

**{Onward Technologies Company Name}**  
**{Q4FY22 Earnings Conference Call}**  
**{16-5-2022}**

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**Moderator:** Good day and welcome to the Q4 and FY22 Earnings Conference Call of Onward Technologies Limited.

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 the conference call please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded.

At this time, I would like to hand over the conference to Mr. Anuj Sonpal, CEO of Valorem Advisors. Thank you. And over to you, sir.

**Anuj Sonpal:** Good morning, everyone, and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the Investor Relations of Onboard Technologies Limited. On behalf of the company I would like to thank you all for participating in the company's Earnings Conference Calls for the 4<sup>th</sup> Quarter and Financial Year ended 2022.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's con-call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements and making any investment decisions. The purpose of today's earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, let me introduce you to the Management participating with us in today's Earnings Conference Call and handed over to them for opening remarks. We firstly have with us Mr. Jigar Mehta - Managing Director. And we also have with us Mr. Devanand Ramandasani - Chief Financial Officer. Without any further delay, I request Mr. Jigar Mehta to start with his opening remarks. Thank you. And over to you, sir.

**Jigar Mehta:** Good morning, it's a pleasure to welcome you all, to the Earnings Conference Call for the 4<sup>th</sup> Quarter of Financial Year FY21-22. I hope everybody is well.

Now coming going back to the operations and the business of the company, I am pleased to inform you that last year has been a historic year for our team on all core parameters. And we

remain extremely positive about the opportunities in front of us going forward, from all our existing clients, and sales funnel that has been built up over the last two years.

We have delivered record 28% annual revenue growth, a first time for our team and 225% PAT growth from the previous financial year. We have actually surpassed all our internal projections as well. And I know our team could have done much better as well based on the amazing visibility that we saw at the start of the quarter.

Coming back again to business operations, we now operate into two business units. One is the India Business Unit where we sell to all the large MNC captive centers in the country. And secondly, the International Business (IB) Unit. Our IB Unit comprises of seven offices, three in U.S., three in Europe and one in Toronto, Canada. Both of them averaged about 27% to 28% annual growth last year. And the pipeline again, it's looking very healthy.

In terms of Q4 the company recorded its highest ever revenue of Rs. 87.5 crores from business operations. It was a 32% YoY growth and 13% QoQ growth, again the best this amazing team has delivered till date.

Our growth has come from our primary two business verticals..i.e. Industrial equipment & heavy machinery, and second of the transportation & mobility verticals which predominantly is automotive and rail transportation for us.

We now have 11 OEM clients & Tier 1 clients where each contribute more than a million dollars of revenue per year. We added 160 employees net during the quarter, which took a total employee headcount at 2641 full time employees.

With travel back to normal & global clients back in office, we have started investing in new Centers of Excellence (CoEs) across the country. Historically, Onward Technologies being a company headquartered out of Mumbai, We were expanding predominately in Pune. Then over the last few years we took a strategic call & have started sowing the seeds and investing big in Chennai over the last 5 years, In Bangalore from last 2 years and now third in Hyderabad recently where we gave set up the digital DevOps practice.

Under the new talent acceleration program that we have setup, we have added 200 engineers net over the last 12 months and 150 in the last quarter. We have shared with you guys earlier that our goal is to take this program 5x or 10x larger, based on the visibility that we are seeing, and the demand that we are seeing from all the clients on the digital and the embedded space.

We are also hiring a lot of senior SMEs, Subject-Matter-Experts with very strong domain experience in industrial equipment, in heavy machinery in the automotive mobility industries, to meet the growing demand of our European, U.S. customers. I believe these investments will help us continue to grow at a record pace over the next few quarters. And we believe the investment that we are doing in the Talent Acquisition Program, and the training will actually

help us meet the strong demand for outsourcing services from the global manufacturing industry.

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

**Devanand Ramandasani:** Good morning, everyone. And I will come to you on this earnings call. Let me take you through the 4<sup>th</sup> Quarters financial performance of our company on consolidated basis.

