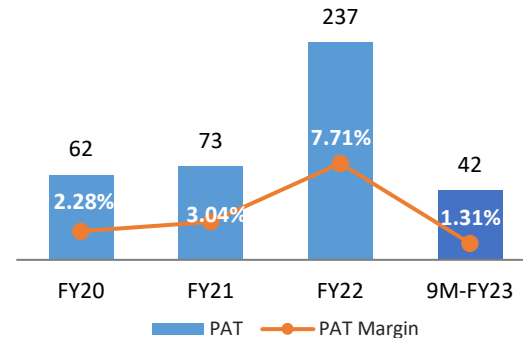
Revenue by top 1, 5, 10, 25 clients (9M FY2023)



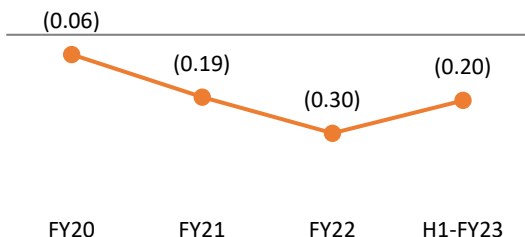
EBITDA (INR Mn) & EBITDA Margin (%)



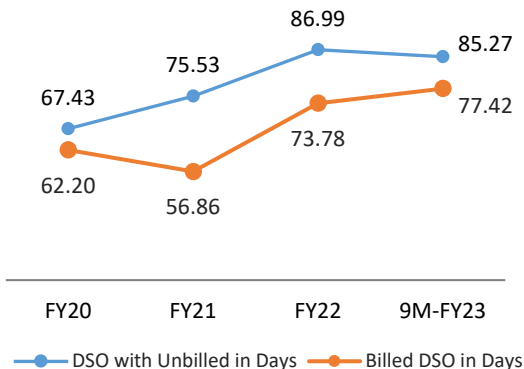
PAT (INR Mn) & PAT Margin (%)



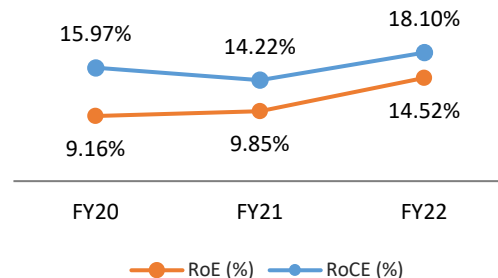
Net D/E (x)



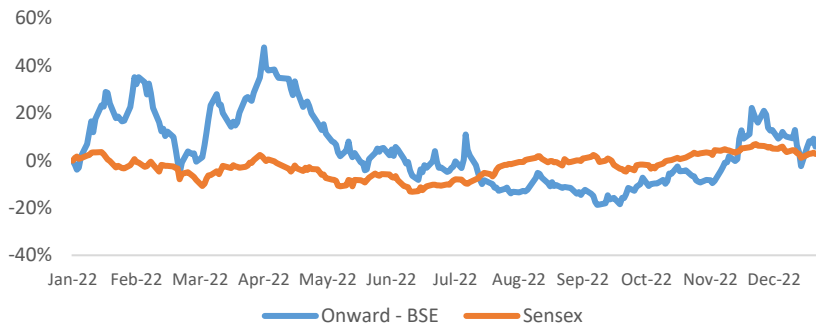
DSO Days



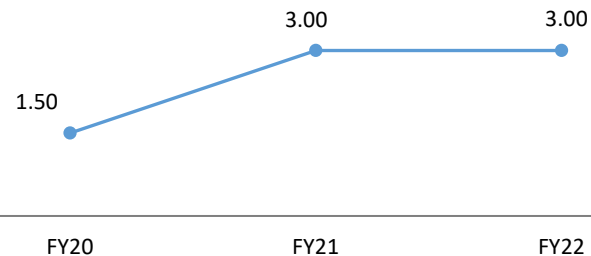
ROE and ROCE (%)



Stock Market Performance (as on 31st December, 2022)



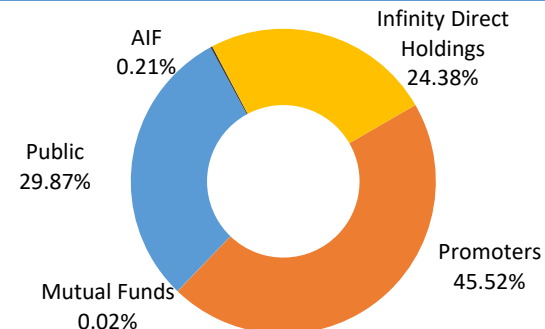
Dividend per Share (INR)



Price Data (as on 31st December, 2022)

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

Shareholding Pattern (as on 31st December, 2022)



FINANCIAL OVERVIEW



Historical Consolidated Profit & Loss

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

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

Historical Consolidated Balance Sheet

Particulars (INR Mn)	FY21	FY22	H1-FY23
ASSETS			
Non-Current Assets			
Property, Plant & Equipment	171	366	377
Intangible assets	39	26	34
Intangible assets under development	1	-	-
Right of use asset	88	175	174
Other Financial Assets	31	28	30
Deferred tax assets	33	28	28
Income tax assets (net)	111	179	199
Other non-current assets	-	11	10
Sub Total Non Current Assets	474	813	852
Current Assets			
Financial Assets			
(i) Investment	1	-	-
(ii) Trade Receivables	408	666	959
(iii) Cash & cash equivalents	285	495	334
(iv) Bank balance other than above	9	109	7
(v) Contract assets	134	119	-
(vi) Other financial assets	1	4	3
Other Current Assets	64	88	104
Sub Total Current Assets	902	1,481	1,407
TOTAL ASSETS	1,376	2,294	2,259