Our operating income as stated above is Rs. 87.5 crore which has increased about approximately 32% year-on-year basis. EBITDA has reported Rs. 6.3 crore for this quarter, which grew by 66% year-on-year basis. EBITDA margin is reported 7.2% and net profit after tax reported Rs. 3.2 crore which is up by 52% year-on-year.

Our operating income for the financial year ended 2022 Rs. 307 crore which is increased year-on-year basis is 28%. EBITDA as reported is Rs. 21.4 crore which has increased approximate 24% year-on-year basis. Net Profit After Tax which has been reported Rs. 23.7 crore which is more than 3x from previous year.

Lastly I am happy to inform you that we have a healthy cash flow in the books. We have approximate Rs. 60 crores in the books as on 31<sup>st</sup> March. Apart from that we have receivable from the various tax authorities and departments is approximately Rs. 18 crores, put together we have a huge, healthy cash flow and we are anticipating department will release approximately Rs 10 crores to Rs. 11 crores in the next four to five months. Again, this will churn out more cash flow in the system.

I am again delighted to inform you that credit rating of the company given by the ICRA has been upgraded by one level, BBB for the long term and (A3+) for the short term. As well as Board of Directors has also recommended final dividend of Rs. 3 consecutive years for the financial year 21/22 which is subject to shareholder approvals in upcoming AGM.

I open this floor for the question and answer session. Thank you everyone.

**Moderator:** Thank you very much. The first question is from the line of Krish Kothari from Shinobi Capital. Please go ahead.

**Krish Kothari:** I actually wanted to ask about your receivables. I mean, if you could just give some sense of how, if you are having issues with that or if clients are asking for longer payment pay sort of better payment terms from their end.

**Devanand Ramandasani:** Okay, let me take you through this rationale behind that. If you see our revenue quarter-on-quarter particularly last two quarter has been growing significantly. And in DSO, while the calculated the DSO, the sales will be calculated average per days sales on that. So when your

amount uncollected as on the 31<sup>st</sup> March where the DSO has been calculated, your sales has been shoot up, but your average sales has been not increased in that fashion.

Therefore, if you see that arithmetically your DSO has increased, but when a growing company, this is a common thing for the average. And there is no issue in the collection along, because as we explained in earlier call that we deal with all large OEM companies on that, and we never face any connection challenges, and we have not provided any provision for doubtful debt. So I personally believe that there is no challenge in the collection for me.

**Krish Kothari:**

I actually just wanted to get your sense of what needs to happen in the industry, for the employee cost to sort of normalize. And what I mean by that is, I don't mean your company specifically, I mean, just expectations of employees in terms of what they should be, what their compensation should be. So I am just trying to understand what you think needs to happen for example, do you think that there needs to be some funding issues to start happening in the unlisted space for those expectations to normalize.

**Jigar Mehta:**

I can talk about where we are at Onward Tech. From our perspective, we are hiring across three areas, one is the whole digital Cloud area, second is embedded engineering, and third is mechanical engineers.

Now, in this particular space, we don't see that big a challenge today than it was six months ago. While the demand is at an all-time high I think most companies, whether it's Onward Tech or similar sized companies across the country, all of them are now focusing more and more internal training programs for re-skilling & upgrading or taking a long term view and hiring freshers with an intensive training program customized to meet client requirement. Because there is no way you can survive in the market where you can just constantly compete on lateral hires.

For a young company like us, we have invested in 200 engineers in the last few months. And we have an ambitious plan of taking this program to 2000 engineers. This will bring overall salary levels at manageable level with customers taking a long term sustainable & cost-effective view.

**Krish Kothari:**

I actually wanted to talk about something that you just mentioned in terms of building capability. What is your sense of, how do you compare building it in-house versus say acquiring some capability? I mean, what do you see as the pros and cons of each of those sort of path?

**Jigar Mehta:**

At Onward Tech, we are focused on building in-house capabilities now. We have been investing in getting our pyramid model right in the new normal. Our client's partner with us in new advanced technologies where we hire experience SME's with strong domain experience to provide the leadership, project management and overall understanding of the client requirement. Under them, we staff the projects with our internal experts, project leaders, team

leaders, etc. And once the project is in full execution mode, our young engineers from the talent acceleration program staff the project.

So it's a pyramid model that we are creating, because we do need the external domain experience for sure. But instead of getting let's say, if you are starting a project with 100 engineers and all 100 coming from lateral hires, which was the case for our company two years ago, today, we are only hiring 10 people at the top and 90 people is going to come from our internal talent pool. And we are seeing more and more customers supporting of this focused model. In several cases, we are seeing customer invest in the training with us, so the learning curve is better for the entire team.

**Krish Kothari:** And just if I can just ask one more question on the sort of CAPEX side, if you could give some breakup of what you see as maintenance CAPEX versus a growth CAPEX? And also just over the next say, three to five years, how much you think you need to invest on that front?

**Jigar Mehta:** We don't really have a large CAPEX investment. So what we buy as a services company, is only two things there is the laptop/ servers and the high-end workstations. And then there is all the software. Traditionally, in the R&D industry, SW capex was expensive. Today, our world has changed from CAPEX investment where the entire business model is now moved at SaaS model. It is expensive every quarter or year to lease, though it provides the flexibility linked to project only.

We have started leasing majority of the HW also from HP and Dell over the last 18 months.

**Krish Kothari:** You have any number I mean, in a broad sense over the next three to five years that you think we need to invest?

**Devanand Ramandasani:** Krish, actually, this question is typically the how fast we are expanding on that may be the basis on the demand side, it will vary but if you ask me the ballpark wise, CAPEX wise Rs. 4 crore to Rs 5 crore for the computers and the software will be minimum requirements for every year, we believe so. This number can be accelerated or in proportionate to my revenue increases.

**Moderator:** Thank you. The next question is from the line of Sriram Ranjan, an individual investor. Please go ahead.

**Sriram Rajan:** Just few questions, one is the EBITDA margins have grown actually year-on-year, but sequentially there is a bit of a drop, any reasons for that?

**Jigar Mehta:** HI Sriram, We are focusing on building the company today & laying a strong foundation for the long term. And all our investments are based on that. For example, over the last six months, travel has finally opened. Our seven international offices have been completely understaffed to meet customer requirements, especially last two years when everybody was remote. So a large number of people are getting added in all these seven offices, both local hires that we are bringing onboard from Tier 1 companies, and number two is, my top performers from India

offices, are all getting transferred to these global offices. So, we had a Vice President recently moved to new setup in Toronto. We have another VPP moving in next couple of week to Frankfurt. We have several people moving to London end of June. This is going to add to the cost as we build the right team and the right culture outside India and investing today for the future growth.

**Sriram Rajan:** See given the chip shortage and the supply chain headwinds we expect because of the war, had you expect some kind of impact on our revenue, at least on the automotive side of the business?

**Jigar Mehta:** In terms of increase or decrease?

**Sriram Rajan:** Decrease.

**Jigar Mehta:** Again, we are not seeing that right now. There are definitely, these supply chain challenges in the industry. But at least for us, embedded is one part of our business, we are also very focused on mechanical and the digital side. And both of those areas the demand is exponential today, and it's increasing as we speak.

So our cost structure obviously is very lean, and very low. And that's why we are able to provide services to some of the biggest companies out there in the world for Fortune 500 Companies and Global 2000 companies by their R&D speed. And as we speak today, we are winning more contracts than last quarter with a strong sales funnel from the Automotive industry. The breadth and depth of our services help to mitigate some of the risks in one particular area. Just to give you an example, recently, we won a rebadging contract with one of the large Automotive companies where they are doing a major vendor consolidation. We see this could become a huge avenue for growth for us going forward. On the embedded side of our business, we have more open requirements today than historically. And this is across all 3 primary markets ...i.e USA, Europe and India.

**Sriram Rajan:** See the goal, we have set for ourselves by 2025, 50% revenues from digital. So it would be currently at about 8%. Are we clocking in the right direction for that, Jigar, any guidelines there?

**Jigar Mehta:** Absolutely, I mean as I shared in my opening remarks, Sriram, we did better last year on the digital side than our internal projections. Last quarter was terrific for us as we could execute several new projects wins as we had proactively hired several SMEs. Coming back to your question, 50% is our stated goal, and we do believe we will get there. Most of our new deals are in the digital domain and we are continuously focused on investing and building up our capabilities across Cloud, Advanced Analytics, Visualization, etc.