Particulars (INR Mn)	FY21	FY22	H1-FY23
EQUITY AND LIABILITIES			
Equity			
Share Capital	163	220	221
Other Equity	581	1,412	1,399
Total Equity	744	1,632	1,620
Non Current Liabilities			
(i) Borrowings	6	5	4
(ii) Lease liabilities	55	109	98
Provisions	48	34	33
Deferred tax liabilities	-	32	22
Sub Total Non Current Liabilities	109	180	157
Current Liabilities			
(i) Borrowings	146	1	1
(ii) Trade Payables	72	115	90
(iii) Other Financial Liabilities	151	203	226
(iv) Lease Liabilities	43	72	87
Provisions	14	15	17
Contract liabilities	30	16	-
Other current liabilities	67	60	60
Sub Total Current Liabilities	523	482	482
Sub Total Liabilities	632	662	639
TOTAL EQUITY AND LIABILITIES	1,376	2,294	2,259

Historical Standalone Profit & Loss

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

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

Historical Standalone Balance Sheet

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

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

Onward Technologies Limited

No representation or warranty, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness, or correctness of the information or opinions contained in this presentation. Such information and opinions are in all events not current after the date of this presentation. Certain statements made in this presentation may not be based on historical information or facts and may be "forward-looking statements" based on the currently held beliefs and assumptions of the management of Onward Technologies Limited (Onward), which are expressed in good faith and in their opinion reasonable, including those relating to the Company's general business plans and strategy, its future financial condition and growth prospects and future developments in its industry and its competitive and regulatory environment.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, financial condition, performance, or achievements of the Company or industry results to differ materially from the results, financial condition, performance, or achievements expressed or implied by such forward-looking statements, including future changes or developments in the Company's business, its competitive environment, and political, economic, legal and social conditions. Further, past performance is not necessarily indicative of future results. Given these risks, uncertainties, and other factors, viewers of this presentation are cautioned not to place undue reliance on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements to reflect future events or developments.

This presentation is for general information purposes only, without regard to any specific objectives, financial situations, or informational needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any securities in any jurisdiction, including the United States. No part of it should form the basis of or be relied upon in connection with any investment decision or any contract or commitment to purchase or subscribe for any securities. None of our securities may be offered or sold in the United States, without registration under the U.S. Securities Act of 1933, as amended, or pursuant to an exemption from registration therefrom.

This presentation is confidential and may not be copied or disseminated, in whole or in part, and any manner.

Valorem Advisors Disclaimer:

Valorem Advisors is an Independent Investor Relations Management Service company. This Presentation has been prepared by Valorem Advisors based on information and data which the Company considers reliable, but Valorem Advisors and the Company makes no representation or warranty, express or implied, whatsoever, and no reliance shall be placed on, the truth, accuracy, completeness, fairness, and reasonableness of the contents of this Presentation. This Presentation may not be all-inclusive and may not contain all of the information that you may consider material. Any liability in respect of the contents of, or any omission from, this Presentation is expressly excluded.

Valorem Advisors also hereby certifies that the directors or employees of Valorem Advisors do not own any stock in personal or company capacity of the Company under review.

For further details, please feel free to contact our Investor Relations Representatives:



Mr. Anuj Sonpal
Valorem Advisors
Tel: +91-22-4903 9500
Email: onward@valoremadvisors.com



THANK YOU

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

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

To learn more, write to info@onwardgroup.com





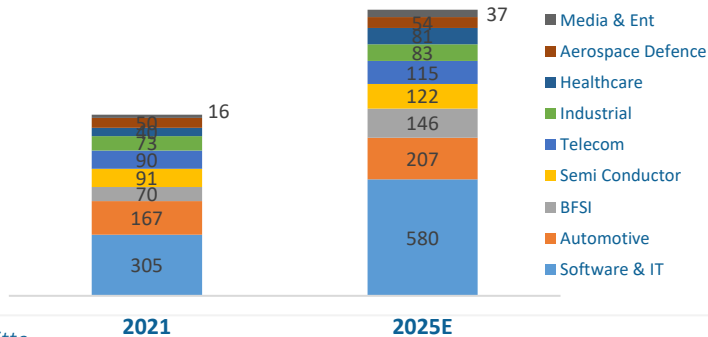
Appendix: Industry updates



Engineering R&D Service Industry

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

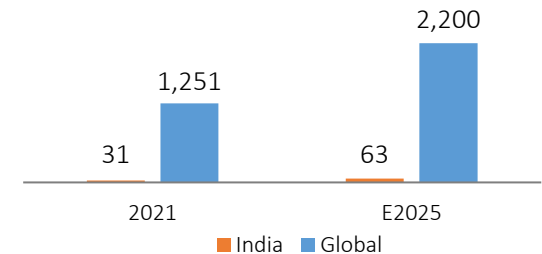
ER&D Spend - Industry Trend (USD Bn)



Source: Nasscom, Deloitte

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

ER&D Market Size (In USD Bn)



Digital Transformation

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