**Sriram Rajan:** So in the space of EV or automotive, you had some plans to enter into that, are we near that execution of the plan this year, or it's a little bit away?

**Jigar Mehta:** It's a little bit away as we are certainly coping with lot of demand from our traditional services lines. We are committed in building the EV practice and hope to share some feedback soon.

**Sriram Rajan:** So I see a introduction of AR and VR in your deck this time, which is extraordinarily encouraging again. So any plans of actually some sort of immersive Metaverse engagements, especially in the auto space?

**Jigar Mehta:** So we started seeing traction there over the last few months and more and more of our customers are asking us to build capabilities in this space. We have started in a small way and I hope to see this become a big growth driver for us in the future.

**Moderator:** Thank you. The next question is from the line of Nikhil from Galaxy International. Please go ahead.

**Nikhil:** I just wanted to understand, so what is the target that you are actually looking for in FY23 as we build upon our \$100 million target for FY23. So what is it that you would want to kind of achieve in FY23, if you can shed some lights on that?

**Jigar Mehta:** Hi Nikhil – I have shared earlier, our goal and the team that I believe I have built here, the single focus for everybody is to beat the previous quarter's numbers. So, we are starting with a small revenue base today of Rs 300 crores+ and don't like to get caught up in percentages. I want to build the right foundation --. That's where all of the energies are going.

**Moderator:** Thank you. The next question is from the line of Pawan Punjabi from Hexagon. Please go ahead.

**Pawan Punjabi:** I just was curious to know if there is any kind of EBITDA margin that you are looking at which would be like a stable EBITDA margin once the company is, more stable once it stands with this high etc. Is there any kind of a limit of EBITDA margin that we are looking at?

**Jigar Mehta:** Hi Pawan, operationally our margins, we should be at a double-digit number for last quarter. Our focus is on building the foundation on the long term. One of the reasons why we raise private equity and brought Convergent in last was to build, invest in the foundation for the long term. So if you see the investment that the company is doing on the sales side in our international business, on the client engagement side and entering new areas like digital, electronics, hopefully EV, AR/VR, etc tomorrow; will all mature. So we are at that stage right now. And we do believe right now the priority is to build a very strong, growth-based culture focused on advanced engineering and digital capabilities.

**Moderator:** Thank you. The next question is from the line of Sachit Motwani from Param Capital. Please go ahead.

**Sachit Motwani:** I have just one question. So like we didn't see a good amount of offshoring come up in the last few years, offshoring has been hovering at 30% of revenues. So two, three years down the line, how do you see this offshoring, mix change?

**Jigar Mehta:** Hi Sachit – Our offshore revenues will keep growing as our teams get back to office and we get more maturity in our client engagements. Since becoming Debt free in Nov 2019, is when we started investing very significantly with focused approach on the international market. Today, we are at an early stage with lot of our new customer engagements which initially start with onsite and then as the knowledge transition gets matured, the project moves offshore. We clearly see visibility increasing in the overall HC for offshore projects increasing quarter on quarter.

And hence on the offshore capacity side also, we are upgrading all our infrastructure across Pune and now Chennai, Bangalore, Hyderabad & Mumbai offices which will add 500 more seats.

**Sachit Motwani:** Can we expect this to like surpass 50% in a couple of years time?

**Jigar Mehta:** It's a possibility. As I said, we are not exclusively biased towards on-site or offshore, both the models work. Because please keep in mind our customers remain the same. If you look at our revenue profile, our Top 25 customers now contribute 60% of our revenues. And that number we believe will become significant increase going forward. So from a large number of customer base that we had last two years to where we are today, we will have focused few strategic customers. Now, we want to be in a position to provide flexibility to our customer to do work onsite, offshore or near shore where they are expanding.

**Sachit Motwani:** Also, can you throw some color on the opportunities in the healthcare side?

**Jigar Mehta:** So healthcare will become an exciting growth vertical for us. We now have 3 strategic engagements one each in USA, Europe and India which is growing quickly where we are providing mechanical, embedded SW and Digital services. We are still in the early stages and see this becoming a big growth driver for us with a very focused approach to customer acquisition in our core LOBs. As clarified earlier, We are not currently investing in domain capabilities....that will be Phase 2 for us.

**Sachit Motwani:** But in this healthcare, like typically what would be the deal sizes right now because you have like 11 accounts now giving more than a million dollar, I think they would be largely from industrial and on the mobility side. But healthcare would be contributing relatively less. So like from a client mining perspective, can like you know, these healthcare clients also become a significant portion in terms of size, deal sizes?

**Jigar Mehta:** Absolutely, and hence we entered this new vertical where the deal sizes for our areas of expertise along the 3 LOBs (mechanical, embedded & digital) the demand is very high. Customer are looking for young services providers who can provide the flexibility to do the projects onsite or offshore in a cost efficient manner. In principal, whether it is healthcare or any other new client win in the other 2 primary vertical, they will all contribute to the growth.



**Moderator:** Thank you. The next question is from the line of Nikhil from Galaxy International. Please go ahead.

**Nikhil:** So, I just wanted to check in our business, roughly around 70% of the projects are on the time and material and the fixed time and fixed price are only around 25% to 27%. Generally it's a reverse in the industry so any specific reason for us preferring this time and material work compared to the fixed time and fixed price. Because I understand that probably the margins might be a little better in fix time and fixed price?

**Jigar Mehta:** hi Nikhil, When you compare industry, I think you are comparing with some of the larger peers who have been there for the last few decades. We are very new in this space. We are a young service provider as I said, we have just crossed the Rs. 300 crores of revenue. For us if you look at our client profiles, majority of our biggest customers whether it's in U.S., Germany, UK, we have won has been in the last five years, and large number of them in the last two years in particular.

Now coming back to your point, Nikhil, when we start an engagement with a new customer, customers are also trying to know us and get to know us, and Onward Tech has to build its credibility with the customer, both on quality, on deliverables and on having the best manpower, the best team, culture. And initially all engagements start with Time and Material engagement model, which could be offshore or onsite.

So initially, my focus continues to be on T&M. I believe that the trend that will continue at least for the next year or so. We shared earlier we have 11 customers now with a million dollar run rate, We have a clear visibility that we will hit 18 to 20 customers , same time next year, a year from now. And then there is gradual growth, where several engagements will move from \$1 million a year to \$3 million a year or \$3 million customers will move to \$5 million a year run rate. And those are the big engagements where we will start bidding & have the confidence for having access to RFPs which are fixed priced.

**Devanand Ramandasani:** I would like to add here that T&M model will give the flexibility to our side of the company that is the annuity business, annuity revenue, you will do that without affecting of your margin. So we don't have the much bench on the sitting on the company. So that is positive sign which we feel so that at this junction is the best model for us and best suitable for us. So therefore, we are focusing on T&M model where the revenue will be continue as we grow.

**Nikhil:** One additional question, so how much is not percentage of revenue that is contributed by our Top 10 clients, as of now, because we are going to focus on the Top 35, Top 30 clients. So I just wanted to have that number if it is available?

**Devanand Ramandasani:** So our Top 10 clients contributed approximately 47% of our revenues last year.

**Nikhil:** And any specific deal in this quarter that you would want to kind of highlight or just point out?

**Jigar Mehta:** We have won some exciting new contracts recently. One of our significant wins was with a global OEM in the automotive space, where we have been selected to build practice for them on digital technologies. This project will start with a team of 50 engineers to be ramped up to 100+ in the second year, post which lot of opportunities will open up.

**Moderator:** Thank you. The next question is from the line of Krish Kothari from Shinobi Capital. Please go ahead.

**Krish Kothari:** I just wanted to ask about your sort of cash management and treasury operations, how do you generally park your money do you tend to prefer leaving it as cash do you invest it in say short term funds or something like that?

**Devanand Ramandasani:** We follow the investment policy approved by the Board and our Board does not allow to invest in any equity, directly equity or equity related investments. So, we park the funds in different instrument bases on our needs of the fund of incoming days. So, we park the funds in FDs, we parks the funds in the liquid and overnight mutual funds, and majority parked upon in cash as well on that. So these are the key source where we have parked. We have not exposed to any short term or long term mutual funds so far.

**Krish Kothari:** And my other question is actually related to the private equity investment that was made about roughly a year back. Just want to get a sense of how the years been and how you see that relationship evolving.

**Jigar Mehta:** So the Convergent deal came in last July. And it's been amazing. They've been super partners, since they have come on board. We work very closely with Harsha, who's on the board and his entire team as well. And so far, we have been working on a number of strategic initiatives. So one is, internal organic growth, where they have been getting involved & available to our team realtime. It could be new consultants, upgrading company policies, participating in large customer RFQs, etc

Second part has been on the M&A side, So we have looked at number of transactions, both in India and outside India. And we continuously keep evaluating in terms of the opportunities in front of us. We thought we were very close last quarter, but then we decided that it was not for us. We keep evaluating and there's lots of amazing opportunities out there. I think it's all about finding the perfect match culturally and obviously, strategically as well.

**Moderator:** Thank you. The next question is from the line of Pratap Maliwal from Mount Infra Finance. Please go ahead.

**Pratap Maliwal:** I just wanted to know that we are hiring more and more subject matter experts. So could you please maybe clarify in which verticals in which areas you are looking to add more subject matter experts across our verticals? And are we adding any of them in healthcare because I believe you said its not domain based?

**Jigar Mehta:** So we are adding in all the two primary verticals. So our first largest vertical is industrial equipment & heavy machinery. And so that's a very broad-based industry, because it covers off-highway vehicles, agricultural equipment, mining equipment, heavy machinery, it covers engine manufacturers & other off-road vehicles, etc. And in each of those areas, we have LOBs so there is digital, embedded & mechanical. These product specialists or SMEs across these 3 LOBs we have been hiring to build our internal capabilities. A significant number of our recent hires over the last few years have joined us directly from the OEMs and Tier 1s.

Number two is on the Transportation & Mobility vertical, we are hiring a lot of SMEs in digital technologies, advanced analytics, Cloud, DevOps, etc. We have also started hiring SMEs with embedded (ADAS, Telematics, Infotainment, etc) and mechanical product engineering background.

**Pratap Maliwal:** I just want to clarify that right now we have 11 customers that are up to 1 million. So did you say that this should work to 18 this time next year, did I get that correctly.

**Jigar Mehta:** Yes, we are now serving 11 companies that contribute \$1 million or more in revenues. And we do believe we will be at 18 to 20 same time next year based on current visibility.

**Moderator:** Thank you. The next question is from the line of Vineeth Kumar Anchalia from Sadhna Textiles. Please go ahead.

**Vineeth Kumar Anchalia:** I have couple of questions. The first question is on the cash in the balance sheet. Is there any timeline you are looking at to use this cash?

**Jigar Mehta:** I am assuming you mean more from an M&A perspective or?

**Vineeth Kumar Anchalia:** Anyway be it in hiring side or be in acquisition?

**Jigar Mehta:** So again, absolutely right. So that's what we have been doing over the last several quarters, we have been investing, if you see we almost have now more than 25 crores additional which is blocked in account receivable based on the growth that we delivered last year. So every day, every month more and more, we keep growing more money is going to stuck which is required for organic growth. Second is we are investing much more aggressively for the future or for the long term, whether it's setting up these offshore design centers and Centers of Excellences or labs for our customers. And third is, we are looking at the M&A side as well. So keeping all the options open, just to simplify the answer. And, we do believe having good six months of cash balance, which is for our payroll is a healthy way to move forward as well.

**Vineeth Kumar Anchalia:** Yeah, but just any idea like if you can give on completion of the cash like – if we have used cash on the balance within the market cap now.

**Jigar Mehta:** Sorry, we will be happy with cash or not happy with cash?

**Vineeth Kumar Anchalia:** Not happy with the cash, sir.

**Jigar Mehta:** Oh, okay.

**Vineeth Kumar Anchalia:** If it is deployed, correct but if it is deployed then we can have higher returns, that is what I was looking for.

**Jigar Mehta:** I think you will see that and we keep growing, but we are very happy with having cash in our books, which gives us the stability and the comfort and the confidence to my employees, to my customers, that also is very important. At the same time, we are always investing and you see us investing. The real fun for us now, next one, two years is to make sure we invest substantially in North America and in Europe, integrate all our new employees and train them to make sure that they are selling what we are great at in terms of service lines, and hopefully then grow the offshore piece and eventually the margin as well. So, executing out strategic goal is important.

**Moderator:** Thank you. The next question is from the line of Sanjay Awatramani from Envision Capital. Please go ahead.

**Sanjay Awatramani:** My question was on this EBITDA margin side. So I get that we are focusing on growth at this moment. But in the coming future, do we expect that these margins of roughly around 7% odd can be moving down more towards I mean, if we are focusing on growth, or this can be a stable margin we can expect.

**Jigar Mehta:** Our focus continues to be is to grow the business and to make sure that we capture the opportunities in front of us. So we are definitely long term focused to build a strong foundation. We do believe, we do run a very operationally healthy business from a gross margin perspective. So it's more about how quickly can we grow and meet the demand that is in front of us. Because we have not seen this amazing demand environment from the global manufacturing industry. So we don't want to let go of the opportunities, we want to make sure that we are investing behind that.

**Sanjay Awatramani:** Next is that what is the attrition for Quarter 4 and FY22 if you can quantify that?

**Jigar Mehta:** So our attrition rate last year was about 31% as an organization, majority of that comes at the bottom end of the chain. Our attrition comes predominately from the remote hires that we have done over the last 2 years which I believe will stabilize in few quarters once the internal investments in training gets more robust.

**Moderator:** Thank you. The next question is from the line of Vineeth Kumar Anchalia from Sadhna Textiles. Please go ahead.

**Vineeth Kumar Anchalia:** Actually, I have one more question on deal size. Are we looking to crack any deal worth Rs.70 to Rs. 80 crores odd in near future from a single customer?

**Jigar Mehta:** Yes just to keep it simple, we are always looking for large contracts, we are looking to bid for larger deals, but please keep in mind, in our industry today, it's not about signing big deals, I think there are a lot of large contracts out there. It's more about having the ready delivery capabilities in-house. So when you do win you can deliver the projects.

So my recommendation and advice to my team all the time, a clear direction to them as well as, is don't pick up deals that you cannot deliver, because one bad deal can actually spoil a lot of the hard work that we put in. So focus on the deals where we can deliver and execute. And as we speak, we are short of hundreds of engineers across all offices.

**Vineeth Kumar Anchalia:** And I had another question on the Axis Direct's stake like we are holding some, I think. So any comments on that?

**Jigar Mehta:** We don't hold anything in that company or any other company out there. As Dev has already clarified, the company doesn't invest in anything except FD, or HDFC Mutual Fund or something similar.

**Moderator:** Thank you. The next question is from the line of Bhavik Mehta from Roots Ventures. Please go ahead.

**Bhavik Mehta:** Just a small question so are there any updates on your acquisition of NV Pune, the technology park that you had acquired, I think around December, because the presentation mentions Bangalore and Chennai in terms of workforce, so just trying to understand what is happening there.

**Jigar Mehta:** Yes, I don't know if I got the question right, but again, it's an office space. It's a 5<sup>th</sup> floor of a building, which we were renting for the last seven years is what we acquired. And now it's 100% subsidiary of the company. We have changed the name from NV Technology Park to OT PARK.

**Bhavik Mehta:** So this was just the one floor that we have acquired. There's nothing additional over and above that.

**Jigar Mehta:** Yeah, approximately 26,000 square feet.

**Moderator:** Thank you. As there are no further questions, I now hand the conference over to the management for the closing comments. Over to you sir.

**Jigar Mehta:** Thank you all again for participating in our Q4 Earnings Call today. I hope we have been able to answer your question satisfactorily. If you have any further questions or would like to know more about the company, please reach out to our Investor Relations Managers at Bandroom Advisors. Thank you again, stay safe and healthy and see you all soon. Thanks.

**Moderator:** Thank you. Ladies and gentlemen, on behalf of Onward Technologies Limited that concludes this conference. We thank you all for joining us and you may now disconnect your lines.